

FY 2014-15

# Year-End Report

July 1, 2014 – June 30, 2015

Prepared by the City Budget Office

February 1, 2015

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# Public Safety

# Bureau of Emergency Communications

Analyst: Shannon Carney

## Summary

The Bureau of Emergency Communications received several key decision packages to support its operations in FY 2014-15, including a \$2.98 million roof repair for the Portland Communications Center, which houses 9-1-1 operations. Despite increased call volumes handled by a stable number of certified operations staff, the bureau for the most part maintained performance for 9-1-1 call services. Call answering times actually improved, and fire and medical dispatch response times held steady.

## Performance Reporting

### Emergency Communications FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND		Key Performance Measure	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
		Percentage of emergency 9-1-1 calls answered within 20 seconds	97%	97%	99%	100%	90%
		Percentage of fire "urgent priority" calls dispatched in 60 seconds	63%	64%	67%	67%	75%
		Percentage of medical "priority emergency, one, or two" calls dispatched within 90 seconds	74%	74%	72%	72%	80%
		Percentage of police "emergency priority" calls dispatched within 120 seconds	74%	70%	73%	70%	80%

[portlandoregon.gov/cbo/article/523278](http://portlandoregon.gov/cbo/article/523278)

BOEC’s dashboard above shows how well the bureau has performed on the answering of emergency and non-emergency calls, triage, and dispatch of response personnel. Despite an increased workload, as measured by a 6% increase in call volume in FY 2014-15, BOEC improved call answering times, and maintained dispatch response times (with the exception of police dispatch). These steady annual statistics are more variable from a daily or monthly perspective, as call volumes tend to peak in the summer months – performance outcomes that the bureau might consider reporting more broadly. In addition, annual targets for key performance

measures may need to be revisited in FY 2015-16 to increase their relevance to actual bureau performance. As shown above, the 90% target for 9-1-1 calls answered within 20 seconds represents more of an industry baseline that is consistently exceeded, while fire, medical, and police dispatch goals may be out of reach given its current level of resources.

Regarding the bureau's other performance measures, the academy graduation rate was perfect at 100%, far exceeding the target of 75%. The academy represents only the first twelve weeks out of 18-24 months of training before a new recruit is fully certified, so additional data is needed to know if the bureau has been more successful in moving a higher percentage of trainees through to certification. A better measure might be the retention of recently hired staff. Because completion of the twelve-week academy is the first milestone to certification, the retention rate of operators hired within the last five or ten years would capture any increase in the trainees completing the on-the-job portion of the training. In addition, a measure of the retention of recently hired staff should eventually be positively impacted by the expansion of BOEC emergency operations supervisory and training capacity. Council approved an additional 3.0 FTE for the bureau for these roles in FY 2015-16.

## Budget-to-Actuals

### Emergency Communications Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$2,620,750	\$2,617,343	\$3,407	100%
Charges for Services	377,988	357,937	20,051	95%
Intergovernmental Revenues	7,175,495	6,836,238	339,257	95%
Fund Transfers - Revenue	15,805,043	15,805,043	0	100%
Miscellaneous	32,017	32,198	(181)	101%
<b>Total Resources</b>	<b>\$26,011,293</b>	<b>\$25,648,759</b>	<b>\$362,534</b>	<b>99%</b>
<b>Requirements</b>				
Personnel Services	\$14,724,837	\$14,349,347	\$375,490	97%
External Materials and Services	980,578	927,300	53,278	95%
Internal Materials and Services	3,987,875	3,864,710	123,165	97%
Bond Expenses	1,371,594	1,401,345	(29,751)	102%
Fund Transfers - Expense	3,615,305	3,578,058	37,247	99%
Contingency	1,331,104	1,106,757	224,347	83%
Operating Surplus	-	421,241	(421,241)	N/A
<b>Total Requirements</b>	<b>\$26,011,293</b>	<b>\$25,648,759</b>	<b>\$362,534</b>	<b>99%</b>

Overall, the bureau ended the year within budgeted amounts and plans to return the partner portion of the \$421,241 operating surplus in early 2016. The bureau's largest expense, Personnel Services, was underspent by \$375,490, however, similar to previous years, the bureau's overtime budget was overspent by \$127,079. Also of note, the budget for Fund Transfers-Expense, at \$3,615,305, is significantly higher than in previous years due to the transfer of \$2.98 million from the General Fund to pay for the PCC roof project. This amount was then transferred from BOEC to OMF-Facilities, the bureau managing the project.

### Decision Packages

In the FY 2014-15 Adopted budget, Council approved position authority for a 1.0 FTE CAD dispatch coordinator position, which was to be paid for from the revenues from a new tax on prepaid cell phones from the State of Oregon. BOEC filled the position, however, the implementation of the law was delayed. BOEC used vacancy savings to cover the cost of the position in FY 2014-15.

The bureau's most significant budget package of the year was approved in the FY 2014-15 Fall Supplemental Budget, when Council appropriated \$2,976,210 to replace the roof and HVAC system of the PCC Building, of which BOEC is a 40.5% tenant. As the

requestor, BOEC was appropriated \$2,476,210 in resources to pay for the project. Of this funding, \$500,000 was from the building's facilities major maintenance account and \$1,976,210 was from the General Fund. The remaining \$500,000 necessary to fully fund the project was drawn from BOEC contingency. The funds were then transferred in full to OMF-Facilities, who is managing the project. Construction on the roof is planned for the summer of 2016, with the 24/7 operation remaining in place over the course of the project.

Though the funding has been secured, the issue of project cost burden highlights the discrepancy of partner contribution to the maintenance of bureau assets. In all, BOEC partner jurisdictions (including Gresham, Multnomah County, and several other jurisdictions) contributed approximately \$43,000 of the \$2.98 million project through their contributions to the facilities major maintenance account. Additionally, BOEC's \$1.4 million Computer-Aided Dispatch (CAD) System upgrade was covered entirely by a General Fund transfer to the Emergency Communications fund in the FY 2015-16 Adopted budget.

Despite the resources transferred from the General Fund in recent years, BOEC has additional capital needs that are critical to service delivery in the near term. These include the replacement of emergency communications workstations that the bureau estimates at \$1.21 million. CBO has recommended that the bureau submit future decision packages addressing capital needs with partner contribution identified, including the furniture request. A shared approach would help the bureau meet its need for workstations to support ongoing operations, and reduce the risk of asset failure in future years.

# Bureau of Fire & Police Disability & Retirement


Analyst: Christy Owen

## Summary

The Bureau of Fire & Police Disability & Retirement (FPDR) ended FY 2014-15 within appropriations as there were adequate tax receipts to meet obligations for benefits payments and bureau operating expenses. There were no significant projects or expenses to note in FY 2014-15.

## Performance Reporting

### Fire and Police Disability and Retirement FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND	Key Performance Measure		FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
↓	Administrative cost as a percentage of bureau budget		1.90%	1.80%	2.20%	1.57%	1.60%
↓	FPDR Tax Levy Rate (Per \$1,000 of Real Market Value)		\$1.41	\$1.55	\$1.62	\$1.48	\$1.36
↑	Number of disability claims filed		298	313	343	360	330
●	Number of FPDR 2 retirements from active service		74	45	26	40	53
●	Percent of workforce who are FPDR 3		22%	24%	25%	27%	29%
↓	Percentage of workforce on disability at June 30		3.9%	4.1%	4.6%	4.2%	3.4%

[portlandoregon.gov/cbo/article/523274](http://portlandoregon.gov/cbo/article/523274)

The bureau's six Key Performance Measures (KPMs) together provide a complete picture of the effectiveness and sustainability of the operation for FPDR. The bureau's KPMs include measures where FPDR has influence but not direct control of the outcomes, workload measures, and measures where the bureau has greater management control of the outcomes.

- The number of disability claims filed has increased by 15% in FY 2014-15, when compared to the close of FY 2012-13.

- As the Portland Police Bureau and Portland Fire & Rescue are hiring new personnel to fill vacancies created through attrition, the percent of the workforce on FPDR 3 is anticipated to continue to increase accordingly.
- FPDR projects the City will experience an increased number of retirements from FPDR 2 members in the current fiscal year when compared to previous years. This is consistent with the projected retirement separations provided by Portland Police Bureau and Portland Fire & Rescue.
- The bureau reports to the public that administrative costs for managing FPDR are kept within, and often below the target amount. CBO recommends the bureau continue to report this measure as a KPM to provide fiscal transparency to the public.

Since the 2007 charter reform, FPDR has continued to experience the positive outcomes associated with changes to the disability and claims management process. Additionally, by handling the medical bill payment in-house, FPDR has continued to realize savings, which in turn lessens the requirement of tax resources used to meet obligated payments. In FY 2014-15, Portland Fire & Rescue received resources to add back the bureau's Safety Chief position and the bureau is tracking and reporting time-loss associated with injuries as a bureau Key Performance Measure. While FPDR pays for these claims directly, the positive outcome of returning employees to work quickly is likely to continue to be evident in both bureau's KPMs. Partnership between the loss-prevention staff in bureaus with FPDR is likely to assist in further reducing claims costs and will result in members returning to work in a reasonable timeframe.

## Budget-to-Actuals

### All Funds

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$14,413,467	\$14,413,467	\$0	100%
Charges for Service	0	26	(26)	0%
Taxes	120,321,535	122,814,274	(2,492,739)	102%
Bond and Note	31,258,000	25,815,144	5,442,856	83%
Miscellaneous	306,500	348,881	(42,381)	114%
Cash Transfer Revenue	1,500,254	254	1,500,000	0%
Interagency Revenues	879,953	796,492	83,461	91%
<b>Total Resources</b>	<b>\$168,679,709</b>	<b>\$164,188,538</b>	<b>\$4,491,171</b>	<b>97%</b>
<b>Requirements</b>				
Personnel Services	\$1,851,231	\$1,849,886	\$1,345	100%
External Materials and Services	113,266,417	109,869,238	3,397,179	97%
Internal Materials and Services	8,182,183	7,967,855	214,328	97%
Capital Outlay	88,300	77,254	11,046	87%
Bond Expenses	31,636,349	25,908,928	5,727,421	82%
Fund Transfers - Expense	1,645,911	145,911	1,500,000	9%
Contingency	12,009,318	18,369,466	(6,360,148)	153%
<b>Total Requirements</b>	<b>\$168,679,709</b>	<b>\$164,188,538</b>	<b>\$4,491,171</b>	<b>97%</b>

The primary revenue source for FPDR is the receipt of dedicated property taxes and the funds received from the Tax Anticipation Notes (TANs) which are issued in July of each year. The TANs are issued in the summer prior to the collection of property taxes to ensure the bureau has adequate cash flow throughout the year. The amount of the TAN is an estimate and therefore may not match the exact amount issued. FPDR did not utilize the \$750,000 reserve account to meet spending obligations in FY 2014-15. Interagency revenues for FPDR are due to the transactions between FPDR, Portland Police Bureau, and Portland Fire & Rescue to true-up payroll costs on sworn members who do not pay into PERS or OPSRP. The fund's interest earnings and claims subrogation revenues closed the year with 14% (\$42,381) more than the budgeted amounts.

All expenses ended the fiscal year within budget. Claims and pension payments are the largest expense category for FPDR. Personnel services ended the year with less than 1% of budget remaining, mostly due to the bureau operating throughout the year with a low number of vacant positions.

## **Capital**

There is one capital project in the FPDR fund which incurred expenses in FY 2014-15. The bureau has continued to complete software upgrades and enhancements to the benefits payment software. Costs associated with personnel and vendor contract payments are capitalized in order to properly account for the value of the software.

# Portland Police Bureau

Analyst: Christy Owen

## Summary

The Portland Police Bureau (PPB) ended the fiscal year within the Revised Budget appropriations for all funds managed by the bureau. Significant spending for employee separations and overtime were primary cost drivers for the bureau, where 100.5% of the Personnel Services budget was spent. There were 36 separations from retirements, with the majority occurring late in the fiscal year. The associated expenditures for planned and unplanned payouts were significantly greater in FY 2014-15 than in FY 2013-14. Overtime expenditures ended the year in excess of the budgeted amount by 15% (\$1.7 million) with shift back-fill driving the majority of the overtime hours so that the bureau can staff current patrol shifts. Overtime related to case follow-up, court appearances, and crime response call-outs were reported at greater levels in FY 2014-15. The majority back-fill for department training was caused by time spent training officers on the new RegJIN records management system.

The FY 2013-14 budgeting process directed the bureau to complete a comprehensive patrol operations staffing study, and this was completed in the spring of FY 2014-15. The resulting analysis and report were presented to the City Council in the spring of 2015, and this report provides some limited recommendations for operational and organizational changes including the potential to realign bureau operations and to add staff to some specialty divisions in Investigations and Patrol Operations Branches. Recommendations implemented are discussed in the Budget Note section of this report.

There were two very significant events that occurred in FY 2014-15 which will effect bureau operations in the future years: the finalization of the agreement between the United States Department of Justice (DOJ) and the City of Portland, and the completion of the new Regional Justice Information Network (RegJIN) records management system. On August 29, 2014, the agreement between the City and the DOJ was signed, which set in motion distinct timelines for actions and reports to be taken by the City. In order to be responsive to these requirements, the bureau received one-time funding to begin the hiring process to bring on staff to work with the Compliance Officer Community Liaison (COCL), the Community Oversight Advisory Board (COAB), and to provide the

DOJ with the required data points. Ongoing resources in support of the City's agreement with the DOJ were approved in the FY 2015-16 Budget.

In April of 2015 the bureau completed the transition to the RegJIN records management system from the Portland Police Data System (PPDS). This transition has operational and data-reporting impacts for PPB and the regional partners. Operationally, the bureau is experiencing a learning curve in this transitional period where end-users are learning both the system and National Incident-Based Reporting System (NIBRS) coding structure for reports. As a result, data reporting on incidents and crimes committed has been delayed due to necessary quality assurances and reviews that must take place in the Records Division and Strategic Services Division. Further, with the new system, the bureau's reports will conform to the NIBRS structure whereas previous data reporting was completed under the Uniform Crime Report (UCR) codes. This will change how some performance indicators are reported to the community.

### **Performance Reporting**

As a part of the Public Safety Service Revitalization Project (PSSRP), the Portland Police Bureau's records management system was converted to a new records management system known as RegJIN. The previous system was at the end of life, requiring costly programming and storage space on the City's mainframe computer. This new records system is owned and operated by the City, and it is used by 40 law enforcement partner jurisdictions. The cutover from Portland Police Data System (PPDS) was complete in April of 2015, and the majority of new recorded data points are significantly different in RegJIN. As a result, this will affect the bureau's ability to report on existing performance measures for FY 2014-15. The most significant change for data reporting is the migration away from using the UCR crime codes to the NIBRS codes. Due to the timing of this change, the bureau has not been able to provide full-year data for measures using the UCR data from PPDS. Going forward, the bureau measures and Key Performance Measures (KPMs) centered on crime reporting will be modified to reflect NIBRS codes, and there will not be historical data until enough time for the bureau to collect the relevant data on newly selected measures. The bureau will have additional data points from this transition to NIBRS coding as there is the ability for the new system to gather data points that are not part of the UCR structure.

In FY 2014-15 PPB added new measures to report the status of the implementation of the DOJ agreement, recruiting efforts, and officer use of force when there is an arrest. These measures provide the public a more holistic look at performance management in the bureau where response to crime is not the only measure of police services and outcomes expected in the community. Despite positive changes occurring in the bureau, several bureau performance measures and Key Performance Measures have trended negatively in the year-end reporting.

- Three of the seven measures show data trending negatively when compared to the bureau's targets. Crime measure data were not available at the close of the year due to data management changes highlighted above and crime trends in Portland for FY 2014-15 is not included.
- Crime data reported for the three previous fiscal years (Part 1 Person and Property Crimes) shows a 34% increase, and the percent of gang violence cases cleared has gone from 33% cleared in FY 2012-13 to 21% cleared FY 2013-14, to 23% cleared in FY 2014-15 indicating a mixed trend in the past three years. A lower clearance rate indicates that fewer gang-related cases are being resolved, and at the same time there is an increase in the total number of gang-related incidents occurring in the City.
- The Auditor's Annual Community Survey reports that 65% (a 4% increase over prior year) of respondents rate the bureau services as "good or better". When individual neighborhood data is extrapolated there is a 2% reduction in the number of east Portlanders reporting safe in their neighborhoods at night.
- The US DOJ and the COCL team are in the process of conducting community and officer surveys, which will be used to evaluate how well the bureau is performing with respect to the actions taken as part of the DOJ agreement.
- Recent call volume data from the Bureau of Emergency Communications indicates that calls for service are waiting, or stacking longer than calls from the same month, in 2011. Lower priority calls (which are coded as Types 4-7) are waiting on average 32 minutes before the dispatcher has an available officer to assign the call. From this point, the average response time is nine minutes, so from the time a 9-1-1 call determined by BOEC to be of lower priority is received and answered, it is on average 42 minutes before PPB is able to respond.

## Portland Police Bureau FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND	Key Performance Measure	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
◆	According to the COCL's timeline, the percentage of the City's DOJ action items implemented by designated milestones					100%
↑	Average travel time to high priority calls in minutes	4.99	5.13	5.38	5.50	5.50
◆	Number of Part 1 person crimes per 1,000 residents	5.06	5.03	4.93	TBD	5.00
↓	Percentage of new sworn hires comprised of people from communities of color	30.0%	23.5%	47.1%	26.7%	33.0%
↓	Percentage of new sworn hires who are female	25.0%	17.7%	17.7%	15.8%	25.0%
→	Percentage of residents who feel safe walking alone in their neighborhood at night	59%	60%	62%	62%	62%
◆	Percentage of total PPB officer arrests in which there was use of force	3.62%	2.86%	2.64%	TBD	2.50%

[portlandoregon.gov/cbo/article/523260](http://portlandoregon.gov/cbo/article/523260)

The bureau's dashboard for Key Performance Measures (KPMs) at the close of FY 2014-15 is showing more measures with either downward or negative trends, or that the most recent information is not currently available due to system conversions to the RegJIN records management software. For UCR crime measures, the number of Part 1 person crimes per 1,000 residents gradually declined from FY 2012-13 to FY 2013-14. However, the overall number of violent person crimes has increased, but because the population has also increased over this period, the rate of violent crime is down by 2.5% over this period. Reporting crime data statistics will be challenging in the coming fiscal years due to the change in the records management system and different coding structures. For these reasons the comparable data and trend analysis will not be congruent. In the future, the crimes will be categorized as violent crimes against persons, property crimes, or society crimes per the NIBRS reporting structure.

The key performance measure for travel time for high priority calls is increasing despite the bureau's goal for decreasing response times. High priority calls are calls where there is a serious crime in progress and the officers respond with the most urgency. There are many factors for the increase in response time, including traffic congestion, resource and officer availability, and roadway construction. Data from BOEC also shows increased response times for all call types, not just the most urgent priority calls. The longer wait times may not impact overall crime outcomes, but may reduce discretionary time available for officers to engage in community policing activities, as more officer time is spent reacting and responding to 9-1-1 calls for police service.

The KPM with the data showing greatest improvement is the newly created measure that tracks the frequency of use of force in arrests over time. Arrests involving force are declining while citizen contacts (proactive and dispatched calls combined) are increasing over time. As part of the City's agreement with the DOJ, the bureau changed training, force policies, and placed a greater overall emphasis on de-escalation tactics. These changes began in FY 2012-13 and early data points may be indicating outcomes of these changes made by the bureau. Additional research and data review is occurring within the bureau with the COCL and DOJ reports on data and what changes are attributable to the change in number of force incidents. The bureau has set a target to continue on the path of reducing the overall number of arrests that involve force.

There are two measures on the dashboard that track the demographics of the newly hired officers using data provided by the Bureau of Human Resources. FY 2013-14 was the first year of hiring new officers after the hiring freezes that occurred during the recession. Targeted recruitment focuses in communities of color and for female recruits are actions taken in the Personnel Division for the bureau to work towards achieving a more diverse workforce.

The bureau is taking actions to address the negative trends in KPMs and internal performance measures. In FY 2014-15, the Personnel Division began using a national testing model, which will allow for recruitments of new officer candidates to reach more individuals who may be interested in working for the PPB. It is anticipated that this change, coupled with other recruitment changes will increase the number of diverse candidates to move through the hiring process. Overall, the primary constraint in hiring

new officers has been the ability to move recruits through the background process. In order to complete backgrounds under the current process, the bureau will be requesting ongoing resources in FY 2016-17 to add back backgrounder positions eliminated in previous budget decisions.

PPB is re-configuring shifts and rotating members of specialty units into precinct patrol in order to address current year staffing shortages. These changes are being made to address the bureau’s core police and patrol services, which affect many KPMs and other performance indicators tied to crime, responsiveness, and effective case management. Reallocating existing resources to maintain core services is a significant step in both internal resource management and in looking to reverse the negative trends in bureau performance. As it is not always possible to add resources, it is important for bureaus to find innovative ways to provide core services that yield positive outcomes.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Licenses & Permits	\$1,931,000	\$1,877,702	\$53,298	97%
Charges for Service	1,054,755	2,379,400	(1,324,645)	226%
Intergovernmental Revenues	6,938,543	7,215,954	(277,411)	104%
Miscellaneous	1,663,150	795,286	867,864	48%
General Fund Discretionary	163,271,997	162,460,904	811,093	100%
Interagency Revenues	4,335,774	4,279,731	56,043	99%
<b>Total Resources</b>	<b>\$179,195,219</b>	<b>\$179,008,977</b>	<b>\$186,242</b>	<b>100%</b>
<b>Requirements</b>				
Personnel Services	\$135,267,245	\$135,999,501	(\$732,256)	101%
External Materials and Services	\$13,254,194	\$12,563,757	690,437	95%
Internal Materials and Services	\$29,355,804	\$29,807,927	(452,123)	102%
Capital Outlay	\$1,316,976	\$637,792	679,184	48%
<b>Total Requirements</b>	<b>\$179,194,219</b>	<b>\$179,008,977</b>	<b>\$185,242</b>	<b>100%</b>

The majority of funding received by the Police Bureau is from General Fund discretionary resources in support of daily operations. Revenues from outside the City primarily support enhanced patrol services, the Transit Division, and represent revenue sharing for enforcement activities. Miscellaneous resources, in large part, come from the allowable sales of evidence from the Property Evidence room, and these potential

resources are difficult to predict. The FY 2015-16 Budget did assume a second payment of \$200,000 as a donation from the Friends of the Mounted Patrol to provide resources for the operations of the Mounted Patrol Unit (MPU). The donation was not received as the Friends of the Mounted Patrol are redirecting the resources towards a campaign to fund a permanent facility to house the MPU. As a result the bureau absorbed the full operating expense for the second year of the two-year agreement with the Friends of the MPU. The FY 2015-16 Budget includes the MPU without recognizing any additional outside resources, whereby the bureau has essentially absorbed the full cost of the unit in spite of the reduction to the bureau's operating budget taken in FY 2013-14.

The bureau spent, within a very slim margin, all combined resources. Personnel Services are the largest expense category for the bureau, where the bureau over-spent the category by 0.5% (\$732,256). The primary reason for the category exceeding the Revised Budget is due to the amount of retirement and separation payouts which occurred at the end of May 2015. In FY 2014-15 there were 36 retirements, which is twice as many retirements as the previous year. While not the only factor, the increased number of vacancies has contributed to the increased usage of overtime, and this trend has continued into the current fiscal year. The bureau reports making operational changes to lessen the reliance upon overtime to fill daily precinct patrol shifts. The bureau continues to provide monthly updates to CBO and Council on overtime spending and the most significant reasons for using overtime hours.

Underspending in external materials and services and capital outlay is mostly attributable to the timing of the receipt of goods and services at fiscal year-end. As such, encumbered purchase orders were requested and recognized in the FY 2015-16 Fall Supplemental Budget. In the FY 2014-15 Spring Supplemental, the bureau requested to carryover approximately \$2 million for projects that were underway but not likely to be completed in FY 2014-15. Large projects, such as the implementation of officer-worn cameras, are included in the current year budget. The bureau delayed several large technology, fleet, and facility related projects in order to ensure that resources are available to stay within total appropriation. These projects include: purchasing a new mobile response van for Crisis Response Team (CRT) call-outs, the procurement of smart phones for officers, and the repaving at the Training Center. Internal materials and services was overspent by 2%, in part due to the timing of the completion of

communications and facility projects at the Justice Center and those expenses recording late in the fiscal year. For future years, in order to better anticipate spending for interagency agreements, the bureau and the Office of Management and Finance are encouraged to coordinate earlier in the year on timely billing of expenses and spending projections in order to prevent the likelihood of overspending this category.

### Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$2,765,902	\$1,684,970	\$1,080,932	60.9%
<b>Total Resources</b>	<b>\$2,765,902</b>	<b>\$1,684,970</b>	<b>\$1,080,932</b>	<b>61%</b>
<b>Requirements</b>				
Personnel Services	\$1,167,162	\$717,643	\$449,519	61%
External Materials and Services	1,250,901	483,843	767,058	39%
Internal Materials and Services	81,166	55,982	25,184	69%
Capital Outlay	266,673	215,062	51,611	81%
<b>Total Requirements</b>	<b>\$2,765,902</b>	<b>\$1,472,530</b>	<b>\$1,293,372</b>	<b>53%</b>

Revenues in the Grants Fund ended the fiscal year at 61% invoiced. Police received \$1.6 million in grant revenue in FY 2014-15. Many grant awards were received late in the fiscal year, which presents an issue of timing for the bureau to incur the expense. Most grants are received from state or federal law enforcement partners for either specific goods or service procurements, or the reimbursement of police officer overtime to conduct specialized investigations or enforcement. Examples include: grants from the State of Oregon for enhanced Driving Under the Influence of Intoxicants (DUII) enforcement, or Federal High Intensity Drug Trafficking enforcement. Purchases that were encumbered in FY 2014-15 will be received in the current fiscal year.

## Special Revenue Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$1,770,826	\$1,770,198	\$628	100.0%
Intergovernmental Revenues	1,305,000	1,695,500	(390,500)	130%
Fund Transfers - Revenue	200,010	200,010	0	100%
Miscellaneous	48,600	120,232	(71,632)	247%
<b>Total Resources</b>	<b>\$3,324,436</b>	<b>\$3,785,940</b>	<b>(\$461,504)</b>	<b>114%</b>
<b>Requirements</b>				
External Materials and Services	\$3,075,965	\$1,395,139	\$1,680,826	45%
Internal Materials and Services	84,500	35,860	48,640	42%
Capital Outlay	33,760	33,753	7	100%
Fund Transfers - Expense	25,211	25,211	0	100%
Contingency/ Ending Fund Balance	105,000	2,295,977	(2,190,977)	2187%
<b>Total Requirements</b>	<b>\$3,324,436</b>	<b>\$3,785,940</b>	<b>(\$461,504)</b>	<b>114%</b>

The Police Special Revenue Fund primarily consists of restricted or committed law enforcement funds. The fund's revenues include asset forfeiture proceeds from three sources (federal, state civil, and state criminal) which are received as a part of the asset forfeiture program managed in the Drugs and Vice Division. There was limited forfeiture revenue received from the State and additional revenues primarily are received from donations restricted for a set of bureau programs. Due to the unpredictable nature of the revenue sources, the bureau historically sets the budget conservatively, based on historical levels.

Expenses associated with federal forfeiture dollars must adhere to strict guidelines and must be used for direct law enforcement purposes. Items procured from the asset forfeiture fund in FY 2014-15 include: replacement Tasers, new proximity card readers, additional tactical and ballistic equipment and training.

There was a \$200,000 fund transfer approved in the FY 2014-15 Fall BMP recognizing the donation from the Friends of the Mounted Patrol from General Fund balance into the Special Revenue Fund as the non-profit organization desired to contribute funding originally set aside for operating expenses towards a capital campaign for a replacement horse barn instead.

## Decision Packages

All bureau decision packages from the FY 2014-15 Adopted Budget and the Fall Supplemental Budget were implemented. The bureau received authorization for one non-sworn Equity Manager position and the remaining increases were mostly associated with the relocation of Special Appropriations contracts into the PPB operating budget. In the FY 2014-15 Fall Supplemental, additional resources were added for supporting the reporting requirements of the DOJ agreement and the Domestic Violence Restraining Order Team.

The PPB Equity Manager was able to start in early February 2015. The delay in the start date is mostly attributed to the length of time taken to complete a national recruitment and to complete the requisite background check for a non-sworn employee. In the remaining months of the fiscal year, the Equity Manager focused on the development and delivery of officer-level equity training. In addition, the program manager is updating the current training to include additional topics of institutional racism and implicit bias. In the current fiscal year, the Equity Manager will continue to work with bureau leadership in new officer recruitment, staff training, adherence to DOJ compliance reporting, and to continue the bureau's work with the Office of Equity and Human Rights to develop the Equity Roadmap.

The bureau received \$2.0 million of funding previously allocated in the Special Appropriations for CHIERS/ Hooper Detox, Janus Youth, LifeWorks NOW, and SARC. All contracts were executed and vendors provided annual performance reports, which were submitted with the bureau's Fall Supplemental Budget (<http://www.portlandoregon.gov/cbo/article/522072>). Ongoing resources for CHIERS/ Hooper Detox were approved in the FY 2015-16 Budget in conjunction with an agreement for services between the City of Portland and Multnomah County. These resources are passed through to Central City Concern, the organization which runs the CHIERS van and Hooper Sobering station. The bureau manages the contract and Central City Concern provides data with the number of clients served. In FY 2014-15, 6,176 total admissions to the sobering center with 69.5% coming through either a Police hold or other Police involvement. Approximately 30% are received through the CHIERS van and

less than 1% is voluntarily admitted into the detox facility. These figures are consistent with prior year reports.

### **Updates for significant BMP Adjustments**

The bureau received one-time funding for six limited term positions in support of the reporting and analytic requirements for the agreement between the City of Portland and the US DOJ. Recruitments and backgrounds were completed for the selected candidates and all positions were filled. The bureau received ongoing resources in the FY 2015-16 Budget to continue the support required for meeting the terms of the agreement.

