



CITY BUDGET OFFICE

Requested Budget

FISCAL YEAR

2020 - 2021



Office of Mayor Ted Wheeler
City of Portland

TO: Commissioner Eudaly
Office of Commissioner Fish
Commissioner Fritz
Commissioner Hardesty
Auditor Hull Caballero

FROM: Mayor Ted Wheeler 

DATE: January 29, 2020

SUBJECT: City Budget Office FY 2020-21 Requested Budget

Attached for your consideration is the FY 2020-21 Requested Budget for the City Budget Office. This submission primarily reflects a status quo budget, with one request for one-time General Fund resources and a required offset option. This submission responds to my priority area guidance with recommendations for addressing Citywide long-term liabilities, options for sustainable funding sources to address the homeless crisis, and internal bureau efforts to enhance environmental sustainability and equity impacts.

The CBO's FY 2020-21 Requested Budget includes a request for \$170,000 in one-time General Fund discretionary resources to support a second phase of the Portland Insights Survey pilot project. The first phase provided valuable initial data from over 8,800 respondents, benefitting bureaus and elected leaders in understanding the perceptions and priorities of diverse Portlanders. The second phase builds upon the first phase by focusing on gathering information from historically underserved communities, reconsidering survey questions to ensure high-value information, and by allowing for an initial look at trends in the data. Given CBO's track record of driving data-based decision-making and CBO's experience leading Citywide performance initiatives, I trust that this office is well-fitted for leading the Portland Insight Survey for a second year to determine if this effort warrants the commitment of future ongoing resources. Per my budget guidance, this request is paired with an internal offset option of \$85,000 which would realign CBO's Hatfield Fellowship to support the survey rather than support Citywide performance management and analyst functions and would reduce staff development and training resources. Taking this reduction would reduce the depth and delivery of certain CBO initiatives and analyses. I understand that presenting this offset option required hard choices for the bureau, and I appreciate their diligence in complying with my guidance.

I support this Requested Budget and forward it for your consideration.

Mayor Ted Wheeler

CITY BUDGET OFFICE

Ted Wheeler, Mayor
Chloe Eudaly, Commissioner
Office of Commissioner Nick Fish
Amanda Fritz, Commissioner
Jo Ann Hardesty, Commissioner
Mary Hull Caballero, Auditor



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CITY OF PORTLAND, OREGON

FY 2020-21 Budget Advisory Committee Report

The City Budget Office's Budget Advisory Committee (BAC) convened on January 17, 2020. The committee members include Lisa Shaw (community member), Jennifer Martinez (community member), and Suk Rhee (Office of Community & Civic Life).

The committee reviewed the City Budget Office's (CBO) office overview, strategic direction, and key issue summaries. Director Kinard provided the committee with an update on recent staff appointments and the status of current bureau initiatives. Since the last time the BAC members met, the CBO has completed the implementation of a new citywide budget software system, implemented a number of budget process changes, developed and launched the initial citywide Portland Insights Survey, and through the receipt of one-time funds the CBO hired a limited term analyst to focus on Citywide asset management practices. The software system, BFM, was implemented on-time and under budget.

Members discussed and provided feedback on both the bureau's core operations and base budget, as well as marginal budgetary changes via decision packages, as follows:

What do stakeholders need the most from the CBO?

BAC members encouraged CBO to consider how to capitalize on those skills and deliverables that CBO is uniquely positioned to offer. One such area is the value of the independent analysis and the citywide lens that CBO offers. City Council, bureaus, and the public each benefit from the information that CBO provides. BAC members offered the following observations and suggestions:

- CBO should look for additional opportunities to provide stakeholders with updates as to the results and actual impacts of investments across the City. In particular, reporting on the impact of our investments would be valuable, specifically in the area of city equity initiatives.
- Transparency and accessibility of budget information should continue to be a priority for CBO. BAC members were interested in proposed improvements to the CBO website through the Portland Online Website Replacement project and suggested that CBO consider making physical budget documents available in outer Portland neighborhoods to ensure accessibility of information.
- CBO should continue to dedicate time towards the development of a deep understanding and knowledge of big-picture issues, such as asset management and planning for PERS increases in efforts to ensure stability in financial planning for the City.
- There is no formal mechanism for Citywide budgetary requests; and the CBO as a bureau with a Citywide lens often attempts to fill this essential function by providing work and requests that benefit the City at large, not CBO specifically. This was a clear challenge with this years' budget

requests: CBO would have liked to put forward an ongoing request for continuation of the Portland Insights Survey and a request to buy down retirement cost rates, but the offset requirement and CBO's small budget prohibited these requests. BAC members suggested that budget guidance should better facilitate requests that are in the interest of the City as a whole.

- Along similar lines, BAC members expressed significant concerns about the prospective loss of two limited term analysts in the coming year. BAC members especially felt it important that CBO be supported in its efforts to provide adequate citywide infrastructure and asset management analysis to ensure the City's financial resiliency. However, BAC members agreed that the required offset guidance rendered a request to continue funding this function difficult.
- One BAC member suggested leveraging CBO's analytical expertise and access to data to support small bureaus' needs, specifically with respect to Portland Insights Survey data analysis.
- BAC members support the CBOs work in identifying new performance measures to tie-in with both Citywide goals and with the bureaus strategic plan.

What does the BAC recommend for CBO budget request proposals?

The FY 2020-21 Requested Budget includes one request for one-time resources to conduct a second Citywide Insights survey, and a second request to detail how the CBO would deliver this project with a 50% realignment option should new resources not be available. The BAC members offered the following feedback on these requests:

- The BAC is supportive of the Portland Insights Survey request and are especially interested in ensuring that the Citywide effort obtains a representative sample of the community and has sufficient responses from historically underrepresented communities to make the findings statistically significant.
- Deploying the survey via canvassers is critical to reach people of color and non-English individuals. The BAC is especially supportive of this proposed approach and recommended that CBO ensure the canvassers themselves come from underrepresented communities and receive adequate training to be successful.
- The BAC further recommended that funding for the survey be approved for at least two additional years to form a trend in both the usefulness of the information and to see if city initiatives are having impact felt by the community. However, the BAC conceded that finding an offset for this type of request would be a prohibitive exercise this budget cycle.
- The BAC does not recommend the offset realignment option, as reducing the bureaus staff training budget and outreach event budget is counterproductive to the bureau's core values and the goal of the proposal. One BAC member expressed that eventually this survey could provide a more productive avenue for budget engagement and outreach.
- The BAC further recommends that guidance allow for CBO to bring future requests of a citywide nature without requiring a bureau-specific offset. The BAC was supportive of the need for a citywide request to buy down PERS rates, as articulated in the long-term liability memo; however, CBO could not present a viable offset so did not present this request.

In closing, Director Jessica Kinard asked BAC members if the committee would be willing to meet three times throughout the year to more continually advise her direction of the bureau. The members agreed and look forward to more active engagement in helping the CBO maximize its impact and value to all stakeholders.

The following BAC members unanimously agree to the statements in this report:

Lisa Shaw, Community Budget Advisor

Jennifer Martinez, Community Budget Advisor

Suk Rhee, Director of the Office of Community & Civic Life

CITY BUDGET OFFICE

Ted Wheeler, Mayor
Nick Fish, Commissioner
Amanda Fritz, Commissioner
Chloe Eudaly, Commissioner
Jo Ann Hardesty, Commissioner
Mary Hull Caballero, Auditor



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CITY OF PORTLAND, OREGON

To: Mayor Wheeler, City Commissioners, and Auditor Hull Caballero

From: Jessica Kinard, City Budget Director
Michelle Kirby, Interim Chief Financial Officer
Tracey Reeve, City Attorney

Date: January 29, 2020

Re: Long Term Financial Liabilities and Recommended Solutions

Introduction

Binding City Financial Policy states that “[t]he City shall plan for the types and levels of investment necessary to ensure the sustained and equitable delivery of public services to the residents, businesses, visitors and customers of the City.” The City of Portland has several notable citywide financial liabilities looming over the next several decades that may threaten sustained and equitable service level delivery.

As directed by the Mayor’s Budget Guidance, the City Budget Director, the Chief Financial Officer, and the City Attorney have conducted an initial assessment of the major citywide liabilities facing the City. This assessment functions as a starting point for future conversations and more detailed analysis; many of these liabilities have elements of uncertainty around the likelihood and magnitude of cost risk. Additionally, the Chief Financial Officer is in the process of generating the City’s first long-term financial plan, expected to be completed in the spring of 2020. This initial assessment memo is intended to be the starting point and will be expanded upon in the Long-Term Financial Plan.

Summary of Liabilities

The below categorization reflects initial estimates based on available information at this time. None of the liabilities discussed have precisely known costs and timelines for impact.

Liability	Estimated \$ Impact Restrictive (>\$30M) Significant (\$5M-\$30M) Notable (<\$5M)	Estimated Urgency Near (1-3 yrs) Medium (3-7 yrs) Long-term (7+ yrs)	Confidence Level of Risk Certain \$ and timeline Certain \$ or timeline Uncertain \$ and timeline
Major Maintenance & Infrastructure Backlog	●	●	●
PERS Liability	●	●	●
Personnel Cost Mandates	●	●	●
Portland Harbor	●	●	●
Citywide Legal Liabilities	●	●	●
Technology & Equipment Replacement	●	●	●
Technology & Equipment Replacement	●	●	●
Columbia Levee	●	●	●

Summary of Recommendations

FY 2020-21:

- Deposit up to \$5 million in City resources into the General Obligations reserve, for transfer to a Side Account for **PERS rate buy-down**. The \$5 million would consist of **\$1.5 million in one-time General Fund resources**, and the remainder from other City funds. If this contribution could be leveraged by the State Employer Incentive Fund, an additional \$1.2 million would be granted by the State. This total side account balance of \$6.2 million invested in buying down our PERS rates would yield an estimated \$10.8 million in savings over 20 years. This proposal is scalable.
- Prioritize **asset management systems and operations** by supporting requests for software systems, condition assessments, and operational staff essential to ensuring project investment is maximized.
- Consider depositing up to **\$2 million** of discretionary resource in the General Obligations reserve to fund likely future costs such as Portland Harbor, Columbia Levee, mandated personnel costs and unforeseen legal costs.
- Continue supporting **data governance policy development** as a precursor to supporting a technology and equipment replacement fund and allocation process.

