

CITY BUDGET OFFICE


Ted Wheeler, Mayor
Dan Ryan, Commissioner
Carmen Rubio, Commissioner
Mingus Mapps, Commissioner
Jo Ann Hardesty, Commissioner
Mary Hull Caballero, Auditor



Jessica Kinard, Director
(503) 823-6963
1120 SW 5th Avenue, Suite 1010
Portland, Oregon 97204-1912
www.portlandonline.com/citybudgetoffice

CITY OF PORTLAND, OREGON

TO: Mayor Ted Wheeler
Commissioner Dan Ryan
Commissioner Carmen Rubio
Commissioner Mingus Mapps
Commissioner Jo Ann Hardesty
Auditor Mary Hull Caballero

FROM: Jessica Kinard
City Budget Director 

DATE: March 17, 2022

SUBJECT: City Budget Office FY 2021-22 Requested Spring Supplemental Budget

The City Budget Office (CBO) has prepared the following Spring Supplemental Budget. There are three transactional requests included in this submission, itemized below. The CBO is projected to finish FY 2021-22 within 5% of appropriation levels. This supplemental budget request includes:

- Carryover of \$100,000 of General Fund discretionary in support of the Portland Insights Survey. It is estimated that this amount of the contractual work will not be complete by June 30, 2022, and the expense will be incurred in FY 2022-23.
- An internal realignment of \$200,000 of personal service expense to support interagency agreement with the Bureau of Technology Services, future technology replacement reserve. The request will deposit resources into the technology replacement reserve housed in BTS for eventual life-cycle replacement of the City's budget software in accordance with financial policy.
- An interagency agreement to receive \$20,000 from the Mayor's Office to fund additional contracted survey work for FY 2022-23 budget development.
- Report on Budget Note status for the City Budget Office
- Report on decision package progress from FY 2021-22 Budget Development
- Bureau projections for revenue and expenses through the end of the fiscal year

Please do not hesitate to contact me with any questions regarding this submission.

Business Area Projection Report

City Budget Office - Fund 100

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
External Materials and Services	\$398,321	\$204,501	\$349,621	88%
Internal Materials and Services	\$609,529	\$271,397	\$607,920	100%
Personnel	\$2,288,904	\$1,426,047	\$2,172,308	95%
Sum:	\$3,296,754	\$1,901,946	\$3,129,849	95%

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
General Fund Discretionary	\$1,259,488	\$0	\$1,144,093	91%
General Fund Overhead	\$1,704,778	\$0	\$1,704,778	100%
Interagency Revenue	\$332,488	\$187,320	\$280,978	85%
Sum:	\$3,296,754	\$187,320	\$3,129,849	95%

Revenue Discussion

The City Budget Office is projected to end FY 2021-22 within the adopted resources from the General Fund and interagency payments. Interagency revenue is mostly a direct charge function where expenses will equate to revenues billed to Water Bureau and the Bureau of Environmental Services. General Fund resources are projected to end the year at 96.1% collected, which equates to \$115,395. Unspent resources will fall to General Fund balance.

Revenue Risks

There is no risk to revenue collections for these resources.

Expenditure Discussion

The CBO is projected to remain within current appropriations for expense categories. Personnel Services is projected to end the year with 95% spent, and this amount is ultimately dependent on positions remaining filled. The bureau estimates to incur an expense of approximately \$50,000 to of a new contract for the Portland Insights Survey, with approximately \$100,000 of expense for this project as a carryover to be received in FY 2022-23. Other expense categories are expected to end within 5% of appropriations.

Expenditure Risks

There are no known risks to the expense projections.

Other Notes

BO - City Budget Office**DP Type****Internal Transfer****Request Name: 13440 -Mayor's Office Survey Transfer 13516****Package Description**

The Mayor's Office is interested in soliciting additional public feedback on budget priorities via a special budget survey as part of FY 2022-23 budget development. This additional survey work is not something that is available to be regularly funded within the CBO's base budget; however, the CBO is able to support a portion of the work via reallocating one-time available underspending, and the Mayor's Office is funding \$20,000 amount of contracted costs via this transfer.

Service Impacts

The survey is expected to increase participation and engagement in the FY 2022-23 budget process and enhance the Mayor's and Council's abilities to meet public desires for investment in the budget process.