During this time, the analysts assisted with the transition from PPDS to RegJIN, which included writing new reports and collecting data previously not reported by the bureau. In addition, there are many ad hoc reports requested from the COCL and COAB which the analysts are responsible for completing. The first reports from the DOJ and from the COCL on compliance indicate that the bureau will need to place a significant level of effort on collecting, auditing, and reporting on data to show effects of actions taken as a result of the programs and guidelines set in the agreement. It is anticipated that gaining significant compliance with the terms of the agreement will be a multi-year process.

The FY 2014-15 Fall BMP approved resources for 3.0 sworn positions to support the Domestic Violence Restraining Order follow-up team. By adding these positions, the bureau is able to enforce the local regulations where persons with a restraining order filed against them are to surrender any firearms. Ongoing resources were approved in the FY 2015-16 Budget.

### **Budget Notes**

There were no budget notes directed at the Portland Police Bureau in FY 2014-15. However, the bureau did complete a staffing study from the FY 2013-14 Budget and the findings were presented to City Council in April 2015. Details on this note are provided below.

The Portland Police Bureau was instructed to contract with an outside consulting service to complete a review of number of officers, shift configurations, and general bureau operations to determine if the PPB is consistent with recommended practices for law

enforcement agencies. There was delay in issuing the original Request For Proposal, and the contract was not finalized until late in FY 2013-14. The final report was issued in April 2015.

The final report recommends additional resources for specialty investigations, but not for general patrol operations, stating that the level of officers assigned to precincts for daily patrol is sufficient to achieve goals for community policing. The report does not address workload requirements from the US DOJ agreement, potential impact of the new records management system, and the report does highlight the potential need for additional non-sworn staff to conduct more thorough crime analysis to ensure patrol resources are best used under a more predictive policing model. In addition, there is very minimal mention of the tangible outcomes the City and bureau would achieve if additional specialty investigation positions were added. If the bureau does intend to request new positions resulting from this report, CBO recommends that the bureau include more robust outcomes and targets for the programs.

The issue of the total number of sworn personnel at the PPB, especially with the forecasted increase in the number of sworn personnel who are eligible to retire in the next five years, will be a center point for bureau management and City Council in the near-term. The pace of hiring new officers, coupled with a lengthy training and initial probation period, will not keep pace with the number of annual retirees separating the agency every year. In the current fiscal year the bureau is redirecting resources from specialty units to patrol shifts in order to meet core patrol services without the traditional reliance on the use of overtime to cover shifts.

# Portland Fire & Rescue

Analyst: Christy Owen

## Summary

Portland Fire & Rescue (PF&R) ended the fiscal year with 98% of the bureau's General Fund resources spent. Revenues associated with permits and licenses exceeded budgeted amounts by \$383,984, mostly attributed to the growth in residential permitting for multi-family units. In mid-January the bureau graduated the first academy of new firefighters since 2012. A second academy graduated in July 2015, and these resources lessened the reliance of overtime hours used to cover regular shifts at stations. Earlier in the fiscal year the bureau was more reliant on overtime to cover shifts, because the traveler's pool had been depleted through retirements and attrition in the last two years. The traveler's pool is a staffing resource used to augment daily shift coverage, and to provide daily shift backfill – which occurs when engine companies are out of service for various reasons (vacation, sick, annual training etc.) –with straight-time hours as opposed to overtime hours.

FY 2014-15 included \$2.3 million for one full year of the Staffing for Adequate Fire & Emergency Response (SAFR) grant funding used to pay for 26 firefighter positions. This two-year grant was received by the bureau to fund positions eliminated in the FY 2013-14 budget and will expire at the end of December 2015. PF&R received ongoing General Fund resources to support thirteen of the positions through the end of FY 2015-16. The bureau will be requesting \$1.4M to fund the remaining 13 positions as a part of the FY 2016-17 budget in order to continue operations under the current station configuration and staffing deployment model.

PF&R received two Innovation Fund grants for starting or piloting alternative medical response service concepts in Portland. The PulsePoint mobile application has been implemented on budget and is available for use in the community to notify citizens who are subscribers and CPR-trained to assist and respond to cardiac events. The bureau is also using Innovation Fund resources for the second pilot phase of the Alternative Destination/ Alternative Transportation (ADAT) program which began in FY 2013-14 which coordinates lower acuity calls for service to urgent care centers instead of utilizing ambulance services which transport to more costly hospital emergency rooms.









PF&R is conducting patient and service provider surveys and working with the emergency medical providers to assess the outcomes and impacts of these pilot programs.

### **Performance Reporting**

Portland Fire & Rescue (PF&R) is a data-rich bureau which reports data on numerous measures in addition to the selected Key Performance Measures (KPMs). The following are key highlights for the bureau at the close of the fiscal year:

- Workload indicators for call volumes across all call types (medical, fire, and other hazards) continue to increase. The total number of incidents PF&R responded to in FY 2014-15 is 11% greater than FY 2011-12.
- PF&R added four Rapid Response Vehicles (RRV's) which are dedicated to responding to low acuity and public assist calls for service. These vehicles as currently configured at stations have been able to respond to 77% of the calls as assigned to an RRV.
- Response times to the most critical priority calls across the City have fallen short of targets but have remained consistent at 7 minutes 13 seconds.
- Code enforcement and inspections report increased workload data, also evidenced by the increased amount of permit and license revenue received by PF&R at year end.
- The total number of calls for service where there is a suspected fire has increased by 16.5% from FY 2012-13 to FY 2014-15. The percent of these calls where there is a confirmed fire has stayed consistent over this same time period with 23% of suspected fires resulting in confirmed fires.
- The percent of calls that are confirmed structure fires has declined over time, from 6.5% of the calls dispatched for suspected fires to 5.1%. Structure fires account for approximately 22% of the verified fires in FY 2014-15.

## Portland Fire & Rescue FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND		Key Performance Measure	 FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
		Total number of incidents	69,016	70,386	72,023	77,581	73,260
		Time Lost to On-Duty Injury (in Full Time Equivalent employees).	10.90	9.50	13.50	10.30	10.40
		Successful Cardiac Arrest Resuscitation rate			46%	TBD	50%
		Percentage of time unit from closest station is available for response	91%	92%	92%	92%	93%
		Percentage of structural fires where flamespread was confined to room of origin	83%	79%	78%	74%	80%
		Maximum response time to 90 percent of high priority calls	7.15	7.02	7.12	7.13	7.11
		Citizens contacted during community outreach/partnership activities	108,399	96,030	121,702	108,600	120,000

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[portlandoregon.gov/cbo/article/523280](http://portlandoregon.gov/cbo/article/523280)

The bureau is reporting a positive trend with a reduction in the number of time-loss hours due to on-duty injuries at the end of FY 2014-15. This is a new performance measure for the bureau which provides data on the impact of the bureau's loss prevention strategies and programs. The reported hours lost due to workplace injuries equated to 13.5 firefighters in FY 2013-14 which is equivalent to one station worth of personnel required shift back-fill. In FY 2014-15, the total hours lost equated 10.3 FTE which is a reduction of 24%. In addition to showing improvement for the PF&R year-end status, the actions taken by PF&R will impact the data reporting at the Bureau of Fire & Police Disability & Retirement (FPDR). FPDR is responsible for managing the disability

claims payment process and working with members to return to work quickly. The bureau is working towards a target that will further reduce the amount of time loss to injury, and CBO recommends the bureau continue this focus on employee safety.

There are three KPMs highlighting the importance of response times for PF&R and at the close of FY 2014-15 the data indicates that the bureau is very close to the identified target, but still trending negatively when compared to the previous fiscal year. For overall response times to the highest priority calls across the City, the bureau was one second slower in FY 2014-15. This measure as reported assesses the entire PF&R system response to determine the ability of the bureau to meet core service targets. The bureau reviews and assesses response times and response reliability on a more finite basis at the designation of the Fire Management Area (FMA) which are smaller geographies assigned to each of the 31 stations. There are many factors that can inhibit bureau response times such as geography, traffic construction and congestion, and simultaneous calls where another unit responds outside the assigned FMA. Historically, FMA's in parts of West Portland have experienced longer response times due in large part to geography and transportation infrastructure constraints, whereas FMA's in East Portland do not have the same infrastructure or geographic constraints. Call volume is greater in East Portland for response to all call types.

Response time and response reliability feed into the outcomes and results of two other KPMs: the ability to contain fires to the room of origin, referred to as 'flamespread', and the successful cardiac survivability rates. Flamespread is trending negatively when compared to previous years. As with response times, there are other reasons why fires may spread quickly, including the high combustibility of newer building materials and objects that may be in businesses or private residences. PF&R conducts outreach and education events for businesses and residents, in addition to completing premise inspections to ensure that responders have the most current building and site information. Public awareness campaigns for prevention and proper smoke alarm use are other actions the bureau takes on a regular basis to inform the community of how to mitigate the damage or risks from fires for either loss of life and/or loss of personal property.

Starting in FY 2013-14, PF&R began reporting on the data gathered by Multnomah County Health Services to track the successful outcomes of patients requiring emergency medical services for cardiac arrests in Multnomah County (Portland-specific data is not currently extrapolated). Having an overall efficient and fast response to critical medical incidents are cited by the director of medical services at Multnomah County as one of the significant contributing factors to Portland's rate being better than national averages. Cardiac arrest incidents require a high priority medical response, and in FY 2013-14 PF&R reports a 46% successful resuscitation rate as defined and measured by Multnomah County Emergency Health Department. This rate is not necessarily indicative of the overall survival rate for cardiac arrests; rather, the measure assesses if the patient has survived up to the point of arrival at an emergency room after experiencing an out-of-hospital cardiac arrest. FY 2014-15 data for this measure is not available, but is anticipated in the coming months. According to the National Heart Association, the national out-of-hospital cardiac arrest survivor rate at is 10%<sup>1</sup> at the point of discharge. Additional data analysis and coordination with Multnomah County EMS may further determine if the County, and therefore the City's first responders, are performing at a rate far better than other jurisdictions. CBO will be looking at successful rates for urban environments in order to make future comparisons for how the City of Portland is performing with respect to emergency medical response data.

Under the current staffing and configuration models, PF&R is remaining consistent with prior year performance for overall response time and response reliability. Over the past two years the bureau has relied upon the SAFR grant as the resource to keep current station staffing and shift configurations to allow for maintaining response times and response reliability. In FY 2016-17 the bureau will be requesting resources to convert the remaining 13 firefighter positions from one-time to ongoing. In order to further reduce response times and increase reliability it would be likely that the bureau would require additional staffing resources to have firefighters ready to respond to incidents.

Since 2013-14, the bureau has increased staffing in the RRV program, which dispatches responders to lower acuity and public assist calls. By taking this action, the bureau is able to have resources available for the higher priority EMS calls, or calls in response to

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<sup>1</sup> [http://cpr.heart.org/AHA/ECC/CPRAndECC/General/UCM\\_477263\\_Cardiac-Arrest-Statistics.jsp](http://cpr.heart.org/AHA/ECC/CPRAndECC/General/UCM_477263_Cardiac-Arrest-Statistics.jsp)

fires. In the event that additional ongoing resources are not included in the PF&R's General Fund allocation, PF&R will likely not achieve the current KPM targets which could result in greater loss of property or life in the city. CBO encourages all bureaus to continue to look at process or policy changes that would positively impact KPMs, especially in the coming fiscal year in which most bureaus will be unable to add new resources.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Licenses & Permits	\$2,345,000	\$2,728,934	(\$383,934)	116%
Charges for Service	1,618,000	1,602,440	15,560	99%
Intergovernmental Revenues	579,000	485,996	93,004	84%
Miscellaneous	302,865	416,046	(113,181)	137%
General Fund Discretionary	95,811,091	93,780,990	2,030,101	98%
General Fund Overhead	70,015	70,015	0	100%
Interagency Revenues	3,861,446	3,630,479	230,967	94%
<b>Total Resources</b>	<b>\$104,587,417</b>	<b>\$102,714,900</b>	<b>\$1,872,517</b>	<b>98%</b>
<b>Requirements</b>				
Personnel Services	\$90,583,493	\$89,733,125	\$850,368	99%
External Materials and Services	7,852,342	6,811,359	1,040,983	87%
Internal Materials and Services	5,846,582	6,025,765	(179,183)	103%
Capital Outlay	305,000	144,651	160,349	47%
<b>Total Requirements</b>	<b>\$104,587,417</b>	<b>\$102,714,900</b>	<b>\$1,872,517</b>	<b>98%</b>

The Bureau Portland Fire & Rescue (PF&R) spent 98% of its total General Fund resources in FY 2014-15. The majority of the bureau's resources are dedicated to personnel services, where the bureau spent 99% of the Revised Budget. In the Spring BMP, the bureau increased the overtime budget by \$2.8 million. During the first half of the fiscal year the bureau was more reliant on overtime for shift-backfill due to the traveler's pool running short of personnel, which under normal circumstances would fill shift vacancies at straight-time. Overtime spending to ensure coverage of vacant shifts was significantly greater than the prior year.

External materials and services and capital outlay expenditures were within budget, as there were several large purchase orders for construction projects or equipment that were not received by year-end close. These purchase orders were approved for

carryover in the FY 2015-16 Fall Supplemental Budget. Spending for annual supply and equipment contracts typically accelerates in the latter part of the fiscal year. Significant items on order include: new uniforms, apparatus, and specialized tactical equipment. Interagency agreements were overspent by 3%, mostly due to the timing of the receipt of new vehicles and equipment from CityFleet. Other savings in variable accounts were not sufficient to off-set the expense.

Revenues supporting the Fire Marshall and inspection services were received in excess of budget by 16%. The increase in permitting and construction in Portland, particularly multi-family homes, has increased the number of inspections and associated fees received by the bureau. At present, the five-year plan for development growth from the Bureau of Development Services (BDS) does not indicate a slow-down in construction and, as such, PF&R is likely to continue to experience growth in revenues. The bureau has added positions supported by inspection revenues in previous fiscal years to keep pace with the demand for services.

### **Other Funds**

FY 2014-15 was the last full fiscal year for the SAFR grant, which is funding 26 firefighter positions that were eliminated in the FY 2013-14 Budget. Additional grants received by the bureau are dedicated for specialized equipment or training, and the bureau receives these resources in accordance with the approved expenditures.

The Public Safety General Obligation Bond fund accounts for revenues and expenses approved in the 2010 bonds. Significant purchases in FY 2014-15 include the procurement of two fire rescue boats assigned to Station 21, and the replacement of existing apparatus and ladder trucks. Equipment not received in FY 2014-15, but on order, will be received in the current fiscal year.

### **Decision Packages**

The FY 2014-15 approved the addition of a Safety Chief, to replace the position cut in FY 2013-14. This position will resume the central safety reporting and training for personnel. Time-loss due to on the job injuries was significantly greater in FY 2013-14 than FY 2012-13, and the bureau anticipates having central loss-prevention management will reduce the number and severity of on the job injuries. The bureau still is required to staff current configurations at stations and when firefighters are

scheduled for shifts, but out for workers compensation-related claims the work has been covered with travelers pool resources, or in FY 2014-15 it was more likely covered with overtime hours. The position was filled in FY 2014-15. There were no other significant decision packages for PF&R.

### **Budget Notes**

The FY 2014-15 Adopted Budget directed Portland Fire & Rescue to complete one budget note related to Medical Response Services. Council directed Portland Fire & Rescue to reconsider the City's role and potential reimbursement in regards to emergency medical response; including medical response services operating under a City supervising physician, and report its recommendations in a Council work session prior to December 31, 2014.

PF&R presented the bureau's research and findings to City Council on December 8, 2014. The bureau recommended to council that the City continue to work collaboratively with Multnomah County Emergency Medical Services to find efficiencies where possible in transport and care. Some of the programs and process changes that PF&R is pursuing have the potential to reduce costs to the healthcare system, but not necessarily to PF&R's operation. Much of the response protocol for EMS calls is not under the direct control of the City as the City does not control the contract for ambulance transport services. Through this budget note, the bureau began the process of determining if it would be feasible to negotiate a different agreement with Multnomah County for the current ambulance service contract. One possibility it to reduce the number of paramedics staffing the private ambulance company, with the understanding that PFR would respond with at least one paramedic on all vehicles.

PFR does not currently have enough paramedics to staff all units with at least one paramedic at all stations. The bureau is working with current employees to provide paramedic training in order to increase the number of front line paramedics. Training is anticipated to take approximately 18 months, and during this time there will be retirements within the bureau that may further limit the number of paramedics available to fill front-line shifts. The cost savings from renegotiating this agreement with the county may be substantial, but may not materialize until 2018 when the current contract expires. Additional costs through shift premiums would have to be included as

an off-set to the full estimated savings as firefighters with a paramedic certificate receive a shift premium.

There is continued work and research occurring within the bureau to learn from partner jurisdictions in the area of in-field treatment, nurse triage at the point of the 911 call, and mental health transport (when the Unity Center is complete). CBO recommends the bureau continue to focus on both internal and outward cost of service model reductions.

# Bureau of Emergency Management

Analyst: Jessica Kinard

## Summary






In FY 2014-15, the Portland Bureau of Emergency Management (PBEM) largely operated as planned, predominantly meeting both performance and budget targets. The bureau experienced staff vacancies which led to General Fund savings and potentially negatively impacted some performance measure indicators. The bureau successfully completed the majority of its decision packages and budget notes before year end.

## Performance Reporting

In FY 2014-15, the bureau made progress towards achieving its goals for city resiliency and preparedness. One-time grant funding allowed for measures related to training of City employees and community members on disaster preparedness to end the year above targets, while the bureau moved closer towards implementing the Bureau's strategic plan and citywide Continuity of Operations Plan (COOP) plan goals. In addition, the bureau led priority area reporting in FY 2014-15 for Disaster Preparedness, reporting quarterly on a number of their Key Performance Measures (KPMs) in the Mayor's Dashboard. Notable bureau performance trends include:

- 293 Neighborhood Emergency Team volunteers participated in advance training; this was 193 above the performance target, primarily as a result of one-time grant funding.
- Students completed 4,862 hours of PBEM disaster preparedness classes, which was 2,862 hours over performance targets, primarily as a result of one-time grant funding.
- City bureaus with updated COOP plans increased by 22 percentage points from 50% to 72%. This measure is both a bureau KPM and a citywide measure for building resiliency in the bureau's preparedness for response to emergencies.
- New public alerts registrations were below targeted levels by 1,590 and below the prior year by 1,755.

## Bureau of Emergency Management FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND	Key Performance Measure		FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
	Number of New Public Alerts Registrations				5,165	3,410	5,000
	Percentage of bureaus with updated COOP plan that meets or exceeds FEMA standard				50%	72%	75%
	Percentage of neighborhoods with active NET teams.				37%	47%	50%
	Percentage of participants who rate PBEM classes and exercises as "good" or "excellent"					88%	75%

[portlandoregon.gov/cbo/article/523280](http://portlandoregon.gov/cbo/article/523280)

The bureau was able to produce performance data that far exceeded actuals in all of the training categories as a result of receiving one-time grant funding. However, these results were still below prior year training figures. This implies that the effect and impact that these measures demonstrate may be dependent on yearly non-City funding streams and thus have variable outcomes.

Internally, the bureau is focused on achieving objectives identified in the strategic plan with a target to achieve 90% of objectives by 2016. Currently, the bureau reports achieving 75% of objectives through the close of FY 2014-15. However, the bureau notes that unforeseen staff vacancies during FY 2014-15 potentially delayed progress, and in addition some of the strategic priorities have been assigned to other jurisdictions. The bureau plans to embark on a new strategic planning process culminating in a new three-year Strategic Plan for 2017-19.

The bureau has one key performance measure which tracks the percentage of bureaus with updated Continuity of Operations Plans (COOPs). There was substantial growth in this measure during FY 2014-15 (a 22 percentage point increase to 72%), and the bureau requested and received \$122,159 for a one-time limited-term FTE in FY 2015-16. This

position will continue the current COOP plan development to move towards the goal of all of bureaus having FEMA basic level COOP plans as soon as possible.

One of the only bureau performance measures trending negatively during FY 2014-15 was the number of New Public Alerts Registrations. This measure is substantially influenced by the activation of the system during an incident such as a major winter storm. As no major activations occurred during FY 2014-15, this measure was 32% below expected levels.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$136,820	\$94,201	\$42,619	69%
Miscellaneous	0	1,740	(1,740)	
General Fund Discretionary	2,079,084	1,980,236	98,848	95%
General Fund Overhead	1,183,147	1,183,147	0	100%
Interagency Revenues	10,000	10,000	0	100%
<b>Total Resources</b>	<b>\$3,409,051</b>	<b>\$3,269,324</b>	<b>\$139,727</b>	<b>96%</b>
<b>Requirements</b>				
Personnel Services	\$1,417,110	\$1,383,988	\$33,122	98%
External Materials and Services	263,684	194,086	69,598	74%
Internal Materials and Services	525,960	488,953	37,007	93%
Fund Transfers - Expense	1,202,297	1,202,297	-	100%
<b>Total Requirements</b>	<b>\$3,409,051</b>	<b>\$3,269,324</b>	<b>\$139,727</b>	<b>96%</b>

By in large, the bureau ended FY 2014-15 with the General Fund operating fund on budget. Some notable major object discrepancies include:

External Materials and Services (EMS): EMS expenditures were below budgeted amounts by \$69,598 due in part to \$30,000 in Natural Hazard Mitigation funding that experienced a delayed contract negotiation. Funds were encumbered and carried forward in the FY 2015-16 Fall Supplemental Budget. In addition, the bureau experienced unforeseen staff vacancies, resulting in less out-of-town travel and spending on operating supplies.

Internal Materials and Services (IMS): IMS expenditures were below budgeted amounts by \$37,007 because the Emergency Management Performance Grant (EMPG) revenue

actuals were greater than expected. This grant partially subsidizes the Interagency Agreements with Facilities (Emergency Coordination Center rent) and Bureau of Technology Services maintenance and operating costs. PBEM historically underspends the IMS costs due to the receipt of funding from the EMPG. For this reason, the discretionary resources are still allocated to PBEM in the event that grant resources are not sufficient to cover annual operating costs of the ECC.

Intergovernmental Revenues: Intergovernmental revenues received were below budgeted amounts by \$42,619. These revenues are used to subsidize the Regional Disaster Preparedness Organization program, and expenses were also less than the budgeted amounts for this program.

### Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$1,327,817	\$1,663,491	(\$335,674)	125%
<b>Total Resources</b>	<b>\$1,327,817</b>	<b>\$1,663,491</b>	<b>(\$335,674)</b>	<b>125%</b>
<b>Requirements</b>				
Personnel Services	\$285,384	\$278,373	\$7,011	98%
External Materials and Services	784,547	583,081	201,466	74%
Internal Materials and Services	257,886	257,910	(24)	100%
Unappropriated Ending Balance		544,127	(\$544,127)	n/a
<b>Total Requirements</b>	<b>\$1,327,817</b>	<b>\$1,119,364</b>	<b>\$208,453</b>	<b>84%</b>

PBEM functions as a coordinating and pass through body for a variety of Federal and State emergency preparedness grants. Several of these grants operate on a different fiscal year than the City, which creates a challenge when PBEM is budgeting funds and often leads to year end variances as a result of spending delays or receipt of funds after the City's fiscal year closes. In FY 2014-15, the bureau underspent the External Materials and Supplies budget by \$201,466 because the Urban Areas Security Initiative (UASI) grant has Intergovernmental Agreements with regional jurisdictions which were not fully executed until late in the year, therefore delaying regional spending. In addition, Intergovernmental Revenues were above budgeted by \$335,674 due to the late receipt of FY 2013-14 revenues.

## **Decision Packages**

The Bureau successfully implemented, or is in the process of implementing, all decision packages. In FY 2014-15 the bureau received and expended \$38,000 in ongoing General Fund Discretionary to support the City's portion of staffing related to the administration of the Regional Disaster Preparedness Organization. The bureau also received \$100,000 in ongoing General Fund resources to support the Community Emergency Notification System (CENS). Although the contract was delayed, the bureau was able to carry forward \$33,000 of the FY 2014-15 appropriation to the current fiscal year and, as of the writing of the report, the contract is in place and the system is up and running successfully.

The bureau received one-time resources in the amount of \$1.2 million to begin work on the development of a fueling station and parking lot relocation for the West Side Operations Center at the Sears facility. In addition, Council directed the bureau to work with bureaus to identify critical infrastructure needs related to emergency preparedness, including fuel infrastructure, through a budget note as discussed below. The \$1.2 million in funding was transferred to OMF facilities to manage the project, which is currently undergoing project design. In the beginning of FY 2014-15, OMF estimated full project cost to be approximately \$3.1 million. This estimate has since increased to around \$4 million. In the FY 2015-16 Fall Supplemental budget, \$1.0 million was allocated to the Sears facility project to make the building habitable as a temporary homeless shelter. Although the total project estimate has increased, OMF has stated it will attempt to contain costs to the original \$3.1 million estimate. Even so, the project will need additional funding beyond the \$2.2 million funded to date in order to complete the work.

## **Budget Notes**

The bureau was directed to work with City bureaus to identify critical infrastructure needs related to emergency preparedness, including the City's fueling infrastructure. In addition, the note stated that bureaus should request one-time funding in the FY 2014-15 Fall Supplemental Budget to begin work on the highest priority projects as identified by PBEM. The bureau successfully completed this budget note by actively participating in the City's Capital Asset Management Group (CAMG) and by submitting four PBEM add packages and one add package for OMF/Fleet related to replacing fueling stations in the

FY 2014-15 Fall Supplemental Budget. OMF is currently working on a replacement plan for these stations.

# Parks, Recreation, and Culture

# Portland Parks & Recreation

Analyst: Ryan Kinsella

## Summary

Portland Parks & Recreation (Parks) slightly underspent its General Fund appropriation, but needed additional resources for operations which subsequently drew down fund balance in the parks-managed enterprise funds: the Portland International Raceway and the Golf Program. Bureau performance in core functions remained relatively unchanged compared to previous years, according to the bureaus' key performance measures, indicating that there were not any significant changes or disruptions in bureau services. Below are several notable highlights of the fiscal year:

- In FY 2014-15, the bureau underspent its General Fund appropriation by approximately \$1.0 million; however, as precautionary measure to avoid overspending, the bureau received an additional \$1.0 million from General Fund contingency during the Over Expenditure Ordinance. By year end, excess program revenues and on-budget expenses resulted in \$164,000 of net underspending for the bureau in FY 2014-15.
- Service charge revenues in the System Development Charges (SDC) Capital Fund also exceeded the budget of \$12.7 million by \$6.9 million (for a total of \$19.5 million), primarily driven by the collection of residential SDCs.

Similar to previous fiscal years, Parks fully utilized nearly all available resources to provide services. For the current and future fiscal years, the bureau and CBO will need to continue to closely monitor spending and program revenues so that the bureau continues to operate within designated financial parameters of the City's budget. This is paramount to the bureau, especially given the implications of the recent arbitration settlement; the planned reorganization of the bureau; and the ongoing need to address maintain, repair and replace Park assets within limited resources.

## Performance Reporting

Portland Parks and Recreation identified six key performance measures as part of the FY 2015-16 requested budget which measure core bureau services and assess the bureau's strategic direction. These metrics track resident access to, and perceived quality of,

parcs, natural areas, and community centers; the condition of parks facilities; and amount of work on natural areas.

Highlighted below are notable trends in FY 2014-15 service levels.

- The percent of households within a close proximity to parks and community centers did not change in FY 2014-15: 80% of households live within ½ mile of a park, and 69% of households live within three miles of a community center.
- Satisfaction of park quality and recreation centers also remained unchanged.
- Investment in facilities increased over the past year using one-time General Fund resources and Parks bond proceeds; however, the condition index slightly worsened due to an increase total asset value.

### Parks Bureau FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND		Key Performance Measure	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
		Facility Conditions Index	5.40	6.90	7.30	7.50	7.00
		Number of acres of invasive weeds treated annually	2,861	2,321	2,563	1,397	2,800
		Percentage of residents living within one-half mile of a park or natural area	79%	80%	80%	80%	82%
		Percentage of residents living within three miles of a full-service community center	69%	70%	69%	69%	69%
		Percentage of residents rating the overall quality of parks as good or very good	84%	86%	85%	85%	90%
		Percentage of residents rating the overall quality of recreation centers and activities as good or very good	72%	75%	74%	75%	77%

### Percentage of Households within 1/2 mile of a Park or Natural Area and within 3 miles of a full service community center

The bureau has set a goal that all Portland households live within ½ mile of a park or natural area and within three miles of a community center. The proximity to parks and

community centers are outlined in Portland Plan's 20 Minute Neighborhood and based on the idea that within 20 minutes residents can walk to a park or travel via car or public transportation to a community center. Currently 80% of Portland households live within ½ mile of park or nature area. This proportion has remained nearly the same over the past four years as park development has tracked at the same pace as new residential development. While over 80% of households have access to parks in most neighborhoods, two areas have less access: only 62% of residents have access to parks in both east Portland (east of I-205) and outer northeast Portland (Caesar Chavez Ave to I-205).

Approximately 85% of households should have access to parks by 2020 based on current plans, including 75% of east Portland households, based on last year's estimates.

Currently two major park developments will improve access in these areas: Beech Park and Gateway Urban Plaza. Council recently approved planning and design contracts for the parks, and as part of its FY 2015-16 budget, the bureau has O&M funding of \$398,000 once the parks open in 2017.

Due to the economic recovery over the past four years, the bureau has experienced a steady increase in system development charge (SDC) revenues, providing them with sufficient resources to build parks that expand access. As noted below, at the end of FY 2014-15, the SDC balance was \$41.7 million. However, the influx of SDC revenues create a unique challenge for the bureau because while construction SDC revenues fund system expansion, additional General Fund resources are required to fund ongoing operations and maintenance of these parks.

### **Facilities Condition Index**

To measure the bureau's stewardship of facilities, the bureau tracks facilities' current deficiencies (current or deferred replacement and repair needs) relative to the facilities' current replacement value. The current index of 7.5 is considered "fair" by industry standards. (Currently, the measure only includes buildings and pools; other assets – such as playgrounds, park amenities, roads, etc - will be added as assessments are completed.)