Future years:

- Create and adhere to a **funding plan** for liabilities once costs are known for Portland Harbor, Columbia Levee, and personnel mandated costs.
- Plan for and incentivize bureau investment in technology replacement needs by establishing a **technology and equipment replacement reserve**. Allocations from the reserve will be determined by agreed-upon City policies around data governance and technology plans.

Long-Term Liabilities & Recommended Action Detail

1. Major Maintenance and Infrastructure Backlog

The City's most significant and urgent financial and service-level risk is the unfunded major maintenance and infrastructure backlog. The latest report estimated that the City would need to increase its investment by \$568 million annually to close our current major maintenance funding gap. City Council, bureaus, and voters have approved significant resource investments in our asset base in recent years, and bureaus have also individually taken measures to address this issue. While the funding gap has continued to grow, the rate of growth in recent years has decreased¹ and the City has made notable progress in our understanding of asset condition,² which is an essential precursor to effectively addressing asset needs.

However, it is clear that more must be done. While this issue has been consistently presented as essential to preserving intergenerational service level equity, it has become increasingly apparent that the risk presented by this issue is more near-term. For example, the Parks bureau anticipates that, without a significant influx of new resources, it will need to retire 1 out of 5 Parks assets in the next fifteen years. Parks is not alone in this: the requests for urgent capital projects via the General Fund

¹ During the five-year period between 2008 and 2013, the annual average growth rate of the major maintenance funding gap was 28%. In the five years following (2013 to 2018), the average growth rate slowed by 18 percentage points to 10%.
² In 2007, the condition of nearly one-third of the City's assets was unknown. In 2018, the condition of approximately 8% of the City's assets is unknown.

Capital Set Aside process is typically four times the amount of available Set Aside resources.

Funding Plan Recommendation: City financial policy mandates that at least 50% of one-time available discretionary resources be dedicated to major maintenance and infrastructure projects; Council should consider increasing the annual allocation to these efforts beyond the 50% requirement. Additionally, it has become clear that many bureaus require asset management operational support to ensure project funds are effectively spent. Providing resources for condition assessment, adequate data and asset management systems is essential to addressing this backlog. In addition to the capital set aside project funds, we recommend establishing an asset management improvement fund to invest in the infrastructure management systems and operations to ensure project funding is deployed in a way that maximizes impact. Beyond annual allocations, we recommend dedicating a significant portion of returning URA resources towards preserving these assets and service levels.

2. PERS Liability

As with other public entities, the City will experience steadily rising Public Employee Retirement System (PERS) costs over the next several years. The actual amount of the City's required PERS contributions depends upon a variety of factors, but the actuary's estimated cost to the City grows significantly over the next nine years, and then begins to decline slowly to the current amount by year 2036. This increase is estimated to be an additional \$543 million in total resource needs over the 16-year period, with approximately 42% being General Fund resources.

Funding Plan Recommendation: As part of the City's strong financial management policies, the City budget includes expected costs associated with personnel salary and benefits – including retirement contribution costs – as part of the balanced five-year budget each year. This practice ensures that reasonably expected near-term changes in personnel costs are accommodated before other allocation decisions are made. This practice adequately plans for these costs but also restricts budget flexibility for other City service needs. The City may take additional action to both lessen the actuarial liability and smooth the anticipated cost over a longer time horizon.

PERS side accounts are designed to reduce the employer's contribution rates through a "rate credit" by utilizing the account deposit and earnings over 20 years. Side accounts earn actual PERS returns. Currently the assumed rate is 7.2%; however, the fund may earn more or less. In addition, through Oregon State Bill 1049, the state has created an Employer Incentive Fund to provide a 25% match for cash funded side accounts through an application process as monies are available. Although the original Incentive Fund was quickly used by other state government employers, it is important to get on the "wait list" as it is expected that additional funds will become available over the next year. If the City invests \$1.5 million in one-time General Fund resources, we can leverage investments of \$3.5 million from other City funds and potentially gain \$1.2 million in State resources for a total set-aside account balance of \$6.2 million. This investment would yield an estimated \$10.8 million in City savings over the next 20 years. This proposal is entirely scalable depending on the availability of General Fund resource.

3. Personnel Cost Mandates

The City's five-year balanced discretionary budget assumes personnel cost increases for inflationary factors, benefit cost growth, and approved wage growth. However, decisions that require subsequent authorization by Council – such as future labor contract agreements or new or supplementary

employee benefits – are not included and funded in the forecast. Additionally, changes in policy or regulation affecting personnel costs can disrupt service levels if inadequately planned for. One specific liability currently facing the City comes with the state’s passage of a new Paid Family Leave Act that will result in an increased cost to the City beginning in FY 2021-22. CBO is currently assessing the estimated cost to the City of different options to implement this policy. These options include the City developing its own plan or simply using the state’s plan.

Funding Plan Recommendation: Proactively reserving some level of resource for mandated changes in personnel costs can smooth the cost impact of significant changes over a longer timeframe. We recommend that the City set aside resources early for known, distinct mandates – such as implementation of the Paid Family Leave Act – to smooth costs over a longer time horizon. For liabilities that have an unknown timeframe or magnitude, the City can deposit discretionary resources into a General Obligations reserve for the purpose of addressing many of the major cost liabilities described in this memo rather than one issue specifically.

4. Portland Harbor Clean-Up

Environmental cleanup of the Portland Harbor Superfund Site is an ongoing financial liability for the City. It is not currently quantifiable but is likely to be significant. The City is one of more than 100 parties participating in a confidential, non-judicial process to reach an allocation of more than \$1B of cleanup costs among the parties.

Simultaneously with the settlement process, the City has entered into Administrative Orders with the U.S. Environmental Protection Agency to perform projects that move the site towards cleanup. Pursuant to these Orders, the City has funded work to investigate and design certain portions of the remedy. The City’s expenditures under these EPA Orders are costs that will be eventually allocated among the parties participating in the negotiated settlement, or the expenditures will be credited towards the City’s ultimate liability if negotiations fail. As discussed below, these costs by the City for work under the EPA Orders are currently being budgeted for by the City.

However, the City’s ultimate share of the total liability for Portland Harbor clean-up is not known and cannot be reasonably predicted at this time. In addition, it is difficult to predict whether the City will fund its share of the ultimate liability through a cash payment, through an agreement to perform certain work, or a combination of both. If the City settles its share of the liability by making a cash payment, then the payment would likely occur over a shorter time frame. On the other hand, if the City agrees to settle the case by performing certain work, the City’s expenses for the work could be spread out over a much longer time period.

Funding Plan Recommendation:

There are two types of funding reserves needed for Portland Harbor:

1. Project work being conducted under EPA Orders over the next three to five years which can be estimated over 5-year budget planning cycles; and

2. Addressing ultimate liability and planning for implementing a site-wide settlement agreement(s) which cannot be reasonably quantified yet.

Funds for the first type of costs are being addressed beginning in this year's budget and will be held within a Portland Harbor subfund of Fund 231 (The Citywide Obligation Fund).

However, since the second type of costs cannot be reasonably quantified yet, we recommend that the funds needed for the ultimate settlement simply be accrued in a General Obligations reserve fund. Importantly, of course, to the extent funds accrue from ratepayer bureaus, those ratepayer funds would have to be tracked so that they were not used for other purposes.

5. Citywide Legal Liabilities:

Occasionally, the City experiences unforeseen legal costs with multi-fund or citywide responsibility. These costs may arise as a result of a legal suit against the City or as a result of Council's desire to proactively pursue a legal, regulatory, or policy change. There is no current practice or method to proactively plan for these types of costs.

Funding Plan Recommendation: Proactively reserving some level of resource for Citywide legal liabilities may empower the City to respond effectively and with minimal service disruption when issues arise. However, as the amount of funding required and the timeline of the need is unknown, it is difficult to recommend a specific funding level for this purpose. One solution would be for the City to deposit discretionary resources into the General Obligations reserve for the purpose of addressing many of the major cost liabilities described in this memo rather than one issue specifically.

6. Technology and Equipment Replacement:

Strategically planning for and funding equipment and technology needs not only mitigates the financial risk posed by these large and urgent requests, but it protects and preserves core service levels and goals across the City. The improvements to financial policy that Council approved in April 2019 bolstered reporting and reserve requirements, providing a foundation for planning and strategizing around equipment and technology replacement needs. Planning for equipment replacement costs is now a core principle of existing City financial policy, but adherence is spotty and bureaus need better tools to plan for and fund these costs. Often, large one-time requests for needed replacement costs surface when the situation is critical. Recent examples include \$3M to replace the Fire Bureau's SCBAs and \$24M to replace Revenue Division's tax collection software. On the horizon are costly enterprise asset management software systems for OMF and Parks, and many others that are unknown.