Equity Impacts

The survey includes a request for demographic information in order to allow for data disaggregation by demographic. Depending on responses and sample sizes, it may not be possible to draw statistically significant conclusions by demographic category; however, the presence of this information will allow the Mayor and Council to draw inferences around the investment preferences of various Portlanders and potentially target investments towards neighborhoods or communities that are currently underserved.

Account Name		2021-22 SPRING Requested Adj
Expense	External Materials and Services	20,000
Expense	Sum:	20,000

Account Name		2021-22 SPRING Requested Adj
Revenue	General Fund Discretionary	20,000
Revenue	Sum:	20,000

BO - City Budget Office**DP Type****GF Program Carryover****Request Name:** 13493 -Carryover Portland Insights**Package Description**

In the FY 2021-22 Adopted Budget, Council approved ongoing funding to launch the Portland Insights Survey, which included funding for contracts to manage a quantitative and qualitative survey as well as funding for an analyst position to manage the survey and generally assist with the Office's collection of qualitative data and connections with community. The Budget Office has since hired the analyst who has been managing the survey project. We have selected our vendor and anticipate conducting the survey this summer. As the contract will span two fiscal years for this first quantitative component, CBO requests carryover of \$100,000 to complete the quantitative survey in early FY 2022-23. The annual funding allocation for FY 2022-23 will be used to support the qualitative component of the survey, anticipated in 2023.

Service Impacts

This would allow continuity of service across fiscal years. If the carryover is not approved, we will not be able to complete the survey as originally funded or intended.

Equity Impacts

The survey has been constructed with the explicit goal of soliciting input from voices that are historically and/or currently marginalized. The carryover funding is essential to ensure adequate funds are available to support robust survey outreach and translation services in order to collect responses from individuals and communities that otherwise may not provide their input to the City. The goal of the survey is to collect sufficient responses by key demographic groups to be able to illuminate for whom City services are working and for whom they are not so that Council and bureaus may tailor interventions and programs to meet our equity goals.

Account Name		2021-22 SPRING Requested Adj
Expense	External Materials and Services	-50,000
	Personnel	-50,000
Expense	Sum:	-100,000

Account Name		2021-22 SPRING Requested Adj
Revenue	General Fund Discretionary	-100,000
Revenue	Sum:	-100,000

BO - City Budget Office**DP Type****Internal Transfer****Request Name: 13494 -Transfer into BTS Reserve Account****Package Description**

This package transfers \$200,000 in anticipated personnel services underspending to the Budget Software System replacement reserve account within the Bureau of Technology Services. City Financial Policy 2.03 states that "Bureaus that manage capital assets or equipment shall develop a funding plan and appropriate funding mechanisms to sufficiently fund asset management activities on an ongoing and/or periodic basis." The City Budget Office manages one capital asset: the Citywide Budget Software system. As a small bureau reliant on General Fund discretionary resources to fund primarily personnel costs, the bureau has limited ability to plan for replacement costs. As such, the bureau has instituted a practice of transferring any projected available resource on an annual basis in the Spring. This practice reduces the burden on future budgets to suddenly fund a large (potentially \$2M+) allocation in a single cycle, contributing to intergenerational equity and guarding against service disruption.

Service Impacts

This package protects against future service disruptions by responsibly planning for asset replacement.

Equity Impacts

This package supports intergenerational equity as it smooths the cost burden of capital asset replacement over several years.

Account Name		2021-22 SPRING Requested Adj
Expense	Internal Materials and Services	200,000
	Personnel	-200,000
Expense	Sum:	0

FY 2021-22 Budget Note Update

City Budget Office

Date of Budget Note: July 1, 2021 in the FY 2021-22 Adopted Budget

Budget Note Title: Expiring Tax Increment Finance Districts and Returning Property Tax Revenue

Budget Note Language: The anticipated completion of 13 current Tax Increment Finance (TIF) Districts will result in increased resources returning to the assessment rolls and the City's General Fund, beginning in FY 2021-22. The City Economist has begun assuming these resources as part of the balanced five-year forecast. The City Economist and Debt Management are directed to provide an updated forecast of anticipated revenues over the next ten years and the relationship of those resources to projected expenditures under current service levels and General Fund commitments. The City Budget Office and the Chief Administrative Officer are directed to provide this information to Council Offices and subsequently lead a work session to discuss potential investment options for any anticipated excess available resource.

