

Analysis By: Jane Marie Ford

OFFICE OF THE CITY ATTORNEY

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Charges for Services	\$78,049	\$106,000	\$0	\$106,000	35.8%
Interagency Revenue	5,625,426	5,660,939	0	5,660,939	0.6%
General Fund Discretionary	2,921,772	2,669,732	(133,487)	2,536,245	-13.2%
General Fund Overhead	3,174,964	3,192,498	(159,625)	3,032,873	-4.5%
Total Resources	\$11,800,211	\$11,629,169	(\$293,112)	\$11,336,057	-3.9%
Expenditures					
Personnel Services	\$9,959,964	\$10,024,535	\$0	\$10,024,535	0.6%
External Materials and Services	876,672	612,394	(142,764)	469,630	-46.4%
Internal Materials and Services	963,575	992,240	(150,348)	841,892	-12.6%
Total Requirements	\$11,800,211	\$11,629,169	(\$293,112)	\$11,336,057	-3.9%
Total Bureau FTE	64.05	64.30	0.00	64.30	0.4%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Historical Office Growth

Since FY 2006-07, the City Attorney's Office has grown by 16.95 FTE, or 35.8%. As a proportion of its total staff, this is one of the highest rates of growth across City bureaus, with the office's overall budget increasing by 71.8%¹. During this time, there has been an increased emphasis on performing the City's legal work in-house wherever possible in order to ensure that the City is receiving the highest quality of legal services in the most cost-effective way. For FY 2016-17, the anticipated City attorney rate is \$144² per hour, while the average outside counsel rate is \$364 per hour. The bureau has also taken on more legal work for individual bureaus, adding new attorney positions to support the Portland Housing Bureau, Risk Management, and the Portland Police Bureau, which includes the Department of Justice settlement. Other workload changes include support for the Portland Harbor Superfund site, the creation of a Civil Rights attorney position to focus on equity, community justice, and civil rights enforcement, and new programmatic areas added by Council that require additional legal support. Additional notable changes are discussed below.

Support Staff

Most of the employee growth is due to funding new attorney positions, which grew by 11.60 FTE since FY 2006-07. In that same time period, the support staff has grown by 5.35 FTE. The Office has been able to reassign some duties and reprioritize existing resources to fund temporary staff, but has reached a point

¹ Percent change is from the FY 2006-07 Adopted Budget to FY 2015-16 Adopted Budget. The FY 2015-16 Adopted Budget also included \$285,020 for funding related to the Portland Harbor and \$100,000 for "Ban the Box implementation," which are not part of the bureau's operational expenses and therefore not included in the percent change calculation.

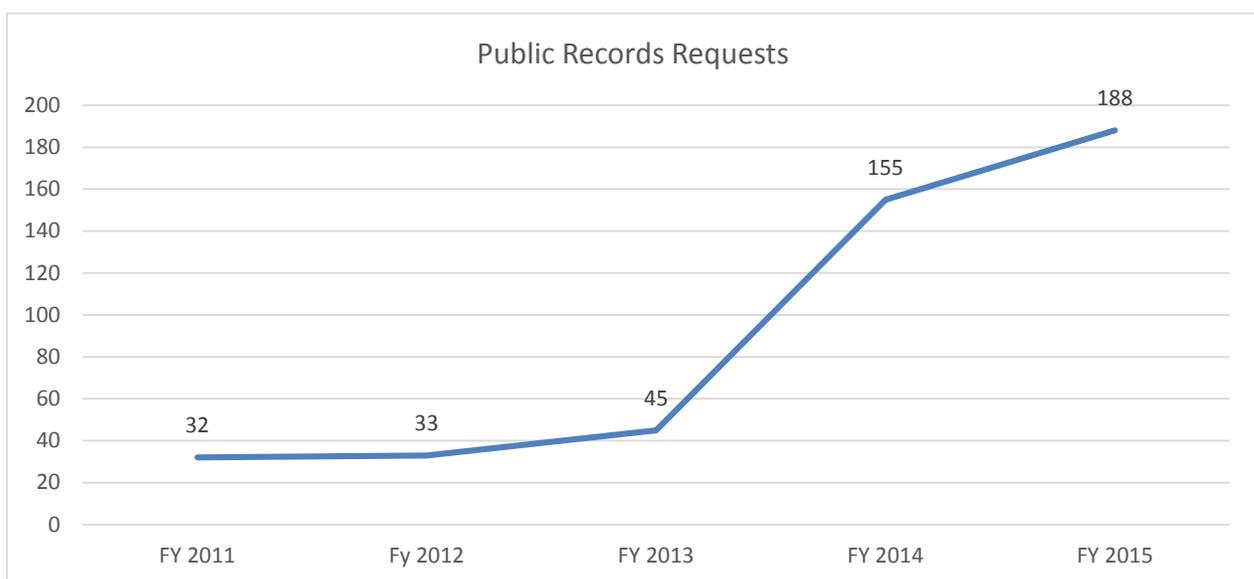
² Assuming authorization of a new 1.00 FTE paralegal position, discussed further below.

where it cannot take on additional workload without impacting service and performance. While the ideal ratio for attorneys to support staff varies widely by firm and type of practice,³ at the City, several key programs and cases have led to a need for additional support staff:

The Anderson v. City ratepayer lawsuit (*Anderson et al v. City of Portland*) has been pending for nearly four years. The Office anticipates that the case will be appealed, and the process could take an additional two to three years to resolve. Additional paralegal support is required to manage the high volume of documents associated with this case, which is over 200,000 pages to date.

The City Attorney's Office began work on the Citywide Legal Records Management Project (LRMP) in FY 2014-15 in cooperation with the Auditor's Office and other bureaus to develop, implement, and administer policies and practices to manage electronic and other records. Funding was approved in the FY 2014-15 Adopted Budget for a full-time attorney to focus on this program, but the request for an accompanying paralegal was not funded. The FY 2015-16 Adopted Budget authorized a new interagency-funded full-time Assistant Program Specialist (reclassified into a Management Assistant position) to support the Legal Holds component of the larger LRMP, but additional support is needed to manage the increasing workload.

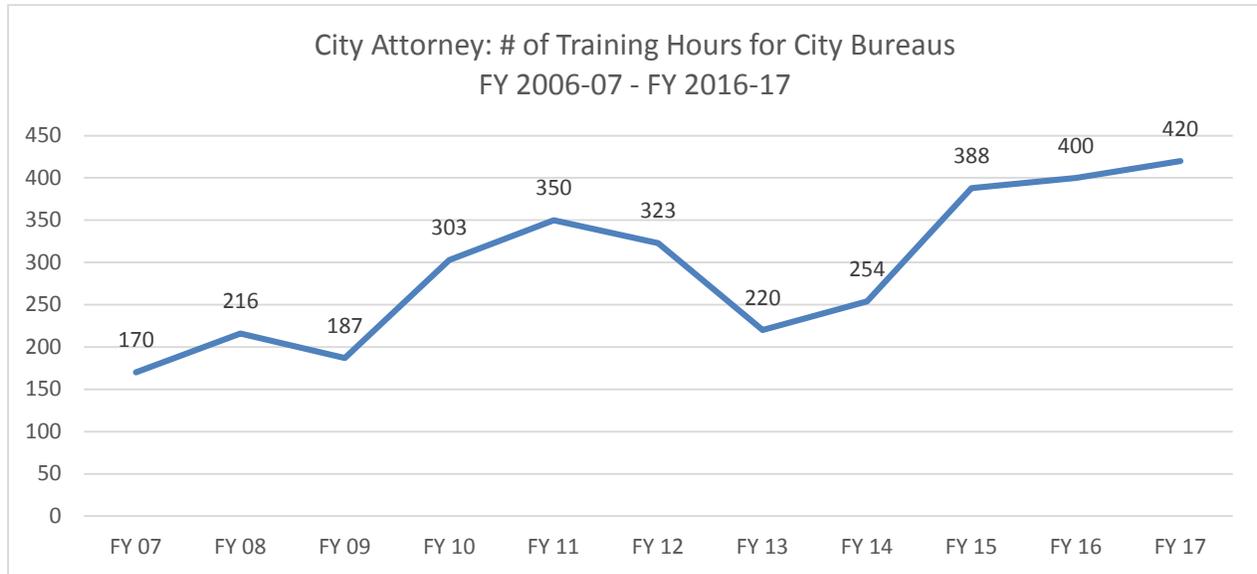
The new public records request online database, Gov QA⁴, went live in December 2015. Since then, a total of 1,862 requests have been submitted through the system, and the City Attorney's Office has advised bureaus on many of them. The chart below illustrates the dramatic increase the number of record requests formally assigned to the City Attorney's Office over the last several years, not including requests for which attorneys provided legal advice. The bureau has also been asked to handle increasing numbers of records requests related to Council Offices; it may be advantageous to formally transfer this responsibility to the City Attorney's Office in order to ensure that public records requests are handled expeditiously and correctly.



³ Sharon Quintance, "Caution: Flaws of the Attorney-To-Secretary Ratio," *Law 360*, December 2, 2014, <http://www.law360.com/articles/600559/caution-flaws-of-the-attorney-to-secretary-ratio>.

⁴ The City's Gov QA link is available at: <https://www.portlandoregon.gov/66961>

Training is another key component of the LRMP project. After rebuilding from the loss of an attorney position in 2013, the Office has seen a steady increase in the number of training hours it is able to provide to other bureaus.⁵ This is one of the measures that the City Attorney’s Office uses to gauge its performance in assisting clients with preventive legal advice, as noted in its 2015-2020 Strategic Plan. As discussed further below, the office is considering adding a new key performance measure assessing the effectiveness of these training hours.



Additionally, the Office has increased affirmative litigation to collect sums owed to the City, rebuilding after a steady decline since FY 2006-07. In addition to \$1.9 million awarded in the *Expedia, et al. v. City, et al.* case and \$680,000 from civil asset forfeitures, the office is currently working on cases that could potentially yield over four million dollars in delinquent business license revenue for the City. Business license collections handled by the bureau totaled \$570,913 in FY 2012-13, \$297,478 in FY 2013-14, and \$274,307 in FY 2014-15. The City could take on even more cases with additional paralegal support, as the Office currently has a very large backlog of collection complaints that need to be filed.