Funding Plan Recommendation: Council should consider establishing a technology and equipment set aside account which could function similarly to the Capital Set Aside account. Resources from this account could be used to incentivize bureau investment and match bureau's existing resources for needed replacements. Setting up a matching fund could both smooth these costs over time and create an incentive for bureaus to develop more robust technology and equipment replacement plans.

As a precursor to consistently and effectively evaluating technology needs, we need agreement on key elements around data governance. This includes agreement on questions such as who has the authority to make data management decisions, and who is accountable for the data.

7. Columbia River Levee

For much of the last decade, several bureaus in the City have participated in the Levee Ready Columbia workgroup. This group was brought together for two purposes: first and foremost, following Hurricane Katrina, the Army Corp of Engineers has reevaluated and wants to recertify existing levees; secondly, there has been an effort to consolidate the drainage districts that oversee the levee. The City has participated in and supported funding studies and staffing related to these goals and is expected to continue to partially fund these efforts.

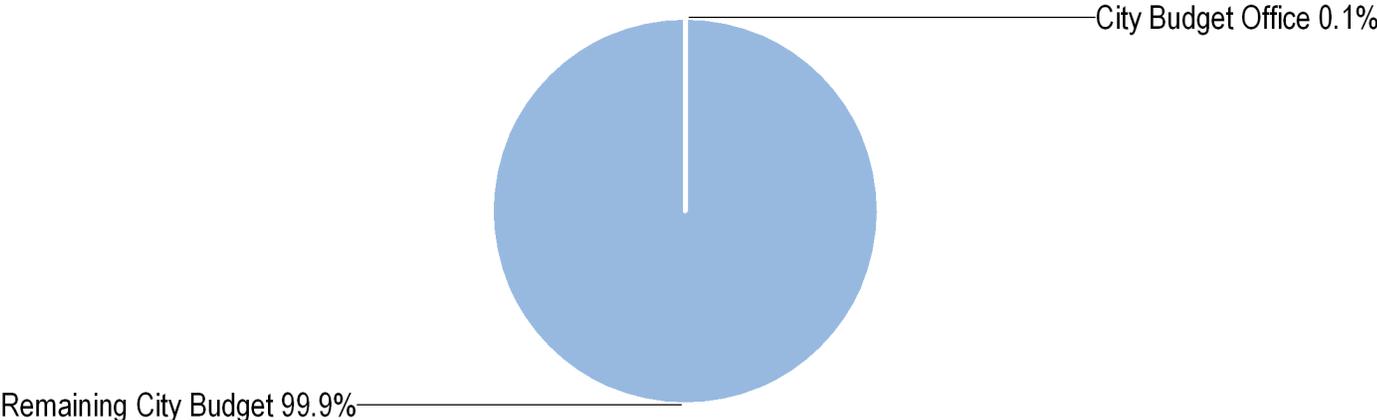
Funding Plan Recommendation: In the FY 2019-20 Fall BMP, the City set aside one-time discretionary funds to cover all *existing* agreements. However, there will likely be more costs in the future. The Army Corp of Engineers has just completed their study of the levee and the next steps are being considered currently. Similar to the Portland Harbor, there will likely be multiple partners and even multiple funds within the City – the largest land owners in the western part of the levee are the Golf Fund and Portland International Raceway. The appropriate level of funding, and which entities in the City are responsible, will become clear over the next several months. Once these costs are identified, the City should begin setting aside resources in the General Obligations reserve for this purpose.

City Budget Office

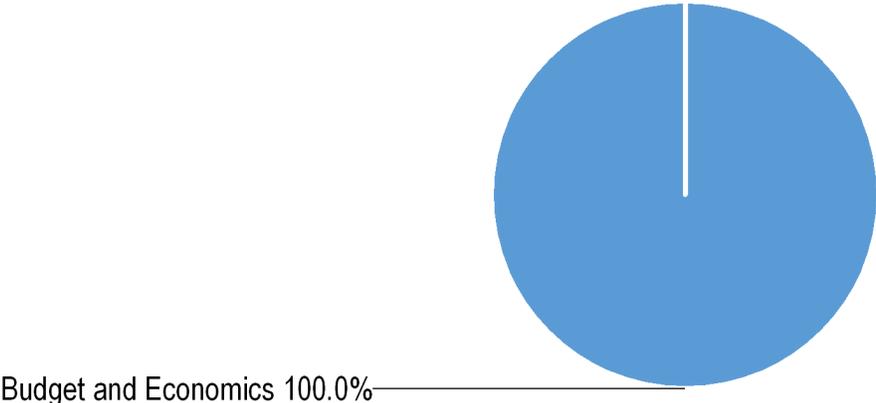
City Support Services Service Area

Mayor Ted Wheeler, Commissioner-in-Charge
 Jessica Kinard, Budget Director

Percent of City Budget Graph



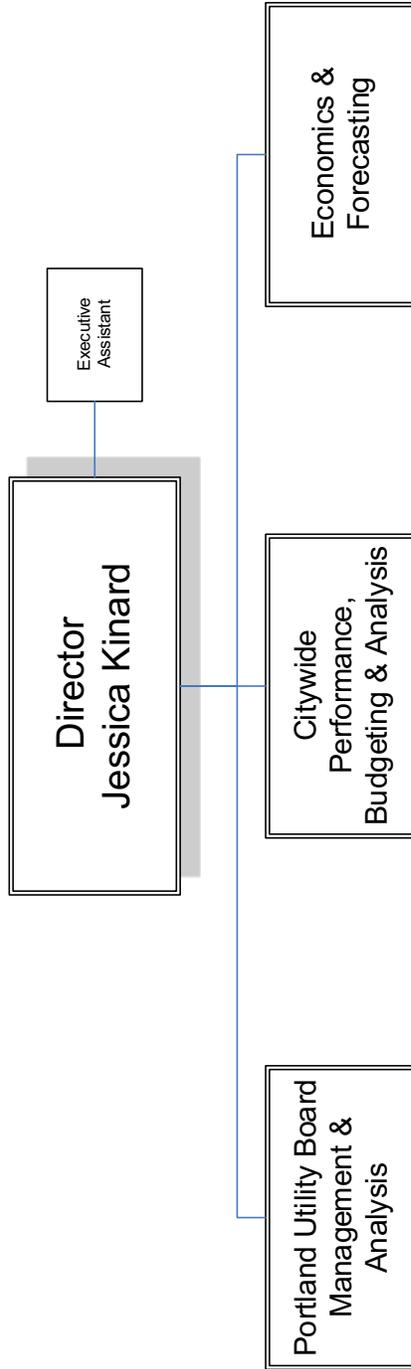
Bureau Programs



Bureau Overview

Requirements	Revised FY 2019-20	Requested FY 2020-21	Change from Prior Year	Percent Change
Operating	\$3,287,552	\$3,388,998	\$101,446	3%
Capital	\$0	\$0	\$0	0%
Total	\$3,287,552	\$3,388,998	\$101,446	3%
Authorized Positions	17.50	16.50	(1.00)	(0)%

City Budget Office



Bureau Summary

Bureau Mission

The City Budget Office (CBO) provides timely, accurate, and unfiltered information and analysis regarding budgeting, forecasting, and fiscal policy issues to the Mayor, Commissioners, City Auditor, City bureaus, and the public.

Bureau Overview

The City Budget Office's primary function involves coordinating the development of the City's budget, including analysis and recommendations of each bureau's operating and capital budget, financial plan, and performance measures. Duties include monitoring the high-level expenditure and revenue trends of all City funds throughout the fiscal year, coordinating budget amendments, analyzing City programs and policies, reviewing ordinances for fiscal and policy impacts, and providing fiduciary oversight of the General Fund and Cannabis Fund. In addition to providing analysis and recommendations to elected officials and the public, analysts are available to City bureaus for consultation, training, and technical assistance in matters related to budget, finance, and performance measurement and management. Analysts conduct research in response to inquiries from elected officials, City bureaus, the media, and the public.

The City Budget Office coordinates public involvement in the budget process, including staff support for the City's Community Budget Advisors and planning and staffing of the community budget forums and hearings. The office is responsible for ensuring that the City meets all requirements of State Budget Law regarding notices of public hearings and certification of the Approved Budget by the Tax Supervising and Conservation Commission.

The Budget Director serves as the City's Budget Officer. The economics and forecasting section of the office monitors and forecasts General Fund revenues and expenses, publishing five-year financial forecasts in December and April and economic and revenue updates at the close of each quarter. This section develops Current Appropriation Level targets for bureaus and programs that receive General Fund discretionary and General Fund overhead funding. Additionally, this section estimates labor agreement costs, consults on bond rating calls, provides ad hoc economic analyses, and analyzes local business impacts of proposed ordinances. Finally, this section houses the City's representative on the Oregon League of Cities' Finance and Taxation Committee and the State's Property Tax Reform Study Group.

The City Budget Office also houses management and analysis functions for the Portland Utility Board (PUB). The PUB is a community oversight body for the Portland Water Bureau, the Bureau of Environmental Services, and City Council's management of these public utility bureaus. This is a separate program offer within the City Budget Office funded from interagency resources from the Bureau of Environmental Services and the Water Bureau.

Strategic Direction

Bureau Goals

The office focuses its efforts on achieving excellence in four primary areas: ensuring the City meets its legal and fiduciary requirements during the development and adoption of the City's annual budget; conducting robust budget, policy, and performance analysis; providing clear and concise deliverables for Council and the public that capture analytical and budgetary information; and facilitating transparent decision-making for the equitable and financially sound delivery of public services.