The bureau estimates that the upcoming bond-funded improvements will improve the facility conditions index from 7.5 to 7.0 once projects are completed beginning in 2017. Additionally, the bureau received funding for several renewal and replacement projects as part of the FY 2014-15 Fall BMP and the FY 2015-16 that may lessen facility deficiencies and thereby improve the facilities condition index once these projects are complete. Specifically, the bureau received one-time funding for Mt Scott Community Center HVAC (\$818,000), Charles Jordan Community Center Roof (\$603,000), and Walker Central Energy Control (\$490,000). Continued investment in operations and maintenance, and asset management will minimize facility deficiencies and prevent expensive repairs in the future.

### **Percentage of Residents rating the overall quality of recreation centers and parks as good or very good**

Perceived quality of parks and recreation centers has remained relatively unchanged in the past five years, where last year nearly 84% of residents rate the overall quality of parks as good or very good. The exception continues to be in east Portland where 76% of residents rate parks as good or very good; however, perceived park quality has increased in East Portland compared to 2014 when only 68% of East Portland residents rated park quality as good or very good. The bureau has set a target that 90% of residents rate parks as good or very good. Factors that influence a resident's perception of park quality likely include how well a park is maintained, the amenities offered, and access to parks.

Measures of access and perceived quality of parks indicate that east Portland remains underserved. Similar to access, perceived quality of parks is less in east Portland. To the degree that access significantly impacts perceived quality, this may explain the lower ratings of east Portland residents. Unless the bureau continues to work towards expanding and improving parks in east Portland, there will continue to be an inequitable distribution of services.

### **Equity**

Over the past few years the bureau has increasingly focused on its equity initiatives, aiming to improve recreation services and increase access to parks and community

centers in underserved communities. The bureau has recently started to collect data to better understand the demographics of park and recreation center users. The bureau has also worked towards increasing the diversity of its workforce with the intent that this will allow them to more effectively serve a diverse population of park and center users. Bureau performance measures indicate that the bureau has been effective in diversifying its workforce. Specifically, employees of color as a percentage of all employees has increased from 27% in FY 2013-14 to 28% in FY 2014-15.

### *Budget Impact*

Depending upon reductions made during the FY 2016-17 budget process, Parks may struggle to maintain performance in key areas as all General Fund bureaus are expected to identify 5% reductions. Any additional resources that could be allocated to Parks will likely fund the additional costs of converting seasonal employees to permanent position, per the recent arbitration settlement with the City. These additional resources will allow the bureau to maintain current service levels; however, to the degree that resources are not added to fund the settlement, Park may need to cut positions and thus reduce services.

Furthermore, due to the scarcity of new General Fund resources, funding may not be available to fund the operations and maintenance of new parks funded by SDC revenues and thus limiting the ability to expand access to a greater percentage of households.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Licenses & Permits	\$394,608	\$365,251	\$29,357	93%
Charges for Services	17,210,253	17,696,028	(485,775)	103%
Intergovernmental Revenues	133,804	65,916	67,888	49%
Interagency Revenue	2,143,770	1,869,989	273,781	87%
Miscellaneous	988,246	1,047,385	(59,139)	106%
General Fund Discretionary	49,224,160	48,057,956	1,166,204	98%
<b>Total Resources</b>	<b>\$70,094,841</b>	<b>\$69,102,526</b>	<b>\$992,315</b>	<b>99%</b>
<b>Requirements</b>				
Personnel Services	\$47,283,471	\$46,732,787	\$550,684	99%
External Materials and Services	15,239,848	14,926,420	313,428	98%
Internal Materials and Services	7,518,287	7,436,306	81,981	99%
Capital Outlay	53,235	7,012	46,223	13%
<b>Total Requirements</b>	<b>\$70,094,841</b>	<b>\$69,102,526</b>	<b>\$992,315</b>	<b>99%</b>

Bureau operations primarily are funded out of the General Fund as roughly two-thirds of the operation is funded with General Fund discretionary. The remaining third is funded with program revenue – primarily from recreation programming.

In FY 2014-15, the bureau underspent its General Fund appropriation by approximately \$1.0 million; however, as precautionary measure to avoid overspending, the bureau received an additional \$1.0 million from General Fund contingency during the Over Expenditure Ordinance. At the time of the Over Expenditure Ordinance, both CBO and the bureau projected that the bureau may overspend total appropriations and therefore require additional General Fund discretionary. The potential for overspending the discretionary allocation was primarily driven by costs related to expansion of the customer service center, relocation of the Park Rangers to the 1st & Jefferson site, and the maintenance costs of the decorative fountains. Overall recreation revenues were projected to be \$200,000 to \$300,000 less than budget, and the bureau was unlikely to receive \$400,000 of budgeted revenues for the sale of surplus property. In order to ensure that sufficient budget was available and to avoid violation of local budget law, CBO recommended that Council allocate \$1.0 million of General Fund contingency.

However, spending freezes and other operational changes instituted by the Parks Directors allowed the bureau to nearly remain within its expenditure budget (i.e., the

budget prior to the over expenditure allocation). Moreover, despite projected under collection, service charges exceeded budgeted amounts by \$485,000 (i.e., parking fees, rental costs, recreation programming revenues, and other small revenue sources). In total, Parks' external revenues exceeded budget by \$174,000. The excess revenues and on-budget expenses resulted in \$164,000 of net underspending for the bureau in FY 2014-15.

### Park Capital Improvement Program Fund (Fund 402)

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$36,484,080	\$35,604,869	\$879,211	98%
Charges for Services	12,723,967	19,663,192	(6,939,225)	155%
Intergovernmental Revenues	967,020	1,054,574	(87,554)	109%
Interagency Revenue	20,910	49,777	(28,867)	238%
Fund Transfers - Revenue	2,815,910	2,537,830	278,080	90%
Bond and Note	250,544	0	250,544	0%
Miscellaneous	1,977,794	4,102,475	(2,124,681)	207%
<b>Total Resources</b>	<b>\$55,240,225</b>	<b>\$63,012,716</b>	<b>(\$7,772,491)</b>	<b>114%</b>
<b>Requirements</b>				
Personnel Services	\$2,182,207	\$1,792,524	\$389,683	82%
External Materials and Services	4,643,390	2,295,653	2,347,738	49%
Internal Materials and Services	657,137	1,055,210	(398,073)	161%
Capital Outlay	16,543,458	11,083,735	5,459,723	67%
Bond Expenses	894,875	891,244	3,632	100%
Fund Transfers - Expense	264,634	264,634	0	100%
Contingency	30,054,524	45,629,718	(15,575,194)	152%
<b>Total Requirements</b>	<b>\$55,240,225</b>	<b>\$63,012,716</b>	<b>(\$7,772,491)</b>	<b>114%</b>

This fund is composed of two sub-funds: the capital sub-fund where most project work occurs and the SDC sub-fund where all system development charge revenues and spending are recorded. The most significant issue in this fund is the large and increasing balance in the SDC sub-fund. As noted previously, there is concern with developing new parks while not having the resources available for ongoing maintenance and operations.

Beginning fund balance for capital sub-funds increased by \$2.5 million as result of project underspending in FY 2014-15. These included projects funded by a variety of resources, including General Fund, grant funding, PDC resources, and funding originating from the Bureau of Environmental Services.

Within the SDC Capital Fund, the budget of \$47.4 million was underspent by \$32.5 million in FY 2014-15 --- or by \$3.6 million when factoring the \$28.8 million of budgeted contingency. Service charge revenues in the SDC Capital Fund also exceeded budget of \$12.7 million by \$6.9 million (for a total of \$19.5 million), primarily driven by the collection of residential SDCs. When including excess revenues from donations, assessments and earned interest, the SDC Capital Fund received \$8.5 million of additional revenues. To adjust for this prior-year underspending and excess revenues, the bureau requested to increase beginning fund balance by \$32.5 million in the FY 2015-16 Fall BMP, offset by an increase of \$25.7 million in contingency and a carryover of \$6.8 million in project expenses. This increasing balance represents a significant opportunity for the bureau to expand the parks system over the next several years. However, it also represents a future stress on the General Fund as those new assets will need to be maintained – and eventually replaced.

### Golf Fund (Fund 603)

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$1,236,103	\$1,236,103	\$0	100%
Charges for Services	8,806,302	8,680,154	126,148	99%
Fund Transfers - Revenue	458	458	0	100%
Bond and Note	800,000	800,000	0	100%
Miscellaneous	11,000	29,229	(18,229)	266%
<b>Total Resources</b>	<b>\$10,853,863</b>	<b>\$10,745,944</b>	<b>\$107,919</b>	<b>99%</b>
<b>Requirements</b>				
Personnel Services	\$3,569,520	\$3,705,002	(\$135,482)	104%
External Materials and Services	4,821,917	4,469,453	352,464	93%
Internal Materials and Services	789,804	804,728	(14,924)	102%
Capital Outlay	770,911	452,925	317,986	59%
Bond Expenses	168,442	161,993	6,450	96%
Fund Transfers - Expense	371,967	371,967	0	100%
Contingency	361,302	779,876	(418,574)	216%
<b>Total Requirements</b>	<b>\$10,853,863</b>	<b>\$10,745,944</b>	<b>\$107,919</b>	<b>99%</b>

Balance in the Golf Fund was \$285,384 less than budgeted, representing lower than budgeted revenues for the prior year. Revenues were impacted by the closure of Colwood Golf Course during the reconstruction of the course over the past year. As a

result, beginning fund balance and fund contingency was lessened, decreasing contingency to a total of \$744,588.

### Portland International Raceway Fund (604)

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$285,456	\$285,456	\$0	100%
Charges for Services	1,789,156	1,706,690	82,466	95%
Fund Transfers - Revenue	12,758	12,758	0	100%
Miscellaneous	6,231	7,590	(1,359)	122%
<b>Total Resources</b>	<b>\$2,093,601</b>	<b>\$2,012,494</b>	<b>\$81,107</b>	<b>96%</b>
<b>Requirements</b>				
Personnel Services	\$786,332	\$769,042	\$17,290	98%
External Materials and Services	506,735	487,418	19,317	96%
Internal Materials and Services	100,578	110,954	(10,376)	110%
Bond Expenses	307,862	306,620	1,242	100%
Fund Transfers - Expense	193,091	193,091	0	100%
Contingency	199,003	145,368	53,635	73%
<b>Total Requirements</b>	<b>\$2,093,601</b>	<b>\$2,012,494</b>	<b>\$81,107</b>	<b>96%</b>

Balance in the Portland International Raceway Fund was \$16,737 less than budgeted, representing lower than budgeted revenues for the prior year. Although expenses remained within budgeted amounts, PIR revenues (ticket sales, concessions) were also less than expected. Fund contingency is \$163,279 for the remainder of FY 2015-16.

Both CBO and the bureau will need to closely monitor the Golf Program and PIR to ensure that there is sufficient funding in these funds by year end.

### Capital

Several General Fund funded capital projects were started late in the fiscal year or not at all, including: the DDC Walker Replacement projects, Willamette Park Pathways and DOLA projects, Mt Tabor and Urban Forestry maintenance facility projects, the Nike Basketball Courts rehab project and the two roofing projects at Charles Jordan and East Portland Community Centers.

There were \$2.0 million less in anticipated acquisitions – funded by SDCs – that did not occur; the funds were carried into the next fiscal year. Additionally, there were a number of other SDC-funded projects that will be carried into future years. The bureau

has typically budgeted SDC revenues to all expected projects that have been publicly announced.

### **Decision Packages**

**Seasonal Staff Conversion.** Parks converted 11 of the 22 positions that were added in the FY 2014-15, 10 of which were funded by additional General Fund resources. The bureau decided not to create the positions that would be backed by the forecasted \$304,426 of additional program revenues due to uncertainty in the receipt of the program revenues. While program revenues exceeded budget amounts by \$321,000, Parks personnel spending exceeded FY 2014-15 Adopted Budget amounts even with the addition the bureau's share of compensation set-aside. Without the additional General Fund contingency resources allocated as part of the Over Expenditure Ordinance, personnel services would have been overspent by \$450,000. Ultimately, these General Fund resources were not needed. In order to use the excess program revenues and convert the remaining 11 positions, Parks would need to reduce spending in other personnel services or reallocate other flexible spending on materials and services.

Per Ordinance 187282, the City reached a settlement with Local 483 following the arbitrators' opinion of an unfair labor practice. This settlement requires the conversion of over 80 seasonal positions at an estimated cost of \$1.6 million to \$2.3 million. Another set of positions will be converted in the second phase of the negotiations anticipated to be complete in 2016.

As a result of this agreement, the City is committed to provide funding for the actual costs of converting the positions in FY 2015-16; however this ordinance did not address the ongoing costs of converting the positions beginning in FY 2016-17. The actual cost will depend upon the specific hourly wages, benefit costs, and enrollment rate of the persons in the affected positions.

The cost of converting these positions, in addition to the costs of any other positions converted in the second phase of the settlement, will mark a significant change in bureau personnel costs and will be the bureau's key budget issue in the FY 2016-17 budget development process. These negotiations, as well as the city budget process, will ultimately determine the appropriate employment status and compensation for recreation employees.

**Major Maintenance for New and Existing Assets.** Parks major maintenance needs continue to be extensive and cost well-beyond their annual major maintenance allocation of approximately \$1.5 million.

**Tree Regulatory Improvement Project.** Implementation of Title 11 (“Tree Code”) began in January 2015. The program is currently staffed by 6.1 FTE, including 2.5 Tree Inspectors, 2.0 DSC Tech II, 0.6 Customer Service Aide II (temporary), and 1.0 Associate Planner (BDS position). This program is supported by a total of \$419,000 ongoing General Fund resources and \$211,000 in fee revenues. An additional \$270,000 and 2.0 FTE were added to the program as part of the FY 2015-16 budget, to be funded out of the Tree Damages Recovery sub-fund.

Through the first six months of implementation, inquiries and permit requests have increased significantly in addition to the amount of time required to process each request, which is an expected trend for the implementation of a new program and set of regulations. Determining the appropriate size of the ongoing program remains a task to be addressed by Parks and BDS.

Additionally, Parks has implemented other remaining decision packages:

- Continuation of the GRUNT program (Greenspaces Restoration & Urban Naturalist Team). This program is now funded by General Fund discretionary rather than grants, as previously was the case.
- Restore funding for PP&R-operated SUN schools in addition to some County-operated schools.

### **Budget Notes**

The FY 2014-15 Adopted Budget directed the City Budget Office to remove the requirement for \$400,000 in annual Parks property sales from revenue projections and increase the Portland Parks & Recreation current appropriation level target by \$400,000 starting in FY 2015-16. This adjustment was made in the FY 2015-16 budget. To note: Parks was not able to sell sufficient surplus property in FY 2014-15 in order to meet their \$400,000 target, contributing to their projected year-end shortfall.

# Public Utilities

# Portland Water Bureau

Analyst: Ryan Kinsella

## Summary

The Portland Water Bureau (Water) finished FY 2014-15 with higher than projected revenues and expenses were within budget in all areas. Notable highlights of the year include:

- Due to an unusually warm summer, actual water sales exceeded budgeted amounts by \$937,000. In contrast, water sales were \$4.8 million less than budget in FY 2013-14.
- The bureau issued a first lien revenue bond sale for \$85 million in December 2014, allowing them to continue with the Five-Year Capital Plan that includes the Willamette River Pipe, Washington Park Reservoir, and significant investment in the distribution system.
- Water completed work totaling \$81.9 million of its revised capital budget of \$87.6 million in FY 2014-15. This includes the completion of two major projects: Powell Butte Reservoir 2 and Kelly Butte Reservoir.








## Performance Reporting

There is little variance in the Water Bureau's performance measures when compared to prior years, indicating that the bureau continues to achieve its prior levels of service. Importantly, the bureau has maintained its Aaa bond credit rating for the most recent first lien revenue bond sale of \$85 million in December 2014, and there were no violations of drinking water quality and environmental regulations. These three measures signal that the bureau is successful in their key function of providing safe water within federal and state expectations of environmental stewardship while on a fiscally-sustainable path. However, as noted in previous CBO analyses, the Water Bureau's key performance measures, while representative of core functions, are not useful in determining whether services could be more efficiently delivered or more effectively provided.

The bureau is currently seeking customer input on topics related to its key performance measures and will be working with Portland State University's Survey Research Lab to

survey customers over the coming months. Specifically, the survey will be used to determine customer’s preferences and opinions on hold times for calling Customer Service, experiences with Customer Service representatives, communication of outage, and the level of interest in smart meter technology. The survey will also be used to determine which Portland Water Bureau services are most valued. Based on the survey results, the bureau may consider revisions to their key performance measures. Moreover, the recently created Portland Utility Board (PUB) will review the bureau’s performance measures, and based on the PUBs’ feedback, the bureau may to choose to revisit its performance measures.

### Water Bureau FY 2014-15 Performance Dashboard

FY 1-14 to FY 14-15 TREND	Key Performance Measure		FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
	Average minutes that customers are on hold before speaking to a customer service representative		2.03	1.50	1.52	1.50	2.00
	Maintain Water revenue bond AAA credit rating		100%	100%	100%	100%	100%
	Number of unplanned events leading to customers out of water for more than 8 hours				1	1	2
	Number of violations of state and federal drinking water quality regulations		0	1	1	TBD	0
	Number of violations of state and federal environmental regulations		0	0	2	TBD	0
	Percentage of identified high risk assets addressed		92%	95%	96%	91%	80%

<http://www.portlandoregon.gov/cbo/article/523259>

## Budget-to-Actuals

### Water Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$69,566,152	\$69,566,152	\$0	100%
Charges for Services	149,000,000	153,000,000	(4,000,000)	103%
Intergovernmental Revenues	526,000	631,446	(105,446)	120%
Interagency Revenue	3,315,428	2,976,786	338,642	90%
Fund Transfers - Revenue	110,000,000	97,998,697	12,001,303	89%
Bond and Note	70,000	0	70,000	0%
Miscellaneous	1,163,077	1,507,383	(344,306)	130%
<b>Total Resources</b>	<b>\$333,640,657</b>	<b>\$325,680,464</b>	<b>\$7,960,193</b>	<b>98%</b>
<b>Requirements</b>				
Personnel Services	\$61,143,882	\$58,377,638	\$2,766,244	95%
External Materials and Services	28,465,913	26,055,093	2,410,820	92%
Internal Materials and Services	20,235,569	19,258,464	977,105	95%
Capital Outlay	57,903,285	53,421,017	4,482,268	92%
Bond Expenses	3,143,514	2,939,510	204,004	94%
Fund Transfers - Expense	90,080,366	90,030,366	50,000	100%
Contingency	72,579,491	75,598,376	(3,018,885)	104%
<b>Total Requirements</b>	<b>\$333,552,020</b>	<b>\$325,680,464</b>	<b>\$7,871,556</b>	<b>98%</b>

The increase in water sales marks a notable variance from prior year trends: whereas water sale revenues have previously fallen short of planned amounts, this year's unusually warm summer resulted in water sales \$940,000 above budgeted amounts. In contrast, water sales were \$4.8 million less than budget in FY 2013-14. To address this trend in declining sales, the bureau adjusted demand forecasts and increased rates accordingly. Specifically, the bureau included an additional rate increase of 1.5% in FY 2013-14 budget, 1.5% in FY 2014-15, and 1.4% in FY 2015-16. While the bureau has not adjusted its forecast for this summer's higher than usual sales, future rate increases to compensate for lower retail demand are not expected.

The bureau charges fees for other permitting and construction services, both residential and commercial, based upon the cost of service. The bureau realized more revenues than budgeted in other charges for service due to positive economic development trends. Specifically, \$6.5 million was budgeted in service installation/adjustments revenues and \$7.9 million was received (a 23% increase over budget); similarly,

\$400,000 was budget for engineering permit fees; \$850,000 was received (a 125% increase over budget).

Personnel service costs were \$2.8 million less than the bureaus’ revised budget of \$61.1 million – this includes both capital and operating personnel services costs. Operational underspending primarily resulted from position vacancies: at year end, 21 full-time positions and 2 part-time positions were vacant.

Operating external materials and services were underspent in Customer Services, Resource Protection, and Operations, and materials and services were significantly underspent in Administration (63% of budget) and Finance and Support Services (36% of budget). Internal materials and services costs were \$1.0 million less than budgeted primarily driven by underspending in fleet costs, printing, BTS services, and facilities.

### Water Construction Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$59,047,848	\$59,047,848	\$0	100%
Charges for Services	1,750,000	4,665,242	(2,915,242)	267%
Fund Transfers - Revenue	35,137,247	35,137,247	0	100%
Bond and Note	87,262,625	87,262,625	0	100%
Miscellaneous	436,373	491,780	(55,407)	113%
<b>Total Resources</b>	<b>\$183,634,093</b>	<b>\$186,604,742</b>	<b>(\$2,970,649)</b>	<b>102%</b>
<b>Requirements</b>				
Fund Transfers - Expense	\$110,509,227	\$98,253,600	\$12,255,627	89%
Contingency	4,647,377	4,647,377	-	100%
Unappropriated Fund Balance	68,477,489	83,703,765	(15,226,276)	122%
<b>Total Requirements</b>	<b>\$183,634,093</b>	<b>\$186,604,742</b>	<b>(\$2,970,649)</b>	<b>102%</b>

Because of underspending in the capital program, the bureau transferred less funds to the Water Fund for reimbursements. Charges for Services exceeded budget by \$2.9 million, or by 167%, resulting from greater system development charge revenues in addition to revenue from mains, services and permits. This follows a Citywide trend: the Portland Bureau of Transportation, Bureau of Environmental Services and Portland Parks & Recreation have also seen a notable increase in system development charge revenues over the past few years. The balance in this fund comes from bond proceeds, interest, and unspent capital funds.

## Water Bond Sinking Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$31,447,450	\$31,447,450	\$0	100%
Fund Transfers - Revenue	50,048,643	50,070,357	(21,714)	100%
Bond and Note	5,355,275	5,355,275	-	100%
Miscellaneous	156,973	195,623	(38,650)	125%
<b>Total Resources</b>	<b>\$87,008,341</b>	<b>\$87,068,705</b>	<b>(\$60,364)</b>	<b>100%</b>
<b>Requirements</b>				
Bond Expenses	\$50,205,616	\$50,205,616	\$0	100%
Unappropriated Fund Balance	36,802,725	36,863,090	(60,365)	100%
<b>Total Requirements</b>	<b>\$87,008,341</b>	<b>\$87,068,705</b>	<b>(\$60,364)</b>	<b>100%</b>

The Water Bond Sinking Fund is used to account for the principal and interest payments of the revenue bonds issued to finance the bureau's capital program. Balance in this fund serves as the debt reserves, which are required to be maintained until the bonds are fully paid. Bond expenses of \$50.2 million included debt service on first and second lien revenue bonds issued in 2006 through the most recent issue in December 2014.

## Hydroelectric Power Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$332,600	\$398,245	(\$65,645)	120%
Interagency Revenue	53,500	67,783	(14,283)	127%
Fund Transfers - Revenue	279,303	21,328	257,975	8%
Miscellaneous	954,480	890,048	64,432	93%
<b>Total Resources</b>	<b>\$1,619,883</b>	<b>\$1,377,404</b>	<b>\$242,479</b>	<b>85%</b>
<b>Requirements</b>				
Personnel Services	\$293,574	\$282,600	\$10,974	96%
External Materials and Services	352,500	72,656	279,844	21%
Internal Materials and Services	233,640	118,516	115,124	51%
Bond Expenses	20,616	19,826	790	96%
Fund Transfers - Expense	403,921	403,921	-	100%
Contingency	315,632	479,885	(164,253)	152%
<b>Total Requirements</b>	<b>\$1,619,883</b>	<b>\$1,377,404</b>	<b>\$242,479</b>	<b>85%</b>

In FY 2014-15, less work was completed than originally planned on renewal and replacement projects, resulting in significant underspending in external materials and services. In addition, PGE has not completed some work for which the City will be

subsequently billed. Internal materials was underspent as a result of how the commercial property insurance is obtained. Rather than the City purchasing insurance and seeking reimbursement from PGE, PGE is now directly purchasing insurance.

### Hydroelectric Power Renewal and Replacement Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$332,600		\$332,600	0%
Interagency Revenue	53,500	67,783	(14,283)	127%
Fund Transfers - Revenue	279,303	21,328	257,975	8%
Miscellaneous	954,480	889,553	64,927	93%
<b>Total Resources</b>	<b>\$1,619,883</b>	<b>\$978,665</b>	<b>\$641,219</b>	<b>60%</b>
<b>Requirements</b>				
Personnel Services	\$293,574	\$282,600	\$10,974	96%
External Materials and Services	352,500	72,656	279,844	21%
Internal Materials and Services	233,640	118,516	0	51%
Bond Expenses	20,616	19,826	0	96%
Fund Transfers - Expense	403,921	403,921	0	100%
Contingency	315,632	81,145	234,487	26%
<b>Total Requirements</b>	<b>\$1,619,883</b>	<b>\$978,665</b>	<b>\$525,304</b>	<b>60%</b>

This fund provides resources for the repair and replacement at the Portland Hydroelectric Project. As indicated in the operating fund description, costs of several renewal and replacement projects were less than budgeted, thus requiring fewer resources to be transferred from this fund.

### Capital

In total, the bureau spent \$81.9 million of the \$87.6 million budgeted in its capital plan, resulting in \$5.8 million in underspending. As part of the FY 2014-15 capital plan, the bureau completed two major projects: Powell Butte Reservoir 2 and Kelly Butte Reservoir. The completion of these projects will increase the operational and financial capacity of the bureau, allowing them to focus on other capital projects within the distribution program, the Willamette River Pipe Crossing and the Washington Park Reservoir project. Highlighted below are variances in several major capital projects:

- *Powell Butte Reservoir 2*. Due to changes in site conditions and schedule delay, spending of \$14.8 million exceeded budgeted amounts of \$12.6 million.

Additional funding was available in project contingency, and overall, the cost of this project is expected to remain with the total budgeted amount of \$116.3 million.

- *Fulton Pump Station.* Due to increases in design complexity and a higher than expected construction bid, costs of \$2.2 million in FY 2014-15 exceeded the budget of \$1.4 million. Overall, the bureau anticipates increases in staffing and contingency costs, and the revised project budget is now \$17.4 million, up from the initial estimate of \$11.7 million, a 49% increase.
- *Willamette River Pipe Crossing.* The project budget for the Willamette River Pipe Crossing was slightly underspent by \$130,000 in FY 2014-15; however, the overall project amount has not changed at this point in the preliminary stages of design. The bureau recently sought approval for a design-build procurement of the construction contract and an owner's representative procurement. The bureau anticipates significant spending to begin in FY 2016-17 and concluding in FY 2018-19, for an estimated project total of \$57.0 million.

Distribution program costs will continue to be the largest capital expense in future years, as the FY 2016-20 CIP invests in pipes, pump stations, storage tanks, hydrants, meters, and valves that make up the City's water distribution system – the bureau's primary "aging infrastructure." The Distribution program's five-year capital costs are expected to be \$230 million (including the Willamette River Pipe Crossing project) and represent 59% of planned capital spending over this period.

### **Decision Packages**

The Water Bureau submitted one decision package as part of the FY 2014-15 budget, following the direction of the Commissioner-in-Charge to reduce its operating budget by \$1.4 million, or 2.5% (after inflationary factors) in addition to reducing its capital budget by \$14.1 million. To achieve these reductions, the bureau made cuts to 17 of the bureau's 23 programs, including the elimination of 11 positions, four of which were filled. These reductions can be summarized as either (1) realignment of budgeted amounts to reflect prior year actual spending and eliminating unnecessary budget items, (2) reductions in training and travel, or (3) reductions that may result in minor

service impacts, including small reductions to overtime and contingencies. The bureau has implemented these operating reductions with minimal service impacts.

In addition to operating reductions, the bureau removed \$14.1 million from the first year of the FY 2014-19 CIP. Reductions included the following:

- \$8 million reduced from the planned conduit work, allowing for additional planning before moving forward with these replacement projects. Spending for conduit rehabilitation work has been increased in the FY 2018-19 of the bureau's five-year capital plan.
- \$2 million reduced from the Habitat Conservation Plan, aligning budgeted amounts with more accurate cost estimates.
- \$0.5 million reduced from meter replacements.

# Bureau of Environmental Services

Analyst: Claudio Campuzano

## Summary

The Bureau of Environmental Services (BES) finished FY 2014-15 with strong rate revenues as well as robust System Development Charge (SDC) revenues; expenses were within budget in all areas. This strong financial performance has generated a sizeable balance in the rate stabilization fund as well as the possibility of a more positive ongoing revenue forecast, both of which should allow for flexibility in improving service levels targets, meeting asset management goals, addressing unfunded risks, and/or lowering forecasted rate increases in coming fiscal years.







## Performance Reporting

Key bureau performance trends are as follows:

- The bureau's affordability metric (typical bill as a percent of median family income) rose slightly, as expected. As discussed in the FY 2015-16 budget review (<http://www.portlandoregon.gov/cbo/article/522051>), this measure is likely to continue to increase for the next 5-10 years while debt service increases; after that, when Combined Sewer Overflow-related debt is retired, given current assumptions, the total debt service paid by rates will likely decline thus taking pressure off rate increases.
- Combined sewer overflow events remained at post-Big Pipe low levels and within permitted amounts.
- Sanitary sewer overflows declined significantly but did not meet bureau targets. The bureau noted that in addition to the reduction in occurrences, the average volume of overflows has decreased due to improved management techniques.
- While the percentage of urgent public health and safety related service requests responded to within two hours went down, the bureau was still above target. It should also be noted that several additions in the FY 2015-16 budget process should help to improve this metric.