Summary Status: Complete

Budget Note Update: March 17, 2022

The FY 2020-21 Adopted Budget included a budget note directing the City Economist and Debt Management to provide updated forecast information in anticipation of expiring TIF Districts. The CBO, and the OMF Chief Administrative Officer were directed to provide this information to Council at a work session for the discussion of potential investment options should there be anticipated excess available resource. This work session was held on March 14, 2022 and the updated forecast, and financial information was shared with Council and may be viewed here on the Council Clerk's website.

Date of Budget Note: July 1, 2021 in the FY 2021-22 Adopted Budget

Budget Note Title: Alternative Delivery Models for Medical Calls

Budget Note Language: Currently, seventy percent of Portland Fire & Rescue's calls for service are for medical calls, while thirty percent are for fires and other rescues. This suggests a misalignment between our community's needs and the City's current model, which must be addressed. To this end, I direct the Community Safety Transition Director to work with Portland Fire & Rescue, the Bureau of Emergency Communications, and the City Budget Office to issue a report to Council by December 31, 2021 that identifies alternative delivery models that would provide more appropriate response to medical calls for service. A critical consideration will be how alternative approaches enable the bureau to maintain or improve services for fire and other hazard-type calls. The report may consider revenue-generating activities, should reflect BOEC's adoption of ProQA (priority medical dispatch), and will inform the City's position on funding for contracted ambulance services. As the Community Safety Transition Director evaluates response models and call load management practices, the City Budget Office is directed to reduce the Current Appropriation Level (CAL) target for Portland Fire & Rescue by the cost of the Rapid Response Vehicles (RRV) program in the fall of FY 2022-23 in preparation for the FY 2023-24 budget development process

Summary Status: Underway

Budget Note Update: March 17,2022

The CAL adjustment for the reduction of RRVs from Fire Bureau's base allocation will be part of the FY 2023-24 base CAL. The Community Safety Division in OMF is responsible for conducting the call volume and response type analysis. This report has yet to be received by the CBO for assessment.

Date of Budget Note: July 1, 2021 in the FY 2021-22 Adopted Budget

Budget Note Title: Analysis of Unarmed Response Program at the Police Bureau

Budget Note Language: The community safety officer – or Public Safety Support Specialist – program provides an unarmed alternative response model in the Portland Police Bureau. The program, which focuses on low-acuity emergency calls and frees up sworn officer time to focus on higher-priority emergency calls, was first established in FY 2017-18. The job class specification and responsibilities for community safety officers were negotiated between the City of Portland and the Portland Police Association, which represents these employees. The Community Safety Transition Director, City Budget Office, and Police Bureau are directed to work together to propose a set of performance measures that will track outcomes of the program on an ongoing basis. The Police Bureau is also directed to provide an initial report on these measures by the end of calendar year 2021 in order to inform the budget development process for Fiscal Year 2022-23. 100 City of Portland, Oregon – FY 2021-22 Adopted Budget Notes This evaluation should include an analysis of day-to-day activities and outcomes of the program; a cost-benefit analysis of the program; and an assessment of the alignment of an expanded PS3 program and the current efforts to reimagine the City's approach to community safety. The report should include recommendations to maximize the community visibility and presence of these community safety officers; and to increase the volume of calls these employees take in order to free up as much patrol officer capacity as possible. The Police Bureau is further directed to establish the program as a program offer in its FY 2022-23 Requested Budget

Summary Status: Underway

Budget Note Update: March 17,2022

The Community Safety Director and the Office of Management and Finance are working with the Police Bureau and outside contractors to conduct the assessment of the PS3 program. This program was established as a stand-alone Program Offer in the FY 2022-23 Requested Budget. CBO will review the evaluation and program data upon receipt from the CSD.