Absent more support staff, attorneys have and will continue to take on additional duties that could be carried out more cost-effectively by paralegals and legal assistants. The FY 2016-17 cost per paralegal hour is approximately \$64, which includes personnel costs as well as an average of materials and services. In contrast, the estimated FY 2016-17 cost per attorney hour is \$146, which is expected to drop slightly to \$144/hour with the addition of a 1.00 FTE paralegal position.⁶

2015 Audit Report

The Auditor’s Office released a report in March 2015 assessing the Office’s strategic plan, performance measures systems, and supervision of external legal services contracts⁷. The bureau had already begun the process of developing a comprehensive strategic plan as recommended in the audit, and the strategic

⁵ Note that figures for FY 16 and FY 17 are projections; all other figures are actual.

⁶ Data provided by the Office of the City Attorney

⁷ Mary Hull Caballero, Drummond Kahn, and Kristine Adams-Wannberg, “City Attorney’s Office: Good practices in place; next steps include strategic plan, measures, and post-contract evaluations,” March 2015, <http://www.portlandonline.com/auditor/index.cfm?c=66565&a=521801>

plan has since been finalized to incorporate specific objectives, strategies, and connections to meaningful performance measures. The City Attorney's Office added a new KPM for FY 2016-17 identifying the percentage of cases favorably resolved (AT_0010). With additional support staff, the Office may also be able to start collecting and analyzing surveys evaluating the effectiveness of training provided to bureaus. While it is not possible to accurately gauge the cost savings or number of lawsuits prevented, it may be useful to track feedback on how trainings impact bureau processes, procedures, and decision-making.

Decision Package Analysis & Recommendations

Paralegal Realignment, AT_01, \$0, 1.00 FTE / New Paralegal Reduction, AT_04, (\$100,098)

Prior to 2014, legal services related to the Portland Police Bureau's civil asset forfeiture program were provided by outside counsel. The City Attorney's Office assumed this responsibility in 2014 to promote consistency and oversight, with costs to be at least partially recovered through statutory attorney's fees from the program. The Office requests to realign PPB interagency revenue from external materials and services to personnel in order to create a new paralegal position, in lieu of requesting new General Fund support. However, in order to meet the budget guidance to provide 5% General Fund reductions, the City Attorney's Office has proposed cutting the requested paralegal position.

CBO recommends authorizing the new paralegal position with no reduction to General Fund resources. This support staff position will enable the Office to maintain and expand its current legal services, litigation, and training without the addition of new attorney positions or increasing its General Fund allocation.

CBO Recommendation: \$0, 1.00 FTE

Materials and Services Reduction, AT_02, (\$42,666)

The City Attorney's Office has proposed decreasing its external materials and services budget by \$42,666 in order to meet its 5% budget reduction. This will include office supplies, legal publications, and education. The City Attorney's Office is able to manage this reduction through utilizing electronic resources and in-house training.

CBO recommends this decision package. Based on historical spending patterns, the Office should be able to absorb this cut without impacting service levels.

CBO Recommendation: (\$42,666)

Technology Support Staff Reduction, AT_03, (\$150,348), (1.00) FTE

The City Attorney's Office currently has a full-time Applications Analyst funded through an interagency agreement with the Bureau of Technology Services (BTS) to manage its specialized software needs. This position is responsible for managing, updating, and configuring software applications, training new employees on specialized software systems, maintaining the Office's website, and providing ongoing

troubleshooting and technology support as needed. The Office has proposed eliminating this position in order to meet budget guidance to identify 5% General Fund reductions. This may require the Office to utilize outside consultants to assist with new software implementation; in the next year, this may include replacing its litigation discovery software, as well as upgrading or replacing its practice management software.

CBO recommends this reduction. The bureau will be able to delegate some of the work currently performed by the Applications Analyst to current support staff if the new paralegal position is approved. Based on historical spending patterns and projections from the first six months of FY 2015-16, CBO anticipates that the bureau should be able to absorb outside contracting costs even with the proposed reduction to its materials and services budget. At this point in time, it is likely that the staff position can be reassigned to other duties within BTS.

CBO Recommendation: (\$150,348), (1.00) FTE

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of the City Attorney											
<i>Reductions</i>											
AT_02 - Materials & Services Reduction	01	0.00	(19,431)	0	(23,235)	(42,666)	0.00	(19,431)	0	(23,235)	(42,666)
AT_03 - Technology Support Staff Reduction	02	0.00	(68,470)	0	(81,878)	(150,348)	0.00	(68,470)	0	(81,878)	(150,348)
AT_04 - New Paralegal Reduction	03	(1.00)	(45,586)	0	(54,512)	(100,098)	0.00	0	0	0	0
<i>Total Reductions</i>		(1.00)	(133,487)	0	(159,625)	(293,112)	0.00	(87,901)	0	(105,113)	(193,014)
<i>Realignments</i>											
AT_01 - Paralegal Realignment	01	1.00	0	0	0	0	1.00	0	0	0	0
<i>Total Realignments</i>		1.00	0	0	0	0	1.00	0	0	0	0
Total Office of the City Attorney		0.00	(133,487)	0	(159,625)	(293,112)	1.00	(87,901)	0	(105,113)	(193,014)

Analysis By: Jeramy Patton

OFFICE OF THE CITY AUDITOR

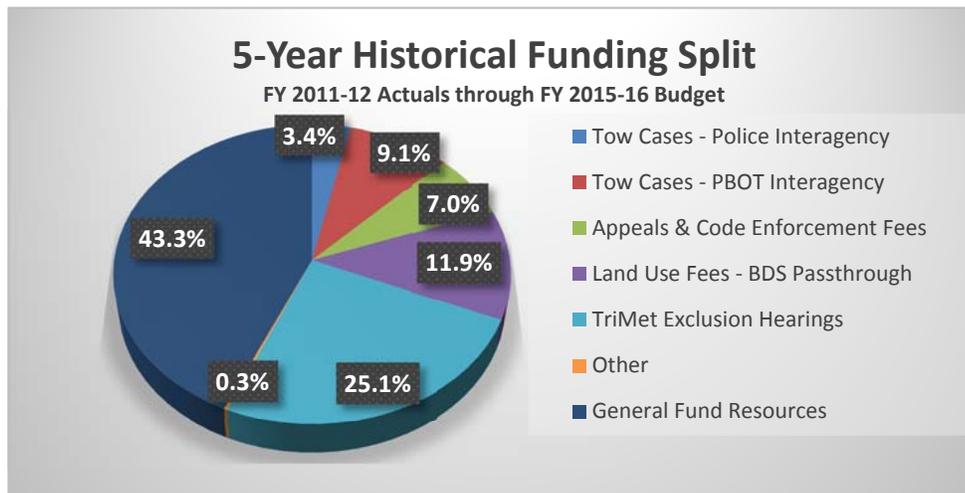
All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$16,598,989	\$16,688,763	\$0	\$16,688,763	0.5%
Charges for Services	1,076,341	1,390,998	(244,768)	1,146,230	6.5%
Interagency Revenue	67,190	41,064	(41,064)	0	-100.0%
Bond and Note Proceeds	5,370,065	9,027,599	0	9,027,599	68.1%
Miscellaneous Sources	7,542,520	8,487,937	0	8,487,937	12.5%
General Fund Discretionary	4,102,572	4,078,349	60,105	4,138,454	0.9%
General Fund Overhead	4,742,122	4,876,937	71,875	4,948,812	4.4%
Total Resources	\$39,499,799	\$44,591,647	(\$153,852)	\$44,437,795	12.5%
Expenditures					
Personnel Services	\$5,926,165	\$6,041,993	(\$60,872)	\$5,981,121	0.9%
External Materials and Services	1,554,446	1,529,331	(84,756)	1,444,575	-7.1%
Internal Materials and Services	3,025,252	3,149,854	(8,224)	3,141,630	3.8%
Debt Service	8,001,626	12,375,028	0	12,375,028	54.7%
Fund Transfers - Expense	3,674,222	3,787,317	0	3,787,317	3.1%
Contingency	3,662,578	2,376,170	0	2,376,170	-35.1%
Unappropriated Fund Balance	13,655,510	15,331,954	0	15,331,954	12.3%
Total Requirements	\$39,499,799	\$44,591,647	(\$153,852)	\$44,437,795	12.5%
Total Bureau FTE	50.52	50.40	0.00	50.40	-0.2%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Decision Package Analysis & Recommendations

Hearings Office Funding, AU_01, \$15,598

The package requests ongoing General Fund resources to update the funding model for the Hearings Office. The Hearings Office provides appeal hearings on behalf of City bureaus and other local government agencies. The current funding model includes a mix of interagencies charged to City bureaus (mostly for tow appeals, code enforcement, and code appeals), intergovernmental agreements with TriMet and



Multnomah County, land use permit fees, and General Fund resources. The fees are currently charged on a per-case basis, which, as shown in the table below, results in an unstable funding structure. The variable funding stream is backfilled with General Fund resources. In years when collections are lower than budgeted,

General Fund resources are reallocated from other programs in the bureau to support the operating costs of the Hearings Office. Under this proposal, the Hearings Office would be fully funded with General Fund

resources. The bureau would continue to collect fees for land use and TriMet exclusion hearings based on the current fee structure, but would not collect fees for appeals and code enforcement, including tow cases. The fees still collected would offset the need for the General Fund resources. The General Fund savings would fall to ending fund balance at year end and become available to be reallocated as a one-time resource.

As seen in the table below, fee revenues in support of this program over the last five years have ranged from a low of \$268,119 in FY 2013-14 to a high of \$381,459 in FY 2012-13. Although the City Budget Office (CBO) agrees that the variable funding stream can be difficult to manage, replacing the budgeted fee revenues with General Fund resources is not recommended.