Budget Processes

A core function of the office is to manage the budget development and budget monitoring processes. The CBO strives to coordinate processes that:

- ◆ Facilitate Mayor and Council decisions when addressing tradeoffs,
- ◆ Optimize the overall value of service to the public with a focus on equitable and sustainable outcomes,
- ◆ Minimize the workload impact on Citywide staff by ensuring that budget processes are efficient, and
- ◆ Meaningfully engages and informs the public through readable and informative information and analysis, and by supporting a panel of Citywide Community Budget Advisors as well as public budget forums.

Budget, Policy, and Performance Analysis

The City Budget Office strives to have a deep knowledge and understanding of the relevant issues within all City bureaus and the analytical capabilities to evaluate them. The Office has increased its focus on connecting bureau budgets to operations and performance in order to better identify and prioritize the public value of City services, and to identify risks to - and solutions for - providing sustainable and equitable levels of service to the public. Beginning in FY 2020-21, the bureau will be scheduling quarterly performance management work sessions with Council. The prior practice for performance management monitoring would formally occur in the fall of each fiscal year. As more data is available on a monthly or quarterly basis the CBO will be moving towards a model that capitalizes on this available resource.

Deliverables

The CBO strives to deliver high quality work products to Council (e.g. budget reviews, budget monitoring reports, and special studies) that transform budget and policy analysis into actionable information for elected officials. This is accomplished by providing concise information and thoughtful analysis, while clarifying the impacts and tradeoffs around key decision-points. This work also supports the public's ability to engage in the budget process by providing information and analysis relevant to the full scope of City activities.

Facilitation of equitable and sustainable services

Internally the City has made significant investments in furthering staff knowledge and training in support of citywide equity goals. In 2016, in accordance with Citywide policy, the office adopted a Racial Equity Plan. The plan focuses on achieving four long-term Citywide goals through a series of bureau-specific action items. CBO continues to make progress on the various action items, engaging nearly half the office in the implementation efforts for several key action items. The plan focuses on ensuring diversity in the populations CBO hires, the communities CBO engages in the budget process, and the lens analysts use in recommending investments in services Citywide. More broadly, active implementation of the plan encourages a culture within the office that promotes racial equity as a core value.

In the past year CBO participated with the initial cohort receiving the Results Based Accountability training from the Office of Equity and Human Rights. This training supports the CBO analysts in their work incorporating equity and performance management into the analysis and recommendations for financial and policy proposals. In the coming year the CBO plans to revisit the original Racial Equity Plan to determine what goals and action items should be refined and/or where additional goals and action items should be added. The most notable area for potential change is in the CBOs support role of the Portland Utility Board; this was a relatively new program at the City in 2016 and the CBO is in a better position now to determine where this program best fits in the bureaus overall Racial Equity Plan.

This year, CBO is looking to enhance its environmental sustainability by explicitly measuring and striving to reduce paper printing and publishing. CBO is proposing to add a performance measure to track paper usage and set targets to enhance our sustainable practices. The City Budget Office annually publishes the Adopted Budget book, in accordance with requirements of the Government Finance Officer's Association and the Tax Supervising and Conservation Commission. CBO typically prints several dozen copies of this document – each of which can exceed 1,000 pages – for elected offices, bureau contacts, and CBO analyst use. CBO also typically prints several copies of CBO analyses, budget work session materials, and other supporting documents for Council Offices. Going forward, CBO will look to enhance the digital accessibility of materials and offer hard copies upon request to reduce waste.

Summary of Budget Decisions

Base Budget

The FY 2020-21 base budget for the CBO reflects the following: planning for internal personal services merit growth, increased facility services costs associated with the new allocation methodology, internal restructuring of financial reporting to separate the Portland Utility Board as a separate program offer, and the reduction of 2.0 Limited Term analysts.

Per budget guidance, the CBO has recognized and planned for merit increases for staff, and currently this resource is in the bureaus base Current Appropriation Level. In FY 2019-20 the City Council approved a General Fund adjustment to cover increased costs associated with the blended rate model for facilities. As a result, the total costs of internal services for the CBO increased by \$207,320 in the FY 2020-21 base budget but because of the General Fund adjustment the CBO did not have to identify an internal resource to offset this added expense.

In FY 2020-21, the Budget and Economics program is losing 2.0 FTE that were funded with limited duration resources during the FY 2019-20 budget. First is the expiration of a limited-duration Capital Analyst funded by Council in order to enhance the bureau's ability to support the Capital Asset Managers Group and provide citywide Capital Analysis. The bureau will also experience the expiration of a limited term Senior Financial and Policy analyst that was hired to temporarily backfill work that an existing analyst is providing to finalize and troubleshoot budget software implementation. The work associated with both of these positions will be primarily reallocated to existing staff within the base budget; however, the bureau will be unable to provide the same depth of analysis and support as was possible with the limited duration staff.

Adds

Portland Insights Survey Phase II

The City Budget Office is requesting \$170,000 in one-time General Fund resources for Phase II of a comprehensive community survey pilot that began with Phase I resources in FY 2018-19. This second survey will build on the success of the initial effort to assess Portlanders' priorities and satisfaction with regards to City services, while incorporating key changes, including: an increase in canvassing operations, strengthening relationships to support community outreach, modifying questions as necessary, and adjusting the timing of the survey to better align with the City budget process.

CBO expects that consistent access to community sentiment data will enable the City to bring Portlanders' priorities into the front end of the budget process. This can be especially useful when the results are disaggregated by demographic and geographic markers, as in the 2019 Portland Insights Survey. Conducting the survey for a second year will help uncover trends and ask further questions about the community perceptions on how the City is addressing priority areas such as housing, homelessness, economic development, and transportation. Results from the first survey have already been used by internal and external stakeholders. Conducting the survey for a second year will enable Council to further evaluate the utility of this community data and whether an ongoing survey should be supported.

Building largely upon the existing survey will allow CBO to redeploy staff and resources to focus on canvassing, outreach, and reporting of results in the second year. CBO would utilize approximately \$120,000 in materials and services to pay for non-staff related costs of conducting the survey. This includes a PTE contract to implement and analyze the survey results (\$65,000), canvassing operations (\$40,000), and costs of translation for the survey questions and an executive summary report (\$15,000).

Required offset

Per Mayor’s budget guidance, any request for new resources must provide an offset or internal realignment totaling 50% of the value of the request for new resources. In order to meet this requirement, the CBO has submitted a second decision package for \$85,000 in one-time reduction options in order to mitigate the full costs associated with the Portland Insights Survey. This request would realign the existing contracted Hatfield fellow, valued at \$50,000, from supporting citywide performance management and budget analyst efforts in order to provide dedicated support for the Portland Insights Survey in FY 2020-21. The remaining \$35,000 is proposed to come from reduced non-represented employee merit growth for one year (as a result of updated Mayor’s budget guidance issued on January 23rd, 2020), a reduction in general office supplies, and a reduction in training opportunities for staff.

Should the \$85,000 offset of one-time resources for this package be taken to help fund the package, CBO’s capacity for performance management, investments in employee development, and operating supplies will be reduced for one year. This change would require the bureau to reduce its core performance management activities of training, analysis, and reporting. These staffing changes would significantly reduce CBO’s ability to provide support for performance measure development and Citywide performance analysis in FY 2020-21. CBO would cease project management of the City’s participation in the What Works Cities initiative in FY 2020-21 and lose its capacity for cross-bureau collaboration on improving performance management systems, including dashboard development. CBO would also need to significantly rethink the development and publication of the annual Prior Year Performance Report, potentially providing bureau self-assessments of performance to Council in lieu of a more comprehensive and independent analysis. Analysts would also lose opportunities for professional development and training.

City Budget Office

Summary of Bureau Budget

	Actuals FY 2017-18	Actuals FY 2018-19	Revised FY 2019-20	Requested No DP FY 2020-21	Requested FY 2020-21
Resources					
External Revenues					
Miscellaneous Fund Allocations	0	0	10,000	10,000	10,000
External Revenues Total	0	0	10,000	10,000	10,000
Internal Revenues					
General Fund Discretionary	413,366	1,067,830	1,397,636	1,276,222	1,531,222
General Fund Overhead	1,838,552	1,976,372	1,589,440	1,522,970	1,522,970
Interagency Revenue	209,434	143,899	290,476	324,806	324,806
Internal Revenues Total	2,461,352	3,188,101	3,277,552	3,123,998	3,378,998
Beginning Fund Balance					
Resources Total	2,461,352	3,188,101	3,287,552	3,133,998	3,388,998
Requirements					
Bureau Expenditures					
Personnel Services	1,978,947	1,946,840	2,593,430	2,382,141	2,361,641
External Materials and Services	238,333	248,147	257,242	316,300	591,800
Internal Materials and Services	244,072	358,810	230,493	435,557	435,557
Capital Outlay	0	634,302	206,387	0	0
Bureau Expenditures Total	2,461,352	3,188,100	3,287,552	3,133,998	3,388,998
Ending Fund Balance					
Requirements Total	2,461,352	3,188,100	3,287,552	3,133,998	3,388,998
Programs					
Budget & Economics	2,461,352	3,188,100	3,287,552	3,133,998	3,388,998
Total Programs	2,461,352	3,188,100	3,287,552	3,133,998	3,388,998

