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# CITY OF PORTLAND FISCAL YEAR 2022-23 FALL SUPPLEMENTAL BUDGET EXECUTIVE SUMMARY

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City Budget Office

Financial analysis for the City of Portland.



## Introduction

The Fall Budget Monitoring Process (or Fall “BMP”) has two major functions—giving Council and the public a summary of prior year budget activity including prior year performance and making technical adjustments to the current fiscal year budget to reflect prior year-end accounting. Additionally, bureaus may request one-time General Fund contingency resources for urgent and unforeseen issues that cannot be absorbed within existing budgeted resources. There are no ongoing General Fund resources available during the Fall Budget Monitoring Process.

In total, bureaus submitted 253 decision packages, predominantly for technical changes and true-ups. **However, bureaus submitted 56 decision packages totaling approximately \$37 million in new requests for General Fund unrestricted contingency, far surpassing available one-time resources.** In addition, in the FY 2022-23 Adopted Budget, Council funded several millions of dollars in new programming and positions with one-time-only resources that will expire at the end of the year. Finally, additional current year costs are anticipated to occur as a result of in-progress labor bargaining efforts as well as potential voter-approved charter change. **Available one-time General Fund ending balance resources are likely to be required to fund current year needs as well as the continuation of expiring programs and positions.** As such, CBO has only recommended funding for:

- Infrastructure needs that pose life and safety risks if not immediately addressed;
- Critical technology projects and Human Resources capacity to help address core operational issues affecting all City bureaus; and
- Studies or projects that help advance equity and/or are expected to result in new resources for the City.

Given notable Citywide vacancies and large one-time funding allocations made during the budget process, CBO is generally recommending that bureaus prioritize resources within their existing budget for urgent and unforeseen costs. For new ongoing programmatic requests, bureaus should submit a decision package in FY 2023-24 budget development so the request can be considered alongside other City priorities.

These recommendations are based upon information available to CBO during September and based upon requests submitted by bureaus on September 7<sup>th</sup>.

## Current Budgetary Context and Key Issues

Two and a half years after the start of the COVID-19 pandemic, the City continues to face multiple challenges financially and operationally. In conducting reviews, CBO analyzed and considered key operational and financial issues facing the City. The following three key themes emerged during CBO reviews and significantly influenced CBO recommendations.

## Growing financial cliff due to programmatic reliance on one-time-only funds

The financial uncertainty caused by the pandemic and the influx of federal relief dollars has resulted in an extraordinary amount of available one-time resource over the past two years – a total of over \$437 million. These dollars have been a lifeline for critical services during a time of great need. Even so, the Budget Office has consistently encouraged the Council and bureaus to follow City Financial Policy and ensure one-time investments are for one-time needs. In the event that one-time dollars are needed to fund operations, CBO has advised bureaus and Council to plan for the sunseting of those programs funded with one-time resources in tandem with the sunseting of the available resource.

The FY 2022-23 Adopted Budget includes almost \$247 million in one-time General Fund discretionary and federal relief dollars that will expire in the next two years. While some of this resource was expended on one-time needs, a significant amount of programs and positions were also supported with this one-time resource. In total, the budget includes funding for 276 limited term positions. Some of these positions are funded internally with bureau resources, but the majority were funded via one-time Council allocations: the budget includes \$103.6 million in one-time General Fund discretionary resources, including carryover from prior year allocations and support for 103 limited term positions. In addition, Council allocated \$143.8 million in one-time American Rescue Plan Act resources (again including carryover from prior year allocations), which funds another 63 FTE.

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**\$247 million**

one-time-only General Fund & federal ARPA resources in the FY 2022-23 Adopted Budget

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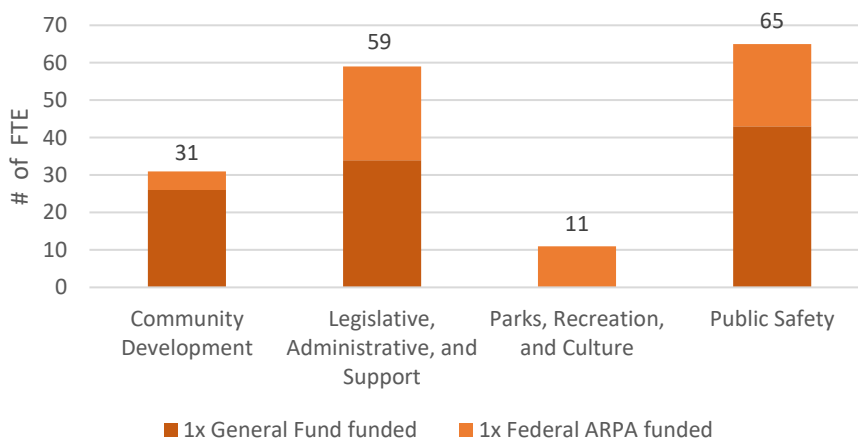
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**166**

Full Time Equivalent positions funded with one-time resource expiring in the next 1-2½ years

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Limited-Term Positions funded with one-time-only resources in the Adopted Budget