## Bureau of Environmental Services FY 2014-15 Performance Dashboard

Y 13-14 to  
FY 14-15  
TREND

Key Performance Measure		FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
 Average single family household bill as a percent of median income		1.35%	1.40%	1.43%	1.45%	1.45%
 Number of combined sewer overflow events		4	2	4	4	4
 Number of sanitary sewer overflows		110	130	226	161	120
 Percentage of urgent public health and safety related service requests responded to within two-hour timeframe		92%	98%	98%	94%	90%
 Watershed Health Index for water quality				4.40	5.90	4.40

<http://www.portlandoregon.gov/cbo/article/523276>

## Budget-to-Actuals

### Sewer System Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$61,565,000	\$57,842,684	\$3,722,316	94%
Licenses & Permits	1,692,159	2,013,483	(321,324)	119%
Charges for Services	312,621,800	325,418,642	(12,796,842)	104%
Intergovernmental Revenues	1,677,200	1,591,069	86,131	95%
Interagency Revenue	2,282,116	1,456,981	825,135	64%
Fund Transfers - Revenue	120,778,466	94,612,743	26,165,723	78%
Bond and Note	190,000	0	190,000	0%
Miscellaneous	808,790	1,503,289	(694,499)	186%
<b>Total Resources</b>	<b>\$501,615,531</b>	<b>\$484,438,891</b>	<b>\$17,176,640</b>	<b>97%</b>
<b>Requirements</b>				
Personnel Services	\$60,974,099	\$60,149,654	\$824,445	99%
External Materials and Services	55,270,538	53,748,625	1,521,913	97%
Internal Materials and Services	41,404,062	39,627,247	1,776,815	96%
Capital Outlay	78,514,647	53,070,389	25,444,258	68%
Bond Expenses	2,757,169	2,660,793	96,376	97%
Fund Transfers - Expense	210,580,269	210,460,929	119,340	100%
Fund Balance/Contingency	52,114,747	64,721,254	(12,606,507)	124%
<b>Total Requirements</b>	<b>\$501,615,531</b>	<b>\$484,438,891</b>	<b>\$17,176,640</b>	<b>97%</b>

Revenues in this fund were robust in FY 2014-15 with permit fees and System Development Charges (SDCs) exceeding budget in the strong construction environment. SDCs totaled \$17.2 million compared to an Adopted Budget of \$10.5 million. Sewer charges also exceeded budget by \$7.1 million (net of discounts).

These strong revenues combined with operating spending within target resulted in a \$23.4 million transfer to the Sewer System Rate Stabilization Fund which is higher than the budgeted transfer. The transfer to the stabilization fund was budgeted at \$8 million in the Adopted Budget and increased to \$18 million as the year progressed.

In addition to increased one-time flexibility associated with the management of the stabilization balance, CBO anticipates a moderate rebasing of the revenue forecast in the upcoming five-year financial plan based on strong revenues. These factors should result in a lower-than-projected rate increase in the upcoming plan. SDCs on the other hand are a particularly volatile resource and are already forecast aggressively in the five-

year plan, so CBO does not expect the strong prior year performance to result in a similar rebasing.

Fund balance is comprised of largely non-spendable assets including the value of service rendered but not yet unbilled by year-end. Spendable fund contingency makes up only a small part of the balance; the bulk of the bureau’s cash reserve is held in the Sewer System Rate Stabilization Fund.

Spending was mostly on track with the revised budget with the exception of capital outlay which ended the year at 68% of budgeted levels due to delays in CIP projects. A more detailed project discussion can be found below in the Capital section.

### Environmental Remediation Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$3,367,000	\$3,250,853	\$116,147	97%
Charges for Services	2,317,000	2,557,587	(240,587)	110%
Intergovernmental Revenues	100,000	0	100,000	0%
Interagency Revenue	415,000	441,971	(26,971)	106%
Fund Transfers - Revenue	400,385	400,385	0	100%
Miscellaneous	20,000	29,568	(9,568)	148%
<b>Total Resources</b>	<b>\$6,619,385</b>	<b>\$6,680,365</b>	<b>(\$60,980)</b>	<b>101%</b>
<b>Requirements</b>				
Personnel Services	\$464,538	\$434,652	\$29,886	94%
External Materials and Services	3,244,859	2,145,352	1,099,507	66%
Internal Materials and Services	920,762	849,904	70,858	92%
Bond Expenses	1,208	1,161	47	96%
Fund Transfers - Expense	151,746	151,746	0	100%
Contingency	1,836,272	3,097,550	(1,261,278)	169%
<b>Total Requirements</b>	<b>\$6,619,385</b>	<b>\$6,680,365</b>	<b>(\$60,980)</b>	<b>101%</b>

Balance in the fund decreased slightly (~ \$153,000), although not as much as initially budgeted. This relatively stable fund balance is the result of slightly better than budgeted revenues from ratepayers and underspending on consulting contracts. Underspending in the fund is largely related to the refund for joint remediation/restoration projects that did not materialize in the agreed upon timeframe. This refund will occur in FY 2015-16.

## Sewer System Debt Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$48,700,000	\$48,702,888	(\$2,888)	100%
Fund Transfers - Revenue	168,133,008	166,113,668	2,019,340	99%
Bond and Note	15,000,000	114,351,686	(99,351,686)	762%
Miscellaneous	275,000	339,525	(64,525)	123%
<b>Total Resources</b>	<b>\$232,108,008</b>	<b>\$329,507,767</b>	<b>(\$97,399,759)</b>	<b>142%</b>
<b>Requirements</b>				
Bond Expenses	\$163,960,895	\$267,686,643	(\$103,725,748)	163%
Contingency	2,447,113	0	2,447,113	0%
Unappropriated Fund Balance	65,700,000	61,821,124	3,878,876	94%
<b>Total Requirements</b>	<b>\$232,108,008</b>	<b>\$329,507,767</b>	<b>(\$97,399,759)</b>	<b>142%</b>

Bond and note revenues as well as related bond expenses exceeded budget as the result of a refinancing. In order to take advantage of a low interest rate environment without the delay of amending the adopted budget, state budget law allows governments to refinance debt without requiring appropriation of the bond expenses.

Aside from the refinancing, activity in the fund was as expected. Fund transfers are received from the Sewer System Operating Fund for the payment of scheduled debt service. The fund balance is maintained as a required debt service reserve. The debt service reserve was increased as part of an August 2014 bond sale, as seen in the increase from beginning to ending fund balance.

## Sewer System Construction Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$8,000,000	\$13,803,689	(\$5,803,689)	173%
Charges for Services	700,000	1,231,919	(531,919)	176%
Fund Transfers - Revenue	20,700,000	16,500,000	4,200,000	80%
Bond and Note	220,000,000	208,240,067	11,759,933	95%
Miscellaneous	400,000	910,377	(510,377)	228%
<b>Total Resources</b>	<b>\$249,800,000</b>	<b>\$240,686,053</b>	<b>\$9,113,948</b>	<b>96%</b>
<b>Requirements</b>				
Bond Expenses	\$800,000	\$943,955	(\$143,955)	118%
Fund Transfers - Expense	119,500,000	93,334,277	26,165,723	78%
Ending Balance/Contingency	129,500,000	146,407,820	(16,907,820)	113%
<b>Total Requirements</b>	<b>\$249,800,000</b>	<b>\$240,686,053</b>	<b>\$9,113,947</b>	<b>96%</b>

As noted above, in August 2014, the City sold bonds to fund BES’s capital program for the next several years. The proceeds from that sale are reflected in the bond and note revenues in this fund. Fund transfers are received from the Sewer System Operating Fund to cash finance a portion of the capital program. Cash transfers from the fund reimburse the operating fund for capital expenditures. Ending balance supports future years’ capital program spending.

**Sewer System Rate Stabilization Fund**

	<b>Revised Budget</b>	<b>Year-End Actuals</b>	<b>Variance</b>	<b>Percent of Budget</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$22,000,000	\$26,266,690	(\$4,266,690)	119%
Fund Transfers - Revenue	18,000,000	23,400,000	(5,400,000)	130%
Miscellaneous	50,000	146,967	(96,967)	294%
<b>Total Resources</b>	<b>\$40,050,000</b>	<b>\$49,813,657</b>	<b>(\$9,763,657)</b>	<b>124%</b>
<b>Requirements</b>				
Contingency	\$40,050,000	\$49,813,657	(9,763,657)	124%
<b>Total Requirements</b>	<b>\$40,050,000</b>	<b>\$49,813,657</b>	<b>(\$9,763,657)</b>	<b>124%</b>

As discussed above in the Sewer System Operating Fund section, transfers to the Sewer System Rate Stabilization Fund were greater than budgeted as a result of a larger-than-anticipated transfer from the operating fund. The current level of the stabilization fund is higher than any year except for the three peak years during the Big Pipe project.

As CBO noted in the [Fall Supplemental Budget review](#) (p.39):

“This stabilization balance is not associated with attenuating a specific project [as it was for the Big Pipe], and is considerably higher than the reserve target. As such, it provides the bureau and Council with flexibility during upcoming budget processes to address – among other possibilities – additional priorities, emergent risks, or ratepayer relief.”

In recent conversations with finance staff at the bureau, BES is considering increasing the target amount to increase the number of days of cash on hand, a performance measure which is looked upon favorably by bond rating agencies. Lower measures have reflected poorly in prior rating reports, but have been viewed more favorably as the measure has increased in recent years.

## **Other Funds**

In FY 2015-16, BES also budgeted and spent in the Grants Fund, a Citywide fund for external grants. Spending in this fund was less than budgeted with funds being rebudgeted in FY 2015-16.

## **Capital**

The bureau budgets in four capital programs: sewage treatment systems, maintenance and reliability, surface water management, and systems development. The primary focus since the end of the Big Pipe project has been on maintenance and reliability which includes an array of projects that address capacity and condition in various areas throughout the city. This program accounted for 63% of FY 2014-15 expenditures.

## **Sewage Treatment**

Two major projects in the sewage treatment program were underway during FY 2014-15. These include the sludge lagoon reconstruction at Columbia Boulevard Wastewater Treatment Plant (CBWTP), a \$27.7 million project that was initiated in 1998, and improvements at the headworks at Tryon Creek Wastewater Treatment Plant (TCWTP), a \$38.7 million project, initiated in 2014.

The sludge lagoon project is a multi-phase project that involves lining of the solids storage lagoon to prevent seepage into groundwater and to eliminate existing solids. FY 2014-15 spending totaled \$4.4 million. The project is expected to be complete in FY 2017-18 with close-out costs continuing for several years. The plan through FY 2019-20 totals an additional \$10.5 million.

The headworks project is part of the TCWTP Facilities Plan and is intended to bring the headworks process up to current treatment and efficiency standards, increase peak flow hydraulic capacity, and improve the plant hydraulic profile. FY 2014-15 spending was minimal as the project is still in pre-design. The project is expected to be complete in 2021.

In addition to these two large projects, the sewage treatment program also has a large pump station improvement program which spent \$3.6 of \$4.0 million budgeted in FY 2014-15. The current five-year capital improvement plan includes annual spending of

\$4.0 million each year through FY 2019-20. The bureau has 100 pump stations that require a regular replacement cycle, per asset management principles.

### **Maintenance and Reliability**

Maintenance and reliability was the focus of the capital program in FY 2014-15 and will continue to be for the foreseeable future. Some of the most salient features of this program during the fiscal year were the construction of a new pump station on SW 86<sup>th</sup> Avenue as part of the Fanno Basin improvements, the Phase II Pipe Rehab program which is a series of localized projects to improve reliability and capacity in a number of neighborhoods citywide, the Northwest Neighborhoods series of projects to repair and upgrade sewers to meet service levels, and the Tabor to the River suite of projects that addresses system deficiencies through traditional and green infrastructure solutions.

The pump station project on SW 86th Avenue was initiated in 2009 and is expected to be complete in 2016. Construction is well underway with a total of \$6.9 million in spending in FY 2014-15. Completion and close-out costs in FY 2015-16 are expected to be \$3.8 million. The total project cost is estimated at \$28.4 million.

The Phase II Pipe Rehab program includes work in the following areas:

- Eastmoreland-Woodstock
- Sellwood-Moreland
- Rose City Park
- Grant Park
- Kenton
- Vernon-Sabin-Alameda
- Hollywood-Grant Park
- Powell

### **Surface Water Management**

Significant projects underway in the surface water management program include improvements to Underground Injection Control (UIC) facilities to ensure compliance with DEQ requirements; Luther Road Habitat Restoration to enhance flood storage, improve water quality, and protect an existing bridge structure; and Lower Slough Refugia to improve riparian vegetation cover in the Columbia Slough. In FY 2014-15,

spending on the UIC project was \$1.5 million; the project is now in close-out and was completely slightly under budget. The Luther Road project was opened in 2007 and is now in close-out. The total project cost is \$5.6 million with FY 2014-15 costs of \$2.9 million; the project experienced multiple increases in budget and extensions of schedule due to significant changes in the project approach. The project is in Clackamas County and required close coordination with county officials. The refugia project is a \$2.8 million project, expected to be complete in FY 2015-16. In addition to these projects, the surface water management program includes a culvert replacement program to improve water quality, manage runoff and erosion, and support watershed health and Endangered Species Act commitments.

### **System Development**

The two largest components of System Development spending in FY 2014-15 were the construction of a pump station near the airport and the construction of new sanitary sewer to provide 58 properties in Northeast Portland with access to service. The pump station project spending in FY 2014-15 was \$1.4 million, completing the \$5.6 million project. The sewer project spending in FY 2014-15 was \$1.2 million, completing a \$1.6 million project.

### **Decision Packages**

The bureau has provided a thorough update on all decision packages and supplemental budget changes for FY 2014-15; and all packages have been implemented and their impacts discussed. One item worth noting is that, according to BES, the reduced level of street sweeping associated with their decline in support has not resulted in any evidence of a decline in stormwater quality or conveyance.

# Community Development

# Bureau of Development Services

Analyst: Doug Le

## Summary


The Bureau of Development Services (BDS) ended FY 2014-15 with 93% of the budget spent by year-end, excluding contingency and fund balance. BDS continues to recover from the 2007 recession; the bureau reported a significant growth in fund balance primarily due to increased revenues received for permitting, inspection, and land use services. At year-end, the bureau reported an overall cost recovery rate of 138% and the cumulative reserve of \$51.2 million, approximately \$37.8 million more than the bureau's goals. The excess reserve is projected to decline in future years as the bureau will not propose fee increases in order to draw down on its reserve balance.

## Performance Reporting

BDS identified eight key performance measures (KPMs) in FY 2014-15 as presented in the Performance Dashboard below. Highlights from these measures include:

- The booming economy caused a dramatic workload increase and subsequent backlog that led to a decrease in year-over-year performance on six of the eight key performance measures. The bureau is in the process of hiring to meet workload demands and anticipates improvement in these measures going forward.
- The Inspections Services division performance measures trended positively in FY 2014-15; the Number of Housing Units Brought up to Codes within 24 hours of Request increased by 239 units, or 12% over the prior year. This may be related to \$110,942 in increased General Fund support provided to the Neighborhood Inspection program as well as the conversion of limited term staff to permanent staff.

## Bureau of Development Services FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND	Key Performance Measure 	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
↑	Number of housing units brought up to code as a result of Neighborhood Inspection Division efforts (includes enhanced inspection pilot beginning in 2010-11)	1,983	1,606	1,984	2,223	3,757
↑	Percentage of commercial inspections made within 24 hours of request	95%	91%	86%	88%	95%
↓	Percentage of Commercial Permit (New Construction) First Review done within 20 days of application intake	65%	72%	61%	52%	80%
↓	Percentage of commercial plans reviewed by all bureaus within scheduled end dates	73%	73%	74%	65%	75%
↓	Percentage of pre-issuance checks completed within two working days of last review approval	82.0%	83.0%	58.0%	49.0%	75.0%
↓	Percentage of residential inspections made within 24 hours of request	93.0%	91.0%	88.0%	85.0%	95.0%
↓	Percentage of residential plans reviewed by all bureaus within scheduled end dates	87%	87%	82%	77%	85%
↓	Percentage of Type II Land Use Reviews – Application Completeness Review done within 14 days of application intake	63%	65%	60%	38%	80%

<http://www.portlandoregon.gov/cbo/article/52327>

The booming economy has caused a significant increase in the bureau’s workload in the last three years. To address this issue, Council has approved additional staff for the bureau. In FY 2014-15, the bureau added 54 new positions and converted 11 limited term to permanent positions. While these new positions play a key role in closing the gap in the workload, BDS is experiencing a slower than anticipated hiring process. The recent recession has caused a major shift of construction labor to other professions resulting in a shortage of skilled labor in the construction industry. This situation impacts the bureau’s ability to hire and retain qualified employees. This situation along with the delay in the implementation of the Information Technology Advancement Project (ITAP), have caused the bureau to miss many of its performance targets.

The Number of Housing Units Brought Up to Codes performance measure is one of two measures with a positive trending in FY 2014-15. This is a result of additional resources

allocated to the Neighborhood Inspection Program in FY 2014-15: \$110,942 in General Fund one-time and the conversion of two limited term to permanent positions.

The Percentage of Commercial Inspections Made Within 24 hours of Request is the second measure with a positive trending. It shows a modest gain of 2% during that time frame, despite an increase of 18% in the number of commercial inspections made in FY 2014-15 compared to the previous year.

The remaining six performance measures all show a decline in performance between FY 2013-14 and FY 2014-15. In particular, the Percentage of Type II Land Use Reviews – Application Completeness Review Done within 14 days of Application Intake measure shows a significant decline from FY 2013-14 Actual of 60% to FY 2014-15 Actual of 38%. This backlog may negatively impact the affordable housing development.

## Budget-to-Actuals

### Development Services Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$24,572,155	\$24,027,163	\$544,992	98%
Licenses & Permits	28,809,934	36,467,799	(7,657,865)	127%
Charges for Services	10,964,431	15,229,118	(4,264,687)	139%
Interagency Revenue	993,931	931,983	61,948	94%
Fund Transfers - Revenue	2,416,835	2,416,835	(0)	100%
Bond and Note	25,000	0	25,000	0%
Miscellaneous	1,842,518	3,037,513	(1,194,995)	165%
<b>Total Resources</b>	<b>\$69,624,804</b>	<b>\$82,110,410</b>	<b>(\$12,485,606)</b>	<b>118%</b>
<b>Requirements</b>				
Personnel Services	\$29,775,612	\$27,503,553	\$2,272,059	92%
External Materials and Services	2,186,305	2,263,445	(77,140)	104%
Internal Materials and Services	9,405,760	8,890,746	515,014	95%
Capital Outlay	1,495,649	1,215,763	279,886	81%
Bond Expenses	982,638	945,017	37,621	96%
Fund Transfers - Expense	1,256,774	1,256,774	0	100%
Contingency	10,522,066	26,035,111	15,513,045	247%
Unappropriated Fund Balance	14,000,000	14,000,000	0	100%
<b>Total Requirements</b>	<b>\$69,624,804</b>	<b>\$82,110,410</b>	<b>(\$12,485,606)</b>	<b>118%</b>

BDS funds its operations primarily by fees and charges for services. In FY 2014-15, the bureau received a cash transfer of \$2,416,835 from the General Fund to support Land Use Services and Neighborhood Inspections programs. The above General Fund transfer

includes \$286,048 to provide ongoing funding for Housing and Nuisance Inspection Services and the Extremely Distressed Property Enforcement program as directed by the Inspections & Distressed Properties budget note in the Adopted Budget. All other programs are self-sustaining fee-based programs.

Revenues for permits and charges for services in FY 2014-15 were greater than budgeted due to the continued uptick in the local economy. The variance in the Bond and Note category relates to the bureau's decision to use internal resources to finance the Information Technology Advancement Project (ITAP) instead of debt financing. This capital project will replace the outdated permitting system currently in use.

On the requirement side, BDS spent 93% of the budgeted appropriation by year-end, excluding contingency and fund balance. The under-spending in Personnel Services is due to vacant positions that are taking longer than projected to fill. BDS overspent its budget for external materials & services by \$77,740 or approximately 4% of the budgeted amount. The over-expenditure is related to higher than expected bank credit card charges. BDS experienced the same issue in the previous fiscal year.

The under-spending in Capital Outlay is related to the ITAP project. Due to technical delays, the project is not progressing as scheduled. The variance in fund balance is due to higher than projected revenues collected from fees and charges for services. All other expenditures are within reasonable variances.

### **Capital**

BDS has one capital project, ITAP. The project is to procure and implement a new permitting software program to replace the bureau's current aging and outdated system. The total project is estimated at \$11.8 million and the timeline for completion was reset to be in the winter 2016, instead of December 2015. However, the project continues to experience technical delays and as a result, the completion date of 2016 will not be met. BDS intends to present to Council a new plan to proceed with this project in 2016. This plan will include a new timeline and budget to complete the project. It is projected that ITAP will end up with a higher cost due to these delays.

BDS has decided to cash finance this project using internal reserves instead of debt financing. Any cost overrun would be covered by internal resources. Ongoing operation and maintenance costs for ITAP are included in the bureau's five-year financial plan.

### **Decision Packages**

The bureau successfully completed nearly all of its FY 2014-15 decision packages. The majority of decision packages increased staffing levels to address workload increases. The bureau successfully converted 11 limited term FTE to permanent, and hired 20 of 21 positions provided in the Fall BMP with the final position undergoing recruitment. The bureau also successfully hired 1.0 FTE and converted 2.0 FTEs from limited term to permanent in the Extremely Distressed Properties Enforcement (EDPEP) and Inspection programs. In the Spring FY 2014-15 BMP, the bureau received authority to hire an additional 33.0 FTE using permit and license fee revenues. As of late September 2015, the bureau had hired 12 of these positions with the remainder in various stages of the recruitment process.

### **Budget Notes**

In FY 2014-15, BDS had one budget note directing the City Budget Office to increase the Bureau of Development Services current appropriation level (CAL) target by \$286,048 starting in FY 2015-16 in order to provide ongoing funding for Housing and Nuisance Inspection Services and the Extremely Distressed Property Enforcement program. This budget note was completed and the bureau's FY 2015-16 CAL target reflected this increased level of General Fund funding.

# Portland Housing Bureau

Analysts: Jessica Kinard & Jane Marie Ford

## Summary

The FY 2014-15 budget for the Portland Housing Bureau (PHB) totaled \$67.1 million, contained in seven distinct major funds. The bureau's largest fund in FY 2014-15 was the Tax Increment Financing Reimbursement Fund, which comprised approximately 39% of the total budget and supports affordable housing development. This fund fluctuates in size depending on available resources from Urban Renewal Areas (URAs), and ended the year with increased contingency funding in the amount of \$8.9 million primarily as a result of an unanticipated payoff of \$8.8 million in the Downtown Waterfront URA. This balance will continue to be dedicated to affordable housing projects, and specifically the \$8.8 million payoff will go towards affordable housing projects in the Downtown Waterfront URA. These funds have been included in the bureau's Fall 2015 Notice of Funding Availability (NOFA).

The bureau's FY 2014-15 General Fund budget totaled approximately \$13.5 million and the bureau largely ended the year on budget, returning just \$40,863 in unspent allocation to the General Fund at the close of the year.








## Performance Reporting

The Housing Bureau's Key Performance Measure trends held relatively steady among most measures, with the exception of a few notable trends:

- The recidivism rate among households moving from homelessness into housing improved, dropping to approximately 3% in FY 2014-15, down from 6% the year before and below the target of 5%. This is a critical measure of the efficacy of homeless and affordable housing efforts, as it measures whether the same clients are cycling back into the homeless pipeline.
- PHB opened fewer units in FY 2014-15 as compared to FY 2013-14 with a 97 unit - or approximately 34.8% - decrease. However, this measure was affected by a change in PHB's inventory methodology, as units were previously counted as being part of the City's asset portfolio when a project's development loan closed.

Now, units are only counted when construction is complete and ready for occupancy.

### Portland Housing Bureau FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND	Key Performance Measure		FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
	Housing units opened that are newly affordable		92	131	279	182	251
	Percentage of households moved from homelessness into housing that subsequently return to homelessness				6%	3%	5%
	Percentage of households receiving home repairs and retaining their homes 12 months after services				80%	80%	80%
	Percentage of households receiving homebuyer education or counseling and subsequently purchasing a home				27%	28%	27%
	Percentage utilization of minority contracts in housing construction (contract \$ awarded)				15%	13%	15%
	Retention rate of households placed in permanent housing at 12 months		76%	76%	77%	78%	70%

<http://www.portlandoregon.gov/cbo/article/523267>

During FY 2014-15, the bureau worked with CBO to create and track Mayor’s dashboard measures indicating progress towards decreasing homelessness. The target outcome stated in the dashboard is to decrease the rate of homelessness in Multnomah County to 35 homeless people per 10,000 in general population by 2019. The 2015 Point-in-Time homeless count showed that the number of people on the streets and in shelters declined from 37.45 to 35.89 per 10,000 general population. 4 out of 5 of the bureau’s other homeless dashboard measures also showed positive trends in 2015.

Despite the positive trend that these FY 2014-15 figures imply, a growing public narrative around the “homeless crisis” in Portland continued into FY 2015-16 and the Mayor declared a State of Housing Emergency in October of 2015. The City and the County have since committed additional funding towards homeless and affordable housing services. Key performance and evaluation criteria to assess the impact of investments made by both the City and the County as part of the State of Housing Emergency is currently being developed by a Data and Evaluation subcommittee of the

A Home For Everyone (AHFE) Coordinating Board. To help create alignment between housing and homelessness efforts across City and County initiatives – and to track the impact of increases in investment in affordable housing and homeless services – PHB and CBO will continue to work with AHFE to align targets, measures, and data among these groups.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Services	\$439	\$539	(\$100)	123%
Intergovernmental Revenues	207,273	207,273	0	100%
Interagency Revenue	79,662	79,701	(39)	100%
Miscellaneous	1,325	1,326	(1)	100%
General Fund Discretionary	13,167,939	13,127,076	40,863	100%
<b>Total Resources</b>	<b>\$13,456,638</b>	<b>\$13,415,914</b>	<b>\$40,724</b>	<b>100%</b>
<b>Requirements</b>				
Personnel Services	\$574,695	\$569,138	\$5,557	99%
External Materials and Services	13,092,953	13,050,442	42,511	100%
Internal Materials and Services	(211,010)	(203,666)	(7,344)	97%
<b>Total Requirements</b>	<b>\$13,456,638</b>	<b>\$13,415,914</b>	<b>\$40,724</b>	<b>100%</b>

The bureau’s General Fund actual revenues and expenditures ended the year on budget in all major categories. \$40,863, or 0.3% of the total budget, was returned to General Fund year-end balance.

## Housing Investment Fund

	Budget	Actuals		Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$300,587	\$1,784,737	(\$1,484,150)	594%
Charges for Services	473,040	445,779	27,262	94%
Intergovernmental Revenues	161,700	398,851	(237,151)	247%
Fund Transfers - Revenue	1,070,000	1,070,000	0	100%
Miscellaneous	642,303	921,458	(279,155)	143%
<b>Total Resources</b>	<b>\$2,647,630</b>	<b>\$4,620,825</b>	<b>(\$1,973,195)</b>	<b>175%</b>
<b>Requirements</b>				
Personnel Services	\$823,559	\$748,777	\$74,782	91%
External Materials and Services	477,262	349,731	127,531	73%
Internal Materials and Services	48,453	39,259	9,194	81%
Fund Transfers - Expense	128,122	128,122	0	100%
Contingency	170,234	0	170,234	0%
Unappropriated Fund Balance	1,000,000	3,354,936	(2,354,936)	335%
<b>Total Requirements</b>	<b>\$2,647,630</b>	<b>\$4,620,825</b>	<b>(\$1,973,195)</b>	<b>175%</b>

In the Housing Investment Fund, the bureau spent less than anticipated in all but one major expenditure category, with overall spending at approximately 48% of budgeted expenses (not including changes in Unappropriated Fund Balance). The biggest underspending occurred in External Materials and Services, which was influenced by multiple factors: difficulty in projecting Risk Mitigation expenditures, which are driven by landlord loss claims; less utilization of the homeownership limited tax exemption program by nonprofit developers; lower costs than projected for software and support; and some costs for an internal survey not incurred until FY 2015-16. \$10,741 in internal materials and service funds from the Bureau of Planning and Sustainability was carried forward during the 2015-16 Fall Supplemental Budget to complete work on an interagency agreement related to the housing density bonus study.

Revenues were higher than expected due to unanticipated resources in intergovernmental revenues and higher than anticipated payments on the bureau's portfolio of non-amortized loans. As noted above, the timing of these payments are difficult to predict.

In addition, beginning fund balance came in substantially higher than expected at \$1.8 million. The larger beginning balance, combined with greater than expected revenues and lower than expected spending, increased the fund's Unappropriated Fund Balance by \$2.5 million to a total of \$3.4 million.

## Community Development Block Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Services	\$15,000	\$13,404	\$1,597	89%
Intergovernmental Revenues	10,799,791	9,373,273	1,426,519	87%
Bond and Note	3,515,000	3,515,000	0	100%
Miscellaneous	1,285,700	1,381,539	(95,839)	107%
<b>Total Resources</b>	<b>\$15,615,491</b>	<b>\$14,283,215</b>	<b>\$1,332,276</b>	<b>91%</b>
<b>Requirements</b>				
Personnel Services	\$1,345,347	\$1,316,660	\$28,687	98%
External Materials and Services	12,851,771	12,141,100	710,671	94%
Internal Materials and Services	410,162	410,162	0	100%
Bond Expenses	532,000	519,753	12,247	98%
Contingency	476,211	(104,460)	580,671	-22%
<b>Total Requirements</b>	<b>\$15,615,491</b>	<b>\$14,283,215</b>	<b>\$751,605</b>	<b>91%</b>

All major expenditure categories were close to budgeted projections. Charges for services were lower than the anticipated fee revenues on CDBG-funded loans by approximately 10.6%. Intergovernmental revenues were approximately 13.2% less than expected. This grant operates on a reimbursement basis, and grantee expenditures were lower than anticipated.

## Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$89,118	(\$1,076,907)	\$1,166,025	-1208%
Charges for Services	0	363	(363)	n/a
Intergovernmental Revenues	4,770,396	4,462,133	308,263	94%
Miscellaneous	0	38,344	(38,344)	n/a
<b>Total Resources</b>	<b>\$4,859,514</b>	<b>\$3,423,933</b>	<b>\$1,435,581</b>	<b>70%</b>
<b>Requirements</b>				
Personnel Services	\$732,712	\$638,659	\$94,053	87%
External Materials and Services	4,066,325	3,736,725	329,600	92%
Internal Materials and Services	60,477	60,477	0	100%
Ending Fund Balance	0	(1,011,928)	(922,810)	n/a
<b>Total Requirements</b>	<b>\$4,859,514</b>	<b>\$4,435,861</b>	<b>\$423,653</b>	<b>91%</b>

In the Grants Fund, the bureau underspent personnel services by approximately 13% primarily due to staff vacancies. There was unanticipated miscellaneous revenue from loan repayment on a sold home, which was originally purchased with HUD Neighborhood Stabilization Program grant resources.

The Grants Fund is a citywide Fund used by several bureaus. As is the case here, bureaus often carry negative beginning and ending balances as a result of inter-fund loans and timing around reimbursements. The negative balances listed here are not representative of significant changes or events in the Housing Bureau’s budget.

### HOME Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Services	\$35,000	\$27,785	\$7,215	79%
Intergovernmental Revenues	3,074,921	2,820,693	254,229	92%
Miscellaneous	347,000	396,460	(49,460)	114%
<b>Total Resources</b>	<b>\$3,456,921</b>	<b>\$3,244,938</b>	<b>\$211,983</b>	<b>94%</b>
<b>Requirements</b>				
Personnel Services	\$342,627	\$315,311	\$27,316	92%
External Materials and Services	3,014,966	2,954,438	60,528	98%
Contingency	99,328	(24,811)	124,139	-25%
<b>Total Requirements</b>	<b>\$3,456,921</b>	<b>\$3,244,938</b>	<b>\$211,983</b>	<b>94%</b>

In the Bureau’s HOME Grant Fund, both expenditures and resources were lower than expected. Revenues on HOME-funded loans were less than projected by approximately 20.6%. The bureau received higher-than-anticipated payments on its portfolio of non-amortized loans, the timing of which are difficult to predict.

### Headwaters Apartment Complex Fund

	Budget	Actuals		Budget
<b>Resources</b>				
Intergovernmental Revenues	\$907,644	\$1,093,766	(\$186,122)	121%
Miscellaneous	4,061	4,457	(396)	110%
<b>Total Resources</b>	<b>\$911,705</b>	<b>\$1,098,223</b>	<b>(\$186,518)</b>	<b>120%</b>
<b>Requirements</b>				
External Materials and Services	\$50,156	\$3,225	\$46,931	6%
Bond Expenses	861,549	861,548	1	100%
Unappropriated Ending Fund Balance	0	233,449	(233,449)	n/a
<b>Total Requirements</b>	<b>\$911,705</b>	<b>\$1,098,223</b>	<b>(\$186,518)</b>	<b>120%</b>

In the Headwaters Apartment Complex Fund, FY 2014-15 Intergovernmental Revenues were higher than expected by approximately 21% due to an extremely low vacancy rate at the apartment complex. Consistent with bureau practice and previous budget-to-actual figures, External Materials and Services expenditures were substantially under

budget at approximately 6% of budgeted amounts spent. Year-end actual figures reflect the net value of Headwaters Apartment Complex property income payments.

### Tax Increment Financing Reimbursement Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Services	\$35,000	\$28,044	\$6,956	80%
Intergovernmental Revenues	23,291,271	19,386,815	3,904,456	83%
Miscellaneous	2,808,349	12,517,653	(9,709,304)	446%
<b>Total Resources</b>	<b>\$26,134,620</b>	<b>\$31,932,512</b>	<b>(\$5,797,892)</b>	<b>122%</b>
<b>Requirements</b>				
Personnel Services	\$2,360,742	\$2,139,020	\$221,722	91%
External Materials and Services	21,910,585	19,027,901	2,882,684	87%
Internal Materials and Services	852,158	838,253	13,905	98%
Fund Transfers - Expense	496,365	496,365	0	100%
Contingency	514,770	9,430,972	(8,916,202)	1832%
<b>Total Requirements</b>	<b>\$26,134,620</b>	<b>\$31,932,512</b>	<b>(\$5,797,892)</b>	<b>122%</b>

In the Bureau's Tax Increment Financing Reimbursement Fund, revenues were higher than anticipated primarily as a result of an \$8.8 million dollar payment in the Downtown Waterfront URA related to the Yards at Union Station ground lease. The Interstate, Lents, and South Park Block URAs also received higher payments on non-amortized loans, which led to increased actual Miscellaneous revenue receipts of \$12.5 million. Fee revenues were lower for TIF-funded loans, resulting in slightly lower revenue in charges for services. Intergovernmental revenues were also lower than expected, as the bureau bills for actual TIF costs incurred minus any loan-generated program income.

Most major expenditure categories ended the year close to budgeted values. The bureau underspent its External Materials and Services budget by 2.9 million as a result of lower disbursements on six major projects. Underspending in this category is relatively common for this fund, as housing project timelines exceed the fiscal year (generally at 18 to 24 months) and resources are budgeted to ensure availability but for a variety of reasons may not be spent until the ensuing fiscal year.

### Decision Packages

The majority of FY 2014-15 decision packages may be organized into three main themes:

### **Assistance for Homeless Populations**

Decision packages included support services aligned with the A Home For Everyone (AHFE) community plan, transitional housing services for homeless youth, and extending women's shelter capacity. All decision packages were implemented through provider contracts.

Half of the funds for Permanent Housing and Access for Vulnerable Populations (HC\_001) were awarded through a competitive bid in January 2015 for services to be provided into FY 2015-16. The current year Adopted Budget also included an additional \$500,000 in General Fund support specifically for Veterans Rent Assistance within these existing contracts.

### **Housing Support for Vulnerable Populations**

Funding requests included resources for short-term rent assistance, housing acquisition and retention services, document translation, and landlord retention for veterans housing. All decision packages were implemented as expected through provider contracts.

### **Development**

Most decision packages related to development projects were requests to carry forward funds to be expended in FY 2015-16. The developer that was originally selected to receive funding from the \$1.0 million Housing Investment Fund withdrew its request, and the bureau required more time to contract with a new developer.

# Bureau of Planning and Sustainability

Analyst: Jessica Kinard

## Summary

In addition to typical work patterns, the Bureau of Planning and Sustainability (BPS) dedicated significant time and resources towards moving the City's Comprehensive and Climate Action Plans forward during FY 2014-15. The Comprehensive Plan is a substantial planning and policy document that is mandated by the State and will guide the City's land use and zoning rules and policies for the next twenty years. The bureau conducted a considerable amount of outreach as well as significant draft proposals over the course of FY 2014-15, and is continuing the work in FY 2015-16. The Bureau received funding for six full time permanent staff in FY 2014-15 to assist in conducting this work. This work is especially salient to current popular issues in Portland around housing, density, and transportation; and there are several stakeholders that the bureau must continue to work closely with to ensure successful Plan adoption and implementation.

Bureau revenues and expenditures mostly followed expected budgeted values. The bureau underspent External Materials and Services (EMS) primarily as a function of contract underspending, much of which was requested and granted as encumbrance carryovers in the FY 2015-16 Fall Supplemental Budget. Notably, the bureau's charges for services revenue in the Solid Waste Management Fund came in \$162,044 over budgeted. These revenues come from commercial waste collection, and revenues are based on tonnage of waste processed. During good economic times, more commercial waste is produced and these revenues increase.

## Performance Reporting

The bureau's Key Performance Measures, as shown in the performance dashboard below, generally continue to trend upward. Notable performance trends for FY 2014-15 are:

- More people are moving to Portland<sup>2</sup>. This is creating demand for housing that could be connected to the positive trend in the bureau's KPM "Percentage of new housing units in the four-county region that are within the City of Portland."

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<sup>2</sup> <http://quickfacts.census.gov/qfd/states/41/4159000.html>

However, increased demand on existing City resources could also be negatively impacting the bureau's measures related to livability.

- A strong economy and population growth have led to greater commercial and residential waste production, leading to greater commercial solid waste revenues for the bureau, but also affecting performance measures. The bureau is working to identify ways to continue increasing the rate of recyclable and compostable waste in relation to landfill waste.

In FY 2014-15, the bureau led a priority reporting area by providing quarterly data for the Mayor's dashboard tracking progress towards expanding healthy complete neighborhoods. The bureau set a target outcome of 80% of Portlanders living in a healthy complete neighborhood by 2035. A "healthy complete neighborhood" is defined as having safe and convenient access to the goods and services needed in daily life. Over the past two years, this measure has stayed consistent at 64% of the population. The bureau has set a target to reach 65% in the current year.

Another performance trend of note is around solid waste generation and disposal. The bureau's recovery rate of residential recycled and composted materials in comparison to waste has plateaued around 70% since the bureau implemented curbside compost collection in 2011. FY 2014-15 actual figures were 69%, which was 6 percentage points below bureau targets. In response, the bureau is developing a new "Portland Recycles Plan" for consideration in 2016 that will propose improvements to continue increasing this rate. CBO does not yet know if there will be additional costs associated with the new plan development and implementation.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$186,648	\$172,272	\$14,376	92%
Interagency Revenues	456,452	420,749	35,704	92%
Miscellaneous	0	13,100	(13,100)	n/a
General Fund Discretionary	7,565,760	7,475,956	89,804	99%
General Fund Overhead	587,547	587,547	0	100%
<b>Total Resources</b>	<b>\$8,796,407</b>	<b>\$8,669,624</b>	<b>\$126,783</b>	<b>99%</b>
<b>Requirements</b>				
Personnel Services	\$7,266,662	\$7,233,855	\$32,807	100%
External Materials and Services	860,527	767,223	93,304	89%
Internal Materials and Services	669,218	668,546	672	100%
<b>Total Requirements</b>	<b>\$ 8,796,407</b>	<b>\$ 8,669,624</b>	<b>\$ 126,783</b>	<b>99%</b>

In FY 2014-15, BPS experienced some slight variances in revenue recovery and external materials and services in their General Fund, as described below:

The Bureau under-recovered intergovernmental and interagency revenues in part due to a delay in implementing the TGM project with Portland Bureau of Transportation (PBOT). This decrease was partially offset by the unanticipated receipt of \$13,100 in miscellaneous revenue due to the receipt of reimbursement funds for union leave time from 2013.

The Bureau successfully encumbered all funds, but was not able to complete \$93,304 in contract services spending. The Bureau requested and was granted \$89,804 (the maximum allowable per available year end General Fund Discretionary balances) in encumbrance carryforward contract funding during the FY 2015-16 Supplemental.

## Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$1,927,553	\$2,107,588	(\$180,035)	109%
<b>Total Resources</b>	<b>\$1,927,553</b>	<b>\$2,107,588</b>	<b>(\$180,035)</b>	<b>109%</b>
<b>Requirements</b>				
Personnel Services	\$1,250,339	\$1,198,226	\$52,113	96%
External Materials and Services	373,995	349,073	24,922	93%
Internal Materials and Services	303,219	293,579	9,640	97%
Unappropriated Ending Balance		266,710	(266,710)	n/a
<b>Total Requirements</b>	<b>\$1,927,553</b>	<b>\$2,107,588</b>	<b>(\$180,035)</b>	<b>109%</b>

The bureau receives federal, state and local grants. Many of these grants function on a different fiscal year cycle than the City. The bureau received funding from its FY 2013-14 Metro grant during the FY 2014-15 fiscal year, increasing revenues over budgeted amounts. In addition, \$68,246 in unspent expenditures and corresponding revenues were carried forward to FY 2015-16 in the Fall Supplemental.

## Solid Waste Management Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$2,410,812	\$2,717,012	(\$306,200)	113%
Licenses & Permits	2,851,643	2,816,877	34,766	99%
Charges for Service	2,223,486	2,385,530	(162,044)	107%
Intergovernmental Revenues	26,000	21,010	4,990	81%
Miscellaneous	48,466	468,567	(420,101)	967%
Cash Transfer Revenue	246	246	-	100%
Interagency Revenues	12,000	12,000	-	100%
<b>Total Resources</b>	<b>\$7,572,653</b>	<b>\$8,421,242</b>	<b>(\$848,589)</b>	<b>111%</b>
<b>Requirements</b>				
Personnel Services	\$2,237,751	\$2,238,934	(\$1,183)	100%
External Materials and Services	1,160,332	898,713	261,620	77%
Internal Materials and Services	1,527,632	1,460,552	67,080	96%
Bond Expenses	52,307	50,303	2,004	96%
Fund Transfer Expense	164,254	164,254	-	100%
Capital Outlay	61,859	61,859	-	100%
Contingency	246	-	246	0%
Unappropriated Fund Balance	2,430,131	3,546,627	(1,116,496)	146%
<b>Total Requirements</b>	<b>\$7,634,512</b>	<b>\$8,421,242</b>	<b>(\$786,730)</b>	<b>110%</b>

The bureau recovered revenues \$542,389 over total budgeted amounts in the Solid Waste Management Fund. Miscellaneous revenues came in over budget largely due to

\$417,000 in solar can donations from prior years being credited to the FY 2014-15 budget. In addition, the bureau's charges for services revenues came in \$162,044 over budgeted. These revenues come from commercial waste collection, and revenues are based on tonnage of waste processed. During good economic times, more commercial waste is produced and these revenues increase.

Bureau expenditures in the Solid Waste Management Fund were largely on budget. The bureau did underspend its External Materials and Services budget by \$261,620. Of this, \$141,000 was requested as encumbrance carryover for services contracts in the FY 2015-16 Fall Supplemental. The bureau often underspends EMS in this fund due to contract delays, contract underspending, and late contractor billing.

The Bureau ended the year with \$3,546,627 in Unappropriated Fund Balance and Contingency Funds, which is roughly \$1.1 million greater than budgeted. This increase is due to the bureau's increased recovery of revenues as well as expenditure underspending. The bureau is meeting the \$500,000 minimum fund balance level requirement per City code.

### **Other Funds**

The Community Solar Fund was established in FY 2013-14 and experienced its first solar installation expense in the fall of 2014. The Fund is primarily funded by the OCF Clean Energy Grant and under-recovered and under-expended its \$30,000 budget in FY 2014-15.

### **Decision Packages**

In FY 2014-15, BPS decision packages totaled \$1,232,464, which represented 9.2% funding growth over the bureau's base budget. This included \$792,012 in ongoing funds and \$440,452 in one-time funds.

One-time funding was provided primarily to support two decision packages: \$235,452 and 2.5 limited term FTE for updating the City's development regulations known as the Regulatory Improvement Code Amendment Packages (RICAP), and \$100,000 to support salmon friendly land management ("Salmon Safe"). RICAP 6 and RICAP 7 were successfully updated and passed by council by the end of FY 2014-15. The City began work on salmon friendly land management with Salmon Safe in November of 2014 and

as a result of collaborative work throughout the year, Salmon Safe produced a draft report documenting its assessment work and presenting recommended actions and conditions for Salmon-Safe certification of the BES, Water, and Transportation bureaus. BPS maintains that this is a 30 month project, and was granted an additional \$100,000 in FY 2015-16 to continue this work. Funding to continue this project beyond FY 2015-16 has not yet been identified.

Ongoing resources were primarily granted to restore 3.5 district liaison positions that the bureau offered as a cut to fund other positions related to the Comprehensive Plan, Clean Energy, Climate Policy and Urban Design (\$367,248) and for 4 FTEs to complete the Comprehensive Plan (373,296). In total, the bureau added 6 ongoing positions to perform work on the Comprehensive Plan. The Comprehensive Plan is an extremely large and far reaching planning and policy document that is mandated by the State and will overhaul the City's land use and zoning rules and policies for the next twenty years. The bureau conducted a substantial amount of outreach as well as significant draft proposals over the course of FY 2014-15, and continued the work into FY 2015-16. The bureau's goal is to have Council adopt the Comprehensive Plan in early 2016. As the six positions were added with ongoing resources, CBO will be looking to understand the long-term need and work related to these positions once the Comprehensive Plan is passed and implemented.

# Portland Development Commission

Analyst: Jeramy Patton

## Summary

There are no significant issues or concerns to report for FY 2014-15. Expenditures remained within budget and there were no budget note directives to respond to. A summary of the bureau’s performance is below.

## Performance Reporting

The bureau continues to track a number of performance measures that existed prior to the creation of the KPMs below. Within the Neighborhood Economic Development program, the number of businesses served by the Small and Micro Business Development program declined from 522 in FY 2013-14 to 353 in FY 2014-15; however, the percent of businesses of color served by this program increased from 60% to 77%. Measures tracked by the Traded Sector program remained relatively constant.

## Portland Development Commission FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND		Key Performance Measure ⓘ				
		FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
◆	Percentage of households at or above self-sufficiency				63.0%	64.0%
◆	Percentage of non-TIF resources for operating budget				75.0%	55.0%
◆	Percentage of start-up investments to firms founded, owned, or led by people of color				13.2%	23.4%
◆	Percentage of start-up investments to firms founded, owned, or led by women				19.0%	29.0%
◆	Percentage of workforce in Multnomah County earning at least a middle wage				45.0%	45.6%
↓	Ratio of PDC financial assistance to private investment	10.82	12.37	8.82	6.89	6.55

<http://www.portlandoregon.gov/cbo/article/523269>

The majority of key performance measures displayed above do not have historical data because they were created in conjunction with the bureau’s new five-year strategic plan, thus it is difficult to identify trends and comment on the success of the bureaus programs that these measures reflect. This will improve in future years as the bureau

has more historical data with which they may compare annual performance. The bureau’s strategic plan can be found here: <http://www.pdc.us/our-work/what-drives-us.aspx>.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
General Fund Discretionary	\$5,308,563	\$5,297,524	\$11,039	100%
<b>Total Resources</b>	<b>\$5,308,563</b>	<b>\$5,297,524</b>	<b>\$11,039</b>	<b>100%</b>
<b>Requirements</b>				
External Materials and Services	\$5,308,563	\$5,297,524	\$11,039	100%
<b>Total Requirements</b>	<b>\$5,308,563</b>	<b>\$5,297,524</b>	<b>\$11,039</b>	<b>100%</b>

The Portland Development Commission operates as a separate entity from the City and the budget is reflective of this fact. PDC receives an annual allocation of General Fund Discretionary support, and PDC provides the City with invoices for services rendered. The entirety of the bureau requirements is categorized here as External Materials and Services (EMS) to reflect the fact that the allocation is transferred from the City to PDC through a service contract. The allocation supports different types of expenditures at PDC – not just EMS.

Although underspending in the bureau is shown as only \$11,039, the amount that was awarded as additional carryover funds in the FY 2015-16 Fall Supplemental Budget was \$80,376. At the end of FY 2014-15, the bureau notified the City that they expected to bill for almost the entire amount of their budgeted appropriation shortly after the fiscal year would close. An accrual was made to account for this potential billing, however, actual invoices submitted at the start of FY 2015-16 were less than anticipated. The amount awarded as carryover in the Fall Supplemental accounts for the difference in what was accrued to FY 2014-15 and the actual invoices submitted.

## Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$533,130	\$449,092	\$84,038	84%
<b>Total Resources</b>	<b>\$533,130</b>	<b>\$449,092</b>	<b>\$84,038</b>	<b>84%</b>
<b>Requirements</b>				
External Materials and Services	\$533,130	\$449,092	\$84,038	84%
<b>Total Requirements</b>	<b>\$533,130</b>	<b>\$449,092</b>	<b>\$84,038</b>	<b>84%</b>

The bureau's only budgeted grant in FY 2014-15 was related to the promotion of clean technology jobs, which was underspent by 16%. To date, these funds have not been re-appropriated in the FY 2015-16 budget.

### Decision Packages

Funds for SE Works youth transition services (\$40,000), VOZ workers' rights education (\$30,000), and Village Market (\$75,000) were fully disbursed in FY 2014-15 as directed by Council.

The bureau also carried over \$162,227 of underspending in various programs to FY 2015-16. In FY 2014-15, the bureau received \$100,000 for neighborhood economic development grants, of which \$30,772 was allocated to grantees and \$69,228 was carried over for future awards. The bureau received \$99,999 for Venture Portland, of which \$54,000 was spent and \$35,999 was carried over to complete the project. The bureau also received \$80,000 in FY 2013-14 to implement an Early Adopter program. These funds were carried over in full to FY 2014-15 to cover \$23,000 in expenses. The remaining \$57,000 was carried over again to FY 2015-16 to close out the effort.

# Office of Neighborhood Involvement

Analyst: Jessica Kinard

## Summary

In 2014-15, the Office of Neighborhood Involvement (ONI) experienced record high workload levels as well as revenue in their Noise and Liquor Licensing programs. This is likely related to the recovering economy, as more customers request permits associated with special events and construction projects. ONI also underspent its External Materials and Services (EMS) budget by \$466,782, or 13%. This is not unusual as the bureau often has significant contract underspending, primarily as a result of grantees not fully expending and/or reporting on contracted funds by year end. These funds are typically carried over to the subsequent year through the Fall Supplemental budget.

Notably, however, the bureau was unable to complete three out of six decision packages that were carried over into FY 2014-15 from FY 2013-14, and required carryover for these as well as a new FY 2014-15 decision package into FY 2015-16. While each of these program carryovers were required for unique reasons, CBO notes that there may be an underlying challenge related to the limited administrative size and capacity of ONI to process large amounts of decision packages that require administrative attention. In FY 2014-15, the bureau received \$722,730 in decision package funding, a 10% growth over the bureau's base budget. Not all decision packages require heavy administrative attention, and CBO advises that the bureau and Council consider the bureau's administrative costs and capacity when considering new and especially one-time decision packages going forward.

## Performance Reporting

Three of the bureau's Key Performance Measures, listed below, are new measures that will have data for the first time in FY 2015-16. Many of the core services provided by the bureau is provided through partnerships with community organizations, and these organizations will play a critical role in providing information on bureau progress towards targeted goals. The bureau does have existing performance measures related to these KPMs and the existing collection of data for those measures in some cases may assist and/or inform the data collection efforts for these measures. The remaining measures listed below are newly designated Key Performance Measures (KPMs) for the

bureau that contain data from the Auditor's annual Community Survey. These measures stayed relatively consistent with the prior year.

Notable performance trends in other (non-KPM) measures are:

- Noise and Liquor licensing program workload measures predominantly increased over the prior year and above targets.
- Crime prevention program measures were predominantly below targets due to staff vacancies in that program.

In FY 2014-15, the bureau processed 154 more Noise Variances, representing a 31% increase, compared to the prior year. Noise variances represent requests for temporary "variance" allowances to noise code restrictions as made by individuals, organizations, or companies hosting special events or for construction purposes. This drives bureau revenue collection and led to record high Noise program revenues during the year. In addition, the bureau processed 75 more noise code violation cases, representing a 12% increase, compared to the prior year. Both of the measures' actual figures exceeded performance targets, and this surge in workload created a challenge for the bureau.

Similarly, the bureau processed 323 more liquor license requests, representing a 6.6% increase, over the prior year. In response to continued high workload levels in the current fiscal year, the bureau requested and received one new staff person - funded by program revenue - to support both the Noise program and the Liquor Licensing program during the Fall 2015-16 Supplemental Budget.

Bureau crime prevention program measures – including groups supported, problem location cases processed, and crime prevention trainings for the public – were mostly below target and below prior year actuals as a result of staff vacancies in that program. The bureau is currently staffed to capacity and expects performance on those measures to recover.

## Budget-to-Actuals

### General Fund

Charges for Services	\$357,620	\$393,202	(\$35,582)	110%
Intergovernmental Revenues	272,072	272,072	-	100%
Interagency Revenues	17,861	17,426	435	98%
Miscellaneous	36,800	47,407	(10,607)	129%
General Fund Discretionary	7,238,776	6,718,222	520,555	93%
General Fund Overhead	361,398	361,398	-	100%
<b>Total Resources</b>	<b>\$8,284,527</b>	<b>\$7,809,726</b>	<b>\$474,802</b>	<b>94%</b>
<b>Requirements</b>				
Personnel Services	\$4,109,331	\$4,064,325	\$45,006	99%
External Materials and Services	3,562,593	3,095,811	466,782	87%
Internal Materials and Services	612,603	649,590	(36,987)	106%
<b>Total Requirements</b>	<b>\$8,284,527</b>	<b>\$7,809,726</b>	<b>\$474,802</b>	<b>94%</b>

By in large, the bureau ended FY 2014-15 as budgeted. Notable discrepancies are described below:

The Bureau experienced \$35,582 in above budgeted revenues in the Noise Control program and in the Liquor Licensing program. Notably, the Noise Control program experienced significantly above anticipated revenues at \$186,640, which represents a 49% increase over original FY 2015-16 budgeted levels. During the FY 2015-16 Fall Supplemental, the bureau increased budgeted Noise Control revenues by \$40,000 from \$132,000 to \$172,000, again reflecting projected above budgeted levels of revenue for the current year. As the Noise and Liquor programs are subsidized by the General Fund, CBO will continue to monitor these revenues to assess whether these recent actual values are anomalous or a reasonably consistent new, higher level of revenue that should be budgeted.

Miscellaneous Revenues experienced \$10,607 in above budgeted revenues largely due to Union Leave reimbursements and Worker's Compensation insurance reimbursements.

The Bureau ended the year with a balance of \$466,782 in External Materials and Supplies (EMS), primarily as a result of underspending on grants to nonprofits. Typically, the bureau is able to enter into contracts with grantees and encumber grant funds during the fiscal year, but a portion of total grant funding is not able to be spent by the grantee by year end. These balances are usually requested to be carried forward

through encumbrance carryforward in the following years' Fall Supplemental. In the FY 2015-16 Fall Supplemental, ONI requested \$327,770 in grant-related encumbrance carryovers. The bureau also used EMS funds to cover \$36,987 in IMS overspending and purposefully underspent EMS to support an unforeseen personnel-related expense that ended up not being needed.

The Bureau overspent its Internal Materials and Supplies (IMS) budget by \$36,987 largely due to a decision to purchase a vehicle late in the year. The bureau knew it had ample underspending in its EMS budget to cover the over-expenditure and remain on budget.

### **Other Funds**

The Bureau also had a Grant Fund containing \$50,000 in Intergovernmental Revenues from Multnomah County that should have been passed through EMS to the East Portland Action Plan. These funds were not spent and carried over to FY 2015-16 through the FY 2015-16 Fall Supplemental.

### **Decision Packages**

In FY 2014-15, the bureau received \$173,735 in ongoing funding and \$548,995 in one-time funding for a total of \$722,730 in decision package funds, including one-time support for 1.0 FTE. \$201,742 of total decision package funds were program carryovers for projects funded in FY 2013-14 but which the bureau was unable to complete during that fiscal year. Total new funds equaled \$520,988, which represented a 7% increase over the bureau's base budget. These two major categories of funds are discussed below.

### **Carryover Decision Packages**

The bureau carried over funds for and successfully implemented a Community Summit (\$10,000) where over 400 community members were brought together to develop civic engagement skills and relationships, and \$20,000 to help develop recommendations and a plan for equitable funding in the Diversity and Civic Leadership Program.

The bureau was unable to spend three requested carryover packages, as follows:

- \$90,000 in carryforward funds for the Kenton Firehouse ADA improvements. The bureau was unable to obtain a contract for the required work due to

unanticipated permitting delays and requested that the funds be carried forward again into FY 2015-16.

- \$56,742 in Noise Program revenue reserves from the Bureau of Development Services. As mentioned above, the bureau experienced record levels of Noise program revenue and did not need to use this funding. ONI requested that these funds again be carried forward into FY 2015-16 as a “reserve”. CBO recommended the carryforward into FY 2015-16, with the caveat that this should be the final year of this carryforward as the program is currently subsidized with General Fund dollars.
- \$15,000 for Equity Training. The bureau realized that the equity training would be more valuable if it occurred after the release of the report on the Diversity and Civic Leadership Program. The bureau identified priority areas for training and received funds in FY 2015-16 Fall Supplemental to complete this work.

### **New Decision Packages**

The bureau received \$300,000 in one-time East Portland Action Plan (EPAP) funding, including funding to support one full time staff person; \$160,000 for community grants and to support the Neighborhood Coalitions and DCL programs; \$28,000 to support increased restorative justice services; \$25,000 to support Crime Prevention overtime; and \$10,000 for various programmatic materials and services. The majority of these decision packages were successfully implemented. One notable exception was within the funding for the East Portland Action Plan: the funding supported several small grants to community programs and while EPAP and the bureau were able to identify awardees for the funds, they were not able to successfully encumber \$88,614 in funding before year end. The Bureau requested, and was granted, \$88,614 in funding during the FY 2015-16 Fall Supplemental to support these grant awards.

ONI’s administrative budget represents 6.2% of its total budget. CBO notes that the bureau has a relatively small administrative staff that manages several distinct programs and projects. This seems to create challenges to implementing several new and/or one-time decision packages that carry an administrative burden (such as administering dozens of new, small one-time grants) within the timeframe of a single fiscal year. The bureau and decision makers should consider the capacity of the bureau to implement

decision packages in the timeframe that is expected when requesting or providing large amounts of new or one-time funding, and be sure that the allocated decision package is setting the bureau up for success.

### **Budget Notes**

The FY 2014-15 Adopted Budget directed ONI to work with East Portland Action Plan representatives and the East Portland Neighborhood Office to develop a transition plan that includes the most efficient and effective funding model to implement neighborhood improvements in East Portland. As required, the bureau reported to Council on their findings from this work by November 19, 2014; the presentation documents can be found on the City Auditors EFiles website here:

<http://efiles.portlandoregon.gov/Record/7102830/>.

The transition plan report included a summary of the action plan strategies, an overview of action plan successes to date, the status of City bureau implementation of the Action Plan items, and recommendations for continued progress. Key report recommendations were to shift EPAP funding from one-time to ongoing beginning in FY 2015-16 and to continue distinct funding for EPAP and the East Portland Neighborhood Organization (EPNO); both recommendations were implemented in the FY 2015-16 budget. CBO notes that while the report provided funding recommendations, there has not been significant analysis provided on what level and method of funding is most efficient and effective to complete EPAP strategies. CBO recommends that the bureau continue to work with EPAP partners to track performance and progress towards achieving EPAP action items – particularly in relation to City investment –to measure the impact of the ongoing funding.