Bureau	Fiscal Year	Budget Process	Package Type	DP No.	Package Name	Package Desc	Allocation	Update
BO	2022	Adopted Budget	Addition	11444	Add-back Financial Analyst	<p><i>The City Budget Office's top priority in their requested budget is preserving our current analyst capacity to be able to sustain the current level and quality of analysis and process management. The constraint package includes the reduction of 1.0 Financial Analyst, and our top priority is adding that position back.</i></p> <p><i>Each of the City's current 28 bureaus have an assigned CBO analyst. The assigned analyst provides technical support and guidance to assigned bureaus in meeting budget process requirements; monitors bureau budgets for financial issues; and provides performance, financial, and operational analyses on bureau issues and proposed legislative and budget processes. With our proposed realignment, the City Budget Office will have 7 financial analysts dedicated to bureau analysis and management of key processes such as the Budget Monitoring and Supplemental Budget Processes; the Capital Set-Aside process; and assisting with budget outreach and engagement, communications, Citywide performance work, bureau equity work, continuity of operations, and budget system management. CBO maximizes the value of staff and the resiliency of our office by assigning each analyst with a personalized blend of bureau and process assignments which grow in complexity as they grow through the organization.</i></p> <p><i>Without this addback, CBO's staff dedicated to the above tasks will be reduced by 14% to 6.0 analysts. This reduction will not allow CBO to continue current service levels and deliverables. Service level impacts are discussed in the service level section.</i></p>	\$120,000	This position was tied to the 5% reduction option (DP 11443). There is no impact as this position was an add-back tied to the 5%.
BO	2022	Adopted Budget	Addition	11446	Community Connections in Budgeting	<p><i>This request addresses the urgent need for better information both from community and to community as it relates to our budget construction and decision-making processes. The request includes funding for the collection of both quantitative and qualitative data from Portlanders – with an explicit focus on collecting information from historically and currently underrepresented communities – and funding for a Community Engagement Analyst who will manage data collection projects and enhance the accessibility and availability of information around the City's budget and budget processes for individuals and community groups. The request includes \$125,000 in external materials and services resources to fund a contract for quantitative and qualitative data collection and \$150,000 to support 1.0 FTE Analyst II. Both elements are described in more detail below.</i></p> <p><i>Continuation of the Portland Insights Survey and supplemental "Community Budget Labs"</i></p> <p><i>This request builds directly off the 2019 Portland Insights Survey, which received responses from over 8,000 Portlanders, reflecting community perspective on City services and priorities for Portland. CBO received \$60,000 in the FY 2018-19 Adopted Budget to conduct a citywide survey on a one-time basis to replace the survey that had been conducted by the Auditor's Office for over 20 years. The entirety of the new one-time funding was used for a contracted firm to help design, implement, and analyze survey results. CBO absorbed an additional \$40,000 in materials and services costs for the vendor and approximately \$40,000 in staff costs to run the project. The survey was delivered online as an opt-in survey and was supplemented by the deployment of paid, multi-lingual community canvassers with the ability to navigate diverse cultural settings.</i></p> <p><i>The survey project proposed for the FY 2021-22 Budget would continue and expand upon the 2019 survey. It will create a strong government-community feedback loop through a quantitative survey and qualitative community listening sessions that combines modern surveying approaches with best practices in community engagement. This approach would switch off between quantitative surveying and qualitative engagement approaches every year, which would both be focused on engaging underrepresented and BIPOC Portland communities.</i></p> <p><i>The success of the 2019 Portland Insights Survey provides the City with an enviable foundation from which to discover important trends in community perception and priorities. Should the survey project be funded on an ongoing basis, CBO would utilize largely the same quantitative survey questions and design as the 2019 pilot, with adjustments. Modifications based on stakeholder feedback from the pilot include:</i></p> <ul style="list-style-type: none"> <i>• Increase canvassing operations to ensure more representative sample;</i> <i>• Disaggregate community and Citywide issues for each data set;</i> 	\$275,000	CBO hired the Community Budget Analyst position in the Fall of 2021. To date, the project reports being on time, as CBO has begun work with PSU as the chosen vendor, and expects to conduct the survey over the summer of 2022. There is one carryover request in the CBO as the contract is expected to span two fiscal years, due to timing of receipt of final invoices. In FY 2022-23, CBO expects to report out the survey findings, and to begin work on the new qualitative component of the survey.
BO	2022	Adopted Budget	Realignment	11447	Realign for Citywide Analytical Impact	<p><i>In response to the mayor's call to break down City silos, and in alignment with the core City values of financial responsibility, transparency, and collaboration, the City Budget Office is proposing to strategically realign existing resources to more proactively analyze and address multi-bureau and Citywide financial and effectiveness issues.</i></p> <p><i>This realignment involves repurposing an existing Analyst III position who previously served as our Citywide Performance Lead to become a Citywide Issues Analyst, dedicated to analyzing and making recommendations around complex issues across the City which have significant financial and service-level implications. The City Budget Office has recognized the importance and need for analyses on Citywide and multi-bureau financial issues for several years, but under our current structure bureau analysts only rarely have the capacity to tackle these analyses in addition to their existing bureau workload. This realignment is expected to support and enhance bureau analyses, as this dedicated analyst will address issues endemic to many bureaus and budgets.</i></p> <p><i>The realignment then includes the reclassification of an existing Financial Analyst I to an Analyst II position to continue to Office's role in managing and promoting best practices in Citywide performance management and measurement, and integrating performance into budget decisions and data. The Citywide performance management lead will support the Citywide Issues Analyst on identifying and addressing issues of performance where appropriate, and will work closely with the Community Engagement Analyst should the Community Connections in Budgeting proposal be funded. This reclassification is estimated to cost \$11,228. The bureau is able to absorb this cost due to the recognition of more accurate cost-recovery practices for CBO's work administratively managing the Recreational Cannabis Fund.</i></p>	\$0	This realignment is complete, and the position was filled in the Fall of 2021.