Source of Funding	FY 2011-12 Actuals	FY 2012-13 Actuals	FY 2013-14 Actuals	FY 2014-15 Actuals	FY 2015-16 Adopted
Tow Cases - Police Interagency	25,708	30,358	11,031	13,162	17,005
Tow Cases - PBOT Interagency	55,073	48,160	44,817	57,727	50,185
Appeals & Code Enforcement Fees	7,290	55,871	10,304	68,444	54,720
Land Use Fees - BDS Passthrough	52,530	69,772	61,984	79,568	71,341
TriMet Exclusion Hearings	197,469	177,156	136,530	97,416	100,000
Other	1,522	142	3,453	2,477	-
Subtotal of Fee Revenues	339,592	381,459	268,119	318,794	293,251
General Fund Resources	190,943	132,697	244,995	262,246	392,735
Total	530,535	514,156	513,114	581,040	685,986

In order for the bureau to provide Hearings Office services, it needs to maintain a minimum staffing level, regardless of the number of cases heard per year. As an alternative to the bureau's request, CBO recommends implementing fixed interagency charges for Police, Transportation, and Development Services based on historical workload rather than on a per-case basis, which would allow for funding stability throughout the fiscal year. Since historical workload metrics are not currently available, CBO recommends using the average percent share of total revenues collected from each type of case over the last five years as a foundation for the fixed interagency charges in FY 2016-17. CBO's full recommendations for funding in FY 2016-17 are presented in the table below.

Source of Funding	FY 2016-17 Base Budget	5-Year Historical Split	Charges based on Historical %	CBO Recommendation	Change from Base Budget
Tow Cases - Police Interagency	7,816	3.4%	22,462	25,000	17,184
Tow Cases - PBOT Interagency	33,248	9.1%	59,113	60,000	26,752
Appeals & Code Enforcement Fees	69,664	7.0%	45,410	-	(69,664)
Land Use Fees - BDS Passthrough	75,104	11.9%	77,411	80,000	4,896
TriMet Exclusion Hearings	100,000	25.1%	163,640	100,000	-
Other	-	0.3%	1,754	2,000	2,000
General Fund Resources	366,544	43.3%	282,586	385,376	18,832
Total	652,376	100.0%	652,376	652,376	-

CBO recommendations include:

1. Fixed interagencies for the Portland Police Bureau and Portland Bureau of Transportation (PBOT) based on historical average charges.
2. Replace appeals & code enforcement fees with ongoing General Fund resources. In FY 2015-16, the bureau was allocated \$56,088 in one-time General Fund resources to offset the fees charged to citizens for code enforcement and appeal hearings. If not funded with General Fund resources, the fees for these hearings would be passed on to those citizens seeking an appeal. Removing the \$1,368 fee will eliminate the financial barriers for community members seeking these services.
3. Fixed interagency with the Bureau of Development Services (BDS) based on historical average charges. Under the existing funding model, BDS collects a fee on permit applications for Hearing's Office services which are directly posted as revenues in the Hearings Office. Under this model, the fees received by the office vary from year-to-year and are disparate from the actual workload related to land use cases. CBO recommends that BDS continue to collect the fees, but that they be deposited in the BDS fund. To maintain minimum staffing levels in the Hearings Office available for land use cases, BDS should be charged a flat fee for the service via an interagency agreement. Until a workload study is complete, CBO recommends the interagency be based on historical average revenues received for this service.
4. Maintain base budget for TriMet exclusion hearings. Although the historical average charge to TriMet is higher than the current budget amount, CBO recommends maintaining the base budget amount because the funding arrangement has already been agreed upon by the two agencies. If additional TriMet fees are received for work completed, it will offset the General Fund support for the program.
5. Budget \$2,000 for various copier charges and work completed on behalf of Multnomah County.
6. Increase ongoing General Fund support by \$18,832 to fill the gap between the loss of appeals and code enforcement fees and the increase in fixed interagency charges.
7. CBO does not recommend increasing the Hearings Office budget by \$15,598 for materials and services costs. The bureau requested this amount to balance the difference between the base budget for the office and the amount of General Fund resources the bureau believed was necessary to balance based on historical budgeted expenses.

CBO also recommends that the bureau begin tracking the time spent on each type of case starting in FY 2015-16 and create a cost recovery model for future years using this workload data. The cost recovery model should utilize an average of the last three to five years to stabilize the charges from year-to-year.

CBO Recommendation: \$0

Independent Police Review Investigators, AU_02, \$215,636, 2.00 FTE

The package requests ongoing General Fund resources to fund two complaint investigators in the Independent Police Review (IPR) program. The request addresses requirements set forth by the state in House Bill 2002 and by the U.S. Department of Justice (DOJ) settlement agreement. House Bill 2002 broadened the definition of what constitutes police profiling and requires that all complaints alleging the

use of profiling be investigated. The bureau expects that the new law, which went into effect January 1, 2016, will increase the number of cases subject to investigation. According to the bureau's performance measures, cases are expected to increase from 386 in FY 2014-15 to a projected 400 in FY 2016-17. In addition, to gain compliance with the terms of the City's settlement agreement with the DOJ, the City is required to close all police administrative investigations within 180 days (IPR has 60 days to complete its investigation). IPR has projected that it can complete 30% of these cases within the 60 day timeframe without the new positions, and 45% of the cases in FY 2016-17 if the positions are approved. The DOJ agreement also stated that IPR will need to expand the scope of the types of police officer misconduct cases that are fully investigated. This expansion is projected to cause an increase in workload for the five permanent investigators currently staffed, which may result in an increased number of investigations exceeding the 180 day requirement.

In the FY 2015-16 Fall BMP, the bureau requested two complaint investigators to address the additional workload in the program. Council approved one-time resources to add one limited term position, but acknowledged that the second position may be needed once the rules around compliance regarding the DOJ agreement and HB 2002 were finalized. In December 2015, the Police Bureau updated its Biased Based Policing Directive 344.05 to mirror language in HB 2002, which, according to the bureau, has already increased the number of cases that have required an independent investigation.

Given the deadlines set in the DOJ agreement, and the additional workload from the implementation of House Bill 2002, CBO recommends the package as requested.

CBO Recommendation: \$215,636, 2.00 FTE

Council Meeting Captioning, AU_03, \$20,000

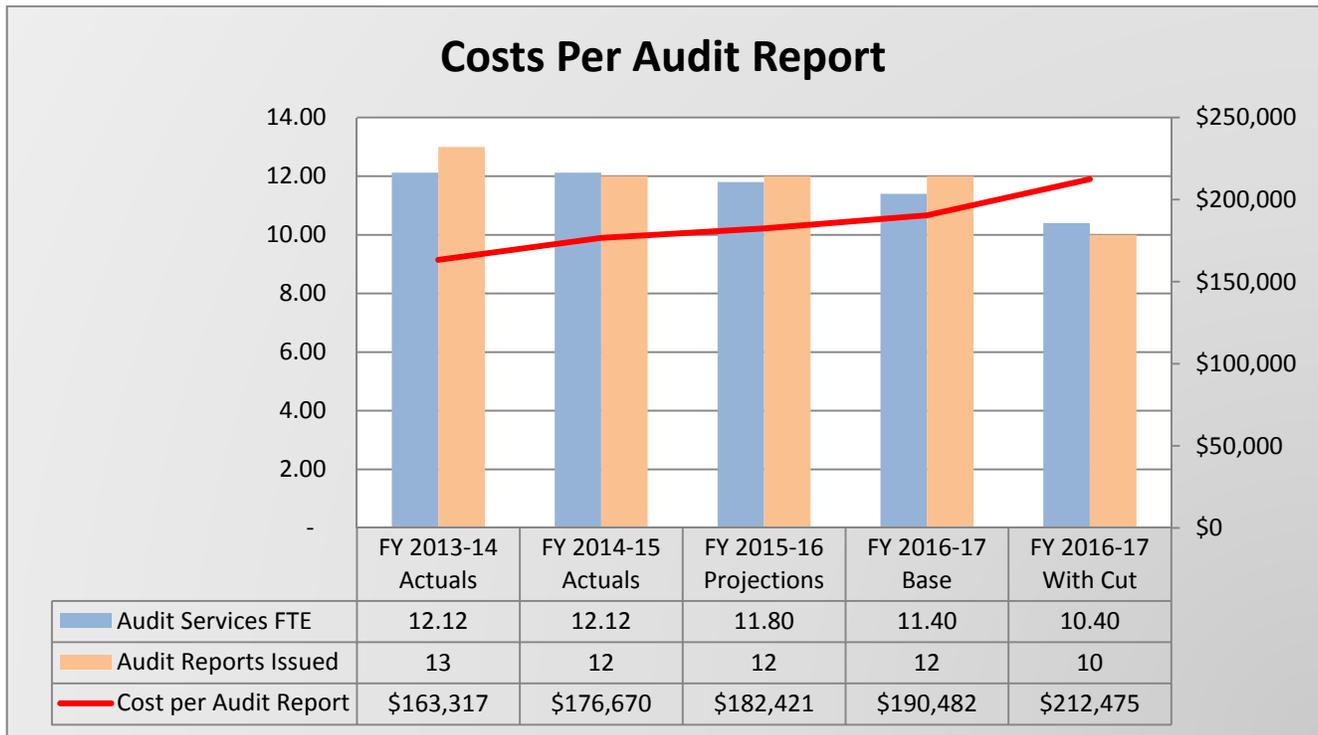
The package requests ongoing General Fund resources to cover the rising costs of captioning City Council meetings. In 2013, Council passed Resolution #37027 which required that all video content produced by or for City bureaus for external use be captioned. The new policy increased the bureau's expenses for captioning services from \$28,942 in FY 2012-13 to \$46,600 in FY 2014-15. Although the costs of the new policy were unfunded at the time of implementation, the City Budget Office recommends that the bureau continue to absorb these costs within its external materials and services budget (see further discussion of materials and services underspending in AU_06 below).