# Office of Equity & Human Rights

Analyst: Shannon Carney

## Summary

The Office of Equity & Human Rights (OEHR) provides training, technical support, and coordination to promote equity and diversity in City bureau policies and practices, and administers programs to advance the equity of race and disability in the Portland community at large. The Office of Equity ended the year within its appropriation, and demonstrated measurable results from several program areas.

## Performance Reporting

The Office of Equity coordinated several Citywide initiatives in FY 2014-15, including the translation of essential documents, completion of Racial Equity Roadmaps, and accomplishment of Title II Transition Plan (ADA) goals. The bureau has new key performance measures tracking these initiatives, however, in part because the measures are focused on long-term outcomes, they do not yet demonstrate measurable progress in these areas in FY 2014-15. OEHR is currently working with CBO to modify several key performance measures below to better reflect incremental progress in each area.

The Office of Equity's contains a key performance measure to track its Community Equity and Engagement, Citywide Equity, and Civil Rights programs, as well as several measures that account for the effects of the bureau as a whole. Within the Citywide Equity Program, the Office of Equity is now tracking City bureaus whose leadership teams have completed Equity 101 training. The bureau was not able to gather data on the KPM for FY 2014-15, however, OEHR did also track the number of employees trained on an annual basis. Increased outreach and twice-monthly Equity 101 offerings enabled the bureau to train 662 employees in FY 2014-15, an impressive increase of 76% from the prior year. With the recent adoption of a new administrative rule requiring City employees to complete Equity 101 training, the number of employees trained should again rise significantly in FY 2015-16. Given the administrative change and the only moderate reliability of the data as an accurate representation of bureau leadership

teams<sup>3</sup>, the bureau might instead consider reporting on the percentage of all employees trained in the City.

The bureau's key performance measure tracking bureau completion of racial equity roadmaps is more outcome-based than last year's metric, which counted the number of bureau equity plans reviewed each year. This year's lack of progress reflects this new approach to tracking program results. Regardless of approach, given the importance of completion of the roadmaps to implementing the Citywide Racial Equity Strategy, OEHR might consider reporting more information, more frequently on the status of this initiative.

The Office of Equity's Civil Rights Program initiatives in FY 2014-15 included the translation of essential documents and accomplishment of Title II Transition Plan (ADA) goals. While the bureaus' key performance measures tracking the programs (translation and ADA barrier removal) do not yet show progress in FY 2014-15, OEHR does have data on the number of barriers removed by the eight participating bureaus.<sup>4</sup> Overall, these bureaus addressed 266 of 781 barriers scheduled for removal in FY 2014-15, a total of 34% and 4.76% of the 5593 total barriers identified – nearly in line with a 20-year horizon for completion. With the addition of Parks & Recreation to the list of participating bureaus in FY 2015-16, the total number of barriers identified will increase significantly. The bureau will provide more detailed reporting to Council in February 2016.

Regarding the bureau's tracking of translation activities, given the \$100,000 one-time funding dedicated to translation in FY 2014-15, the bureau should consider more detailed tracking of bureau translation and interpretation activities to determine if the pilot was effective. As a provision of the funding (or simply as a matter of course for the Civil Rights program), OEHR could reasonably ask bureaus to report on how many

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<sup>3</sup>The measure tracks time keepers identified in SAP as a proxy for employees with managerial responsibilities.

<sup>4</sup> Bureaus participating in the ADA Transition Plan in FY 2014-15 include Fire & Rescue, Office of Neighborhood Involvement, Bureau of Transportation, Office of Management & Finance, Water Bureau, Environmental Services, OMF-Spectator Facilities (tracked separately from OMF) and the Police Bureau. Parks & Recreation has now completed their plan for barrier removal and will be reporting progress in FY 2015-16.

documents were translated into the ten essential languages, how many events where interpretation was provided, and how many times community engagement services were offered.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Services	\$1,411	\$2,912	(\$1,501)	206.4%
Interagency Revenue	30,076	30,076	0	100.0%
Fund Transfers - Revenue	22,740	22,740	0	100.0%
General Fund Discretionary	934,694	842,840	91,854	90.2%
General Fund Overhead	718,275	718,275	0	100.0%
<b>Total Resources</b>	<b>\$1,707,196</b>	<b>\$1,616,843</b>	<b>\$90,353</b>	<b>94.7%</b>
<b>Requirements</b>				
Personnel Services	\$1,279,628	\$1,273,388	\$6,240	99.5%
External Materials and Services	276,100	194,043	82,057	70.3%
Internal Materials and Services	151,468	149,412	2,056	98.6%
<b>Total Requirements</b>	<b>\$1,707,196</b>	<b>\$1,616,843</b>	<b>\$90,353</b>	<b>94.7%</b>

The Office of Equity is considered a General Fund overhead bureau, though the Community Equity & Engagement program is supported by discretionary-only monies. In FY 2014-15, the bureau underspent its FY 2014-15 General Fund allocation by 5.3%, largely due to underspending of \$82,057 in External Materials and Services (EMS). OEHR also received a total of \$52,816 of Interagency and Fund Transfer Revenue in FY 2014-15 to support the Civil Rights program, and charges for services came in above budgeted amounts due to contributions to the Human Rights Commission and the Black Male Achievement program.

Resources dedicated to the translation pool of funding, available to all City bureaus but managed by OEHR, comprised a significant portion of the underspent External M&S appropriation. At year end, bureaus had encumbered \$31,058 for FY 2015-16, but left \$27,000 unused. Of the other requirements, Personnel Services and Internal Materials and Services (IMS) ended the year very close to allocation. The bureau's final FY 2014-15 Personnel Services expenses reflect the transfer of the New Portlander Program coordinator position, which was moved to the Office of Neighborhood Involvement

effective December 2, 2014. The bureau's IMS costs include office space rent and fiscal support staff.

### **Decision Packages**

Several decision packages implemented in FY 2014-15 expanded the breadth of OEHR's work within the City and for the community at large.

#### *Civil Rights Program*

The first was the transfer of the Civil Rights program from the Office of Management and Finance-Facilities in the FY 2014-15 Adopted budget, along with a total of \$463,165 in ongoing and one-time resources. These funds supported two FTE to coordinate the City's compliance with Title II (ADA) and equal access to City services in FY 2014-15. The bureau spread these resources creatively – due to the lower overhead costs than when the program was housed in OMF, OEHR was able to realign resources from this amount to provide resources for translation Citywide, and to extend the ADA coordinator position through FY 2015-16. During the year, OEHR oversaw the completion of the ADA Transition plan, with the Parks supplemental completed in the fall of FY 2015-16. The bureau's official reporting on barrier removal in FY 2014-15 is expected in February 2016. Current information documents that eight participating bureaus have removed 226, or 34% of the barriers slated for FY 2014-15.

As the new leader of the City's Civil Rights efforts, OEHR spearheaded an enterprise solution to translation and interpretation, with the creation of a one-time translation pool of funding for City bureaus in the FY 2014-15 Fall BMP. The \$100,000 of resources dedicated to translation was composed of a \$50,000 realignment in OEHR's budget, matched with \$50,000 of one-time General Fund resources. This funding was made available initially to emergency services bureaus in the third quarter of the fiscal year, then to all City bureaus in April 2015. Bureaus that applied to OEHR for funding were required to offer a match of their own money, to help ensure that the translation pool was enhancing rather than replacing bureau resources that may have otherwise been used. While this tiered approach may have sheltered the funding for important translation needs, the delay may have hindered bureaus' ability to utilize the funds within the fiscal year – as evidenced by bureaus spending only \$33,976, or 34% of the pool in FY 2014-15. It would be useful to know more about the activities resulting from

the translation pilot (documents translated, events with interpretation, number of community engagement activities), to help determine if the funding pool was effective compared to a typical year in which bureaus rely solely on their own budgeted resources.

#### *Black Male Achievement Program*

Another major decision package in the FY 2014-15 Spring BMP moved \$100,000 from the Mayor's Office Budget to provide one-time personnel and program resources for the Black Male Achievement (BMA) program to continue to build its operations after establishing the BMA community coalition out of the Mayor's Office in late 2014. The action included carryover of \$60,000 in one-time resources to provide program budget in FY 2015-16 (though the approach creates a funding gap for program in FY 2016-17). OHER hired a full-time coordinator for the program in February 2015 to advance policy recommendations and oversee a summer internship program geared specifically to young black men. The bureau plans to establish more formal program measures in the FY 2016-17 Adopted budget.

#### *Culturally Specific Mentorship Program*

Finally, the bureau's plan to institute a culturally specific mentorship program, paid for via realignment in the FY 2014-15 Adopted budget, was delayed to FY 2015-16 due to the time needed to implement the program with multiple City employee cultural affinity groups.

# Transportation and Parking

# Portland Bureau of Transportation

Analyst: Yung Ouyang

## Summary

The bureau spent 90% of its operating budget in the Transportation Operating Fund and 73% of its operating budget in the Parking Facilities Fund. As in the year before, PBOT collected more permit fee, SDC, and parking garage revenues than budgeted due to conservative budgeting in a time of economic expansion. And as in prior years, the bureau significantly underspent its Capital Outlay budget at year-end despite reductions in budget during the Spring Supplemental due to project delays and schedule revisions. There are no concerns with variances between budget and actuals, although CBO recommends that PBOT develop more realistic budgets for its revenues in the future.

PBOT ended the year spending 71% of its Revised Capital budget. As is typical, the Capital budget was substantially increased during the Fall Supplemental to account for the carryover of budgets for General Transportation Revenue (GTR) funded projects from the prior year, and the bureau substantially decreased its CIP budget during the Spring Supplemental due to project schedule revisions and delays. Specific projects are discussed in more detail below.

In terms of performance, PBOT met the Revised Budget targets for most of its performance measures. However, because the bureau's maintenance needs are so large and the completion of capital projects takes more than one year, maintenance of transportation assets have not shown marked improvements despite the addition of General Fund resources. The number of on-street parking transactions showed a significant increase because of ADA placard policy changes.

## Performance Reporting

Highlights from FY 2014-15 bureau performance reporting include:

- Maintenance of the City's transportation assets in FY 2014-15 did not show improvements despite the addition of \$1.78 million in General Fund resources, but this could be due to the longer-term nature of these projects and the typical extension of project schedules to the following year. In addition, the additional

General Fund resources are relatively small compared to the amount the bureau needs to adequately maintain the City’s transportation assets.

- PBOT should be realizing additional discretionary revenues from on-street parking with the implementation of new policies that pertain to ADA placards, and if the bureau is able to implement a meter rate increase and the NW Meter District in FY 2015-16, even more discretionary revenues should be collected.

### Portland Bureau of Transportation FY 2014-15 Performance Dashboard

Y 13-14 to FY 14-15 TREND		Key Performance Measure	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
◆		Total number of serious, incapacitating traffic injuries and fatalities citywide		265			240
→		Percentage of trips made by people walking and bicycling, including to transit (calendar year)		24%	24%	24%	25%
→		Percentage of PBOT-owned bridges in non-distressed condition (defined as fair or better condition)	81%	83%	84%	84%	85%
↑		Percentage of City-owned and maintained lighting that comes from LED streetlights		4%	12%	35%	55%
◆		Lane miles of major rehab paving on existing streets	12.10	0.00	7.72		0.00
↑		Annual streetcar ridership			4,400,000	4,623,520	5,000,000

[portlandoregon.gov/cbo/article/523258](http://portlandoregon.gov/cbo/article/523258)

PBOT is implementing its Vision Zero initiative which aims to eventually reduce the number of traffic fatalities to zero. Thus, one of its Key Performance Measures (KPMs) is the total number of serious, incapacitating traffic injuries and fatalities citywide. There is no Adopted Budget target for this measure or an actual figure for FY 2014-15 as of the date of the Fall BMP submission, but the FY 2014-15 Revised Budget target is 260, which is five injuries/fatalities below the FY 2012-13 year-end actual of 265.

Another KPM seeks to measure progress on one of the bureau’s major initiatives, that of increasing the percentage of trips made by people walking and bicycling, including to transit. While there is no Adopted Budget target for this measure, there is a Revised Budget target of 24%. PBOT has indicated that it has achieved this target, which is also

level with the prior year's actual percentage, and would like to further improve performance in this area.

Several of the bureau's measures pertain to the Streetcar system. Annual streetcar ridership is one of PBOT's KPMs, with the Revised Budget target being 4.8 million. At slightly above 4.6 million at year-end, the bureau was not able to achieve this target but exceeded the previous year's performance by more than 200,000. The increase may be attributed to an increase in population and an improving economy, as well as service improvements. PBOT also tracks the percentage of Streetcar fare revenue contribution to the system's operating budget. At 11%, PBOT exceeded the Revised Budget target of 10% as well as the FY 2013-14 figure of also 10%.

### *Budget Implications*

Three of PBOT's performance measures pertain to the maintenance of capital assets. With the bureau's limited discretionary resources dedicated to matching outside grant revenues and the implementation of the City's Capital Set-Aside policy and process, the bureau has requested General Fund resources to improve the conditions of its assets over the last couple of years.

- Lane miles of major rehabilitation paving on existing streets: No major rehabilitation paving was completed in FY 2014-15, which was expected as PBOT did not receive any General Fund resources to do paving. This is in contrast to the 7.72 lane miles completed in FY 2013-14 which was funded by realigning \$4.1 million in existing resources. The total lane-miles of streets maintained by the bureau, which is a measure on the Mayor's performance dashboard, was 103 in the fiscal year ending in June 30<sup>th</sup>, 2014.
- Percentage of PBOT-owned bridges in non-distressed condition: At 84% at year-end of FY 2014-15, the bureau has met its Adopted Budget target of 83% but was not able to improve upon the FY 2013-14 figure. However, as noted in the discussion of capital budget below, although the bureau received \$890,000 of General Fund resources during the Fall Supplemental to work on bridges and overpasses, capital projects usually take more than one year to complete, and this should be taken into account when assessing FY 2014-15 year-end performance.

- Percentage of traffic signals that operate without an outage annually: At 92%, PBOT exceeded the Adopted Budget target for this measure (90%), but performance decreased slightly from the FY 2013-14 figure of 93%. As with bridges and overpasses, the bureau received \$890,000 in General Fund resources during the Fall Supplemental to maintain these assets and notes that the work was incomplete at year-end due to the extended schedules of capital projects.

PBOT may be realizing additional discretionary resources in the form of on-street parking revenues. Annual on-street parking transactions exceeded the Adopted Budget target by 7.7% and was also 8.2% higher than the FY 2013-14 figure. PBOT attributes the increase to policy changes requiring ADA placard holders to pay at the meters. If the City increases meter rates and implements the NW Meter District, the bureau should realize even more discretionary resources from on-street parking. This would also positively impact the bureau's on-street parking expenses as a percentage of revenues, which was at 31% at FY 2014-15 year-end.

PBOT receives an ongoing General Fund allocation for streetlights; the FY 2016-17 allocation is \$6.1 million. At 35%, the measure for the percentage of City-owned and maintained lighting that comes from LED streetlights has shown a marked improvement from the year before (12%) and also greatly exceeded the Adopted Budget target of 8%. The conversion is a multi-year project that should be completed in FY 2016-17. Energy savings are used to fund debt service on the LED conversion, and then the General Fund resources will be redirected to future replacement of the streetlights as needed.

## Budget-to-Actuals

### Transportation Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$54,931,223	\$60,783,863	(\$5,852,640)	111%
Licenses & Permits	3,053,515	7,248,737	(4,195,222)	237%
Charges for Service	49,074,304	54,172,559	(5,098,255)	110%
Intergovernmental Revenues	68,681,696	65,125,272	3,556,424	95%
Interagency Revenues	30,455,177	29,320,268	1,134,909	96%
Cash Transfer Revenue	16,559,835	15,356,575	1,203,260	93%
Bond and Note	29,910,000	26,196,709	3,713,291	88%
Miscellaneous	3,899,089	5,944,623	(2,045,534)	152%
<b>Total Resources</b>	<b>\$256,564,839</b>	<b>\$264,148,606</b>	<b>(\$7,583,767)</b>	<b>103%</b>
<b>Requirements</b>				
Personnel Services	\$70,759,469	\$67,743,189	\$3,016,280	96%
External Materials and Services	72,616,081	67,391,244	5,224,837	93%
Internal Materials and Services	22,664,470	21,694,434	970,036	96%
Capital Outlay	21,187,656	10,979,142	10,208,514	52%
Bond Expenses	18,740,815	14,017,910	4,722,905	75%
Fund Transfers - Expense	10,660,256	10,652,596	7,660	100%
Contingency	39,936,092	71,670,091	(31,733,999)	179%
<b>Total Requirements</b>	<b>\$256,564,839</b>	<b>\$264,148,606</b>	<b>(\$7,583,767)</b>	<b>103%</b>

PBOT's collection of Licenses & Permits revenues ended the year at over twice the budgeted amount due to conservative budgeting by the bureau. The variance involves utility permits and street light infrastructure locates. Although the bureau has realized higher revenues for the past two years, it has not adjusted its FY 2015-16 budget to be close to the year-end figure. Generally, permit fees are priced for cost recovery and do not contribute to the bureau's discretionary resources.

As a result of the improved economic climate, PBOT SDC revenues also came in 10% above budgeted. PBOT did adjust its FY 2015-16 charges for services budget to \$54.7 million to be similar to this FY 2014-15 year-end actual amount.

Timing issues caused the draws on the Street Lighting Efficiency project's line-of-credit to be slightly lower than anticipated, resulting in a 12% variance in bond and note revenue.

Typical for the bureau, PBOT underspent its capital outlay budget by 48% due to delays in the schedules of capital projects, with the unspent funds carried over into FY 2015-16. The bureau has noted that three projects are the main drivers for the variance: the NW Meter District Parking Machines, Street Lighting Efficiency, and the Close-the-Loop Streetcar projects.

Bond expenses ended the year at 75% of budget due to the timing of an internal loan to the Grants Fund that was made post-AP 12. If the loan is taken into account, the year-end amount would be close to the budgeted amount.

A little over half of the ending balance (\$39.0 million out of \$71.7 million) is made up of SDC revenues. This portion of the balance is restricted to use on Council-approved SDC projects. Another 42% of the balance is made up of General Transportation Revenues (GTR) and is restricted to funding CIP projects, capital replacement set-asides and PBOT Current Appropriation Levels. Only \$2.8 million, or 4%, of the ending balance is for contingency purposes.

### Parking Facilities Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$6,916,428	\$6,903,379	\$13,049	100%
Charges for Service	11,961,256	12,905,014	(943,758)	108%
Interagency Revenues	818,801	808,677	10,124	99%
Cash Transfer Revenue	29,310	29,310	0	100%
Miscellaneous	28,807	63,683	(34,876)	221%
<b>Total Resources</b>	<b>\$19,754,602</b>	<b>\$20,710,063</b>	<b>(\$955,461)</b>	<b>105%</b>
<b>Requirements</b>				
Personnel Services	\$250,436	\$200,659	\$49,777	80%
External Materials and Services	3,777,178	3,742,369	34,809	99%
Internal Materials and Services	3,668,763	1,705,208	1,963,555	46%
Bond Expenses	1,882,250	1,882,250	-	100%
Fund Transfers - Expense	3,547,486	3,547,486	-	100%
Contingency	6,628,489	9,632,091	(3,003,602)	145%
<b>Total Requirements</b>	<b>\$19,754,602</b>	<b>\$20,710,063</b>	<b>(\$955,461)</b>	<b>105%</b>

Charges for service, consisting of parking garage revenues, ended the year at 8% above budget due to the expanding economy. PBOT's Adopted Budget figure for the current year (FY 2015-16) is comparable to last year's year-end actual amount, and the bureau

has even increased the budget by \$300,000 during the FY 2015-16 Fall Supplemental. The bureau collected more than twice the budgeted amount for miscellaneous revenue, but this is not material as the amount is very small relative to other revenue sources.

Personnel services was underspent by 20% at year-end due to a position being vacant for a portion of the year. Internal materials & services were underspent by 54% due to delays in major maintenance by OMF-Facilities at the parking garages.

About \$6.1 million of the \$9.6 million in ending balance is intended to serve as reserves for operations, major maintenance, and other uses directed by Council. The amount meets the required target set by policy. The remaining \$3.5 million is being set aside for future major maintenance work at the 10th & Yamhill garage; it is a result of underspending on the Interagency Agreement with OMF-Facilities.

### Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$24,395,087	\$16,655,361	\$7,739,726	68%
Miscellaneous	0	11,283	(11,283)	I/A
<b>Total Resources</b>	<b>\$24,395,087</b>	<b>\$16,666,644</b>	<b>\$7,728,443</b>	<b>68%</b>
<b>Requirements</b>				
Personnel Services	\$5,314,122	\$2,879,397	\$2,434,725	54%
External Materials and Services	2,743,941	1,575,081	1,168,860	57%
Internal Materials and Services	3,891,189	2,376,353	1,514,836	61%
Capital Outlay	12,445,835	8,150,700	4,295,135	65%
<b>Total Requirements</b>	<b>\$24,395,087</b>	<b>\$14,981,531</b>	<b>\$9,413,556</b>	<b>61%</b>

As with prior years, PBOT continued to significantly underspend its budget in the Grants Fund in FY 2014-15 even after reductions during the Spring Supplemental and the Over-Expenditure Ordinance. This is typical and is due to delays in work on capital projects, as well as the true-ing up of project budgets once the bureau gets a better underspending of their actual costs. In FY 2014-15, the projects involved in creating the variance include the Columbia Blvd/MLK Blvd, Burgard Rd over Abandon Railroad, and the Killingsworth: Commercial-MLK projects. Different combinations of projects are responsible for the underspending in each of the major object categories. The underspending due to project delays is reflected on the revenue side by the 32% variance between budget and

actual collection of grant revenue as shown in the Intergovernmental Revenues category.

### Other Funds

PBOT also administers the Transportation Reserve Fund and the Gas Tax Bond Redemption Fund. There were no notable variances between budget and actual spending in these funds.

### Capital

During the Fall Supplemental of last year, PBOT increased its CIP budget by roughly 13% from the Adopted Budget. About 59% of the adjustment is carryover of Gas Tax Revenue (GTR) funding from the prior year due to planned project work shifting from FY 2013-14 to FY 2014-15. Other large adjustments include: a carryover of \$2.7 million in grant funds for Streetcar track relocation work at the Jasmine Block and \$1.8 million in General Fund resources awarded to the bureau for major maintenance projects as a part of the City's Capital Set-Aside process.

	<b>CIP Budget</b>	<b>Percentage Change</b>
Adopted	\$85,868,173	Inapplicable
Fall Revised	\$97,111,973	13.1%
Spring Revised	\$80,508,293	-17.1%
Year-End Revised	\$81,506,293	1.2%

Further substantial changes to the CIP budget were made during the Spring Supplemental, decreasing it by 17% from the Fall Revised budget. The Spring Supplemental is normally a time when PBOT reduces its CIP budget in order to sync up budgets with actual spending and revised construction timelines. The bureau did reduce budgets for many projects in both its operating fund and the Grants Fund, the largest of which include:

- \$16.0 million for Sellwood Bridge Replacement
- \$4.9 million for Parking Machines
- \$3.1 million for East Portland Access Transit
- \$1.9 million for Bike Share

- \$1.5 million for Killingsworth: Commercial-MLK
- \$1.0 million for Naito Parkway: I-405 -- Jefferson

However, there were also increases in funding for capital projects during the Spring Supplemental, with the largest including:

- \$2.2 million to complete the Streetcar loop on the eastside
- \$1.0 million for the Street Light Efficiency Program
- \$762,500 for Burgard Rd Over Abandon Railroad
- \$605,000 for Springwater Trail
- \$550,000 for the completion of a streetcar prototype

By year-end, PBOT had increased its capital project budget by roughly \$1.0 million, or 1.2%, from the Spring Revised budget, mostly for the Burgard Bridge project.

### **Budget to Actual Variances in Capital Program Spending**

In regards to actual expenditures, PBOT ended the year spending about 71% of its Revised CIP budget, with a variance of \$22.3 million between budget and actual expenditures, despite the reductions in budget during the Spring BMP. Several projects had their construction schedules revised. They were bid on during the spring while actual construction began during the summer. These include the Street Lighting LED Replacement, Parking Machines, and the Burnside & Pearl Improvements projects. Furthermore, the N. Willamette Blvd./Broadway Dr. Wall and the Signal Reconstruction projects were delayed, with schedules shifting to FY 2015-16.

The following projects displayed the largest variances between budget and actuals: Parking Machines (\$4.45 million), Street Light LED Replacement (\$1.23 million), Streetcar Close the Loop (\$2.16 million), Burgard Rd over Abandoned Railroad (\$1.08 million), Killingsworth: Commercial-MLK (\$0.9 million), Burnside & Pearl District Crossing Improvement (\$1.02 million), and the Columbia Blvd./MLK Blvd. projects (\$0.9 million). The indefinite deferral of the implementation of the NW Meter District created the large variance in Parking Machines, while the completion of the Streetcar Close the Loop project was deferred to FY 2015-16 because of delays in the purchase of streetcar inventory. The Street Light LED Replacement project is expected to be finished in FY 2016-17.

## **Capital Projects and Key Performance Measures**

At 84% for both FY 2013-14 and FY 2014-15, the bureau showed no improvement in the percentage of PBOT-owned bridges in non-distressed condition, despite receiving \$890,000 in General Fund resources for major maintenance on bridges and overpasses during the Fall Supplemental. However, PBOT notes the funded projects are in process, with the appropriation carried forward to FY 2015-16.

In contrast, the bureau showed substantial improvement in the percentage of City-owned and maintained lighting that comes from LED streetlights: from 12% in FY 2013-14 to 35% in FY 2014-15. This is in spite of the noted delays in the Street Light LED Replacement project that is pushing the completion date to FY 2016-17.

No General Fund resources were awarded for paving preservation during the Fall Supplemental Capital Set-Aside process, and PBOT ended FY 2014-15 with no lane miles of rehabilitation paving completed. The FY 2013-14 actual was 7.72 lane miles.

Annual streetcar ridership showed a 5% increase from FY 2013-14 (4,400,000 rides) to FY 2014-15 (4,623,520 rides), despite the delay in the completion of the eastside Close the Loop project noted above.

## **Decision Packages**

All Adopted Budget and Supplemental budget adjustments have been implemented or are in progress (typical for capital projects that usually require more than one year to complete).

## **Regulatory Program Adjustments**

In FY 2014-15, the Regulatory Program, consisting of the Towing Regulation, Private Impound, and Taxi and Private-for-Hire subprograms, were moved from OMF-Revenue Bureau to PBOT. The move was reflected in a \$1.3 million increase in PBOT's Adopted Budget, of which \$45,000 were General Fund resources provided for the physical move itself. In addition, the Fall and Spring Supplemental Budgets each had one significant adjustment that affected the program, as discussed below.

Program staff moved into the Portland Building at the end of FY 2014-15. One of the most significant program changes that PBOT implemented was increasing the use of meetings in the field as opposed to requiring drivers and companies to come to the

program's central office. In addition, program staff worked on policy and operational issues pertaining to TNCs.

Revenues from the program ended the year at \$1.3 million, while fully loaded expenses totaled \$1.1 million, creating net savings of \$218,150, not considering move costs. PBOT attributes some of these savings to vacancies resulting from staff turnover. Move costs in FY 2014-15 totaled \$85,818, with \$40,818 covered by program revenues and \$45,000 paid for by the General Fund. The bureau carried over \$74,977 of the net savings into FY 2015-16 for additional move costs and a contract with the consultant working on TNC issues, leaving the program \$102,355 in savings that the bureau can use in case FY 2015-16 revenues are not able to cover expenses or for projects to improve the Taxi and Private-for-Hire subprogram.

During the FY 2014-15 Fall Supplemental process, PBOT budgeted \$114,000 of additional revenues after realizing that the Revenue Bureau had under-estimated the amount. The program used the funds to create two indirect staff positions. Since program staff were working in the old location for most of FY 2014-15, the Revenue Bureau was still providing front desk staff support. PBOT paid for these services in a one-time interagency agreement totaling \$168,000 that was budgeted during the Spring Supplemental.

### **Streetcar System Adjustments**

FY 2014-15 was a year of expansion for the Streetcar system. PBOT added an Operations Supervisor during the budget development process, and the bureau made several major budgetary adjustments during the Spring Supplemental. The added position allowed for better shift coverage and supervision of an increased workforce as the system expanded to three lines. With regards to capital, \$4.45 million was set-aside for the Streetcar system in the bureau's Five-Year Forecast, and the bureau drew upon this contingency during the Spring Supplemental to purchase a vehicle after it was notified that an Oregon State grant was not awarded. This purchase was completed in FY 2014-15. PBOT also drew upon the set-aside to fund an Automatic Stopping System project. The bureau was advised to "pay-as-you-go" instead of utilizing bond financing to fund these projects. With the purchase of the vehicle and the completion of the "Close the Loop"

project (in FY 2015-16), there is no additional expansion of the Streetcar system for the foreseeable future.

During the Spring Supplemental, PBOT also returned \$230,000 to the General Fund because the Jasmine Block track relocation project came in under budget. However, the bureau also received an additional \$255,000 in General Fund resources to implement intersection and signal upgrades for better on-time service of the Streetcar system. The bureau is currently working on implementing these improvements.