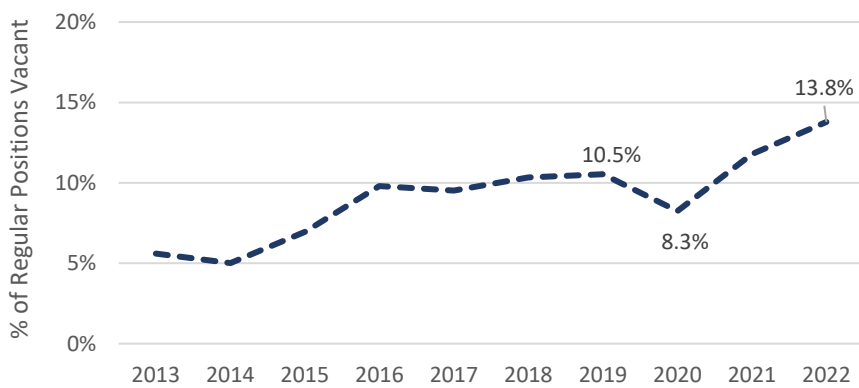
The volume of this investment has major implications for the financial sustainability of the City’s core services. The FY 2022-23 Adopted Budget included approximately \$623 million in ongoing General Fund discretionary resources; over three-quarters of this funding goes to fund services within the Police Bureau and services for police accountability, services within the Fire Bureau, Portland Parks and Recreation, and housing and homeless services. Without significantly reducing a core City service, it is highly unlikely that the General Fund will be able to continue funding the majority of the programs

funded with one-time resource over the past year. CBO continues to recommend that the Council and bureaus plan for the sunseting of the vast majority of programs funded with one-time resources. In this Fall Supplemental Budget, CBO heavily cautions against increasing the size of this financial cliff by further allocating one-time resources for ongoing programs.

### High City staff vacancy rates compound challenges of meeting service demands

The recent addition of hundreds of positions and hundreds of millions of dollars in new programming also has major implications for bureau operations as bureaus attempt to rapidly and dramatically scale up operations. The challenge of scaling up operations has been exacerbated by turnover across the City.

City of Portland Regular Position Vacancy Rates  
August 2013 through August 2022



Citywide, the employee vacancy rate for regular positions<sup>1</sup> has climbed from 8.3% in 2020 to 13.8% as of August 1<sup>st</sup>, 2022. Vacancy rates are likely reflective of both the addition of significant new positions and attrition in existing positions. This increase in vacancies is consistent across all City service areas and highlights both the significant operational challenges bureaus are facing as well as the unusually high amount of vacancy savings available.

With an average time to fill vacant positions of nearly three months -

not including the classification and compensation review required to establish new positions – **adding new FTE at this time does not pose an immediate solution to bureau capacity issues.**

### Dramatic increase in 1x resources combined with capacity issues leads to underspending

The combination of a large influx in resources with capacity challenges has led to larger-than-usual levels of annual underspending. In FY 2021-22, bureaus underspent their General Fund operating budgets by over \$40 million. The majority of these resources – over \$23 million – are being requested and recommended as carryover for one-time projects or expenses that were not completed before the end of the fiscal year. Over \$17 million is bureau underspending that is returning to the General Fund as part of the excess balance calculation.

Some level of annual underspending is expected as bureaus are encouraged to stay within budget. However, a significant amount of underspending can have adverse consequences in the form of lower service levels and opportunity costs from the loss of meeting other service needs and outcomes if the funds were allocated to something else. Over half of all General Fund bureaus underspent their budgets by over 10% before processing carryovers. After allowing for carryovers, six bureaus underspent their budgets by over 10%.

Two bureaus —the Office of Management & Finance and the Police Bureau—made up a majority, or \$8.9 million, of the General Fund’s operating budget underspending in FY 2021-22. The Office of Management and Finance ended the year with \$4.4 million in unspent General Fund resources, representing about

<sup>1</sup> Regular positions do not include limited-term positions, double-filled positions or casual employees; thus, the vacancy data does not reflect any recently added yet unfilled limited-term positions.

15% of their General Fund discretionary allocation. The Community Safety Division (CSD) made up \$1.7 million of the OMF's underspending, for resources allocated toward personnel and external materials and support services. The remainder of OMF's underspending was driven by the 311 Program and BFRS. The Police Bureau had the highest dollar value of General Fund underspending at \$4.5 million due to significant personnel vacancies throughout the year as well as funds falling to balances for programs that did not come to fruition. While this is a large dollar value, the Police Bureau rate of underspending was 2%, which is more in line with typical rates of underspending. Other bureaus that experienced high rates of underspending relative to their allocation include the Office of Equity and Human Rights, the Office of Government Relations, and the City Attorney.

Given the prior year underspending trends in bureaus that received significant increases in one-time funds in FY 2021-22, CBO's analysis points to the need for bureaus to address operational issues and actively monitor budgets for underspending before requesting additional funds.

Additionally, this trend points to the need to focus on key operational processes – most notably, human resources, procurement services, and technology services - that will assist all bureaus in successfully deploying allocated resources for needed services. As a result, CBO recommendations include support for elements of these key functions to address bureau capacity challenges.

## General Fund Beginning Fund Balance and Available Contingency

Following the close of each fiscal year, the City Budget Office (CBO) works with the Accounting Division in the Office of Management and Finance and with City bureaus to identify "excess" General Fund beginning balance. This occurs when bureaus underspend their budgets and/or when actual revenues are realized above what was forecasted.