BO	2022	Adopted Budget	Reduction	11443	5% Constraint- CBO	<p><i>Under the terms of the Mayor's budget guidance exempting bureaus with fewer than 30 FTE from submitting cuts, the CBO was originally not required to put forward a 5% General Fund constraint. However, the Budget Director felt compelled to participate in the exercise to foster transparency and trust in her role advising and shepherding the City through this challenging process. The 5% General Fund reduction for the City Budget Office totals \$139,000 in ongoing resources, including \$61,161 in discretionary and \$77,839 in overhead resources.</i></p> <p><i>Approximately 76% of the CBO's budget is dedicated to personnel costs, and the remaining funding is predominantly for fixed materials and services costs. As such, the reduction is primarily taken from personnel and staff support costs.</i></p> <p><i>Each of the City's current 28 bureaus have an assigned CBO analyst. The assigned analyst provides technical support and guidance to assigned bureaus in meeting budget process requirements; monitors bureau budgets for financial issues; and provides performance, financial, and operational analyses on bureau issues and proposed legislative and budget processes. With the strategic realignment also proposed in the CBO's requested budget, the City Budget Office will have 7 financial analysts dedicated to bureau analysis and management of key processes such as the Budget Monitoring and Supplemental Budget Processes; the Capital Set-Aside process; and assisting with budget outreach and engagement, communications, Citywide performance work, bureau equity work, continuity of operations, and budget system management. CBO maximizes the value of staff and the resiliency of our office by assigning each analyst with a personalized blend of bureau and process assignments which grow in complexity as they grow through the organization. This cut will reduce CBO's staff dedicated to this work by 14% to 6 dedicated bureau analysts.</i></p> <p><i>The City Budget Office has relied on the Hatfield Program to support and sustain key bureau and citywide performance initiatives such as the What Works Cities initiative, the Portland Insights Survey pilot, and revamping our Prior Year Performance Report. The Hatfield fellow typically works on both performance and financial analysis assignments, which provides for a well-rounded experience that often leads to gainful City employment and assists with our bureau assignment workload. Over half of CBO's current financial analysts started as Hatfield Fellows.</i></p> <p><i>This reduction would eliminate one financial analyst and threaten the viability of having a Hatfield fellow in CBO's operations. Given current assignments, the reduction in analyst capacity would result in a 29% average increase in bureau assignment workload per analyst, plus increased responsibility for systems and processes support. In response, CBO would reduce the number and depth of analyses we would</i></p>	(\$139,000)	<p>This package was part the required 5% constraint. The Financial Analyst in DP 11444 is tied to the constraint package. The Hatfield Fellow was not added back; however, in the current year, the CBO was able to internally realign resources available due to staff vacancies in order to fund a Hatfield Fellow in the current year. The fellow this year lead work on a financial justice project, focused on identifying and addressing the ways in which City fines and fees may serve to keep people in poverty. The budget office will continue to assess its ability to fund a Fellow on an annual basis.</p>
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