FTE Summary

Class	Title	Salary Range		Revised FY 2019-20		Requested No DP FY 2020-21		Requested FY 2020-21	
		Min	Max	No.	Amount	No.	Amount	No.	Amount
30003004	Administrative Specialist III	53,290	102,648	1.00	55,370	1.00	72,779	1.00	72,779
30003008	Analyst III	69,805	131,248	1.50	158,436	1.50	163,498	1.50	163,498
30003027	Coordinator I - NE	48,277	93,018	1.00	58,181	1.00	64,809	1.00	64,809
30003034	Deputy Director I	80,205	145,808	1.00	94,100	1.00	125,466	1.00	125,466
30003037	Director I	111,696	197,246	1.00	150,696	1.00	150,696	1.00	150,696
30003040	Economist	80,205	145,808	1.00	135,741	1.00	135,741	1.00	135,741
30003054	Financial Analyst I	53,290	102,648	4.00	248,434	4.00	285,318	4.00	285,318
30003055	Financial Analyst II	63,336	109,491	3.00	252,698	3.00	287,290	3.00	287,290
30003056	Financial Analyst III	69,805	131,248	2.00	204,547	2.00	204,547	2.00	204,547
Total Full-Time Positions				15.50	1,358,203	15.50	1,490,144	15.50	1,490,144
30003008	Analyst III	69,805	131,248	1.00	60,618	0.00	0	0.00	0
30003055	Financial Analyst II	63,336	109,491	1.00	59,072	1.00	29,536	1.00	29,536
Total Limited Term Positions				2.00	119,690	1.00	29,536	1.00	29,536
Grand Total				17.50	1,477,893	16.50	1,519,680	16.50	1,519,680



Budget & Economics

Program Description & Goals

Budget and Economics is CBO's primary program and constitutes the bureau's core work. The program coordinates the development of the City's annual and supplemental budgets, provides independent and objective financial and programmatic analysis, provides economic analysis and forecasting, and leads Citywide performance management efforts.

The program's strategic goals include providing processes, analysis, and deliverables to facilitate informed Council decision-making and promote public awareness of and involvement with Citywide budgetary and performance information. Through transparent, streamlined and effective processes and deliverables, the program seeks to maximize the value and impact of constrained resources in achieving City goals. CBO is committed to furthering racial and disability equity and seeks to integrate those values into every aspect of bureau work.

The program provides Citywide services which have a high-level and multi-bureau impact. As such, success is measured via a blend of bureau-specific workload and effectiveness measures, and progress towards Citywide outcomes. This year includes new indicators to measure CBO's impact on key City and bureau objectives: progress on sustainability, ensuring budgetary access is equitable for the public, and facilitating an open and transparent data sharing environment at the City for budget and performance data.

Measure Title	PM 2017-18 Actuals	PM 2018-19 Actuals	PM 2019-20 Target	PM 2020-21 Target	Strategic Target
Percentage of City KPMs with positive year-over-year results	38%	40%	43%	45%	60%
Annual repair, rehabilitation, & replacement funding gap (Citywide)	\$310,000,000	\$427,800,000	\$310,000,000	\$513,000,000	0
Customer service rating (4 pt scale)	3.48	3.28	3.00	3.40	4.00
CBO budget process work products website views	55,990	31,326	50,000	50,000	90,000
Citywide asset condition summary	67%	66%	100%	67%	90%
General Fund Excess Ending Balance (forecast accuracy)	\$11,900,000	\$11,800,000	\$10,000,000	\$10,000,000	\$10,000,000
Net change in printed output when compared to FY 2019-20 output	0	0	0	-20%	-50%
Number of bureau performance measures using Insights Survey data	0	0	0	14	21

Explanation of Services

Primary program activities include: coordinating and supporting the City's annual and supplemental budget processes; monitoring budgets and spending at a high-level across all bureaus and assessing financial impact of all Council ordinances; providing fiduciary oversight and management of the Cannabis and General Funds; managing the enterprise-wide budget database and software system; coordinating and advising on multi-bureau efforts which have financial impacts; leading citywide performance management initiatives; and supporting bureau performance management efforts. The program also includes the City's Economics & Forecasting function, providing annual Cannabis and General Fund revenue forecasts and Current Appropriation Level (CAL) targets for each City bureau, and providing analysis, recommendations, and advice on other salient economic issues and trends.

CBO is unique in its provision of independent, publicly available analyses and recommendations, which serve to inform and empower City leaders and the public. Additionally, CBO supports a panel of Citywide Community Budget Advisors, and facilitates citywide budget engagement efforts that include public forums, hearings, and work sessions.

FY 2019-20 is the first full year of utilizing the city's new budget software system, BFM. Initial feedback from user bureaus is positive: the software allows for the development of comprehensive reports and data collection and extraction with less effort than the legacy system. The project was delivered on-time and under budget, allowing the CBO to carryover additional resources into FY 2019-20.

Equity Impacts

CBO's equity goals focus on ensuring equity, diversity, and inclusion in the populations CBO hires, the communities CBO engages in the budget process, and the lens analysts use in recommending investments in services Citywide. CBO elevates the discussion of equity impacts through the structuring of budget processes - as with the requirement that each bureau complete of a budget equity tool and by explicitly featuring equity impacts in our budget work sessions – and with our analyses and recommendations for Council. These requirements reinforce Council and bureaus' ability to take action to further racial and disability equity.

The Budget and Economics program ensures multi-lingual noticing, accessibility and interpretation services are available at all budget outreach events. However, CBO recognizes the need to take additional measures to empower diverse engagement with the budget process. CBO recently piloted a new Citywide survey that sought to capture Portlanders' priorities and perceptions of City services, with an emphasis on reaching those populations that are historically underserved. As part of the FY 2020-21 budget, CBO is requesting resources for a second phase of the pilot to build upon the initial survey's success and enhance our reach to underserved communities . The bureau is internally in the process of setting up cost codes to better track the investments made in the base budget to support equitable access to bureau events and public communications.

Changes to Program

In FY 2020-21, the Budget and Economics program is losing two limited duration positions: a Capital Analyst which was funded with one-time resources by Council in order to enhance support for the Capital Asset Managers Group and citywide Capital analysis; and a Senior Financial and Policy Analyst hired to temporarily backfill analyst work during budget software system implementation. The Capital Asset Managers Group is undergoing a re-chartering effort, and CBO's role will be transitioning to provide monitoring and evaluation support. While the program will have limited capacity to provide deep analytical support with the loss of this position, the bureau will absorb and integrate some level of capital analysis into existing analysts' workload.

CBO's FY 2020-21 requested budget separates the support function for the Portland Utility Board (PUB) into a distinct program offer, generating a reduction in the Budget & Economics program offer. There is no operational impact of this change.

The bureau's internal services costs have increased by \$207,320 as a result of the transition to a blended rate model for facility charges administered by the Division of Asset Management in the Office of Administration and Finance. City Council approved increased General Fund resources for these costs, so there is no operational impact of this change. There are no other significant base budget changes to the Budget and Economics Program within the CBO for the FY 2020-21 Requested Budget.

Program Budget

	FY 2017-18 Actuals	2018-19 Actuals	2019-20 Revised	2020-21 Requested with DP
Bureau Expense				
Capital Outlay	0	634,302	206,387	0
External Materials and Services	238,333	248,011	257,242	573,100
Internal Materials and Services	244,072	358,810	230,493	385,261
Personnel	1,978,947	1,946,840	2,593,430	2,105,831
Sum:	2,461,352	3,187,964	3,287,552	3,064,192
FTE	15	16	16	15

Resources: The Budget & Economics program offer is supported by General Fund discretionary and overhead resources.

Expenses: The majority of this programs budget, 76%, goes toward supporting the personnel costs for 15.0 employees. The Internal Materials and Services category amounts to 13% of the total operating budget and funds internal services to support staff. The remaining 11% funds external materials and services associated with core operations, including a Hatfield Fellow and contracts for budget outreach facilitation and translation services. This category also includes costs for ongoing maintenance of CBO's one managed asset, the Citywide budgeting software.

Staffing: The program's FY 2019-20 base budget includes 15.0 FTE, with 1.0 Limited Term Sr. Policy and Finance Analyst funded with one-time resources that expire in FY 2020-21.

Assets and Liabilities: The primary asset associated with this program is the City's budget preparation and reporting software BFM. Ongoing operational support and maintenance for this software is included in the program's base budget. There is no dedicated ongoing resource for future replacement of this software. When resources are available, the CBO has redirected funds to the General Fund reserve to offset future costs and liabilities associated with the system eventually reaching the end of its useful life.

Program Information

Bureau:	City Budget Office	Program Contact:	Christy Owen
Website:	https://www.portlandoregon.gov/cbo/	Contact Phone	503-823-6960

Portland Utility Board Support

Program Description & Goals

The PUB is a community-based advisory board created by the Portland City Council to provide budgetary and policy oversight of the public utility bureaus, the Portland Water Bureau (PWB) and the Bureau of Environmental Services (BES). The support of the PUB is housed in the CBO to ensure independence from the management of the utility bureaus PUB is responsible to oversee and advise.

CBO provides organizational, logistical, analytic, administrative and strategic support to ensure that the board is equipped to advance their general mission, goals and workplan priorities, which includes providing timely, relevant, and effective input to inform Council and management decisions impacting bureau investments, policies, practices and procedures. The achievement of these duties requires PUB staff to work closely with the board, receiving direction from the members and working behind the scenes to ensure seamless and effective board meetings and deliverables.