CBO Recommendation: \$0

Audit Services Division Cuts, AU_04, (\$161,032), (1.00) FTE

The package eliminates a Community Outreach & Information Representative position (\$118,532), funding for the Community Survey (\$24,500), and consultant services (\$18,000) in order to comply with the 5% reduction guidance given by the Mayor. The position is currently filled and handles community relations for the division, design of audit reports, and general administrative tasks. If eliminated, the workload of the position would be redistributed to other positions within the bureau. According to the bureau's performance measures, approval of the package would reduce the number of audits released

from 12 to 10 per year, a reduction of 17%. Budgetarily, the package represents a 7% reduction to the division's total expenses of \$2,285,781. When reviewing the package in terms of performance vs. cost, the package would increase the costs per audit from \$190,482 to \$212,475.



CBO recommends that the reduction be taken. Although the work would need to be reallocated to other positions within the bureau, CBO believes that the division could absorb most of the increase without a significant loss of productivity. To maintain existing service levels, the division would need to increase its production from 1.05 audits per position to 1.15 audits per position. If the position reduction is approved by Council, CBO does not recommend the reduction in professional services of \$18,000. The professional services funding would prove useful in taking some of the burden off of remaining staff to maintain existing service levels.

The Community Survey has been conducted by the bureau for the last 25 years and provides historical trend data on how the citizens of Portland view their city and government. Given the relatively low cost of the survey, and the importance of the data to the City and community, CBO does not recommend the \$24,500 reduction.

CBO Recommendation: (\$118,532), (1.00) FTE

Independent Police Review Cuts, AU_05, (\$160,100), (1.00) FTE

The package eliminates a Senior Management Analyst position and \$20,000 of contract funding in the IPR program in order to comply with the 5% reduction guidance given by the Mayor. The analyst position is currently filled and is responsible for data analysis and reporting for the program. The contract funding is used for police accountability experts to review officer-involved shootings and in-custody deaths. The

reduction accounts for about 33% of the total funding for these contracts, however, the bureau believes that it can absorb this reduction by managing the timing and workflow of the cases given to the consultant. No specific impacts to performance measures are expected from either reduction, however, workload currently covered by the analyst position would be spread to other employees in IPR.

CBO does not recommend the elimination of the analyst position due to the additional workload taken on by the unit in response to House Bill 2002 and the DOJ settlement agreement (see write-up for package AU_02 above). CBO recommends the \$20,000 reduction to consultant services given the bureau’s ability to absorb it without an impact on workload or performance measures.

CBO Recommendation: (\$20,000)

Bureau-wide Cuts, AU_06, (\$83,954)

The package reduces ongoing General Fund resources allocated to support external materials and services expenses across the bureau in order to comply with the 5% reduction guidance given by the Mayor. The bureau stated that the package will significantly impact its ability to contract for services, upgrade software, and provide training for staff. The bureau does not expect any impacts to its performance measures if this reduction is taken.

As seen from the table below, the bureau has consistently underspent its external materials and services budget by over \$250,000 per year over the last five years. The table excludes the Assessments, Finance, and Foreclosure program since underspending in this program does not generate General Fund savings. The bureau stated that it intentionally underspends in this category to manage against potential increases in its contract budget, primarily for the City’s external financial audit and contracted land use hearings’ officers.

EMS Spending	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Revised Budget	1,430,796	1,299,630	1,456,193	969,264	1,076,550
Actual Expenditures	917,599	961,416	1,021,210	717,545	800,434
Difference	513,197	338,214	434,983	251,719	276,116
<i>Percent Underspent</i>	<i>35.9%</i>	<i>26.0%</i>	<i>29.9%</i>	<i>26.0%</i>	<i>25.6%</i>

Although the reduction will remove some of the bureau’s flexibility to respond to unforeseen expenses, the City Budget Office believes that the reduction can be taken with minimal, if any, impact to existing programs and services.

CBO Recommendation: (\$83,954)

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of the City Auditor											
<u>Adds</u>											
AU_01 - Hearings Office Funding	01	0.00	137,275	0	(121,677)	15,598	0.00	8,576	0	(8,576)	0
AU_02 - Independent Police Review Investigators	02	2.00	98,203	0	117,433	215,636	2.00	98,203	0	117,433	215,636
AU_03 - Council Meeting Captioning	03	0.00	9,108	0	10,892	20,000	0.00	0	0	0	0
<i>Total Adds</i>		<i>2.00</i>	<i>244,586</i>	<i>0</i>	<i>6,648</i>	<i>251,234</i>	<i>2.00</i>	<i>106,779</i>	<i>0</i>	<i>108,857</i>	<i>215,636</i>
<u>Reductions</u>											
AU_06 - Bureau-wide Cuts	01	0.00	(38,234)	0	(45,720)	(83,954)	0.00	(38,234)	0	(45,720)	(83,954)
AU_04 - Audit Services Division Cuts	02	(1.00)	(73,336)	0	(87,696)	(161,032)	(1.00)	(53,981)	0	(64,551)	(118,532)
AU_05 - Independent Police Review Cuts	03	(1.00)	(72,911)	0	(87,189)	(160,100)	0.00	(9,108)	0	(10,892)	(20,000)
<i>Total Reductions</i>		<i>(2.00)</i>	<i>(184,481)</i>	<i>0</i>	<i>(220,605)</i>	<i>(405,086)</i>	<i>(1.00)</i>	<i>(101,323)</i>	<i>0</i>	<i>(121,163)</i>	<i>(222,486)</i>
Total Office of the City Auditor		0.00	60,105	0	(213,957)	(153,852)	1.00	5,456	0	(12,306)	(6,850)

Analysis By: Jeramy Patton

CITY BUDGET OFFICE

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Interagency Revenue	\$200,418	\$200,286	\$0	\$200,286	-0.1%
General Fund Discretionary	986,860	1,002,692	405,278	1,407,970	42.7%
General Fund Overhead	1,140,700	1,199,030	484,636	1,683,666	47.6%
Total Resources	\$2,327,978	\$2,402,008	\$889,914	\$3,291,922	41.4%
Expenditures					
Personnel Services	\$1,963,089	\$2,019,333	(\$100,264)	\$1,919,069	-2.2%
External Materials and Services	186,388	191,550	991,850	1,183,400	534.9%
Internal Materials and Services	178,501	191,125	(1,672)	189,453	6.1%
Total Requirements	\$2,327,978	\$2,402,008	\$889,914	\$3,291,922	41.4%
Total Bureau FTE	15.00	15.00	(1.00)	14.00	-6.7%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Budget Process Audit

In February 2015, the Office of the City Auditor completed an audit of the City's budget process. One of the recommendations was to consider ways to lessen the impact of the budget process on City operations. In response, the City Budget Office (CBO) conducted a Kaizen Event to identify opportunities to streamline and improve the City's budget process. The event resulted in an implementation plan with over 20 action items that CBO will address over the next two years. Some of the key action items that will require Council involvement and/or approval include: setting utility rates earlier in the budget process, integrating equity into the budget process, structuring bureau budget work sessions based on Council inquiries, setting a deadline in City policy for Council to provide budget guidance, establishing multi-year budget priorities, creating a competitive funding pool for Special Appropriations, evaluating the outcomes of a two-year budget cycle, and clarifying the expected outcomes from the bureau Budget Advisory Committees.

Decision Package Analysis & Recommendations

The City Budget Office includes recommendations on its own decision packages below, but acknowledges that it is impossible to make these recommendations with complete objectivity. We welcome any questions about the packages.

Eliminate LT Asst. Financial Analyst, BO_01, (\$110,086), (1.00) FTE

The package reduces ongoing General Fund resources and eliminates a limited term Assistant Financial Analyst position in order to comply with the 5% reduction guidance given by the Mayor. If the position is eliminated, the work will be shifted to other analysts within the bureau, which will reduce the amount of

time available for more in-depth analysis and special projects. If the package is accepted by Council, the bureau expects its customer service rating to be negatively affected – dropping from a goal of 4.35 to 4.25 on a 5-point scale.

The City Budget Office recommends the reduction. Although the loss of the position will impact the level of analysis that the bureau is able to provide to the Mayor, Council, and the public, the core functions of the bureau will be maintained.

CBO Recommendation: (\$110,086), (1.00) FTE

Replace Budget Software System, BO_02, \$1,000,000

The package requests one-time General Fund discretionary and overhead funding to replace the City's aging budget preparation and monitoring software. Although the software continues to provide the basic tools needed, it is currently operating on out-of-date and soon to be unsupported hardware. If the system fails, the City would need to move towards a more labor intensive process using Excel spreadsheets and other database tools. Given that the system is currently operational, and that it ranks in the lower tier of the Citywide ranking of infrastructure maintenance and replacement projects, CBO does not recommend allocating resources in FY 2016-17 unless resources become available to fund the higher-ranked projects first.