After adjusting for carryovers and true-ups, the City closed FY 2021-22 with \$27.7 million in excess General Fund balance. Per City policy, half of this balance - \$13.86 million – goes into the City's Capital Set-aside account and half – the other \$13.86 million – contributes to one-time General Fund unrestricted contingency, which can be used for current year urgent and unforeseen needs and is otherwise available for allocation during the annual budget development process.

The FY 2022-23 Adopted Budget included \$3.0 million in unrestricted General Fund contingency. Adding the excess balance yields \$16.9 million in unrestricted contingency, which is available for appropriation by the Council. While this provides the Council and the City with significant flexibility to address urgent needs throughout the year, CBO notes that many jurisdictions do not make excess year-end balance available for appropriation during the fiscal year and opt instead to make the additional revenue part of the next year's budget process. This practice allows for a larger volume of resources to be considered and allocated holistically, more opportunity for proposal development, and may reduce the need for budget cuts as part of the annual process.

While there are urgent and unforeseen needs that require one-time contingency allocation this fall, **CBO encourages the Council to consider putting the majority of this balance aside for other potential current year costs and for proposals to be considered through the annual budget process.** As noted above, there are likely and potential current year one-time costs that the City will incur, and there are currently millions of dollars' worth of programs and positions that are supported with one-time resources which will sunset at the end of this fiscal year, in addition to other critical operational and funding gaps that have been identified for Council related to core administrative functions, public safety, community development, climate change, equity, and much more.

## CBO Recommendations

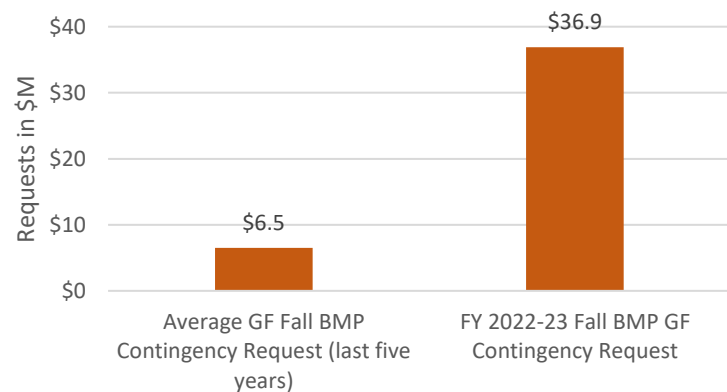
In total, bureaus submitted 253 decision packages containing distinct requested budget changes for Council consideration in the Fall Supplemental Budget. CBO reviewed each request and provided detailed analysis on any decision packages that impact the General Fund in the Fall BMP General Fund Analysis Report. What follows below are summaries and notable highlights from CBO reviews and recommendations.

### Requests for General Fund Contingency

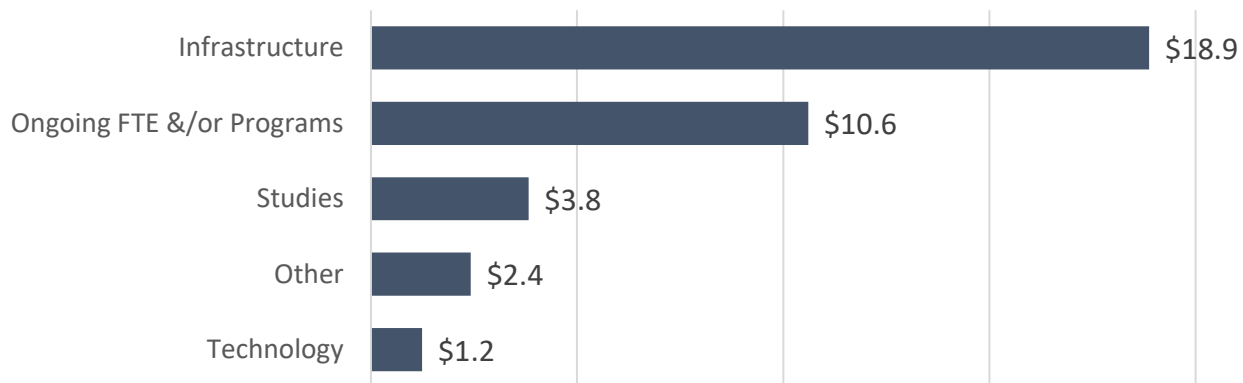
**Bureaus requested approximately \$37 million in new General Fund support.** For context, bureaus have requested an average of just over \$6.5 million in General Fund contingency for urgent and unforeseen needs in the last five Fall Budget Monitoring Processes. Given the volume of one-time funding allocated over the last two fiscal years, CBO suggests that the record total of FY 2022-23 Fall BMP requests may be more indicative of ongoing operational issues, the high number of Citywide vacancies, procurement timelines, and the challenges of implementing new and/or large programs.

**Indeed, CBO’s analysis found that \$10.6 million of the submitted requests were for ongoing positions and/or programming.** Although funding was technically requested as one-time per Fall BMP guidance, bureaus explicitly noted the intent to ask for ongoing funding to support these costs in future years. Per City Financial and Position Control policies, and in alignment with the adopted City Core Value of fiscal responsibility, CBO generally does not recommend funding ongoing costs with one-time resources.