Measure Title	PM 2017-18 Actuals	PM 2018-19 Actuals	PM 2019-20 Target	PM 2020-21 Target	Strategic Target
Annual number of Portland Utility Board meetings held	0	0	0	12	18
Number of inquiries about board work from the public	0	0	0	10	12
Percent of PUB members who have received equity training	0	0	0	100%	100%

Explanation of Services

The CBO provides staff support to the PUB based on the priorities identified by the board. These areas of support include:

- Meeting logistics: planning, scheduling, procuring meeting supplies and materials, and drafting of agendas and minutes for board meetings, including special board meetings and community meetings.
- Communications: drafting communications from the board, public meeting notices, website maintenance and development, and communications with the public regarding board activities.
- Board coordination and development: assist and advise in development of bylaws, board processes, and compliance with various regulations, e.g., public meeting requirements; assist in annual work plan development and strategic planning; coordinate communications between between board, co-chairs, and bureau and Council staff; coordinate board recruitment and appointment; and support and track performance metrics.
- Analysis: conducts research and analyze complex budget, policy and operational issues in order to support development of board recommendations.
- Technical: provides technical information to PUB and stakeholders on budget process; facilitates alignment between PUB needs/timelines and City processes and requests; researches and make recommendations on methods to maximize effectiveness of board input.

This budget request provides initial performance measures for the PUB program offer and in the coming year the CBO will be engaging with the PUB to determine if there are additional measures the PUB would advise for the CBO. These initial measures focus on the current workload of the PUB staff and will enable the baseline tracking of data working towards future indicators that will measure the effectiveness and/or outcomes of the program.

Equity Impacts

The PUB program offer has both internal and external facing equity impacts. Actions that impact internal facing equity include supporting the development and maintenance of inclusive board processes, expanding outreach through diverse channels for board recruitment, and insuring board members have an understanding and commitment to equity, particularly racial equity. External facing equity impacts are largely determined by whether the board has effectively applied an equity lens to their decision-making and development of recommendations. Included in the CBO staff role is the provision of support to ensure the board has the additional trainings, tools, skills, opportunities, and space to apply an equity lens to their work effectively.

The current board has identified equity as a high priority and is committed to considering equity impacts in all discussions and recommendations. This aligns with CBO's prioritization of basic equity training as a part of the onboarding process for new members. With a committed board this also affords the opportunity to review, re-align, and update the equity goals for PUB as identified in the CBO Racial Equity Plan adopted in 2016. The CBO's current Racial Equity Plan has limited reference to the PUB support provided, and CBO leadership is planning to revisit the plan to modify areas where either new services have been added or where gaps have been identified since the plan was adopted.

Changes to Program

While this is the first year that the PUB support function is featured as a stand-alone program within CBO, the function's staffing, expenses and services are consistent with the prior year, when staffing was increased from 1.0 to 1.5 FTE. There are no significant changes to the program proposed in FY 2020-21.

Program Budget

	FY 2017-18 Actuals	2018-19 Actuals	2019-20 Revised	2020-21 Requested with DP
Bureau Expense				
External Materials and Services	0	0	0	18,700
Internal Materials and Services	0	0	0	50,296
Personnel	0	0	0	255,810
Sum:	0	0	0	324,806
FTE	0	0	1.5	1.5

Resources: The PUB support function is funded 100% by the utility bureaus PWB and BES.

Expenses: The majority of the budget – 79% - is for personnel costs. 15% of the budget funds internal services to support staff and operational costs, and the remaining 6% funds external materials and services including materials support for PUB meetings.

Staffing: Includes 1.5 FTE for the PUB including 1 FTE Program Coordinator that provides coordination, logistics, and facilitation for meetings and deliverables and .5 FTE Analyst that provides analytical support and leadership for this program.

Assets and Liabilities: None.

Program Information

Bureau: City Budget Office

Program Contact: Amy Archer-Masters

Website: <https://www.portlandoregon.gov/cbo/68272>

Contact Phone 503-823-6981

Form Header Org	Program	Program Description & Goals Length	Explanation of Services Length	Changes to Program Length	Resources Length	Expenses Length	Staffing Length	Assets and Liabilities Length	Equity Impacts Length
BO	LAFPBE	1,405	1,623	1,502	104	554	166	492	1,498
BO	LAFPPB	966	1,781	311	76	246	235	5	1,445

Measure Title	YTD Actual Calculation	PM 2017-18 Actuals	PM 2018-19 Actuals	PM 2019-20 YTD Actual	PM 2020-21 Target
Percentage of City KPMs with positive year-over-year results	0	38%	40%	0	45%
Annual repair, rehabilitation, & replacement funding gap (Citywide)	0	\$310,000,000	\$427,800,000	0	\$513,000,000
Customer service rating (4 pt scale)	0	3.48	3.28	0	3.40
CBO budget process work products website views	0	55,990	31,326	0	50,000
Citywide asset condition summary	0	67%	66%	0	67%
General Fund Excess Ending Balance (forecast accuracy)	0	\$11,900,000	\$11,800,000	0	\$10,000,000
Annual number of Portland Utility Board meetings held	0	0	0	0	12
Number of inquiries about board work from the public	0	0	0	0	10
Percent of PUB members who have received equity training	0	0	0	0	100%
Net change in printed output when compared to FY 2019-20 output	0	0	0	0	-20%
Number of bureau performance measures using Insights Survey data	0	0	0	0	14

1 Strategic Target

60%

10 0

4.00

90,000

90%

0 \$10,000,000

18

12

100%

-50%

21

City of Portland
City Budget Office

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OUTCOME MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
BO_0001	Percentage of City KPMs with positive year-over-year results		45%	38%	40%	43%	0	45%	60%
BO_0003	Annual repair, rehabilitation, & replacement funding gap (Citywide)		\$287,900,000	\$310,000,000	\$427,800,000	\$310,000,000	0	\$513,000,000	0
BO_0005	Customer service rating (4 pt scale)		N/A	3.48	3.28	3.00	0	3.40	4.00
BO_0009	Citywide asset condition summary		72%	67%	66%	100%	0	67%	90%
BO_0010	General Fund Excess Ending Balance (forecast accuracy)		\$11,200,000	\$11,900,000	\$11,800,000	\$10,000,000	0	\$10,000,000	\$10,000,000
BO_0016	Number of bureau performance measures using Insights Survey data		0	0	0		0	14	21

OUTPUT MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
BO_0008	CBO budget process work products website views		42,669	55,990	31,326	50,000	0	50,000	90,000
BO_0014	Percent of PUB members who have received equity training		0	0	0	%	0	100%	100%
BO_0015	Net change in printed output when compared to FY 2019-20 output		0	0	0	%	0	-20%	-50%

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WORKLOAD MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
BO_0012	Annual number of Portland Utility Board meetings held		0	0	0		0	12	18
BO_0013	Number of inquiries about board work from the public		0	0	0		0	10	12

MEASURES

	Performance Measure	KPM	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 YTD Actuals	FY 2020-21 Target	Strategic Target
BO_0011	There are no performance measures associated with this program		N/A	N/A	0	999,999	0	0	N/A

DP: 9566 - Portland Insights Survey

DP Type

Priority

New

ADD

1

Yes

Package Description

This request builds directly from 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 contracted firm to help design, implement, and analyze survey results. CBO absorbed an additional \$40,000 in EMS costs for the vendor and approximately \$40,000 in staff costs to run the project, predominantly through the dedicated work of a Hatfield Fellow.

The FY 2018-19 Portland Insights Survey, launched as a result of this funding, first sought feedback from City bureaus and Council to redesign the survey methodology. This resulted in a completely new survey design to deliver a survey that was more representative, equitable, and accessible to all Portlanders.

The survey proposed for the FY 2020-21 Budget would create a strong government-community feedback loop through a quantitative survey that combines modern surveying approaches with best practices in community engagement. In short, the survey will attempt to hear from as many Portlanders as possible, while ensuring a representative sample of the community.

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 second phase of the effort be funded, CBO would utilize largely the same survey questions and design as the 2019 pilot, with adjustments. Modifications based on stakeholder feedback from the pilot include:

- Increase canvassing operations to ensure more representative sample;
- Strengthen community and City relationships for conducting outreach;
- Adjust questions as necessary to gain additional insights;
- Adjust timing of survey to better align with City budget process.

Building largely upon the existing survey will allow CBO to redeploy staff and resources to focus on canvassing, outreach, and reporting of results in the second year. CBO would utilize approximately \$120,000 materials and services to pay for non-staff related costs of conducting the survey. This includes a PTE contract to implement and analyze the survey results (\$65,000), canvassing operations (\$40,000), and costs of translation for the survey questions and an executive summary report (\$15,000).

The survey questions would also be updated to reflect areas of interest from bureaus or Council, potentially reserving a short section for "rotating" questions. There is an opportunity to dive deeper on findings from the previous year.

Year-over-year analysis from the previous year will further inform Council budget prioritization conversations and provide bureau management with a more complete perspective of their services.

The annual schedule will provide a predictable foundation for incorporating community feedback into budget decision-making. It will also allow the City to test new ideas and methodologies or course correct if a survey engagement strategy is not working. Community participation is likely to grow as the City demonstrates how it is using results from the survey.

Extending the survey pilot also expands the potential for a more formalized partnership for this project between CBO, the Office of Community and Civic Life, and the Bureau of Planning and Sustainability. These bureaus have served as primary stakeholders in the initial redesign of the survey and have subject matter expertise.

CBO will track the success of the project through the adoption of the following performance measures:

- Total number of responses to the 2020 Portland Insights Survey
- Percentage of survey responses from underrepresented communities (communities of color and people identifying as having a disability)
- Percentage of responses generated by Community Data Fellows (canvassing)
- Percentage of KPMs trending in the desired direction (existing measure)

Service Impacts

This project will improve City budget prioritization, policy making, and the management of City programs as Council and bureaus will have access to year-over-year quantitative data points regarding resident perceptions and priorities. The information generated from a second community assessment can be used in decisions regarding public safety, asset management, and prioritization between service areas, among other topics. Results from the 2019 Portland Insights Survey have been used by external and internal audiences to define neighborhood profiles for the C40 Thriving Cities workshop and in the forthcoming Portland State University's Institute on Aging "State of Aging in Portland" report, as well as throughout the FY 2018-19 Prior Year Performance Report and FY 2020-21 Council budget kickoff. CBO anticipates that an additional year of piloting the survey will continue to demonstrate how this information can improve results for the community at large, by helping to align the programs offered by the City to community needs and expectations.