### **Other Notable General Fund Decision Packages**

- South Waterfront Variable Priced Parking – PBOT received \$35,000 of General Fund resources to collect and analyze data regarding the viability of setting different parking rates in different areas of South Waterfront. The South Waterfront community recommended implementing variable priced parking, and PBOT is currently reviewing City parking policy. The next meeting of the Stakeholder Advisory Committee is on December 14th. PBOT expects to bring forward to Council some proposals for Performance-Based Parking Management, and the South Waterfront recommendations will inform PBOT’s proposed changes.
- Southwest Corridor Draft Environmental Impact Statement – In FY 2014-15, PBOT received \$650,000 in General Fund resources to determine the best high-capacity transit solution for Southwest Portland and the surrounding area. PBOT received a further \$700,000 in General Fund resources to continue the work in FY 2015-16. During FY 2014-15 the team analyzed alternative alignments and travel demand and ridership in some key areas including downtown, inner SW Portland, Marquam Hill, Hillsdale, and PCC Sylvania. In June 2015, the Steering Committee directed that additional work be conducted on potential tunnel connections to PCC, evaluation of southern terminus options, and mode. The bureau intends to request General Fund resources for a third year during the FY 2016-17 budget development process.
- Capital Set-Aside Projects – During the Fall Supplemental, PBOT was awarded \$890,000 in General Fund resources to implement major maintenance at various bridges/structures and another \$890,000 for traffic signal reconstruction. Design

work for the bridges/structures projects commenced in FY 2014-15, and the projects will be bid for construction in FY 2015-16. As for the traffic signal reconstructions, the design work is ongoing. Because the bureau is dependent on other efforts in some cases (such as the East Portland Access to Transit effort and the 122nd Avenue Paving project), PBOT intends to spend the funds in FY 2015-16.

# Elected Officials

# Office of the Mayor

Analyst: Jane Marie Ford

## Summary

The Mayor's Office ended the last fiscal year with \$493,341 in unspent General Fund discretionary, or 16.3% under budget. This includes \$277,180 in external contract funding that was encumbered by year end and carried over to FY 2015-16 through the Fall BMP. An additional \$121,895 in unspent FY 2014-15 funds was carried forward to support ongoing costs associated with the Compliance Officer Community Liaison (COCL) program. All decision packages were implemented as expected.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
General Fund Discretionary	\$1,880,621	\$1,371,854	\$508,767	73%
General Fund Overhead	1,145,021	1,145,021	0	100%
<b>Total Resources</b>	<b>\$3,025,642</b>	<b>\$2,516,875</b>	<b>\$508,767</b>	<b>83%</b>
<b>Requirements</b>				
Personnel Services	\$1,661,340	\$1,639,381	\$21,959	99%
External Materials and Services	1,030,900	582,409	448,492	56%
Internal Materials and Services	333,402	295,086	38,316	89%
<b>Total Requirements</b>	<b>\$3,025,642</b>	<b>\$2,516,875</b>	<b>\$508,767</b>	<b>83%</b>

The greatest variance in budget-to-actuals was in external materials and services. Approximately 35% of the underspending in this category was comprised of encumbrance carryovers, which were approved in the Fall BMP (\$277,180) for work expected to be completed in FY 2015-16. The Office carried forward an additional \$121,895 in unspent FY 2014-15 funds for the Compliance Officer Community Liaison (COCL) program. There has been a high degree of uncertainty regarding program needs and cost requirements in its startup phase. FY 2016-17 budget development may include a focus on identifying more certain program costs where possible.

## Decision Packages

All decision packages were implemented as expected. The FY 2014-15 budget included a Council Budget True-Up to realign \$50,000 ongoing funding from compensation set-

aside to the Mayor's Office budget to fully fund existing staffing levels. In addition, funds were allocated to create a Deputy Chief of Staff position, which was filled in July 2014.

\$100,000 in one-time and an additional \$100,000 in ongoing General Fund discretionary resources were authorized to support the Mayor's Black Male Achievement Initiative.

The inaugural cohort took place in FY 2014-15, with ongoing support (\$100,000) transferred to the Office of Equity and Human Rights for FY 2015-16.

# Commissioner of Public Affairs (Saltzman)

Analyst: Jane Marie Ford

## Summary

The Office ended FY 2014-15 with 14% of its combined budget remaining. This is consistent with prior year spending patterns. The Portland Children's Levy continues to experience higher-than-anticipated revenue growth due to increased housing appreciation, which will allow the Levy to provide additional grant funding to current and new recipients through FY 2017-18. All decision packages were implemented as expected.

## Budget-to-Actuals

### General Fund

	Budget	Actuals	Variance	Budget
<b>Resources</b>				
Intergovernmental Revenues	\$27,000	\$27,000	\$0	100%
Miscellaneous	19,031	8,244	10,787	43%
General Fund Discretionary	1,244,131	993,772	250,359	80%
General Fund Overhead	511,761	511,761	0	100%
<b>Total Resources</b>	<b>\$1,801,923</b>	<b>\$1,540,777</b>	<b>\$261,146</b>	<b>86%</b>
<b>Requirements</b>				
Personnel Services	\$1,141,348	\$1,062,854	\$78,494	93%
External Materials and Services	511,797	343,854	167,944	67%
Internal Materials and Services	148,778	134,069	14,709	90%
<b>Total Requirements</b>	<b>\$1,801,923</b>	<b>\$1,540,777</b>	<b>\$261,146</b>	<b>86%</b>

The greatest underspending was in external materials and services. \$53,003 in encumbrance carryforward was approved in the Fall BMP to fulfill FY 2014-15 contractual obligations for the Gateway Center for Domestic Violence (GCDV). The Office has been working to implement changes to help align invoicing and management among all contracts moving forward. FY 2014-15 was the last year that included one-time startup funding for the GCDV, and the FY 2015-16 Adopted Budget authorized \$120,000 in ongoing General Fund resources to support its continued operation.

## Portland Children’s Levy

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$2,013,000	\$2,274,275	(\$261,275)	113%
Taxes	10,514,535	12,525,091	(2,010,556)	119%
Miscellaneous	0	36,162	(36,162)	
<b>Total Resources</b>	<b>\$12,527,535</b>	<b>\$14,835,528</b>	<b>(\$2,307,993)</b>	<b>118%</b>
<b>Requirements</b>				
Personnel Services	\$515,500	\$507,785	\$7,715	99%
External Materials and Services	11,514,329	10,299,869	1,214,460	89%
Internal Materials and Services	33,956	31,920	2,036	94%
Fund Transfers - Expense	25,000	25,000	0	100%
Contingency	438,750	0	438,750	0%
<b>Total Requirements</b>	<b>\$12,527,535</b>	<b>\$10,864,574</b>	<b>\$1,662,961</b>	<b>87%</b>

Tax revenue was larger than anticipated due to an increase in housing value appreciation, which continues an upward trend from FY 2013-14. The Portland Children’s Levy has allocated additional grant funding due to economic projections of an additional \$8.1 million in Levy revenues for FY 2015-17.

### Decision Packages

All decision packages were implemented as expected. This included a Council Budget True-Up to realign \$25,000 ongoing funding from compensation set-aside to the Commissioner's Office budget to fully fund existing staffing levels, plus an additional \$10,000 in ongoing funding for the Gateway Center for Domestic Violence.

# Commissioner of Public Safety (Novick)

Analyst: Jane Marie Ford

## Summary

The Office of the Commissioner of Public Safety ended FY 2014-15 with \$46,958 in unspent General Fund discretionary, or 4.9% under budget. All decision packages were implemented as expected.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Services	\$188	\$188	(\$0)	
General Fund Discretionary	439,140	392,182	46,958	89%
General Fund Overhead	511,998	511,998	0	100%
<b>Total Resources</b>	<b>\$951,326</b>	<b>\$904,369</b>	<b>\$46,958</b>	<b>95%</b>
<b>Requirements</b>				
Personnel Services	\$791,030	\$763,543	\$27,487	97%
External Materials and Services	37,301	30,967	6,334	83%
Internal Materials and Services	122,995	109,859	13,136	89%
<b>Total Requirements</b>	<b>\$951,326</b>	<b>\$904,369</b>	<b>\$46,957</b>	<b>95%</b>

There was minor underspending in external materials and services and internal materials and services. These variances are within historical spending patterns for this Office.

## Decision Packages

All decision packages were implemented as expected. The FY 2014-15 budget included a Council Budget True-Up to realign \$25,000 ongoing funding from compensation set-aside to the Commissioner's Office budget to fully fund existing staffing levels. The Office also reallocated \$50,000 from external materials and services to personnel services in the Fall 2014-15 BMP to fund a new Commissioner's Staff Representative position, which was filled in Fall 2014.

# Commissioner of Public Utilities (Fritz)

Analyst: Jane Marie Ford

## Summary

The Office of the Commissioner of Public Utilities ended the fiscal year with \$119,162 in unspent General Fund discretionary, or 11.8% under budget.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Services	\$0	\$78	(\$78)	
General Fund Discretionary	498,255	379,093	119,162	76%
General Fund Overhead	511,961	511,961	0	100%
<b>Total Resources</b>	<b>\$1,010,216</b>	<b>\$891,133</b>	<b>\$119,084</b>	<b>88%</b>
<b>Requirements</b>				
Personnel Services	\$781,155	\$756,047	\$25,108	97%
External Materials and Services	104,333	22,408	81,925	21%
Internal Materials and Services	124,728	112,678	12,051	90%
<b>Total Requirements</b>	<b>\$1,010,216</b>	<b>\$891,133</b>	<b>\$119,084</b>	<b>88%</b>

As in prior years, most of the Office's underspending occurred in external materials and services. This included \$32,000 to fulfill FY 2015-16 contractual obligations, including \$7,000 for the Bureau of Labor and Industries for services related to the city's Sick Leave ordinances, and \$25,000 for a grant to Outgrowing Hunger. These carryovers were authorized in the Fall BMP.

## Decision Packages

All decision packages were implemented as expected. As noted above, the FY 2014-15 Adopted Budget included \$27,500 in one-time funding for a contract with the State of Oregon Bureau of Labor and Industries to enforce citywide Protected Sick Time ordinances. The anticipated completion date of this contract is December 31, 2015. An additional \$17,500 was allocated for this contract in the Fall BMP.

The FY 2014-15 budget also included a Council Budget True-Up to realign \$25,000 ongoing funding from compensation set-aside to the Commissioner's Office budget to fully fund existing staffing levels.

## Commissioner of Public Works (Fish)

Analyst: Jane Marie Ford

### Summary

The Office of the Commissioner of Public Works ended the last fiscal year with \$53,585 in unspent General Fund discretionary, or 5.6% under budget.

### Budget-to-Actuals

#### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Miscellaneous	\$0	\$57	(\$57)	
General Fund Discretionary	446,590	393,005	53,585	88%
General Fund Overhead	511,940	511,940	0	100%
<b>Total Resources</b>	<b>\$958,530</b>	<b>\$905,002</b>	<b>\$53,528</b>	<b>94%</b>
<b>Requirements</b>				
Personnel Services	\$799,673	\$767,417	\$32,256	96%
External Materials and Services	28,106	14,634	13,472	52%
Internal Materials and Services	130,751	122,951	7,800	94%
<b>Total Requirements</b>	<b>\$958,530</b>	<b>\$905,002</b>	<b>\$53,528</b>	<b>94%</b>

The Office only spent 52.1% of its external materials and services budget. This is consistent with historical patterns, as this is the most flexible budget category. Strategic underspending allows the Office to accommodate unanticipated costs during the year.

### Decision Packages

All decision packages were implemented as expected. \$7,500 in one-time General Fund discretionary was allocated for printing and shipping costs associated with the Citizens' Utility Board mailers. This cost was moved to the Special Appropriations budget for FY 2015-16.

The FY 2014-15 budget also included a Council Budget True-Up to realign \$25,000 ongoing funding from compensation set-aside to the Commissioner's Office budget to fully fund existing staffing levels.

# Office of the City Auditor


Analyst: Jeramy Patton

## Summary

There are no significant issues or concerns to report for FY 2014-15. Expenditures remained within budget and there were no budget note directives for which the bureau need to respond. A summary of the bureau’s performance is below.

## Performance Reporting

### Office of the City Auditor FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND	Key Performance Measure		FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
↑	Annual percentage change in electronic documents viewed through E-files (public portal)		42%	64%	18%	172%	40%
→	Median number of days to complete Independent Police Review intake investigations		39	38	34	34	32
↓	Percentage of audit report recommendations implemented or in process		96%	93%	93%	80%	85%
↓	Percentage of Ombudsman's Office recommendations accepted by bureaus				90%	87%	70%

<http://www.portlandoregon.gov/cbo/article/523281>

Overall, the bureaus performance measure trends are generally positive or neutral. One downward trend to note is the percentage of audit report recommendations implemented or in process, which has declined from 96% in FY 2011-12 to 80% in FY 2014-15.

The number of electronic documents viewed through E-files has grown from 1,070,735 in FY 2013-14 to 2,908,457 in FY 2014-15, an increase of 172%. This significant improvement can be linked to the outreach efforts of the bureau to guide citizens and employees to the E-files portal for their document retrieval needs.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Service	\$262,275	\$267,921	(\$5,646)	102%
Interagency Revenue	131,566	139,333	(7,767)	106%
Miscellaneous	5,500	5,736	(236)	104%
General Fund Discretionary	3,936,747	3,617,190	319,557	92%
General Fund Overhead	4,654,012	4,654,012	0	100%
<b>Total Resources</b>	<b>\$8,990,100</b>	<b>\$8,684,192</b>	<b>\$305,908</b>	<b>97%</b>
<b>Requirements</b>				
Personnel Services	\$5,677,135	\$5,653,085	\$24,050	100%
External Materials and Services	1,637,124	1,347,603	289,521	82%
Internal Materials and Services	1,675,841	1,683,504	(7,663)	100%
<b>Total Requirements</b>	<b>\$8,990,100</b>	<b>\$8,684,192</b>	<b>\$305,908</b>	<b>97%</b>

Total expenditures were within 3% of budget. The bureau experienced underspending in external materials and services due to its limited use of professional services for review of officer-involved shootings, hearings' officer contracts, and the City's outside audit; as well as lower than anticipated costs for office supplies, training, and travel.

### Other Funds

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$21,384,706	\$17,993,650	\$3,391,056	84%
Charges for Services	788,500	1,051,633	(263,133)	133%
Fund Transfers - Revenue	64,414	64,414	0	100%
Bond and Note	4,377,260	0	4,377,260	0%
Miscellaneous	7,598,903	10,121,636	(2,522,733)	133%
<b>Total Resources</b>	<b>\$34,213,783</b>	<b>\$29,231,333</b>	<b>\$4,982,451</b>	<b>85%</b>
<b>Requirements</b>				
External Materials and Services	\$5,000	\$4,000	\$1,000	80%
Internal Materials and Services	1,638,138	1,596,471	41,667	97%
Bond Expenses	11,992,244	10,319,763	1,672,481	86%
Fund Transfers - Expense	1,916,594	13,334	1,903,260	1%
Contingency	3,011,881	0	3,011,881	0%
Unappropriated Fund Balance	15,649,926	17,297,765	(1,647,839)	111%
<b>Total Requirements</b>	<b>\$34,213,783</b>	<b>\$29,231,333</b>	<b>\$4,982,451</b>	<b>85%</b>

The table above includes the Assessment Collection Fund (\$79,610), Bancroft Bond Interest and Sinking Fund (\$21,276,420), and the Local Improvement District (LID) Fund (\$7,875,302). Bond and Note revenues in the LID Fund ended the year at \$0 due to insufficient assessment contracts which prevented the sale of bonds. Fund transfer expenses in the LID Fund were also well below budget because the Portland Bureau of Transportation did not request reimbursements for improvement projects during the fiscal year.

### **Decision Packages**

In FY 2014-15, the bureau carried over \$250,000 of unspent General Fund resources to partially offset the implementation costs of the City's new Lien Accounting System (LAS), and \$30,000 to support the development of online Records Management training for all City employees. At year-end, the LAS funding remained unspent and was subsequently carried over into FY 2015-16 for completion of the project. Development on the Records Management training was started in FY 2014-15, but is not yet complete. Of the original \$30,000 carried over into FY 2014-15, \$15,000 was subsequently carried over into FY 2015-16 for completion of the project.

In addition to carry-over funding, the bureau also received \$13,548 of ongoing General Fund resources to restore a position in the Council Clerks division to full-time. The position was restored as directed.

# City Support Services

# City Attorney's Office

Analyst: Jane Marie Ford

## Summary

The City Attorney's Office ended the fiscal year with \$126,539 unspent General Fund discretionary allocation, or 1.7% of its operating budget.

- The Office was fully staffed for the majority of the year, and as a result there was an insignificant amount of vacancy savings. In the early months of FY 2015-16, the Office has experienced an increase in the number of current vacancies primarily due to retirements and protected personnel leave.
- Succession planning will continue to be a significant issue over the next several years as long-tenured Attorneys retire.
- In recent years, new Attorney positions have been authorized without accompanying support staff. Without additional legal assistant and paralegal positions, Office performance may be adversely affected as existing staff, including attorneys, are required to take on additional administrative burdens.

## Performance Reporting

The City Attorney's Office demonstrated continued positive performance trends across its three key performance measures.

- These trends are connected to new attorney positions authorized over the last several fiscal years, which have expanded the Office's capacity to provide training and in-house counsel.
- The City Attorney's Office and CBO continue to communicate about opportunities to develop more qualitative performance measures to help assess the effectiveness of its programs.

## City Attorney's Office FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND	Key Performance Measure	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
↓	Annual costs of outside counsel	\$2,554,037	\$1,239,914	\$595,525	\$331,624	\$626,839
→	Cost of Service per Attorney Hour	\$133	\$130	\$133	\$133	\$142
↑	Number of training hours provided by City Attorney staff to other City staff	323	220	254	388	450

<http://www.portlandoregon.gov/cbo/article/523282>

The City Attorney's Office staff has added 6.15 FTE attorney positions since FY 2011-12. Staffing increases appear to be a driving factor in the outcomes of two of the Office's key performance measures. The first measure is the annual costs of outside counsel, which has dropped by 87.1% since FY 2011-12. FY 2014-15 costs were 30% below target, and 44.3% below prior year. In addition to a reduction in conflict matters requiring outside counsel, the Office's increase in the number of attorneys has expanded the internal capacity to manage legal services in-house. The second measure documents the cost of service per attorney hour, which has remained between \$130-133 over the past four years, while the private sector billing rate for outside counsel costs for FY 2014-15 averaged \$367 per hour<sup>5</sup>.

The increase in attorney positions has also allowed the Office to provide more training hours to other City staff: 388 hours in FY 2014-15, which is an increase of 52.8% over the

<sup>5</sup> Data provided by City Attorney's Office. This is the average actual hourly rate for outside counsel contracts open in FY 2014-15.

prior year. With the addition of a new attorney position and increased training needs due to the implementation of GovQA, the Office anticipates that this trend will continue. Training is considered to be a preventive investment to reduce the need for more extensive and costly legal intervention.

An opportunity to improve performance management reporting for the Office’s training program is to gather feedback from trainees on the effectiveness of the training. A similar suggestion was included in the City Auditor’s March 2015 report. The Office has expressed interest in pursuing this measure, though noted some management challenges in collecting the data. The City Auditor’s report also discusses a few benchmarking examples from other jurisdictions to compare performance, such as the number of cases favorably resolved or defensive cases in which a certain percentage of the claim is defeated. The Office has collected baseline data and is considering adding percent of cases favorably resolved to its performance measures.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Charges for Service	\$6,000	\$22,507	-\$16,507	375%
Miscellaneous	0	1,979	-1,979	0%
General Fund Discretionary	2,888,746	2,762,207	126,539	96%
General Fund Overhead	2,892,929	2,892,929	0	100%
Interagency Revenues	5,247,877	5,172,877	75,000	99%
<b>Total Resources</b>	<b>\$11,035,552</b>	<b>\$10,852,498</b>	<b>\$183,054</b>	<b>98%</b>
<b>Requirements</b>				
Personnel Services	\$9,329,278	\$9,194,167	\$135,111	99%
External Materials and Services	810,105	775,267	34,838	96%
Internal Materials and Services	896,169	883,064	13,105	99%
<b>Total Requirements</b>	<b>\$11,035,552</b>	<b>\$10,852,498</b>	<b>\$183,054</b>	<b>98%</b>

Overall, the final amount of revenues and expenditures were very close to revised budget figures by major object category, with total underspending of 1.7%. The main variances are due to a change in the way that civil forfeiture legal costs are allocated; while budgeted under interagency revenues, the costs were recorded under charges for services. Estimating federal and state forfeiture amounts is difficult, but the legal services necessary to support the program are consistent.

The Office was fully staffed during the year, resulting in minimal vacancy savings. There was some minor underspending (approximately 4.3%) in external materials and services due to normal variances in contract estimates.

## **Decision Packages**

### **Legal Records Attorney**

The Office requested and received a Legal Records Attorney to focus on Citywide legal records issues and the Legal Records Management Project (LRMP). This position was filled and has been active in providing training, organizing LRMP meetings and forums, and implementing the GovQA public records software, which went live in early December. The Office also requested an accompanying Legal Records Paralegal, which was not funded.

### **Litigation Holds**

In the Spring BMP, the City Attorney's Office was authorized to recognize \$20,000 in interagency revenue to support expansion of the Litigation Hold Program, which requires the City to preserve evidence which it knows, or reasonably should know, is relevant to potential litigation. This funding was used to double-fill an Assistant Program Analyst position for the remainder of FY 2014-15, and a permanent Management Assistant was hired for FY 2015-16 through an interagency agreement with Risk Management.

A paralegal position to support this program was requested but not ultimately funded in the FY 2014-15 Adopted Budget. The City Attorney's office intends to utilize vacancy savings to create a limited-term position for the remainder of FY 2015-16, and plans to request ongoing funds to create a permanent paralegal position in FY 2016-17. It is anticipated that the LRMP workload will continue to expand, particularly as Council Offices are increasingly requesting support from the City Attorney's Office to respond to records requests.

### **Portland Harbor Carryover**

In FY 2014-15, \$400,000 was transferred to the City Attorney's Office from the General Fund for expenses related to the Portland Natural Resources Trustees Funding and Participation Agreement (Ordinance 186810). \$210,020 was carried forward to be spent

in FY 2015-16. The Office anticipates that work related to these proceedings will continue through FY 2019 and beyond.

# Office of Government Relations

Analyst: Doug Le

## Summary

In FY 2014-15, the office underspent its General Fund Discretionary by \$68,300 or approximately 11% of its General Fund budget. This unspent amount was returned to General Fund balance at year-end.

## Performance Reporting

Bureau performance largely trended positively, as shown in the dashboard below.

### City Budget Office FY 2014-15 Performance Dashboard

Y 13-14 to FY 14-15 TREND		Key Performance Measure	?	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
◆		International Delegations Received				70	100
↑		Percentage of Respondents Rating Services as "Excellent" or "Very Good"			96%	97%	96%
↑		Percentage of respondents reporting progress made on state, federal, or intergovernment issues			64%	82%	71 85%

<http://www.portlandoregon.gov/cbo/article/523273>

The Office of Government Relations reported three key performance measures (KPMs) in FY 2014-15 as presented in the Performance Dashboard above. The International Delegations Received performance measure was established in FY 2014-15, when the office absorbed the Office of International Relations from the Mayor’s Office. The office reported greeting 70 international delegations in FY 2014-15 and projected it will

welcome 100 delegations in FY 2015-16. The two remaining performance measures: Percentage of Respondents Rating Services as “Excellent” or “Very Good” and Percentage of Respondents Reporting Progress Made on State, Federal, or Intergovernmental Issues; both relate to the annual Customer Service Survey that OGR conducts to ask their customers, bureau directors and Council staff, for an overall rating of the office performance. These two measures trended well when comparing performance in FY 2013-14 with FY 2014-15.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$35,000	\$0	\$35,000	0.0%
Interagency Revenue	137,833	137,833	0	100%
General Fund Discretionary	610,409	542,109	68,300	89%
General Fund Overhead	692,445	692,445	0	100%
<b>Total Resources</b>	<b>\$1,475,687</b>	<b>\$1,372,387</b>	<b>\$103,300</b>	<b>93%</b>
<b>Requirements</b>				
Personnel Services	\$972,740	\$926,328	\$46,412	95%
External Materials and Services	325,233	288,285	36,948	89%
Internal Materials and Services	177,714	157,774	19,940	89%
<b>Total Requirements</b>	<b>\$1,475,687</b>	<b>\$1,372,387</b>	<b>\$103,300</b>	<b>93%</b>

Overall, the office underspent its total appropriation by 7%, resulting in an unspent General Fund Discretionary of \$68,300 by year end. This is consistent with its performance in the prior year. All major expense categories – personnel services, external materials & services, and internal materials & services categories were underspent. In FY 2014-15, the Office budgeted \$35,000 for an intergovernmental agreement with Portland Development Commission (PDC) for lobbying services. The Office determined that this resource was not needed and as a result PDC was not billed for this amount.

### Decision Packages

The bureau received decisions package in FY 2014-15 which provided \$221,477 in ongoing funding to absorb the International Relations program from the Mayor’s Office, fund a temporary “BillTrackOR” Administrator for the State legislative session, and to

expand outreach for the state legislative program. The bureau successfully completed all decision packages; staff were hired and the intergovernmental outreach included participation in the Oregon Coastal Caucus Economic Summit, Pendleton Roundup, and League of Oregon Cities Annual Conference in 2014.

# City Budget Office

Analyst: Jeramy Patton

## Summary

There are no significant issues or concerns to report for FY 2014-15. Expenditures remained within budget and the bureau responded to all budget note directives. A summary of the bureau’s performance is below.

## Performance Reporting

### City Budget Office FY 2014-15 Performance Dashboard

Y 13-14 to FY 14-15 TREND	Key Performance Measure	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
↑	Annual repair, rehabilitation, & replacement funding gap (Citywide)	\$147,300,000	\$202,400,000	\$222,800,000	\$241,600,000	\$260,000,000
↓	Customer service rating (5pt scale)		3.76	4.09	3.98	4.35
●	Percentage of capital project funding that is expended on repair, rehabilitation, & replacement		41.4%	60.7%	63.1%	72.1%
↑	Percentage of City KPMs with positive year over year results		53.0%	31.8%	37.9%	52.5%

[portlandoregon.gov/cbo/article/523280](http://portlandoregon.gov/cbo/article/523280)

Three of the bureau’s four key performance measures track citywide progress towards goals that the bureau influences, but lacks direct control. For example, the annual repair, rehabilitation, and replacement funding gap for the City continues to increase. Council has taken measures to address the gap, including the 50% set-aside for major maintenance projects, but the total asset base is too large to manage without a drastic increase in funds dedicated to this purpose. In addition to the 50% set-aside policy, infrastructure bureaus have also directed a higher percentage of funding towards repair, rehabilitation, and replacement projects as seen in the measure above. The percentage

of funding increased from 41.4% in FY 2012-13 to 63.1% in FY 2014-15, and is expected to continue to rise to 72.1% in FY 2015-16. Although it is unlikely that the yearly funding gap of \$260 million will ever be resolved without a significant influx of new resources, the recent efforts of the City (as discussed above) will hopefully slow the continual rise in the funding gap experienced over the last few years.

The bureau's customer service rating declined slightly compared to the previous year, but still reflects an overall rating of "Good".

### Budget-to-Actuals

#### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
General Fund Discretionary	\$907,836	\$857,468	\$50,368	94%
General Fund Overhead	1,058,455	1,058,455	0	100%
<b>Total Resources</b>	<b>\$1,966,291</b>	<b>\$1,915,923</b>	<b>\$50,368</b>	<b>97%</b>
<b>Requirements</b>				
Personnel Services	\$1,583,099	\$1,547,751	\$35,348	98%
External Materials and Services	186,317	175,547	10,770	94%
Internal Materials and Services	196,875	192,625	4,250	98%
<b>Total Requirements</b>	<b>\$1,966,291</b>	<b>\$1,915,923</b>	<b>\$50,368</b>	<b>97%</b>

Total expenditures were within 3% of budget. The bureau spends conservatively throughout the year to ensure funding is available for unexpected expenditures such as payouts and new hires. A single retirement payout could consume the entire amount of underspending in personnel services given the small size of the bureau's budget.

### Decision Packages

The City Budget Office successfully implemented both of its decision packages. The first package reallocated \$31,909 of General Fund resources to the Police Bureau to cover the costs of the City's enterprise server and the second reallocated \$80 of General Fund resources to the Office of Equity & Human Rights to cover the costs of the Americans with Disabilities and Civil Rights program. Neither package had an impact on the performance of the bureau since both the expenses and resources were reallocated.

## **Budget Notes**

The FY 2014-15 Adopted Budget directed the City Budget Office to take the lead on completing three budget notes. Status on these budget notes is as follows:

### **Capital Asset Maintenance and Replacement Funding Options**

This note directed the City Budget Office to develop options for funding and allocating resources to address major maintenance and replacement needs of the City. The report was discussed by Council during the November 7, 2014 Fall Budget Monitoring Process work session. The options discussed in the report included: reestablishing a General Fund Capital Set-Aside, new revenue sources for transportation, incremental increases in internal service fund rates, developing options for ongoing General Fund allocations to bureaus, and updates to Citywide financial policies. In response to the report recommendations, Council passed Resolution 37107 on January 28, 2015. The resolution updated City Financial Policy 2.03 to dedicate a minimum of 50% of available one-time resources in the Adopted Budget and Fall BMP processes to infrastructure maintenance and replacement projects.

### **Inspections & Distressed Properties**

This note directed the City Budget Office to increase the Bureau of Development Services Current Appropriation Level (CAL) target by \$286,048 for Housing and Nuisance Inspection Services and the Extremely Distressed Property Enforcement program. The adjustment was made in the CAL targets distributed on December 16, 2014.

### **Surplus Property Sales**

This note removed the requirement for annual parks property sales and directed the City Budget Office to increase the Portland Parks & Recreation Current Appropriation Level (CAL) target by \$400,000 to offset the loss of these revenues. The adjustment was made in the CAL targets distributed on December 16, 2014.

## Office of Management and Finance

Analyst: Claudio Campuzano

### **Summary**

Overall, there are no significant issues or concerns to report for FY 2014-15. All funds were within expense appropriations with the exception of the Spectator Facilities Operating Fund (which has since been renamed). In accordance with state budget law, that fund was covered under an exception for refunding of debt; appropriation is not required for debt expenses associated with debt refundings.