Requests for General Fund contingency are 5x greater than average recent requests



### Total GF Contingency Requests by Type (in Millions)



In considering the tradeoffs between current and future funding needs, CBO did ultimately recommend funding for requests that:

- Address critical operational issues, particularly for central processes that have a Citywide impact like human resources and procurement
- Provide support for business-critical technology projects that would result in process improvements and/or would significantly impact operations if not implemented on time; CBO will work with the Bureau of Technology Services to help provide better guidance moving forward for bureaus to more reasonably assess what capacity is required for project management
- Support specific major maintenance projects that have significant safety and operational consequences if not funded now
- Are expected to lead to new ongoing revenue or savings
- Cannot reasonably be delayed to budget development and have no reasonable funding alternative

Specifically, CBO recommends appropriating \$6.0 million of unrestricted contingency and \$13.9 million in capital set-aside resources toward the requests summarized below, which include:

- \$150,000 in the Office for Community Technology for Community Broadband Mapping given the equity implications and potential for increased grant revenue for the City
- \$185,390 in Fund & Debt Management to pay off the City and Peninsula-1 Drainage District's Levee Ready Columbia loan, resulting in ongoing and one-time savings to the General Fund
- \$150,859 in Portland Fire & Rescue for implementation of a new Inspection program module that will be self-funded once launched
- \$70,981 in Portland Fire & Rescue for critical data analytical support to help inform next steps of the staffing study
- \$462,780 in the Office of Management & Finance (Bureau of Revenue & Financial Services or BRFS) for a multi-year position to support SAP upgrades, resulting in process improvements, enhanced cybersecurity, and better service to bureaus and the community
- \$480,000 in BRFS for Clean Air Construction Support to ensure that DMWESB firms working on City construction projects are able to meet the January 2023 compliance deadline to retrofit nonroad diesel equipment
- \$850,000 in BRFS for a Disparity Study for an outside consultant to review disparities in City procurement contracts awarded to minority- and women-owned construction firms
- \$285,000 in Office of Management & Finance (Division of Asset Management) – for City Hall Security Improvements
- \$377,250 in Office of Management & Finance (Bureau of Human Resources or BHR) for critical administrative support of payroll's multi-year migration from their existing software to SAP Employee Central
- \$632,300 in BHR to support the completion of a PROTEC 17 Classification and Compensation Study as agreed to in a prior bargaining cycle
- \$19,000 in BHR for the City's FEMA match requirement for COVID-related program costs
- \$80,000 in the Office of Community & Civic Life for East Portland Community Office relocation, as the costs have significantly exceeded what Council allocated for this purpose
- \$65,000 in Special Appropriations for Statue Relocation and Storage in the City Arts program given the lack of alternatives and need to move the monuments from their current leased facility
- \$9,220,000 for Kerby Fleet Maintenance Facility replacement land acquisition and related costs
- \$6,500,000 for the City's remaining share of an in-progress project with Multnomah County to replace the Justice Center's incoming electrical service, risers, and distribution system

## Policy Set-aside

- CBO budgeted several allocations from available ending balance as directed in an FY 2022-23 Adopted Budget note:
  - \$3.0 million for Portland Harbor restoration.
  - \$500,000 for future Council transition costs. This will function as a reserve for any Council office transitions that may occur over the next several years.
  - \$1.0 million for an emergency reimbursement fund in Special Appropriations. This will allow for up-front payments for severe weather activations or other emergency activation costs, for which the City will seek reimbursement from FEMA, the Joint Office of Homeless Services, or other jurisdictions as appropriate.
- CBO budgeted draws on policy set-aside allocations already approved by Council:
  - \$200,000 for the Office of the City Attorney from the Legal Priorities Reserve, a fund within the Citywide Obligations Reserve Fund (CORF), to pay the settlement authorized by City Council, Ordinance No. 190921.
  - An additional \$129,019 was budgeted to replenish this reserve for future costs
  - \$89,000 is being authorized as carryover for the Portland Metropolitan Levee System project in Special Appropriations
  - \$335,000 is requested to be allocated for Behavioral Health Emergency Coordination Network contract costs in the Community Safety Division.
  - \$670,000 is being re-budgeted to PBOT for O’Bryant Square construction costs.

## Encumbrance and Non-encumbered Carryovers.

Encumbrance carryovers allow bureaus to request unspent resources from the prior year be carried over and reallocated for one-time costs that are not part of the bureau’s regular operating budget. Bureaus submit a list of purchase orders that have been “encumbered” in the Accounting system, generally for consulting agreements, one-time furniture purchases, or other contracts. This is a largely technical adjustment that ensures that funding that was contracted out in the prior year is available in the current fiscal year when the services will be delivered and the corresponding expenses hit bureau budgets.

For the FY 2022-23 Fall BMP, special guidance allowed bureaus to request carryover for non-encumbered costs related to one-time allocations approved by Council. This was included in recognition of the fact that Council allocated a large amount of one-time resources in the prior fiscal year and resources were slower to go out the door due to staffing and procurement capacity issues.