CBO Recommendation: \$0

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
City Budget Office											
<i>Adds</i>											
BO_02 - Replace Budget Software System	01	0.00	0	455,412	544,588	1,000,000	0.00	0	0	0	0
<i>Total Adds</i>		<i>0.00</i>	<i>0</i>	<i>455,412</i>	<i>544,588</i>	<i>1,000,000</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Reductions</i>											
BO_01 - Eliminate LT Asst. Financial Analyst	01	(1.00)	(50,134)	0	(59,952)	(110,086)	(1.00)	(50,134)	0	(59,952)	(110,086)
<i>Total Reductions</i>		<i>(1.00)</i>	<i>(50,134)</i>	<i>0</i>	<i>(59,952)</i>	<i>(110,086)</i>	<i>(1.00)</i>	<i>(50,134)</i>	<i>0</i>	<i>(59,952)</i>	<i>(110,086)</i>
Total City Budget Office		(1.00)	(50,134)	455,412	484,636	889,914	(1.00)	(50,134)	0	(59,952)	(110,086)

Analysis By: Doug Le

BUREAU OF DEVELOPMENT SERVICES

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$45,634,924	\$62,159,090	\$0	\$62,159,090	36.2%
Licenses & Permits	32,808,701	37,282,949	0	37,282,949	13.6%
Charges for Services	13,633,486	15,909,098	0	15,909,098	16.7%
Interagency Revenue	1,076,213	1,111,021	0	1,111,021	3.2%
Fund Transfers - Revenue	2,177,273	2,229,204	553,250	2,782,454	27.8%
Miscellaneous Sources	2,442,221	3,459,447	0	3,459,447	41.7%
Total Resources	\$97,772,818	\$122,150,809	\$553,250	\$122,704,059	25.5%
Expenditures					
Personnel Services	\$35,656,588	\$37,115,204	\$514,710	\$37,629,914	5.5%
External Materials and Services	2,581,908	2,849,117	38,540	2,887,657	11.8%
Internal Materials and Services	8,684,895	9,103,880	0	9,103,880	4.8%
Capital Outlay	2,690,225	1,611,117	0	1,611,117	-40.1%
Debt Service	1,084,750	1,165,052	0	1,165,052	7.4%
Fund Transfers - Expense	1,193,727	1,714,598	0	1,714,598	43.6%
Contingency	14,782,627	28,591,841	0	28,591,841	93.4%
Unappropriated Fund Balance	31,098,098	40,000,000	0	40,000,000	28.6%
Total Requirements	\$97,772,818	\$122,150,809	\$553,250	\$122,704,059	25.5%
Total Bureau FTE	333.92	339.10	5.00	344.10	3.0%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

General Fund Support for Bureau of Development Services Programs

The Bureau of Development Services (BDS) currently receives \$2,229,204 in ongoing General Fund resources to support the Land Use Services (LUS) and the Neighborhood Inspections Program (NIP). In FY 2015-16 and FY 2016-17, BDS allocates the General Fund (GF) amount equally to both programs, even though the LUS is three times larger and in a significantly stronger financial position than the NIP.

The LUS is responsible for administering Title 33 of City Code, Planning and Zoning, to implement the goals and policies of the City's Comprehensive Plan, including neighborhood and community plans. In FY 2016-17, the program has a base budget of \$8,621,085 and the current five-year financial plan shows a cumulative reserve of \$10,779,780 with an excess reserve of \$4,106,995. The program is funded by program revenues (92%), and ongoing GF transfer (8%).

In FY 2016-17, the NIP has a base budget of \$2,383,948, with a cumulative reserve of \$2,488,910 and an excess reserve of \$522,451. The program is funded by program revenues (75%) and ongoing GF transfer (25%).

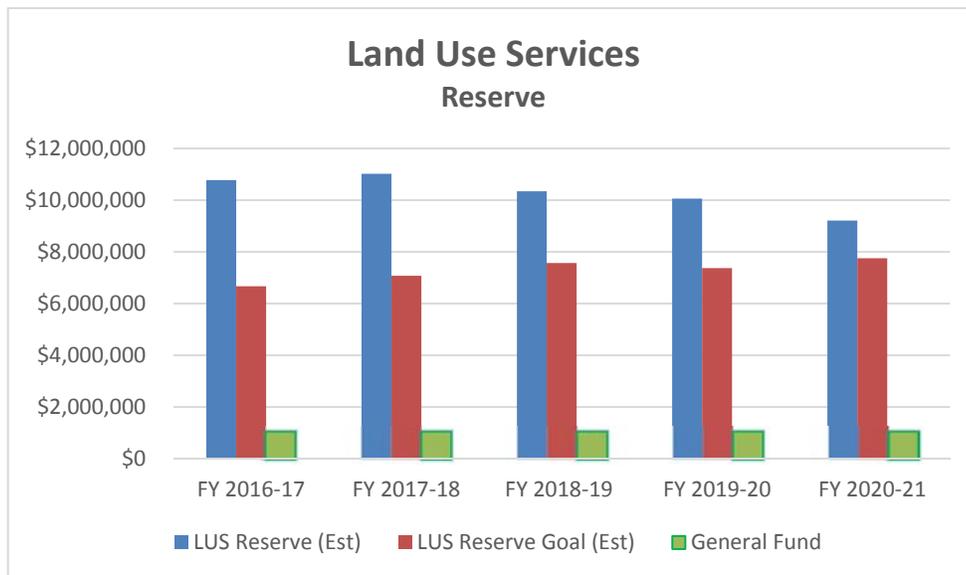
While program revenues are required to stay in the programs that generate them, the allocation of GF is only restricted by Council direction. For BDS, the Council allocates GF resources to support both LUS and NIP without any specific instructions as to how much should be directed to either program.

In October 2015, Council declared a housing emergency to address increased homelessness in the City. The housing emergency and homelessness situation have significantly increased the workload in NIP and the number of nuisance abatement cases has increased over previous years. Many of these cases are related to chronic nuisance and housing conditions often caused by vacant and abandoned houses in neighborhoods. The bureau created the Extremely Distressed Properties Program (EDPEP) in 2011 to address this issue. EDPEP has been successful, but additional resources are needed to address new cases on the waiting list and therefore keeps the backlog from growing.

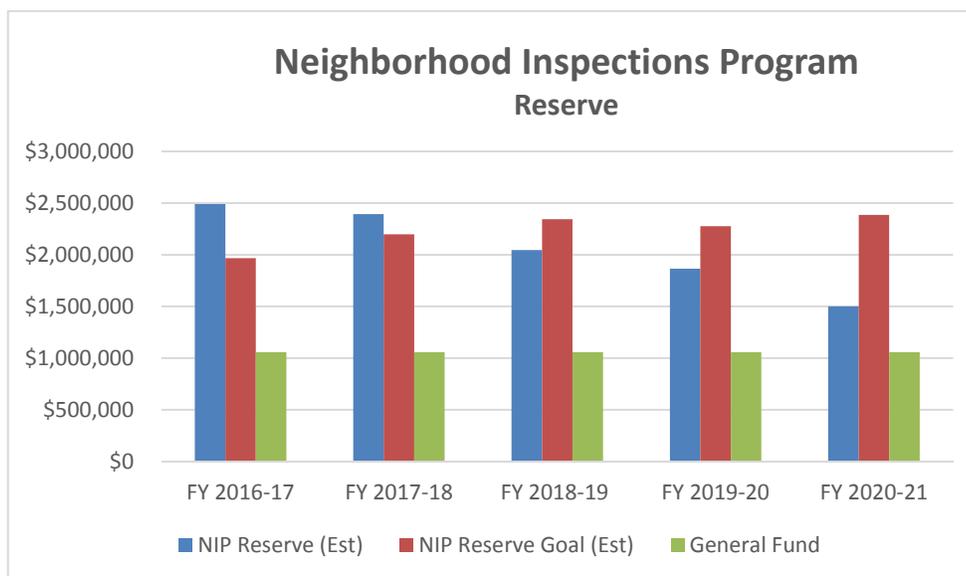
The Enhanced Rental Inspection Program is also experiencing a sharp increase in workload. The program identifies property owners who are chronically out of compliance with housing and maintenance codes and are unwilling to make cited repairs in a timely manner. The program started in FY 2011-12 to provide enhanced inspection services for outer Southeast and Northeast Portland. The program has been very successful and BDS expanded it in FY 2015-16 with program reserves to include the North, inner Northeast, and inner Southeast areas. Ongoing funding is needed to sustain this expansion. The NIP funding includes two sources: program revenues (75%) and GF (25%). The program revenues include fees and assessments and with the current allocation of General Fund resources to the program, it does not have sufficient resources to carry out the necessary services to protect the neighborhoods and the public. The bureau has repeatedly requested additional General Fund resources to support EDPEP and the Enhanced Rental Inspection program, most recently in the FY 2015-16 Fall BMP and the previous four budget cycles.

On the other hand, LUS is in solid financial position. BDS' current five-year financial plan shows the program with a cumulative reserve of \$10,779,780 and an excess reserve amount of \$4,106,995 in FY 2016-17. The excess reserve balance is projected for the remaining four years of the financial plan. The program maintains a 50% reserve goal based on projected total costs. The current economic forecast indicates no major corrections impacting BDS in the next three to five years.

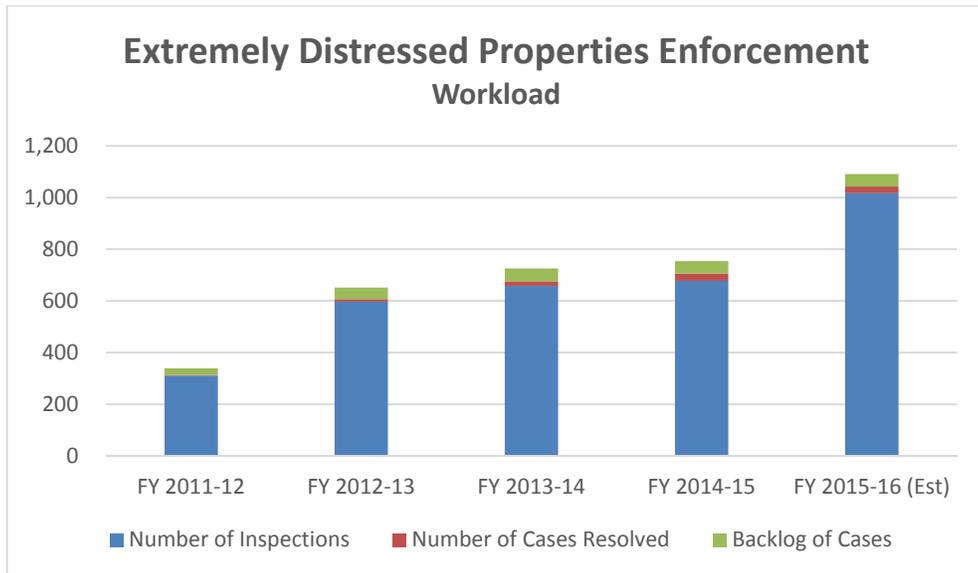
Based on the above observation, CBO believes that the ongoing General Fund support for BDS would best be allocated to support NIP, the program with a significant increase in workload and inadequate resources to carry out its program's mission. As a result, CBO recommends the permanent allocation of the full GF transfer for BDS in NIP. The current allocation is no longer the best model for the bureau nor the City and it creates a superficial shortfall of GF resources to fund critical services in the bureau's local programs, particularly in NIP. The new model would provide the necessary resources for NIP to address current and future challenges related to the current housing emergency and homelessness in administering the Title 33 of the City Code. Information on reserves and workloads of the above programs is presented below.



