



CITY OF PORTLAND
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May 28, 2009-As Amended

To: Mayor Sam Adams
Commissioner Amanda Fritz
Commissioner Dan Saltzman
Commissioner Nick Fish
Commissioner Randy Leonard
City Auditor LaVonne Griffin-Valade

From: Andrew Scott, Manager
Financial Planning Division

Subject: FY 2008-09 Spring Budget Monitoring Process and Minor Supplemental Budget

This memo summarizes the budget adjustments that Council will reconsider on May 28th (Council first approved the ordinance and exhibits on May 27th) as part of the Spring Budget Monitoring Process (BMP) and Minor Supplemental Budget. In the Spring BMP, City bureaus report on financial and program performance through the first nine months of the fiscal year, request adjustments to the current fiscal year budget, and project year-end balance. The Financial Planning Division (FPD) has prepared this document to summarize the highlights of bureau submissions for the Spring BMP and Minor Supplemental Budget. We have also attached a summary of General Fund contingency requests and FPD's bureau-specific analyses.

Council considered the Spring Major Supplemental Budget on May 27th through a separate ordinance. Under Oregon budget law, a major supplemental is required for funds that increase resources and requirements by more than ten percent. Exhibits to the ordinance include a revised Schedule of Appropriations (Exhibit 1), budget adjustments (Exhibit 2), and General Fund Contingency details (Exhibit 3).

Summary of Major Actions

The FY 2008-09 Spring BMP includes changes in 43 funds resulting in a net increase in resources and requirements of \$11,997,967. The funds with the largest adjustments include the General Fund, Transportation, Sewer System Operating, Water Operating, Sewer System Construction, and Water Construction.

General Fund

This ordinance decreases General Fund expenditures and resources by \$20,069,675:

- **Interagency revenues** decrease by \$19.9 million, primarily because of the transfer of the EBS project (\$13.9 million) out of the General Fund and into the Technology Services Fund. Other changes include reducing by \$1.0 million the General Fund interagency for the CDBG and HOME funds in order to realign personal services appropriations to reflect the expenses occurring directly in the CDBG and HOME funds, and other interagency true-ups to reflect year-end projections.

- **Fund transfer revenues** increase by \$2.2 million. Most of the increase is due to the transfer of the balance of the Portland Police Association Health Fund into the General Fund.
- **Bond sales revenues** decrease by \$4.0 million. This is a technical adjustment to properly align the projects and funds for the 800 MHz emergency radio system and Computer-Aided Dispatch replacement projects. These projects will be moved out of the General Fund and into the Technology Services and Emergency Communications Funds, respectively.
- **Miscellaneous revenues** increase by \$1.7 million. This is due primarily to the additional revenues generated by Parks & Recreation.

Contingency

FPD recommends the following **General Fund contingency requests** totaling \$538,384:

- \$2,500 for Government Relations to prevent over-expenditure for Printing & Distribution services.
- \$206,949 for City Hall and Portland Building space changes. This amount has been set aside in the Rainy Day reserve and is being transferred to the Facilities fund. Although technically a contingency request, it was already earmarked in the FY 2008-09 budget.
- \$12,000 for the Regional Arts & Culture Council (RACC). This funding was approved by ordinance and appropriated in the 2006 Fall BMP to fund art for Rosa Parks Way. RACC failed to invoice the City at the time.
- \$19,650 for the Parade Access Special Appropriation.
- \$34,848 for the Membership and Dues Special Appropriation to prevent over-expenditure.
- \$71,000 for the additional cost of the Comprehensive Annual Financial Report audit.
- \$191,437 for Parks & Recreation for operations and maintenance funding of new parks facilities.

FPD recommends against the following General Fund contingency requests:

- \$1,000,000 for Bureau of Transportation, for costs related to the snow and ice event, because PBOT expects to receive some reimbursement from FEMA and other sources.
- \$124,764 for Police Bureau for the voluntary substance-abuse treatment for chronic repeat offenders. Funding for this program was not budgeted in FY 2008-09 because expanded funding for treatment was instead budgeted for the Service Coordination Team. Thus, Police's request for reimbursement does not meet the criteria for contingency funding.

Compensation Set-Aside

City Bureaus have submitted \$6,652,464 in requests for compensation set-aside:

- \$76,000 for Bureau of Housing & Community Development
- \$306,000 for Bureau of Planning
- \$24,000 for Cable Communications & Franchise Management
- \$5,000 for Commissioner Fritz's office
- \$2,050,000 for Fire, Rescue, and Emergency Services
- \$303,799 for Attorney's office
- \$58,000 for Government Relations
- \$769,665 for Office of Management & Finance
- \$1,060,000 for Parks & Recreation
- \$2,000,000 for the Police Bureau

General Fund Carryover

Bureaus are requesting a total of \$7,259,438 in General Fund carryover for projects that have not yet been completed. The complete list is attached.

Transportation Operating Fund

The Bureau of Transportation transfers \$23,377,674 in appropriation from the Transportation Operating Fund to the Grants Fund. With the implementation of the City's Enterprise System, all grants are now budgeted in the Grants Fund

Sewer Operating and Construction Funds

The Bureau of Environmental Services requests to increase the transfer from the Sewer Operating to Sewer Construction Fund by \$13,900,000 to reflect the projected debt coverage and financial situation at year-end. The bureau also requests to increase the transfer from the Sewer Rate Stabilization to Sewer Operating Fund by \$5,000,000 to cover projected debt service coverage requirements.

Water Operating and Construction Funds

The Water Bureau requests a cash transfer of \$10,677,295 from the Water Construction Fund to the Operating Fund in accordance with projected capital improvements investment.

RECOMMENDATION

Financial Planning recommends Council approval of the spring 2009 budget adjustment recommendations and Minor Supplemental Budget.