Additionally, per a FY 2022-23 Council-adopted Budget note, Portland Parks & Recreation was directed to pursue a proposed “leveraged funding model” that blends Parks 2020 Local Option Levy resources with General Fund resources in Fund 100 and was directed to be allowed to carryover any FY 2021-22 General Fund account underspending in the FY 2022-23 Fall BMP. As a result of the implemented funding plan, \$22.3 million of Levy resources which were budgeted to support Levy-eligible expenditures in the General Fund were retained in the Levy fund and are available for re-appropriation on Levy-eligible uses.

In total, CBO recommended \$24.3 million in one-time General Fund encumbrance carryovers. The largest carryovers were for the Joint Office of Homeless Services for shelter capital costs and Special Appropriations for a variety of agreements across programs.

## Notable General Fund Technical Adjustments & True-Ups

- \$2.6 million is being **transferred from the General Fund to the Housing Investment Fund in the Portland Housing Bureau**, recognizing actual Short-Term Rental Revenue tax receipts from the prior year
- \$800,000 in General Fund resources allocated to the **Office of Management & Finance’s Community Safety Division for Safer Summer PDX**, Portland’s plan for reducing gun violence, is being transferred to the Portland Bureau of Transportation. This funding will support the Integrated Street Safety Initiative which uses various interventions, including traffic calming strategies to discourage cut-through traffic and slow speeding cars to prevent firearm violence.
- Several programs are being realigned between bureaus:
  - **Crime Prevention:** The Office of Management & Finance’s Community Safety Division and the Office of Community and Civic Life are making true-ups between the Adopted Budget realignment for the Community Safety Team.
  - **BoyStrength:** The Office of Management & Finance’s Community Safety Division is transferring \$122,838 in funding for the BoyStrength Program Director to Special Appropriations where the program will be supported by a team of violence prevention professionals in the Office of Violence Prevention.
  - **Graffiti Program Transfer:** The Office of Community and Civic Life is transferring the Graffiti program to the Bureau of Planning and Sustainability (BPS) to consolidate decision-making and management tasks related to cleaning up the city and addressing livability issues.
  - **Policing-Focused Equity Analyst:** The Office of Equity and Human Rights is transferring a Policing-Focused Equity Data Analyst to the Portland Police Bureau to reduce bureaucratic barriers, allow the analyst to work directly with the staff they support, and provide a more accurate reflection of the bureau overseeing and directing this position’s work. The analyst works with Portland Police Bureau’s Equity and Inclusion Office and Strategic Services Division.

## Non-General Fund Changes

The Fall BMP includes dozens of packages with non-General Fund true-ups, technical changes, position changes, and non-General Fund contingency draws. The Budget Office has reviewed each package, and highlights below notable and/or larger dollar value adjustments:



## Bureau of Development Services

- During the FY 2021-22 Spring BMP process, City Council allocated the Bureau of Development Services (BDS) \$2.3 million in one-time General Fund discretionary resources to fund the hiring of 12.0 FTE limited term positions. In the Fall BMP, BDS is requesting to convert these 12 limited term positions to regular positions, with the ongoing costs of the positions being funded with fees and permit revenue following the one-time General Fund subsidy. It is pertinent to note that Council allocated \$2.3 million in one-time resources to restore development services workforce levels during the FY 2021-22 Spring BMP process, but also directed the bureau to reallocate \$1.2 million of the approved resources to support its Neighborhood Inspections program.
- BDS also requested Development Services contingency resources to support an additional 5.0 FTE staff positions. The positions requested are for specific classifications and work groups within the bureau and will address areas of need which cannot be filled with existing staff capacity. All positions in this decision package will be funded with BDS fees and permit revenues, and BDS notes that current financial projections indicate sufficient revenues to support the positions until FY 2026-27.
- BDS requested to rollover \$962,291 unspent resources from the Shelter Permit Reimbursement Fund into the current year. Council approved \$1 million to reimburse applicants for and/or waive shelter permit fees during FY 2021-22 Fall BMP. In FY 2021-22 Spring BMP, BDS moved to separate the Fund from its Operational Fund (Fund 203), thereby creating Fund 203001.

## Bureau of Environmental Services

- BES is requesting \$20 million in technical adjustments to reduce the budget of nine capital projects in order to cover increased expenses for the Secondary Treatment Expansion Program (STEP). The nine capital projects were chosen due to intentional and circumstantial delays connected to procurement delays and under-resourced staffing levels. While the bureau was able to manage the Current Year increased expenses for STEP within its existing budget without drawing from contingency, out-year strategies for both known (STEP) and unknown (Portland Harbor Superfund) expense pressures will likely look different. They are presently working on reprioritizing their Capital Improvement Plan (CIP), looking at cost cutting measures, and reevaluating programs to balance their CIP but are also looking to materially increase rates above what was previously forecasted in the FY 2022-23 budget process over the next five years.
- BES is drawing \$2.1 million from the Sewer Operating Fund's contingency to fund new, urgent, and unforeseen work including five mobile security units (\$147,000), services and equipment to support staff (\$61,600), and treatment chemicals due to contract price increases and higher usage (\$1.9 million). They are also drawing \$62,500 from the Sewer Operating Fund's contingency to fund a quarter of an Infrastructure Development Services Manager in PBOT that will work to implement changes related to team development, decision making, improving customer service, and overall culture. This position will lead and supervise the four infrastructure development review managers (Water, BES, PBOT, and Parks).