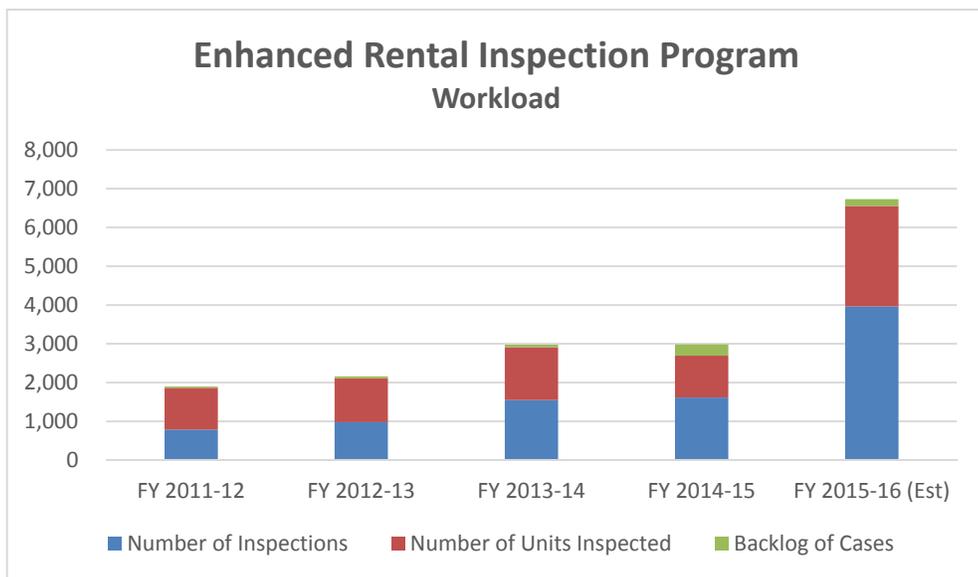
The current financial plan shows LUS with a cumulative reserve of \$10,779,780 in FY 2016-17. This balance declines to \$9,216,939 in FY 2020-21. The program has a reserve goal of 50% of projected total costs. Current economic forecast shows no major corrections impacting BDS in the next three to five years.



NIP is projected to end FY 2016-17 with a cumulative reserve of \$2,489,910. This balance declines to \$1,500,996 in FY 2020-21. The program has a reserve goal of 50% of projected total costs. According to the current five-year financial plan, the program will not meet the reserve goal in the last three years of the plan.



BDS received one-time funding to start EDPEP in FY 2011-12. The number of inspections has increased from 311 in FY 2011-12 to 1,017 estimated in FY 2015-16, an average growth increase of 34%.



The program started out as a pilot project in outer Southeast and Northeast Portland. It has been very successful. BDS expanded the program in FY 2015-16 with one-time funding to include North, inner Northeast, and inner Southeast. The number of inspections has increased from 786 in FY 2011-12 to 3,964 estimated in FY 2015-16, an average growth increase of 50%.

Information Technology Advancement Project (ITAP)

BDS is in the process of replacing the current and outdated permitting system (TRACS). The new system, ITAP, will provide a more robust permitting system that will allow for online and expanded services for the bureau and public. Due to multiple delays, the project is not progressing as scheduled.

The total ITAP project budget is estimated at \$11.8 million and the timeline for completion was reset to winter 2016, instead of December 2015 as originally planned. However, the project continues to face delays and as a result, the completion date of 2016 will not be met. In the February 2016 report of the Technology Oversight Committee (TOC), the Quality Assurance Executive Summary prepared by Case Associates, Inc. (CAI) rated ITAP with an overall rating of “red” on all three primary constraints: project scheduling, budgeting, and scope stability. According to the Bureau of Technology Services (BTS) website, a TOC rating of “red” is described as follows:

***RED** – Scope, budget, schedule or quality assurance issues have been escalated to project governance but intervention and resolution have not yet occurred resulting in significant risk to scope schedule or budget. Issues at this level are likely to require intervention from Bureau leadership, CTO/CAO or the Technology Oversight Committee.*

Regarding project scheduling, CAI reports that the vendor and BDS have a revised schedule with a go-live date of April 2019. However, there are still a number of large scope issues with schedule-related metrics that are still outstanding. The project budget is poorly rated, because both parties have not reached agreement on critical scope and cost issues. The vendor asserts that several major deliverables are subject to change orders for increasing project costs. BDS is disputing this claim. Due to the longer timeline, the project will likely accumulate additional costs. However, the vendor and BDS have not been able to develop a reliable budget, leaving both parties unable to determine how much more, if any to allocate to the project. CAI projects that the additional costs will double the project budget. The scope stability is also rated poorly because of the uncertainties related to the scope of work and budget issues mentioned above.

BDS reported that the bureau and the Commissioner-in-Charge have been involved in extensive discussions with the vendor regarding project timelines and overall costs. The bureau is exploring options for bringing portions of the system online as they are ready, instead of waiting for the entire project to be completed.

BDS has decided to cash finance this project using internal reserves instead of debt financing. Any cost overrun would be covered by internal resources. Ongoing operation and maintenance costs for ITAP are included in the bureau’s five-year financial plan. According to the plan, BDS is estimated to end FY 2016-17 with \$35,436,372 in excess of reserve goals. As it currently stands, the risk ITAP poses to the General Fund is low. The project budget and costs information is presented in the table below.

ITAP Project Costs

	FY 2013-14 Actuals	FY 2014-15 Actuals	FY 2015-16 Budget	Project Total	FY 2015-16 Costs as of Dec 2015
Personnel Services	726,593	943,683	485,997	2,156,273	590,638
External Materials & Services	3,487,633	1,542,875	1,883,756	6,914,264	227,974
Internal Materials & Services	311,203	320,539	165,078	796,820	168,799
Contingency (20%)	905,086	561,419	506,966	1,973,471	0
Total	\$5,430,515	\$3,368,516	\$3,041,797	\$11,840,828	\$987,411

BDS and the vendor still have not finalized the project scope and several key budget issues. The numerous delays will result in additional costs.

Decision Package Analysis & Recommendations

Mandatory 5% General Fund Cut, DS_01, (\$111,460)

This decision package complies with the FY 2016-17 budget guidance to propose a 5% General Fund reduction. BDS allocates the total reduction amount of \$111,460 equally to LUS and NIP. In LUS, the bureau proposes to eliminate a \$55,771 scholarship program with Portland State University that funds scholarships for three minority students pursuing a Master’s degree in Urban and Regional Planning Program. This scholarship program has not yet started. The effort is to diversify the workforce at BDS. In NIP, the cut would reduce the nuisance abatement budget by \$55,689 or 12% of the budget, resulting in an estimated 27 fewer nuisance abatements.

CBO recommends the proposed reductions based on the following arguments: LUS is in solid financial position as discussed above under the Key Issues section and as a result CBO believes that the program can absorb this reduction without having a negative impact on operations or Council goal on equity. Additionally, CBO is concerned that the Master’s degree level may not be the appropriate level for achieving the bureau’s equity goals. As a result, CBO has referred this decision package to the Office of Equity and Human Rights to assist BDS in reviewing this package for a more suitable target to accomplish the goal or to look for another alternative that would not have a significant impact on equity.

In NIP, the cut would reduce the program flexibility in carrying out nuisance abatement services; however, the cut would still leave the program with 88% of the budget to address the most urgent needs in the City. Furthermore, as discussed above under the Key Issues section, CBO recommends the allocation of the full GF set-aside for BDS in NIP to provide additional resources to address these nuisance abatement issues and other challenges related to the Title 33 of the City Code affecting neighborhoods and communities in the City.

CBO Recommendation: (\$111,460)

Extremely Distressed Property Enforcement, DS_02, \$375,864, 2.00 FTE

BDS requested ongoing General Fund resources to fund two Housing Inspector positions and \$150,000 to support the Extremely Distressed Properties Enforcement Program. One of the two positions is a limited term position currently funded with program reserves. The program has seen a sharp increase in workload with an average growth increase of 34% in the last five years and this trend is projected to continue in the future amid the current housing and homelessness situation. CBO concurs with the bureau that ongoing funding is necessary to sustain this program.

Due to the limited availability of ongoing General Fund resources, CBO recommends that the above package be funded with program reserves in FY 2016-17. For ongoing funding, CBO recommends the formation of a task force, including BDS, Auditor's Office, Attorney's Office, and other agencies as needed to explore the feasibility of applying the provisions in the City Codes related to Collections and Foreclosure Process and Housing Receivership to address the vacant and abandoned houses in the neighborhoods, one of the main causes of EDPEP, and to generate long-term program revenues for the program.

CBO Recommendation: \$0

Enhanced Inspections, DS_03, \$288,846, 3.00 FTE

This package would convert three limited term Housing Inspector positions to permanent funded with ongoing GF resources. The above positions are currently funded with program reserves to expand the Enhanced Inspections program to the North, inner Northeast, and inner Southeast Portland. The program started in FY 2012-13 and it has been very successful.

The FY 2015-16 Adopted Budget includes the following budget note:

Rental Inspection Fee

Council directs the Portland Housing Bureau and the Bureau of Development Services to work together to develop recommendations regarding the feasibility of a rental inspection fee to support the current Enhanced Rental Inspections Program, including an enhanced model of rental inspections and increased landlord and tenant education and outreach. The bureaus will present a recommendation to Council for consideration by January 2016.