In addition, survey results can lead to efficiencies within City bureaus by identifying sentiments and priorities for specific subsets of the population. For example, data could inform how residents from different communities want to be contacted by the City and their preferences for engagement activities. While many bureaus will likely continue to conduct their own one-off surveys, the Portland Insights Survey provides this information from a citywide perspective and should reduce the need for bureaus to conduct individualized surveys or focus groups. The Portland Insights Survey results provide a centralized data source which can be used by all bureaus. The unique approaches deployed through this project also show a commitment to community building through partnerships with local universities, training and educational investments in youth canvassers, and the deployment of surveys in historically underrepresented communities.

Finally, the Citywide survey provides an important opportunity for community engagement and relationship-building. Proactively soliciting the input of community members on their priorities and perceptions creates an important touchpoint between the City and the communities it serves. Prioritizing collecting information through canvassing and translation services enhances the likelihood of connecting with individuals that may be disconnected from current City networks. This proposal creates a feedback loop with community members by ensuring results of the survey and its influence on City policies and programs are readily available and reported back out to engaged community members.

Success of the second year may build interest and support for further approaches aligned with best survey and community engagement practices. These approaches have the possibility to further improve the quality and amount of data the City can rely on for decision-making. Examples of expansion should the pilot be funded on an ongoing basis beyond FY 2020-21:

- Expand the survey to non-residents, including employees working in Portland, students, and the houseless population.
- Institute ongoing recommendations from the consultants hired for the FY 2018-19 survey, such as connecting the survey results to a broader 'listening campaign,' which would use digital tools to monitor resident sentiment and feedback to inform decision making.

While the goal is for this pilot to demonstrate sufficient value to warrant future ongoing support, this is a stand-alone request and can be retired once completed if there is not interest in continuing the project. The information and connections that will be generated from this project will be valuable irrespective of whether the project is continued into the future.

The CBO has established a new performance measure to track the how many bureaus use the survey data as part of there overall performance management structure. The initial goal is to have two measures per service area, for a total of fourteen measures, and if ongoing funding is provided for subsequent years the CBO has set a strategic target of 21 measures utilizing Portland Insights Survey data.

Equity Impacts

Continuation and expansion of the Portland Insights Survey project would enhance equity both in terms of the process and with the project results.

Regarding the survey process, the expanded project will allow for the implementation of more comprehensive equity strategies surrounding survey design, administration, analysis, and reporting. These strategies include survey methods to increase the representativeness of the survey, ensuring culturally competent and accessible survey and engagement formats, and outreach in historically underrepresented populations. Representativeness will be further supported by more robust canvassing methods and targeted outreach for community budget labs. These methods will allow the City to receive feedback and survey results from more respondents, including a wider array of Portlanders, and the city's historically underrepresented and more vulnerable communities.

This structure will allow the City to continue to obtain survey results at a community-specific level to help shape City budget, policies, and programs. Perhaps even more importantly, this project will provide critical information for how the City measures the impact of its equity efforts, including race and disability equity strategies. Survey results reveal how respondents from specific communities perceive their ability to influence government decisions, level of safety, livability, and level of satisfaction on a range of critical City services.

Budget Detail

Fund	Major Object Name	2020-21 Request - V52 with DP	2020-21 CBO Recommended- V53	2020-21 Proposed-V54	2020-21 Approved - V55	2020-21 Adopted - V56
	Major Object Name	Expense				
100000	External Materials and Servi	170,000	0	0	0	0
	Sum:	170,000	0	0	0	0
	Major Object Name	Revenue				
100000	General Fund Discretionary	170,000	0	0	0	0

Decision Package Summary

Details

Budget Detail

Fund	2020-21 Request - V52 with DP	2020-21 CBO Recommended- V53	2020-21 Proposed-V54	2020-21 Approved - V55	2020-21 Adopted - V56
Major Object Name	Revenue				
Sum:	170,000	0	0	0	0

DP: 9567 - Community Insights Survey Offset

DP Type

Priority

New

SUB

2

No

Package Description

Per the budget guidance any request for new resources must provide an offset or internal realignment totaling 50% of the value of the request for new resources. This request would realign the existing contracted Hatfield fellow, valued at \$50,000 from supporting citywide performance management efforts in order to provide the dedicated support for the Portland Insights Survey in FY 2020-21. The remaining \$35,000 one-time reduction would come from available resources in Personnel Services associated with recent instruction to cap non-merit at 2%, general office supplies, and a reduction in training opportunities by reducing the number of attendees at national training events.

Service Impacts

Should the \$85,000 offset of one-time resources for this package be taken to help fund the package, CBO's capacity for performance management, employee development, and internal flexibility for purchasing supplies will be reduced – in some cases dramatically.

First, CBO's staff focused on the core Citywide performance management activities of training, analysis, and reporting from 1.4 FTE (Analyst III + 80% of a Hatfield Fellow) to .8 FTE as the Hatfield fellow would be dedicated to the survey work and the Analyst III would be required to spend more time directly managing elements of the survey.

This change would require the bureau to reduce its core performance management activities of training, analysis, and reporting. These staffing changes would significantly reduce CBO's ability to provide support for performance measure development and Citywide performance analysis in FY 2020-21. CBO would cease project management of the City's participation in the What Works Cities initiative in FY 2020-21 and lose its capacity for cross-bureau collaboration on improving performance management systems, including dashboard development. CBO would also need to significantly rethink the development and publication of the annual Prior Year Performance Report, potentially providing bureau self-assessments of performance to Council in lieu of a more comprehensive and independent analysis.

The loss of CBO's Hatfield fellow would be felt beyond the bureau's performance management activities. The annual Hatfield Fellow provides expanded capacity for budget analysis, which would increase workload for other CBO analysts. Broader negative impacts include the loss of technical skills and innovation provided by the annual Fellow, as well as a consistent recruitment pipeline for new financial analysts for the bureau.

Finally, reducing travel and training by a total of \$16,000 would mean fewer opportunities for employee development for CBO's staff – a difficult decision given that CBO analysts provide reviews and recommendations with important impacts on City resource allocation and investments each year. Reduction of office and operating supplies may be able to be achieved by moving to digital rather than printed copies of the FY 2020-21 Adopted Budget.

Equity Impacts

The most significant impact to bureau equity goals would be felt in the reduction of available time the City's Performance Management Analyst provides to internal CBO staff and customer bureaus to further the citywide lens on equity through performance management. Over the past two years the Performance Management Analyst has been a partner with the Office of Equity and Human Rights in furthering their training and usage of Results Based Accountability (RBA) and led initiatives to develop citywide measures for equity and inclusion. Should the offset be taken, CBO would slow efforts to align Citywide performance reporting with tracking of the RBA initiative and develop shared measures for equity. This work would be slowed for one year, potentially inhibiting the CBOs progress on the bureau's internal racial equity plan.

Budget Detail

Fund	Major Object Name	2020-21 Request - V52 with DP	2020-21 CBO Recommended- V53	2020-21 Proposed-V54	2020-21 Approved - V55	2020-21 Adopted - V56
	Major Object Name	Expense				
100000	External Materials and Servi	105,500	0	0	0	0
100000	Personnel	-20,500	0	0	0	0
	Sum:	85,000	0	0	0	0
	Major Object Name	Revenue				
100000	General Fund Discretionary	85,000	0	0	0	0
	Sum:	85,000	0	0	0	0

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City Budget Office

Requested Budget & Racial Equity Plan Update:

The City Budget Office's (CBO's) primary role is to facilitate development of the Citywide budget. CBO considers the impact of this in two key ways:

First, CBO strives to ensure that equity issues are surfaced in bureau requests, CBO analysis and recommendations, and Council decision-making. This analysis includes assessing the impacts of requests that may benefit Indigenous people, Black people, people of color, immigrants and refugees and people with disabilities. To this end, CBO co-manages the Budget Equity Tool with the Office of Equity & Human Rights (OEHR) in addition to managing the program offer requirement for bureaus to articulate the equity impact of each program as part of all submissions. As part of this analysis the CBO submits formal questions to bureau leadership on all aspects of the bureaus' base budget and requests for new funds. In addition, analysts have multiple meetings with bureau leaders to further vet various levels of impact to Citywide equity goals. The CBO uses this information in developing fiscal and policy recommendations, with the goal of identifying for Council the tradeoffs and equity impacts of budget decisions.

Second, the CBO manages its own small budget supporting 15.5 FTE. The majority of the CBO's budget supports staff and personnel expenses. Our staff are our greatest resource, and the bureau strives to adequately support staff in meeting CBO's core mission of providing technically sound budget materials while facilitating a budget process that promotes equitable outcomes and supporting a financially resilient City. In the prior fiscal year, the CBO internally realigned resources to conduct better budget outreach and public engagement. Staff time devoted to outreach efforts was increased, resulting in improvements in noticing, demographic collection at in-person events, and a budget testimony data visualization, among others. The CBO has assessed the models of engagement and improved by learning from experience and incorporating stakeholder feedback. The CBO continues to pivot its approach in a continual effort to hear from diverse Portlanders on their priorities and concerns with investments at the City.