## Bureau of Planning & Sustainability

- The Bureau of Planning & Sustainability (BPS) is increasing beginning fund balance by \$105.1 million within the Portland Clean Energy Fund (PCEF), reflecting additional tax revenues collected in FY 2021-22. This includes \$13.7 million in fund encumbrance carryover, \$1.9 million

to advance recovery, and \$42.2 million to fund grants awarded in ordinance 190343, 190670, and 190808 but not yet encumbered. The bureau initially planned to allocate a series of grants in FY 2021-22 but has delayed that process to FY 2022-23, resulting in a high beginning fund balance.

- BPS is making several technical adjustments which aim to streamline and resource initiatives surrounding the trash pickup and livability priorities of City Council. This includes \$468,000 in interagency revenue from the Public Environment Management Office to fund a limited term Graffiti Program supervisor and two limited term positions to perform data management, analysis, and sharing from the Smart City PDX Community Data Services program.

### **Office of Community and Civic Life**

- The Office of Community and Civic Life requested \$1 million of Reimagine Oregon Fund resources to be transferred to its Social Equity & Educational Development (SEED) Initiative fund to match and support additional SEED applicant funding proposed and scored for the 2022 SEED Grant cycle, and 1.0 FTE dedicated personnel for two years. Owing to limited SEED Grant allocation and funding. Civic Life was not able to fund multiple organizations as part of the 2022 SEED Grant Cycle and is now requesting \$1 million in Reimagine Oregon resources to fund identified community-based organizations and a dedicated FTE.

### **Portland Fire & Rescue**

- The bureau is recognizing an additional \$830,578 in beginning fund balance in the Fire Capital Fund as a result of planned underspending and additional resources transferred from the General Fund in the FY 2021-22 Spring BMP for vehicle expenditures in FY 2022-23.

### **Portland Bureau of Emergency Management**

- The bureau is recognizing \$1.8 million in grant revenue administered on behalf of the Regional Disaster Preparedness Organization for regional emergency management investments.

### **Portland Housing Bureau**

- Adjustments in the Portland Housing Bureau include a total increase of \$16.0 million in resources, including a \$4.5 million total increase in beginning fund balance in the Housing Investment Fund, Housing Capital Fund, and Inclusionary Housing Fund; and a \$3.0 million increase in intergovernmental resources. \$15.2 million of the total increase in revenues are funds carried over from the prior year, including \$6.9 million of General Fund resources for the Joint Office of Homeless Services and \$3.5 million for land acquisition programming in the Housing Investment Fund.
- As is typical in the Fall BMP, the Portland Housing Bureau (PHB) is making adjustments to multi-family affordable housing projects and single-family homeownership and homeowner retention projects that cross fiscal years in several PHB managed funds. Most changes true up project budgets to better reflect when funds will be spent and allow the bureau to continue with projects already awarded and under contract or construction. The changes include a total increase of \$4.9 million in resources, including a \$1.0 million total increase in beginning fund balance in the Housing Investment Fund and the Inclusionary Housing Fund, and a \$3.2 million increase in intergovernmental resources.

- Other large or notable adjustments include:
  - An appropriation of \$1,128,828 of federal Emergency Rent Assistance funding reallocated from lower spending jurisdictions (Grants Fund);
  - The addition of a 1.0 FTE Housing Program Specialist position to its Rental Services Office to lead and support the public-facing, technical assistance work of the office. The position is funded by \$130,958 in revenues from the Rental Registration program.

### Office of Management & Finance

There are several non-General Fund changes in various Office of Management & Finance funds, including:

- Insurance & Claims Fund: Due to an increase in claims workload, Risk Management is drawing \$160,000 from the Insurance & Claims Operating Fund's contingency to fund a limited term Analyst II position. OMF plans to request the conversion of this position to permanent as part of the FY 2023-24 budget process, and this would be funded by an increase in IA rates. In addition, beginning fund balance is increased by \$1,734,828 to match the actual balance on July 1, 2022. Claims received last year were less than the worse-case scenario projected by OMF and the actuary. \$18,337 is also drawn from the fund's contingency for cost of living and healthcare increases.
- Spectator Venues & Visitor Activities Fund: Beginning fund balance is trued up with an increase of \$2.9 million. Due to a higher than anticipated number of venue events and relatively strong attendance, the actual collection of Charges for Services revenues last year exceeded the budget by 129%.
- Technology Services Fund: Beginning fund balance is trued up with an increase of \$7.9 million. This is partially offset by a \$2.8 million draw on contingency for cost of living and healthcare increases. In addition, \$6.9 million is drawn from the fund's Technology Reserve contingency to offset changes to projects, with the majority of the adjustments being carryovers of funding for projects where BTS did not fully spend project appropriation in FY 2021-22.
- Printing & Distribution Fund: Beginning fund balance is trued up with an increase of \$447,769, all budgeted in the fund's policy reserve contingency, while \$333,899 is drawn from contingency for cost of living and healthcare increases. A net increase of \$20,000 in revenues are appropriated from various bureaus for IA changes. Last year, the pandemic continued to result in reduced staffing and/or staff working remotely. Services are increasing but are still lower than pre-COVID levels.
- Arts Education & Access Fund: this fund is making adjustments reflecting actual revenue collection. Tax revenues are driven by the economy and ended last year at only 86% of the budget as a result of the pandemic. In comparison to the previous five-year average, the amount of taxes collected last year was lower and also lower than when the pandemic began.
- Special Projects Debt Service Fund: To fully pay the City, PEN1, and Metro's share of the IFA Levee loan with Business Oregon for the Levee Ready Columbia project, the fund is receiving \$185,390 from the General Fund and \$73,306 from Metro while also drawing \$27,568 from the fund's debt service reserves.
- Facilities Services Operating Fund: \$4.2 million is drawn from contingency (carried over from the prior year) to continue the expanded clean-up operations throughout the City as part of the Impact Reduction Program. In addition, \$3.9 million is drawn from contingency (also carried over from the prior year) to create the budget for the Public Environment Management Office, including the addition of 4.0 limited term FTEs.