On January 29, 2016, the bureaus sent a joint memo to Council requesting a delay until March 2016. Because the report to Council is not yet ready, CBO recommends the continuation of the program funded by program reserves in FY 2016-17. Ongoing funding for this program will depend on Council decisions on the recommendations presented in March. Additionally, CBO recommends that BDS coordinate with PHB to inform affected property owners about the Rental Unit Rehabilitation program that provides grants to owners and landlords to address outstanding code violations.

CBO Recommendation: \$0

Vertical Applications Analyst, MF_06, \$158,213, 1.00 FTE

This decision package would convert a limited term Application Analyst position to permanent. The position is in the Bureau of Technology Services to support the implementation of the Information Technology Advancement Project (ITAP) in BDS. The position was created in 2010 to provide technical assistance in identifying new system configuration options, developing, testing programming codes, trouble shooting, resolving errors, and other technical functions. ITAP was scheduled to go live in the winter of 2106; however, due to multiple delays the completion date of 2016 will not be met. A new schedule is under negotiation with the vendor. To provide continued support for ITAP, it is necessary to convert the above position to permanent. CBO recommends this decision package, funded from BDS permit fees.

CBO Recommendation: \$158,213, 1.00 FTE

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Development Services											
<i>Adds</i>											
DS_02 - Extremely Distressed Properties Enforcement	01	2.00	375,864	0	0	375,864	2.00	0	0	0	0
DS_03 - Enhanced Inspections	02	3.00	288,846	0	0	288,846	3.00	0	0	0	0
<i>Total Adds</i>		5.00	664,710	0	0	664,710	5.00	0	0	0	0
<i>Reductions</i>											
DS_01 - Mandatory 5% General Fund Cut	01	0.00	(111,460)	0	0	(111,460)	0.00	(111,460)	0	0	(111,460)
<i>Total Reductions</i>		0.00	(111,460)	0	0	(111,460)	0.00	(111,460)	0	0	(111,460)
Total Bureau of Development Services		5.00	553,250	0	0	553,250	5.00	(111,460)	0	0	(111,460)

Analysis By: Doug Le

BUREAU OF EMERGENCY COMMUNICATIONS

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$972,965	\$1,085,886	\$0	\$1,085,886	11.6%
Charges for Services	300,000	349,000	0	349,000	16.3%
Intergovernmental Revenues	7,627,905	7,551,426	49,821	7,601,247	-0.3%
Fund Transfers - Revenue	15,767,266	14,677,145	183,420	14,860,565	-5.8%
Miscellaneous Sources	10,000	10,000	0	10,000	0.0%
Total Resources	\$24,678,136	\$23,673,457	\$233,241	\$23,906,698	-3.1%
Expenditures					
Personnel Services	\$15,181,471	\$15,148,813	\$233,241	\$15,382,054	1.3%
External Materials and Services	952,805	819,511	0	819,511	-14.0%
Internal Materials and Services	5,423,413	4,329,535	0	4,329,535	-20.2%
Debt Service	1,395,141	1,412,541	0	1,412,541	1.2%
Fund Transfers - Expense	752,639	867,171	0	867,171	15.2%
Contingency	972,667	1,095,886	0	1,095,886	12.7%
Total Requirements	\$24,678,136	\$23,673,457	\$233,241	\$23,906,698	-3.1%
Total Bureau FTE	142.75	142.00	3.00	145.00	1.6%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues**Staffing Issues**

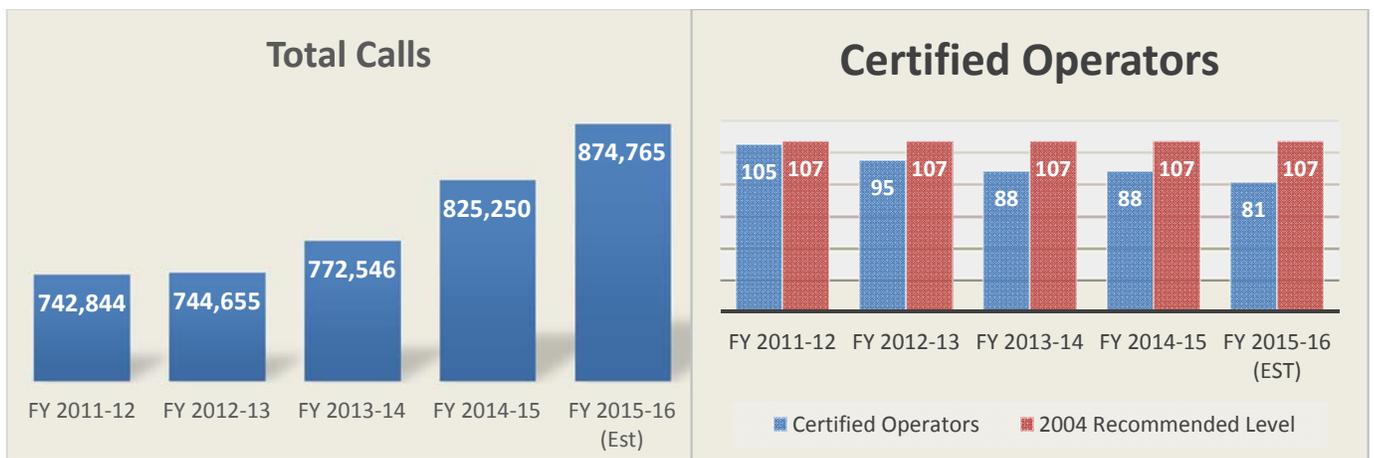
The Bureau of Emergency Communications (BOEC) continues to face challenges in hiring and retaining an adequate number of certified operators to perform call answering and dispatching duties. The bureau is losing certified operators faster than it can replace them. While this is a common challenge among public safety communication centers nationwide, the staffing issues at BOEC have intensified in recent years due to a high number of retirements and low recruitment. The FY 2016-17 Requested Budget for BOEC includes decision packages to increase the number of authorized Emergency Communications Operator positions to address this challenge.

The bureau currently has 142 authorized positions in FY 2015-16; of these, ten are call takers, 95 are dispatchers, and two are police dispatcher positions for a total of 107 authorized certified caller/dispatcher positions. In 2004, the bureau retained Matrix Consulting Group to develop a strategic plan to improve customer service and the quality of fire, police, and emergency medical services dispatching. The consultant recommended a total of 107 certified positions.

The staffing level at BOEC is also affected by the trainee certification rate. To receive certification, trainees have to go through a lengthy training period lasting between 18 to 24 months. While 9-1-1 training programs nationwide are well known for being long and demanding; Portland’s is more complex because BOEC is a combined emergency communication center providing services to multiple agencies in Multnomah County with distinct procedures. The services provided include police, fire, and medical emergencies. BOEC is one of a few combined emergency call centers for a city the size of Portland. The certification success rate has averaged about 42% with 55 staff certified from 180 hired in the last ten years. BOEC’s goal is to certify 50% of its trainees.

The overtime usage for FY 2015-16 is projected to jump 68% when compared to the previous year. The high overtime usage is projected to continue in FY 2016-17 and the foreseeable future. The factors contributing to this situation include: reduction in certified staff due to departures and promotions, increased sick leave and other leave usage, overtime being used to fund in-service training required to maintain certification, and staff time at new employee academies as presenters and/or instructors.

BOEC reported that 19 employees left the bureau in 2013. With a two-year certification time period, the bureau is still not fully caught up with its 2013 staffing level. In 2014, 12 new employees were hired, but seven of them resigned in the same year. In 2015, BOEC hired 18 new employees; of which 13 are still in training. BOEC currently carries nine vacant certified positions as of February 2016. With anticipated departures in FY 2015-16 and FY 2016-17, the bureau estimates it will be short a total of 13 positions to fill the fall and spring 2017 academies. Each year, BOEC organizes two academy sessions with approximately 11 trainees each to fill its vacant positions. BOEC needs to fill its academy sessions to ensure a steady flow of certified positions for its operations.

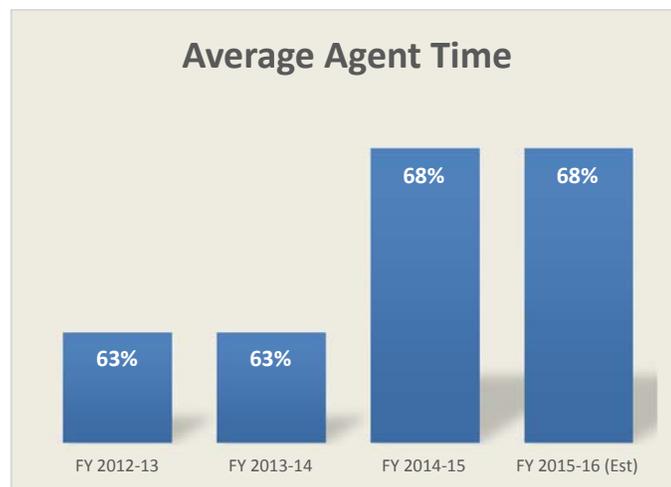


Total calls received at BOEC 9-1-1 center.

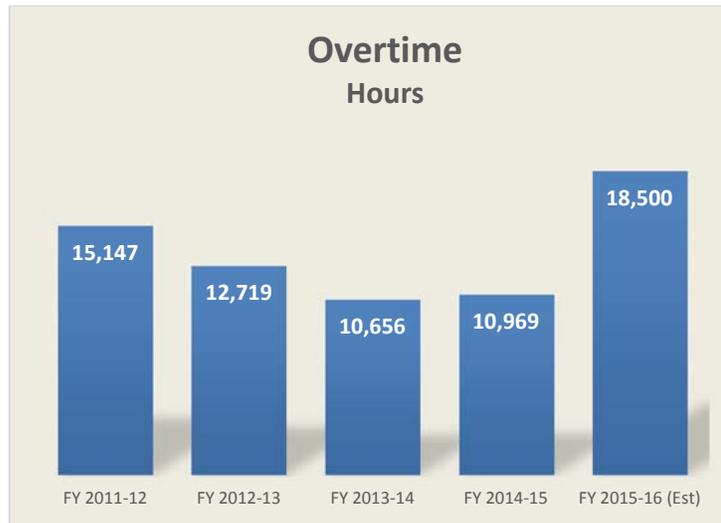
Average total certified operators versus level recommended by the 2004 report.