Racial Equity Plan Link:

Requested Budget Community Engagement:

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There are two areas in the FY 2020-21 Requested Budget where the CBO seeks input for prioritization of resources that support under-represented communities in Portland: the bureau's Budget Advisory Committee (BAC) and the decision package supporting a second year of the Portland Insights Survey. The BAC includes the Director of the Office of Community and Civic Life and two community members. This committee brings input on how both the budget process and the internal operations of the CBO have ability to impact communities of color. The FY 2020-21 Requested Budget incorporates the feedback and guidance from this advisory body, especially as it relates to the decision package supporting the Portland Insights Survey. BAC members highlight the need for the next survey to build upon the outreach efforts in non-white communities, especially the training for the focused canvassing efforts.

The Portland Insights Survey from FY 2018-19 was funded with one-time General Fund resources. Results from the 2019 Portland Insights Survey have been used by external and internal audiences to define neighborhood profiles for the C40 Thriving Cities workshop and in the forthcoming Portland State University's Institute on Aging "State of Aging in Portland" report, as well as throughout the FY 2018-19 Prior Year Performance Report and FY 2020-21 Council budget kickoff. As such, the CBO has requested one-time resources to conduct a similar, and expanded survey to provide additional relevant data for multiple key stakeholders. The budget proposal for this request includes expanded resources for the in-person canvassing, which explicitly reaches out to under-represented communities for survey participation. Not only will this request provide a robust data set, but the enhanced efforts to have personal interaction and solicit feedback serves to create connections and build trust with communities that may not otherwise be engaged with City government.

Base Budget Constraints:

At present the bureau does not believe there are insufficiencies in the base budget that would constrain or inhibit the goals outlined in the CBO Racial Equity Plan. Over the past eighteen months the CBO has experienced changeover in multiple positions supporting both the Budget & Economics program offer and the Portland Utility Board (PUB) program offer. With permanent positions and full staff, the bureau is now in the position to revisit the current Racial Equity Plan, adjust to goals as necessary, and set forth a workplan for implementing the remaining items.

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Notable Changes:

In the last six months the CBO has filled a significant number of vacant positions, including a new Coordinator for supporting the Portland Utility Board program in the CBO, permanent appointments for the Director and Assistant Director, and subsequent permanent appointments for analysts. Bureau leadership is formalizing a process for quarterly meetings to assess the implementation of the Racial Equity Plan. This process also includes training multiple analysts in the OEHR's Results Based Accountability framework, which may inform recommended alterations to the current plan. There are some deficiencies in the current plan, in particular where the PUB support program in the CBO could have additional impact in its outreach and engagement efforts with underrepresented communities.

The CBO is building internal tracking mechanisms to track the investments and outcomes for community outreach and internal discretionary spending at the CBO. This will provide bureau leadership with a greater level of understanding of the investments the bureau makes, often in small purchases via the P-Card. There is no plan to require new resources for this level of tracking or management within the bureau and it is anticipated that this will become a standard operating procedure for expense monitoring.

Equity Manager Role in Budget Development

The CBO does not have an internal Equity Manager; rather, we have an equity liaison and incorporate equity initiatives and leadership into management and staff across the bureau. The bureau is in frequent contact with the Office of Equity and Human Rights (OEHR) on several citywide initiatives and the CBO utilizes this relationship to vet initiatives for impact potential on communities of color and/or other communities historically underserved throughout the City. The CBO and OEHR developed an input form in BFM, the budget software, to capture all bureau's budget equity tool in order to fully integrate this tool into the framework of the Requested Budget process.

Building equity into the base of the CBOs operation is also evidenced in the dedication of staff time towards training and citywide opportunities. Approximately half of the office is directly involved in implementation of the Racial Equity Plan, and those employees were involved in the development of the budget and this tool. CBO identified three staff members (20% of the office) to participate in the 8-month long RBA cohort lead by OEHR and the bureau will be utilizing a train-the-trainer model with other analysts and staff in the CBO. CBO's participants included the Citywide performance management lead analyst, who guides performance systems and initiatives for all bureaus, and who is looking to actively incorporate RBA into her guidance and systems for the City going forward.

**Equity
Manager:**

None

**Contact
Phone:**

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ADA Title II Transition Plan:

CBO does not own any facilities and does not have a Transition Plan. However, CBO does ensure that the facilities chosen for all budget engagement activities are fully accessible and compliant with ADA Title II.

Accommodations:

Over 80% of CBO’s total budget is related to personnel costs. As part of office efforts to integrate equity into our work, several staff are expected to contribute their time to furthering equity goals and enhancing accessibility. The dollar values associated with this dedicated staff time is not currently tracked.

In terms of direct materials and services costs, these resources are primarily related to budget engagement forums:

Facilitation	\$15,000
Community Engagement Liaisons	\$5,000
Interpretation	\$5,000
Flyer and essential document translation	\$3,200

The requested budget includes a one-time offset option, which if taken, would reduce training opportunities for staff which could impact desired equity-related trainings. All staff will continue to attend required Citywide equity trainings. CBO originally proposed reducing budget outreach and engagement events by half as part of the offset, but the Mayor’s updated guidance released on January 23rd facilitated the option of personnel savings and CBO has opted to put forward these savings in lieu of reducing the budget for outreach events.

Capital Assets & Intergenerational Equity

CBO’s only capital asset is the Citywide budgeting software, BFM. CBO’s current operating budget does provide resources for support and maintenance of this system from the contracted vendor. In the FY 2019-20 Spring Budget Monitoring Process the CBO deposited \$100,000 in anticipated underspending to a reserve to help pay for future replacement. Estimated replacement cost totals \$1.5 million; it is unlikely the CBO will be able to save sufficient resources within existing appropriations for the entirety of the future replacement, but CBO is committed to depositing as much funding as possible in the reserve to preserve the intergenerational equity of this asset while minimizing disruption to service levels.

Measure Title	PM 2017-18 Actuals	PM 2018-19 Actuals	PM 2019-20 YTD Actuals	PM 2019-20 Target	PM 2020-21 Target	Strategic Target
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**Data Tracking
Methodology:**

Wherever possible, CBO endeavors to use disaggregated data in fiscal, policy, and performance analysis and recommendations. CBO works with individual bureaus to help identify opportunities and barriers to collecting meaningful qualitative and quantitative data, and advocates for enterprise-wide support in strengthening collection and use of data to help understand how different populations access and experience City programs and services. CBO plays a key role in the Citywide Open Data Program and Tableau User Group, both of which support Citywide technical and analytical solutions for using data.

The CBO has requested one-time funds in the FY 2020-21 Requested Budget to support a second phase of the Portland Insights Survey pilot project, which was launched in FY 2018-19 with one-time resources. This survey carries forward and expands upon the citywide survey that was historically managed by the Office of the City Auditor until FY 2017-18 when the survey was discontinued. In order to track outcomes and community perception of city services or trends the CBO recommends conducting the survey for at least one more year. The initial survey funded multi-lingual canvassers who helped ensure the survey reached sufficient numbers of respondents to make findings statistically significant by most major demographic categories. However, respondents were still not representative of Portlanders as a whole, skewing white, older, and female. The second phase would build upon and enhance the success of the first phase by explicitly focusing on gathering information from historically underserved communities through enhanced canvassing efforts, striving to achieve a representative sample of Portlanders. The results from the previous survey are posted on this interactive dashboard on the CBOs website <https://www.portlandoregon.gov/cbo/79177>.

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Hiring, Retention, & Employment Outreach:

The CBO is a small bureau with 15.5 FTE, any opportunity for recruitment for vacant positions presents opportunities to ensure an equitable and inclusive hiring practice. The demographics of the CBO change significantly based on the retention and hiring practices when these vacancies arise. Recruitment efforts across the city have changed with the enhanced support from BHR requiring hiring managers to provide more relevant information and strategies for reaching a more diverse applicant pool.

Retention and inclusion practices within the CBO are focused on the prioritization of professional development, ensuring resources and opportunities for career supporting and training are included in the base budget. It is the intention of CBO leadership to have career growth planning and mentorship from the beginning of their time in the CBO. The most significant risk to these goals is that the FY 2020-21 Requested Budget includes a required off-set for any request for new resources. With limited discretionary resources, the CBO has a modest one-time reduction to the travel and training budget. As this represents a reduction to the tools the CBO has for furthering employee engagement and career growth the CBO will need to leverage other in-kind or institutional resources for continued engagement and development of staff.

Contracting Opportunities

CBO has limited external contracts in any given year, but always first contacts D/M/W/ESB entities for any opportunities that arise. CBO generally works with D/M/W/ESB vendors for facilitation of budget engagement. Additionally, the CBO is researching purchasing options and opportunities for use of the City's Procurement Card, in particular when there are small businesses for catering or other local purchasing where the CBO can choose to use these businesses. While they may not be registered D/M/W/ESB vendors the CBO does want to expand the use of vendors in the City.

Engaging Communities Most Impacted by Inequities

The CBO supports community budget forums as part of ensuring member of the public have access and opportunity to engage with City Council during the development of the City's budget. This includes using internal resources to properly notice meetings, have translation services available, and to use locations in the City that are accessible via multiple modes of transportation. Further, the CBO does intentional budget event outreach to organizations that work with and represent communities most impacted by inequities, and will be including dedicated testimony time for Community Engagement Liaisons program members at the upcoming budget forums.

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Empowering Communities Most Impacted by Inequities

The CBO's mission is to provide transparent and unfiltered information to elected officials, bureaus, and the public. A key component of the CBO's reviews and recommendations is the equity impacts identified during the assessment of bureau budget proposals. The CBO is focused on providing translated documents and the removal of barriers in dashboard data reporting. It is anticipated that these actions geared towards improving access to public information will be able to further empower communities most impacted by inequities.