## Portland Parks & Recreation

- The Parks 2020 Local Option Levy Fund is adjusting appropriation by recognizing \$14.2 million in beginning fund balance resource. The majority of this funding (\$12.8 million) is being budgeted in contingency for future programming. After these adjustments, the Parks 2020 Local Option Levy Fund will have a total beginning fund balance of \$25.6 million and \$27.8 million in fund contingency.
- The Parks Capital Improvement Fund (also known as the “Parks Construction Fund” is increasing appropriation in the fund by \$22.8 million. The majority of this funding (\$22.1 million) is being allocated to contingency for future project costs.
- PP&R is increasing appropriation in the Golf Fund by \$1.6 million, partially related to changes to the contract structure for operators at four of the course facilities. The net outcome of this contract structure change may result in increased income for the enterprise, but the bureau is not currently forecasting any at this time.

## Bureau of Emergency Communications

- Council adopted an FY 2022-23 Adopted Budget Note that states BOEC “is directed to use FY 2021-22 underspending to support hiring additional emergency dispatcher and quality assurance staff positions as they are able to fill them. During the FY 2022-23 Fall BMP, the bureau may keep underspending in the Emergency Communications Fund.” BOEC has recognized and requested to retain \$2.69 million in unspent prior year resource, attributable to both unspent one-time allocations for additional dispatch and training supervisors (\$1.26 million) and unspent materials and services allocations (\$1.42 million). The bureau has an FY 2022-23 Adopted Budget beginning fund balance total of \$3,309,783 and the addition of this Fall Supplemental Budget package will bring BOEC’s total current fund balance to \$5,998,712, comprised of unspent General Fund discretionary revenue, State 911 revenue, and other external resource (user agencies are billed on actuals and credited their portion of State 911 revenue and thus their contributions do not fall to balance). CBO notes that this is a significant fund balance and should be sufficient to seed a capital replacement and major maintenance subfund and fully fund an Emergency Dispatcher trainee pipeline.

## Portland Bureau of Transportation

- PBOT Carryover: The bureau requested carryover of \$66.7 million in non-General Fund contingency for various capital and operating projects. Notable projects including the complete paving of Division between 82nd and 174th Streets, streetcar purchase, and funding for Safe Routes to School program. Other items of note include tram maintenance, remodel of the Kerby office, sidewalk repairs, and ongoing remediation of abandoned autos.
- Integrated Street Safety Transfer: PBOT, with a corresponding package from Portland's Community Safety Division, requested a \$800,000 cash-transfer to the bureau to support PBOT's Safer Summer Initiative. The transfer supports the bureau's installation of temporary traffic calming infrastructure, which part of an interagency effort to reduce rising and frequent gun violence. The program was previously piloted in the Mt. Scott neighborhood.

## Portland Water Bureau

- The Portland Water Bureau submitted primarily technical adjustment packages that do not have a material impact on the General Fund or future water rates. The bureau made a \$9.6 million reduction to its Capital Improvement Plan based on updated construction schedules and cash flow estimates.

- The bureau is drawing on \$62,500 from the Water Operating Fund’s contingency to fund a quarter of an Infrastructure Development Services Manager in PBOT that will work to implement changes related to team development, decision making, improving customer service, and overall culture. This position will lead and supervise the four infrastructure development review managers (Water, BES, PBOT, and Parks).

## Position Changes

The following table summarizes CBO recommended position changes in the FY 2022-23 Fall Supplemental Budget. For additional details, please see the bureau’s Requested BMP Submissions and CBO’s General Fund Analysis Report.