In FY 2014-15, the Office of Management and Finance underspent its discretionary and overhead General Fund allocation by \$2.6 million – or 9.7%. Roughly \$690,000 of this is associated with costs that were carried over into FY 2015-16.

All of the self-insurance funds – health, workers compensation, and insurance and claims – ended with strong balances based primarily on better-than-projected claims experience.

One fund of concern continues to be the Printing & Distribution Operating Fund which, despite ending with a stable balance, held back on some significant shop equipment purchases. While this short-term solution is appropriate, it will not be sustainable as replacement of equipment will become necessary to meet customer needs.

### **Performance Reporting**

OMF provides a vast array of internal programs and services to produce outcomes that are, in many cases, challenging to measure. The list of Key Performance Measures (KPMs) below is a reasonable picture of the bureaus key efforts; however, CBO will continue refining this list with the bureau to ensure that key outcomes are captured.

## Office of Management and Finance FY 2014-15 Performance Dashboard

FY 13-14 to FY 14-15 TREND		Key Performance Measure	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Target
↓		Business License Tax Gap – estimated difference between business taxes paid/owed (in millions)	\$7.88	\$7.14	\$7.16	\$5.22	\$5.00
↓		Change in the number of general liability claims over the prior four year average				-16%	4%
●		City's unlimited tax General Obligation bond rating (1=Aaa)	1.00	1.00	1.00	1.00	1.00
◆		Help Desk satisfaction rating (scale 1 to 5)				4.82	4.50
↓		Number of CAFR review audit deficiency comments from external auditors	6	4	4	1	0
↓		Percentage of all subcontract dollars awarded to Minority Women, and Emerging Small Businesses subs for const	28%	22%	35%	30%	22%
→		Percentage of OMF owned City facilities maintained in "good" condition	94%	81%	81%	81%	81%
◆		Percentage of PCI requirements satisfied for the City's electronic payment gateway					100%
↑		Percentage of recruitments meeting original or renegotiated timelines	90%	90%	90%	100%	100%

The trend in the Business License Tax Gap is positive, declining from \$7.16 million in FY 2013-14 to \$5.22 million in FY 2014-15, closing in on the target of \$5.0 million. As the bureau implements the IRS data exchange project, this gap should continue to close. CBO recommends setting a more aggressive target in light of the data exchange project in FY 2016-17.

The one KPM trending downward is the percentage of subcontract dollars awarded to Minority, Women, and Emerging Small Businesses subcontracts for construction. While the figure declined year over year, it is still above historical levels and the bureau target. In light of the bureau exceeding targets over the last several years, FY 2016-17 budget development may be an opportunity for the bureau to increase the target.

In addition to KPMs, OMF has many other measures and indicators. Some notable changes are discussed below.

The Bureau of Human Resources monitors several recruitment measures including the percentage of female applicants per recruitment which declined from 44% to 38%, meeting original Adopted Budget target, but not revised target. The bureau also has a

similar measure for minority applicants which went up from 21% to 28%, exceeding targets.

In the Bureau of Internal Business Services (BIBS), a number of new measures were added in FY 2014-15 including measures in CityFleet, Risk, and Facilities. While historical comparisons are not yet possible, some notable items include the Risk measures which, across the board, saw the costs and number of claims lower than target and in many cases decreased overall. Notable areas where claims were down included BES sewer claims related to backups and stormwater which fell 38% from the prior four-year average and Police incurred claims were down 29% from the prior four-year average.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$20,208	\$20,208	\$0	100%
Licenses & Permits	178,500	160,350	18,150	90%
Charges for Services	93,763	62,264	31,499	66%
Intergovernmental Revenues	2,590,294	2,705,918	(115,624)	104%
Interagency Revenue	8,354,916	7,781,537	573,380	93%
Fund Transfers - Revenue	3,428,353	3,428,353	0	100%
Miscellaneous	1,584,530	1,508,922	75,608	95%
General Fund Discretionary	16,796,395	14,165,338	2,631,057	84%
General Fund Overhead	10,289,892	10,289,892	0	100%
<b>Total Resources</b>	<b>\$43,336,851</b>	<b>\$40,122,781</b>	<b>\$3,214,070</b>	<b>93%</b>
<b>Requirements</b>				
Personnel Services	\$27,383,913	\$26,586,624	\$797,289	97%
External Materials and Services	9,579,775	7,677,632	1,902,143	80%
Internal Materials and Services	6,373,163	5,826,796	546,367	91%
Ending Balance	0	31,729	(31,729)	NA
<b>Total Requirements</b>	<b>\$43,336,851</b>	<b>\$40,122,781</b>	<b>\$3,214,070</b>	<b>93%</b>

OMF underspent its discretionary and overhead allocation by a total of \$2.6 million (9.7%) despite collections lower than budget in several revenue categories. Roughly \$690,000 of this underspending was carried over as part of the Fall Supplemental Budget. Personnel Services underspending of \$797,289 is consistent with prior years. External Materials and Services underspending (exclusive of carryover) is also consistent with prior years.

Beginning and ending fund balance are associated with the Bureau of Human Resource's Training Fund.

### Facilities Services Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$31,035,859	\$29,332,898	\$1,702,961	95%
Charges for Services	2,067,484	1,655,548	411,936	80%
Intergovernmental Revenues	193,871	209,045	(15,174)	108%
Interagency Revenue	28,006,190	25,232,384	2,773,806	90%
Fund Transfers - Revenue	7,617,487	7,617,487	0	100%
Bond and Note	472,763	472,762	1	100%
Miscellaneous	426,379	652,179	(225,800)	153%
<b>Total Resources</b>	<b>\$69,820,033</b>	<b>\$65,172,303</b>	<b>\$4,647,730</b>	<b>93%</b>
<b>Requirements</b>				
Personnel Services	\$3,923,890	\$3,580,356	\$343,534	91%
External Materials and Services	27,159,639	15,641,898	11,517,741	58%
Internal Materials and Services	2,808,212	2,440,533	367,679	87%
Capital Outlay	5,158,299	172,519	4,985,780	3%
Bond Expenses	7,624,018	7,617,607	6,411	100%
Fund Transfers - Expense	836,505	836,505	0	100%
Contingency/Ending Balance	22,309,470	34,882,886	(12,573,416)	156%
<b>Total Requirements</b>	<b>\$69,820,033</b>	<b>\$65,172,303</b>	<b>\$4,647,730</b>	<b>93%</b>

The fund balance, comprised primarily of major maintenance reserves as well as small operating reserves, increased by \$5.4 million in FY 2015-16, beginning at \$29.3 million and ending at \$34.9 million. Project underspending drives this growth in fund balance and masks an underlying trend of declining operating reserves. Absorption of non-billable projects have contributed to this decline. This issue should be addressed in the Facilities rate structure or through the identification of billable parties.

Capital projects that were budgeted included the Police Training Center, the Right2Dream2 purchase, and the Portland Communications Center Roof. Underspending in this line is the result of the following: The training center booked costs in external materials and services while the roof project was funded in the Fall Supplemental and did not move forward during the fiscal year. Right2Dream2 property purchase was carried over and is expected to be incurred in FY 2015-16.

## CityFleet Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$21,715,441	\$21,715,441	\$0	100%
Intergovernmental Revenues	1,025,000	1,149,453	(124,453)	112%
Interagency Revenue	30,144,393	27,946,365	2,198,028	93%
Fund Transfers - Revenue	1,205,602	1,205,602	0	100%
Bond and Note	472,763	472,762	1	100%
Miscellaneous	796,064	939,228	(143,164)	118%
<b>Total Resources</b>	<b>\$55,359,263</b>	<b>\$53,428,850</b>	<b>\$1,930,413</b>	<b>97%</b>
<b>Requirements</b>				
Personnel Services	\$7,742,040	\$7,465,437	\$276,604	96%
External Materials and Services	13,019,875	11,264,574	1,755,301	87%
Internal Materials and Services	2,240,088	1,961,513	278,575	88%
Capital Outlay	11,782,943	8,971,144	2,811,799	76%
Bond Expenses	393,471	378,408	15,064	96%
Fund Transfers - Expense	1,080,042	1,080,042	0	100%
Contingency/Ending Balance	19,100,804	22,307,733	(3,206,929)	117%
<b>Total Requirements</b>	<b>\$55,359,263</b>	<b>\$53,428,850</b>	<b>\$1,930,413</b>	<b>97%</b>

Fund balance remained stable with a portion of balance functioning as an operating reserve and the remainder primarily reserved for equipment replacement. Bureau consumption of CityFleet services was lower than budgeted, resulting in less than budgeted interagency revenues and lower than budgeted spending on external materials and services and capital outlay. Some expenses and revenues for equipment ordered late in the fiscal year have been carried over into FY 2015-16.

## Printing & Distribution Services Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$535,084	\$535,084	\$0	100%
Charges for Services	147,328	172,372	(25,044)	117%
Intergovernmental Revenues	1,013,297	826,518	186,780	82%
Interagency Revenue	5,777,190	5,101,475	675,715	88%
Fund Transfers - Revenue	529	529	0	100%
Miscellaneous	80,319	52,606	27,713	65%
<b>Total Resources</b>	<b>\$7,553,747</b>	<b>\$6,688,583</b>	<b>\$865,164</b>	<b>89%</b>
<b>Requirements</b>				
Personnel Services	\$1,741,768	\$1,704,858	\$36,910	98%
External Materials and Services	3,770,580	3,195,051	575,529	85%
Internal Materials and Services	767,265	707,277	59,988	92%
Capital Outlay	347,500	133,174	214,327	38%
Bond Expenses	133,340	128,234	5,106	96%
Fund Transfers - Expense	287,204	287,204	0	100%
Contingency/Ending Balance	506,090	532,785	(26,695)	105%
<b>Total Requirements</b>	<b>\$7,553,747</b>	<b>\$6,688,583</b>	<b>\$865,164</b>	<b>89%</b>

Fund balance in the Printing & Distribution Services Operating Fund remained stable despite a predicted decline in customer demand and revenues lower than budgeted. Expenses were lower in part due to the decline in customer demand. However, some large equipment purchases were delayed. This type of delay is only of concern if revenues remain weak and equipment cannot be replaced in a timely manner such that desired service levels can be maintained.

## Technology Services Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$23,696,318	\$23,696,318	\$0	100%
Charges for Services	226,341	177,810	48,532	79%
Intergovernmental Revenues	4,537,660	5,220,453	(682,793)	115%
Interagency Revenue	44,257,010	43,692,901	564,109	99%
Fund Transfers - Revenue	71,724	71,724	0	100%
Bond and Note	378,209	378,211	(2)	100%
Miscellaneous	438,446	481,491	(43,045)	110%
<b>Total Resources</b>	<b>\$73,605,708</b>	<b>\$73,718,907</b>	<b>(\$113,199)</b>	<b>100%</b>
<b>Requirements</b>				
Personnel Services	\$27,188,641	\$26,520,831	\$667,810	98%
External Materials and Services	16,862,748	14,839,709	2,023,039	88%
Internal Materials and Services	3,602,301	3,372,536	229,765	94%
Capital Outlay	1,426,488	102,240	1,324,248	7%
Bond Expenses	467,649	449,745	17,904	96%
Fund Transfers - Expense	5,434,621	5,434,621	0	100%
Contingency/Ending Balance	18,623,260	22,999,226	(4,375,966)	123%
<b>Total Requirements</b>	<b>\$73,605,708</b>	<b>\$73,718,907</b>	<b>(\$113,199)</b>	<b>100%</b>

Fund balance remained relatively stable in FY 2014-15, despite a projected decline. This resulted from underspending primarily in external materials and services as projects were not completed in the anticipated timeframe. Capital outlay was also underspent, in large part because expenses that were anticipated to be booked as capital expenses were re-characterized as materials and services expenses. Balance is maintained partly as an operating reserve (with a target of 5-10% of annual operating expenses) partly as technology reserve, and partly as major maintenance reserve.

## EBS Services Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$2,317,939	\$2,317,940	(\$1)	100%
Interagency Revenue	12,625,303	12,614,871	10,432	100%
Fund Transfers - Revenue	460	460	0	100%
Miscellaneous	20,000	25,520	(5,520)	128%
<b>Total Resources</b>	<b>\$14,963,702</b>	<b>\$14,958,791</b>	<b>\$4,911</b>	<b>100%</b>
<b>Requirements</b>				
Personnel Services	\$2,419,462	\$2,378,263	\$41,199	98%
External Materials and Services	1,560,210	637,770	922,440	41%
Internal Materials and Services	4,116,412	3,996,554	119,858	97%
Bond Expenses	4,394,125	4,394,125	0	100%
Fund Transfers - Expense	38,525	38,525	0	100%
Contingency/Ending Balance	2,434,968	3,513,554	(1,078,586)	144%
<b>Total Requirements</b>	<b>\$14,963,702</b>	<b>\$14,958,791</b>	<b>\$4,911</b>	<b>100%</b>

Materials and services were underspent but largely re-budgeted in the new fiscal year. This underspending falls to balance, providing the resource in the current year for the carried over projects described in the bureau's supplemental budget request.

## Insurance and Claims Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$23,606,136	\$25,360,382	(\$1,754,246)	107%
Interagency Revenue	9,185,767	9,102,850	82,917	99%
Fund Transfers - Revenue	772	772	0	100%
Miscellaneous	227,473	245,089	(17,616)	108%
<b>Total Resources</b>	<b>\$33,020,148</b>	<b>\$34,709,093</b>	<b>(\$1,688,945)</b>	<b>105%</b>
<b>Requirements</b>				
Personnel Services	\$1,246,501	\$1,144,199	\$102,302	92%
External Materials and Services	7,439,494	5,610,866	1,828,628	75%
Internal Materials and Services	2,531,881	2,514,631	17,251	99%
Bond Expenses	73,474	70,661	2,813	96%
Fund Transfers - Expense	206,254	206,254	0	100%
Contingency/Ending Balance	21,522,544	25,162,482	(3,639,938)	117%
<b>Total Requirements</b>	<b>\$33,020,148</b>	<b>\$34,709,093</b>	<b>(\$1,688,945)</b>	<b>105%</b>

Balance in the fund remained stable and above the bureau's projected ending balance based on lower-than-projected experience in FY 2014-15. The balance consists of an actuarial reserve and a rate stabilization reserve. While External Material and Services

(which largely represent claims paid) were lower than budgeted, total spending in this category was higher than spending in the last several years; FY 2007-08 was the last time External Materials and Services reached \$5.6 million.

**Workers' Compensation Self-Insurance Operating Fund**

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$15,996,571	\$16,284,954	(\$288,383)	102%
Interagency Revenue	3,739,542	3,716,988	22,555	99%
Fund Transfers - Revenue	365	365	0	100%
Miscellaneous	128,215	394,277	(266,062)	308%
<b>Total Resources</b>	<b>\$19,864,693</b>	<b>\$20,396,584</b>	<b>(\$531,891)</b>	<b>103%</b>
<b>Requirements</b>				
Personnel Services	\$1,180,402	\$1,093,338	\$87,064	93%
External Materials and Services	3,785,821	3,073,807	712,014	81%
Internal Materials and Services	663,560	637,961	25,600	96%
Bond Expenses	68,726	66,095	2,631	96%
Fund Transfers - Expense	163,792	163,792	0	100%
Contingency/Ending Balance	14,002,392	15,361,591	(1,359,199)	110%
<b>Total Requirements</b>	<b>\$19,864,693</b>	<b>\$20,396,584</b>	<b>(\$531,891)</b>	<b>103%</b>

Fund balance declined over the course of the year, although not by as much as projected in the FY 2014-15 budget. Claims experience was less than projected. As with the Insurance and Claims Operating Fund, the balance consists of an actuarial reserve and a rate stabilization reserve.

## Health Insurance Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$15,316,247	\$15,316,246	\$1	100%
Charges for Services	57,410,845	57,169,933	240,913	100%
Interagency Revenue	140,429	211,939	(71,510)	151%
Fund Transfers - Revenue	27	27	0	100%
Miscellaneous	909,301	982,361	(73,060)	108%
<b>Total Resources</b>	<b>\$73,776,849</b>	<b>\$73,680,505</b>	<b>\$96,344</b>	<b>100%</b>
<b>Requirements</b>				
Personnel Services	\$1,395,358	\$1,343,996	\$51,362	96%
External Materials and Services	55,825,459	52,917,299	2,908,160	95%
Internal Materials and Services	543,457	509,037	34,420	94%
Bond Expenses	31,090	29,900	1,190	96%
Fund Transfers - Expense	283,579	283,579	0	100%
Contingency/Ending Balance	15,697,906	18,596,694	(2,898,788)	118%
<b>Total Requirements</b>	<b>\$73,776,849</b>	<b>\$73,680,505</b>	<b>\$96,344</b>	<b>100%</b>

The fund balance in the Health Insurance Operating Fund grew considerably with positive claims experience and revenues to plan. This increased balance is, in part, the factor that allowed for FY 2015-16 rates to be lower than originally projected. CBO notes that interagency revenues for administration and support were higher than budgeted. Going forward the bureau should ensure that there is sufficient budget of this account.

**Spectator Facilities Operating Fund (Renamed for FY 2015-16 to Spector Venues and Visitor Activities Fund)**

	<b>Revised Budget</b>	<b>Year-End Actuals</b>	<b>Variance</b>	<b>Percent of Budget</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$6,399,542	\$6,399,542	\$0	100%
Charges for Services	7,217,448	8,651,919	(1,434,471)	120%
Intergovernmental Revenues	2,037,121	2,037,122	(1)	100%
Fund Transfers - Revenue	7,670	7,670	0	100%
Bond and Note	20,000	5,469,700	(5,449,700)	27349%
Miscellaneous	50,000	92,058	(42,058)	184%
<b>Total Resources</b>	<b>\$15,731,781</b>	<b>\$22,658,010</b>	<b>(\$6,926,229)</b>	<b>144%</b>
<b>Requirements</b>				
Personnel Services	\$310,268	\$229,839	\$80,430	74%
External Materials and Services	4,033,350	2,091,776	1,941,574	52%
Internal Materials and Services	322,750	237,998	84,752	74%
Capital Outlay	1,000,000	178,709	821,291	18%
Bond Expenses	6,582,747	12,031,172	(5,448,425)	183%
Fund Transfers - Expense	219,924	219,924	0	100%
Contingency/Ending Balance	3,262,742	7,668,593	(4,405,851)	235%
<b>Total Requirements</b>	<b>\$15,731,781</b>	<b>\$22,658,010</b>	<b>(\$6,926,229)</b>	<b>144%</b>

Revenues were strong in the Spectator Facilities Operating Fund due to the Blazers and Winterhawks playoff appearances. A refunding of the \$5.4 million 2005 Arena bonds is the driver of both the higher than budgeted bond expenses and revenues. This overspending of appropriation is allowable under state budget law so that governments can swiftly take advantage of positive interest rate environments to refinance without requiring supplemental budget authority.

## Public Safety GO Bond Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$23,699,145	\$23,699,145	\$0	100%
Bond and Note	19,832,649	18,976,921	855,728	96%
Miscellaneous	40,000	101,950	(61,950)	255%
<b>Total Resources</b>	<b>\$43,571,794</b>	<b>\$42,778,017</b>	<b>\$793,777</b>	<b>98%</b>
<b>Requirements</b>				
Personnel Services	\$335,490	\$265,822	\$69,668	79%
External Materials and Services	12,133,856	8,466,959	3,666,897	70%
Internal Materials and Services	1,346,425	1,039,663	306,762	77%
Capital Outlay	15,518,076	1,878,551	13,639,525	12%
Bond Expenses	173,721	85,113	88,608	49%
Fund Transfers - Expense	126,709	126,396	313	100%
Contingency/Ending Balance	13,937,517	30,915,511	(16,977,994)	222%
<b>Total Requirements</b>	<b>\$43,571,794</b>	<b>\$42,778,017</b>	<b>\$793,777</b>	<b>98%</b>

The Public Safety GO Bond Fund had its third debt sale in FY 2014-15. The sale occurred in June, so many of the associated expenses were not be incurred until after the end of the fiscal year. The fund is managed by OMF; however, spending occurs in both OMF and Portland Fire & Rescue (PF&R). Underspensing in personnel services is related to the radio project which had fewer staff working on it during FY 2014-15 than was anticipated. Underspensing in External Materials and Services is related in part to the Station 21 project coming in under budget and slower than planned expenses on the radio project. Capital outlay underspensing is largely in PF&R with \$12.2 million underspensing on fire apparatus.

### Other Funds

OMF budgets and spends in several other funds. A group of these funds are effectively funds that pass through resources generated through taxes, fees, and other charges to a dedicated recipient or recipients. These include the Property Management License Fund, the Convention and Tourism Fund, and the Arts Education and Access Fund. None of these funds had significant issues in FY 2014-15.

Additionally, OMF budgets and spends in the Grants Fund. This budget was minimal in FY 2014-15. Expenses are in almost all cases reimbursable by outside grants. There were no issues in this fund.

Finally, OMF budgets and spends in the BFRES Facilities GO Bond Construction Fund. Bond proceeds remain in this fund and project spending continues to draw down balances as anticipated.

### **Capital**

The total OMF capital program was budgeted at \$23.2 million in the FY 2014-15 Adopted Budget. That increased to \$47.1 million in the Revised Budget, primarily related to the carryover of multi-year funding for Citywide Projects.

Spending for the year was \$32.8 million with Citywide Projects accounting for \$14.9 million, CityFleet accounting for \$9.8 million, and Facilities accounting for \$4.6 million. The remainder was spent on smaller programs throughout the bureau. The Revised Budget for Facilities was underspent by 47% based primarily on savings of \$470,000 on the Station 21 project (for total project savings of \$1.4 million) and the Portland Communication Center roof project which was funded as part of the General Fund capital set-aside but not started in the fiscal year.

### **Decision Packages**

The majority of OMF's decision packages were implemented as anticipated. For full bureau updates, refer to the bureau submittal (<http://www.portlandoregon.gov/cbo/article/547549>). Below are comments on several packages of note:

- Fleet/Public Works Facility Master Plan is underway to plan for the N Kerby Avenue and Albina Yard properties. The plan will look at opportunities to create a consolidated central campus to improve safety, efficient storage of equipment, and enhance shared operational efficiencies between and within bureaus. The RFP process is ongoing. Out year funding for implementation of this plan has not yet been identified. Reduced reliance on leased properties could result in as much as \$500,000 annually. CBO recommends that the master plan (or subsequent bureau work) include a business case for pursuing the recommendations.
- In the FY 2014-15 Spring BMP, the Portland Police Bureau transferred \$500,000 to Facilities for major maintenance (request MF\_167). While the bureau update notes that these funds were transferred, it should be noted that the funds were

transferred back to address priority needs in PPB. This transfer was discussed in the Fall Supplemental Review

(<http://www.portlandoregon.gov/cbo/article/549799> p. 85)

- In FY 2014-15, OMF carried over unspent Innovation Funds for the Tax Data Exchange Program with the IRS. Additional one-time funding totaling \$481,350 was added as part of the FY 2015-16 budget. OMF has indicated that initial transmissions of data have begun. The Bureau expects this project to result in reduced administrative burden resulting from increased e-filing and increased General Fund revenues. OMF has indicated additional funding requests will likely be included as part of the FY 2016-17 budget. CBO recommends that these requests include a discussion of anticipated administrative savings associated with increased e-filing as well as estimates of possible offsets.
- The FY 2014-15 budget included \$59,350 from the Facilities Operating Fund contingency for the upgrade of the division's work order system. The bureau contracted for consulting services related to evaluation and selection of a technology solution. The SAP Enterprise Asset Management suite of modules (including plant maintenance and flexible real estate) was selected and will be implemented by EBS. Approval was received by the executive steering committee in August 2015. Costs for the implementation are estimated at \$1.2 million and will be funded with EBS contingency as this will be Citywide function. Production release is scheduled for mid-2017.
- BTS has indicated that the disaster planning analyst that was funded on a limited term basis has proved difficult to recruit given the short funding duration. The bureau has stated that it is exploring possibilities to make the recruitment more attractive by pooling funding with the Portland Bureau of Emergency Management which has been challenged to hire a similar position.

### **Budget Notes**

OMF was directed to "report on options for consolidating [customer] statement of all City services. The report shall identify relevant bureaus, services and statements, potential costs, and an implementation timeline."

A report on what was referred to as the Consolidation Inquiry was released in June 2015 that addressed issues and opportunities in several administrative areas including revenue collection, facilities management, and PTE coordination. This report did identify relevant bureaus (i.e. those collecting revenues from the public), and did collect information on services through a questionnaire. However, the scope of the analysis did not focus on costs or implementation timeline of a consolidated statement for customers, as required by the budget note. The report did develop a matrix of opportunities for improving the revenue collection process.

The Consolidation Inquiry was underway prior to the adoption of the budget note, with the impetus being a response to a consultant study in early 2014. As early as June 26, 2014, the meeting notes captured the following: “The group discussed ways in which the data will be collected. Focus of the conversation centered on ensuring that research is targeted and pertinent. It is essential that the purpose of the study, to determine opportunities for improvement of efficiency, remain central as data is collected.” It seems that from early on, the focus of the group was on improving existing processes, not on exploring the feasibility or cost of consolidating statements as required by the note. According to the bureau response, action on this note is ‘Deferred’.

Based on subsequent CBO inquiries to OMF, it appears that there were discussions among revenue collecting bureaus specifically regarding the consolidation of statements. However, some significant operational hurdles were identified early in the process. As an example of these challenges, a consolidated statement would beg the question of how to apply partial remittances and the implications and response for the unpaid portions; each fee, charge, assessment, etc. has a different consequence for non-payment, so partial payment would create ambiguity around which consequence to enforce. Therefore, a protocol would be required to ‘waterfall’ the remittance.

According to OMF leadership, “The bureau directors involved in the analysis OMF completed around revenue collection consolidation did not make a recommendation to consolidate a statement of City services. A consolidated statement effort cannot move forward successfully without the support of the revenue-collecting bureaus or a consolidation of the revenue collection function.” OMF does not plan any further work

on a consolidated statement at this time due to the operational challenges in implementation.

# General Fund Special Appropriations

Analyst: Doug Le

## Summary

Overall, the General Fund Special Appropriations bureau underspent its appropriation by approximately \$310,000. This is due to advances that were made to grantees in FY 2013-14, but not recovered (i.e. reported as spent and the service delivered by the grantee) by year end close. Unused funds were carried over into next fiscal year when these outstanding advances were expected to be recovered. Special Appropriations was not required to develop Key Performance Measures as part of the FY 2015-16 budget development.

## Budget-to-Actuals

### General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
<b>Resources</b>				
Intergovernmental Revenues	\$37,157	\$22,513	\$14,645	61%
Interagency Revenue	131,067	127,843	3,225	98%
Miscellaneous	0	12,217	(12,217)	N/A
General Fund Discretionary	8,864,034	8,559,422	304,612	97%
General Fund Overhead	156,333	156,333	-	100%
<b>Total Resources</b>	<b>\$9,188,591</b>	<b>\$8,878,327</b>	<b>\$310,264</b>	<b>97%</b>
<b>Requirements</b>				
Personnel Services	\$224,366	\$255,647	(\$31,281)	114%
External Materials and Services	8,957,990	8,620,271	337,719	96%
Internal Materials and Services	6,235	2,409	3,826	39%
<b>Total Requirements</b>	<b>\$9,188,591</b>	<b>\$8,878,327</b>	<b>\$310,264</b>	<b>97%</b>

Bureau Personnel Services ended the fiscal year by overspending budgeted amounts by \$31,281, or 14%. This is due to a technical issue involving the COPPEA Professional Development Account. Funding for the administrative costs for the account was charged to Personnel Services, but it was inadvertently budgeted in External Materials and Services.

Bureau External Materials and Services is comprised of one-time and ongoing resources set-aside by Council to fund various special appropriations. These resources are for

citywide expenditures and grant funding to non-profit organizations serving residents in the City. These are primarily social services that, while beneficial to City residents, do not fit naturally in any specific bureau in the City. The underspending in this category is due to the timing of the recognition of expenditures when funds were disbursed to grantees. Unused funds are carried over to the next fiscal year when outstanding advances are expected to be recovered.

Internal Materials and Services includes resources for the Office of Youth Violence Prevention (OYVP) to fund interagency costs related to services provided by the Office of Management and Finance. Most of the expenditures in this category were recorded in the Mayor's Office where the OYVP was previously situated before its transfer to Special Appropriations.

### **Decision Packages**

In FY 2014-15, Council approved a total of \$9,188,591 in one-time and ongoing resources for Special Appropriations. These resources are for payments to non-City agencies, funding for some City programs, as well as some City set-asides. Major decisions include: \$288,791 in ongoing General Fund resources for the Mt Hood Cable Regulatory Commission, which was a program transferred from the Revenue Bureau. Council also approved continued ongoing funding in the amounts of \$3,803,251 for Regional Arts and Culture; \$831,905 for the Portland Center for Performing Arts; and \$432,000 for the Future Connect Scholarship. One-time funding was approved in the amounts of \$100,000 for Earl Boyles Elementary School; \$50,000 for the Utility Review Blue Ribbon Commission; \$190,000 for Symphony in the Park; and \$250,000 for the Regional Arts & Culture Council Project Grant Program.

### **Budget Notes**

The bureau had one budget note, directing the City to work with the Regional Arts and Culture Council to establish an appropriate funding methodology for determining RACC's annual funding level, and bring forward any necessary contract amendments in advance of the FY 2015-16 budget process. In addition, the note directed the City to work with regional governments and other stakeholders to increase their financial support for RACC.

The note was completed successfully as the City revised its contract with RACC to clarify how increases in RACC funding would be determined. The result was to redefine increases as follows:

“The City shall annually increase the yearly funding target by an amount equal to the annual growth rate in the Portland urban wage earners index (CPI-W), as forecast by the City Budget Office for the upcoming Fiscal Year, or the actual growth rate in the Transient Lodging Tax (TLT) revenues for the prior fiscal year, whichever is greater. An increase based on the TLT growth rate shall be no more than 4%.”

In most years of economic growth, RACC’s appropriation will increase by the maximum 4%. In periods of economic slowdown, RACC will likely see its Current Appropriation Level target increase by the CPI-W.