Bureau	Requested	Recommended
Bureau of Development Services	17	17
Bureau of Planning & Sustainability	6	6
Office of Community and Civic Life	-1	-1
Office of Equity & Human Rights	-1	-1
Office of Government Relations	1	0
Office of Management & Finance	26	9
Portland Bureau of Emergency Management	15	0
Portland Bureau of Transportation	9	7
Portland Fire & Rescue	12	3
Portland Housing Bureau	3	1
Portland Parks & Recreation	6	6
Portland Police Bureau	1	1
<b>Total</b>	<b>94</b>	<b>48</b>

- The **Bureau of Planning and Sustainability** plans to add 6.0 FTE in the FY 2022-23 Fall BMP. First, the bureau is adding 2.0 FTE through the transfer of the Graffiti program from the Office of Civic Life to BPS. Second, the bureau is adding three positions through IA funding with PEMO to fund 1.0 limited term duration supervisor for the Graffiti program and 2.0 limited term duration analysts to manage data-related activities for PEMO. Finally, the bureau is adding 1.0 limited term duration FTE to do work on the I-5 Rose Quarter Improvement Project funded by a multi-bureau grant.
- Due to an increase in workload, the **Portland Housing Bureau** is adding a 1.0 FTE Housing Program Specialist position to its Rental Services Office to lead and support the public-facing, technical assistance work of the office. The position is funded by revenues from the Rental Registration program.
- Portland Fire & Rescue is adding 2.0 FTE to support implementation of a new Inspection program that will be initially funded with General Fund but then self-funded after a one-time subsidy, and 1.0 FTE for critical analytical work related to informing next steps from the staffing study presented to Council in August 2022.
- Within the **Office of Management & Finance**, the Risk Management division in the Bureau of Revenue and Financial Services is adding a 1.0 FTE limited term Analyst II position, funded by

Insurance & Claims reserves, to respond to an increase in liability claims workload. The Bureau of Revenues and Financial Services requested to add a 1.0 FTE limited term Analyst III position, funded by General Fund one-time resources and lasting three years, to assess the capabilities of two SAP-related systems, evaluate the Accounting and Procurement programs' current processes, recommend improvements, and determine the resources needed for implementation. CBO recommends the allocation of General Fund resources for the position. Within the Chief Administrator's Office's budget, 4.0 FTE limited term positions, including a director, an Incident Commander, an Analyst III, and a Coordinator III, are added to create the Public Environment Management Office. These positions were originally funded by General Fund resources appropriated last year and carried over in the Facilities Fund. CBO is also recommending that the Bureau of Human Resources (BHR) add 5.0 FTE limited term positions, funded by General Fund one-time resources, to support the following: Migration from the City's existing SAP HR/Payroll software system to SAP Employee Central which is expected to improve payroll and timekeeping business processes (2.0 FTE limited term Human Resource Analysts); Completion of the redesign of the non-representative compensation structure and to address capacity issues caused by the increasing number of requests for pay equity reviews and classification studies (2.0 FTE limited term positions Human Resource Analyst III & II); Project management support to complete the Protech 17 Classification and Compensation Study (1.0 FTE limited term Human Resource Analyst III). CBO is also recommending the reduction of 2.0 limited term positions, funded by Facility Fund reserves, that were mistakenly not removed during the annual budget process.

- The **Office of Equity and Human Rights** is transferring a Policing-Focused Equity Data Analyst (1.0 FTE Analyst II) position to the Portland Police Bureau to reduce bureaucratic barriers, allow the analyst to work directly with the staff they support, and provide a more accurate reflection of the bureau overseeing and directing this position's work. The analyst works with Portland Police Bureau's Equity and Inclusion Office and Strategic Services Division.
- The **Bureau of Development Services** is adding a total of 17.0 FTE in FY 2022-23 Fall BMP. The bureau is converting 12.0 FTE limited term positions to regular positions, which will be funded by its fees and permit revenues once the one-time funding allocated by Council during FY 2021-22 Spring BMP is depleted. In addition, BDS is adding another 5.0 FTE for specific classifications and work groups within the bureau. They will also be funded by fees and permit revenues.
- The **Office of Community and Civic Life** is adding 1.0 FTE dedicated SEED full-time employee for two (2) years to support additional Social Equity & Educational Development (SEED) applicant funding proposed and scored for the 2022 SEED Grant cycle. Civic Life is also transferring 2.0 FTE to the Bureau of Planning and Sustainability (BPS) as part of the transfer of the Graffiti program.
- **Fire and Police Retirement and Disability** is adding 1.0 FTE Disability Claims Analyst, funded from FPDR's contingency fund for the FY22-23 year and through a tax levy in future years. The position was voted for in the July 2022 FPDR Board of Trustees meeting and is justified by an increase in program analyst caseload beyond recommendation levels.
- The **Portland Bureau of Transportation** is adding 7.0 permanent FTE in the FY 2022-23 Fall BMP. This includes 1.0 FTE Infrastructure Services Development Manager funded out of non-GF contingency to lead four infrastructure development review managers across infrastructure bureaus (PBOT, BES, Water, and Parks); 1.0 FTE Coordinator III position funded through a cash transfer by the Division of Community safety to work on PBOT's Safer Summer Initiative; 1.0 FTE

Senior City Planner funded with existing CIP and project funding; and 4.0 FTE funded through non-GF contingency to support ongoing operating projects.

- **Portland Parks & Recreation** is adding 2.0 FTE for Tree Planting, funded by an increase in Title 11 Tree Code Fees adopted by Council in May 2022; a partial-year 1.0 FTE for a Recreation Coordinator at the Montavilla Community Center funded internally by reducing materials and services costs; and partial-year 3.0 FTE for Recreation Leaders for "Staff Stabilization" in the Summer Free 4 All program, also funded internally by a reduction in materials and services.