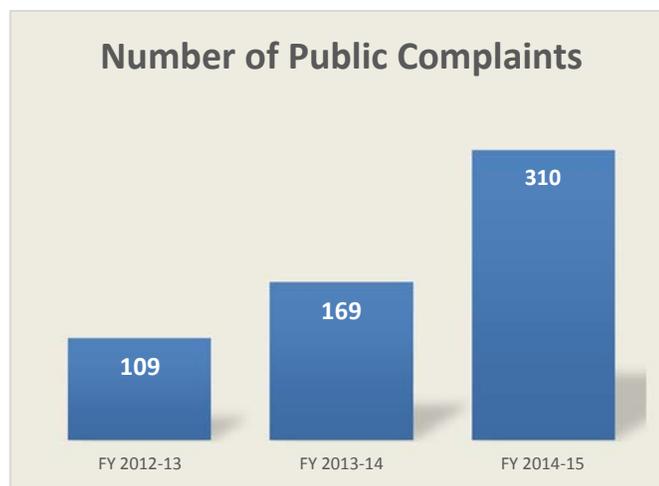
The sick leave information includes all BOEC employees. On average, the split between certified and non-certified staff is 76% certified. The bureau claims that the increase in sick leave coincides with reduced staffing levels.



This graph represents the statistical information from BOEC Call Center Management System when certified operators logged in as “Agent” to take calls or dispatch services.



In FY 2010-11 and 2011-12, there was a significant increase in overtime due to the implementation of the new Computer Assisted Dispatch. After the implementation, the overtime balanced out to about 10,000 hours. The increase in FY 2015-16 is due to decreased certified staffing.



This graph reflects the total of number of public complaints about BOEC performance in the recent three years. In January 2016, 41 complaints were recorded.

The bureau contends that because of the industry recruitment/certification challenges, long training period, and the high turnover rate, BOEC cannot fill its certified operators fast enough to operate a safe and effective emergency call center. To address this situation, the bureau requests 13 new positions for its training sessions to maintain a steady stream of trainees before they are certified and can work independently.

The information presented by BOEC confirms a staffing shortage. CBO concurs with the bureau that the current staffing and funding level is not sustainable to effectively and safely operate the City's 9-1-1 Call Center. However, CBO is concerned that the information in the 2004 consultant report is now outdated,

and would not offer the latest best practices in the industry that would be important to guide the bureau in addressing the challenges in technologies and operational issues. CBO recommends that BOEC implement a new comprehensive review of its staffing requirement as well as operations set-up, including: training, scheduling, ongoing education, and quality control. The new report would give Council and the public more confidence in BOEC staffing needs and would also provide the bureau with strategies and action plans, incorporating the latest trends in the industry on training, scheduling, and other important issues in management and operations to carry out its mission.

Decision Package Analysis & Recommendations

5% General Fund Reduction Package, EC_01, (\$858,135), (10.00) FTE

This decision package complies with the budget guidance to propose a 5% General Fund reduction. For BOEC, this reduction amounts to \$674,837 in General Fund and \$183,298 in funds from BOEC partner jurisdictions in Multnomah County.

This package would eliminate ten authorized positions resulting in the layoff of ten successful trainees and employees. Additionally, the fall 2017 academy projected to hire 11 trainees would have to be reduced to the number of vacancies available in the fall, projected to be five. Because the training period lasts up to two years, this would have a significant long term negative impact on BOEC's ability to secure adequate level of staffing for its operations. Based on the above arguments and the information presented in the Staffing Issues section above, CBO does not recommend this reduction package.

CBO Recommendation: \$0, 0.00 FTE

Add EC Dispatch Positions, EC_02 – 04, \$1,091,376, 13.00 FTE

The above three decision packages would add 13 Emergency Communications Dispatch positions to BOEC. The impact on the General Fund would be \$858,527 and the remaining \$233,119 would be funded by BOEC partners, for a total of \$1,091,376.

These positions will be used to fund trainees for the fall and spring academies as presented in the table below. These trainees are important to assure that BOEC receives an adequate ongoing supply of certified operators for its operations. CBO recognizes the importance of having the necessary funding and positions to properly staff the City's 9-1-1 communication center; however, the 2004 consultant report that BOEC relies on as a guide for its operations is outdated and should be updated with the latest development in emergency call center management and practices. (See above).

In collaboration with bureau staff, CBO reviewed the staffing shortfall for FY 2016-17, and based on the best estimates on vacancies, departures, and hiring CBO believes that the staffing shortfall level is at nine positions. Based on this information, CBO recommends ongoing funding for the equivalent of nine trainee positions in FY 2016-17 without an increase in position count. The costs for these positions would be \$594,183 in General Fund ongoing and \$161,391 in Other Funds ongoing for a total of \$755,574. The

additional funding would provide the needed resources for BOEC to fund the fall and spring academies in the next fiscal year. With regard to the additional positions requested, CBO believes that BOEC should embark on a new consultant study to provide Council with reliable and quality information on its long term staffing requirement and any changes in operations as advised by the consultant. Such a study would provide the necessary framework to plan and fund BOEC's long-term operation requirements. Because training is an important function of BOEC's operations, CBO also recommends the creation of a Training Program to track costs and performance measures to better inform Council on the bureau's efforts on this important function.

CBO Recommendation: \$755,574

Bureau of Emergency Communications	Call Taker	Sr Dispatcher	Police Dispatcher	Total
FY 2015-16 Budgeted Certified Positions	10	95	2	107
Actual Positions as of February 2016				
Certified Operators	6	73	2	81
Filled with Trainees	0	16	0	16
Vacant Positions	4	6	0	10
Total Actual Certified Positions	10	95	2	107
Possible Departures Prior to March Hire	0	(2)	0	(2)
Expected March 2016 Trainee Hire	1	8	0	9
Possible Departures Prior to Fall Hire	0	(5)	0	(5)
FY 2016-17 Fall Trainee Hire Goal	3	8	0	11
Expected Shortfall to Fill Fall Academy	0	3		3
Possible Departures Prior to Spring Hire	0	(5)	0	(5)
FY 2016-17 Spring 2016 Trainee Hire Goal	0	11	0	11
Expected Shortfall to Fill Spring Academy	0	6	0	6
Total FY 2016-17 Estimated Shortfall	0	9	0	9

The table above details the projected positions shortfall in FY 2016-17 based on departures, hiring, and academy training goals.

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Development Services											
<i>Adds</i>											
DS_02 - Extremely Distressed Properties Enforcement	01	2.00	375,864	0	0	375,864	2.00	0	0	0	0
DS_03 - Enhanced Inspections	02	3.00	288,846	0	0	288,846	3.00	0	0	0	0
<i>Total Adds</i>		5.00	664,710	0	0	664,710	5.00	0	0	0	0
<i>Reductions</i>											
DS_01 - Mandatory 5% General Fund Cut	01	0.00	(111,460)	0	0	(111,460)	0.00	(111,460)	0	0	(111,460)
<i>Total Reductions</i>		0.00	(111,460)	0	0	(111,460)	0.00	(111,460)	0	0	(111,460)
Total Bureau of Development Services		5.00	553,250	0	0	553,250	5.00	(111,460)	0	0	(111,460)

Analysis By: Jessica Kinard

PORTLAND BUREAU OF EMERGENCY MANAGEMENT

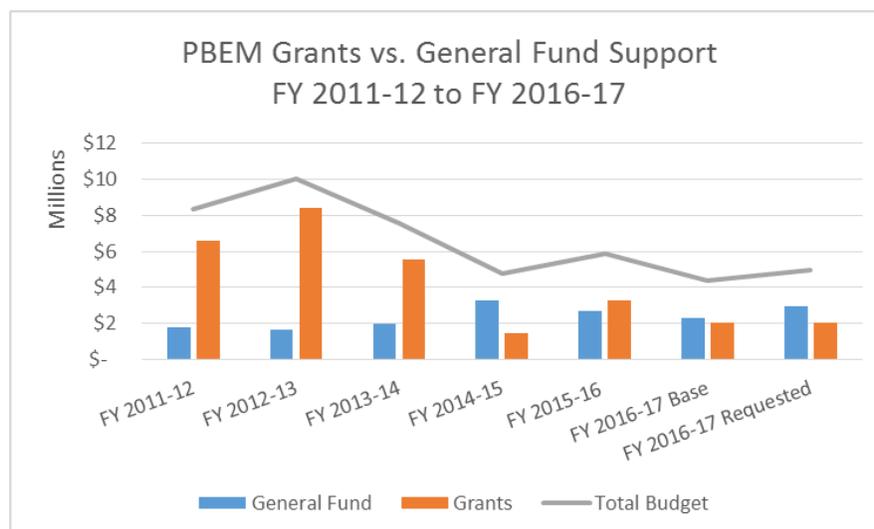
All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Intergovernmental Revenues	\$3,120,246	\$2,030,266	\$0	\$2,030,266	-34.9%
Interagency Revenue	10,000	10,000	0	10,000	0.0%
General Fund Discretionary	1,215,355	1,051,741	613,807	1,665,548	37.0%
General Fund Overhead	1,404,815	1,257,685	6,822	1,264,507	-10.0%
Total Resources	\$5,750,416	\$4,349,692	\$620,629	\$4,970,321	-13.6%
Expenditures					
Personnel Services	\$2,557,115	\$1,940,862	\$236,100	\$2,176,962	-14.9%
External Materials and Services	2,417,522	1,646,014	384,529	2,030,543	-16.0%
Internal Materials and Services	775,779	762,816	0	762,816	-1.7%
Total Requirements	\$5,750,416	\$4,349,692	\$620,629	\$4,970,321	-13.6%
Total Bureau FTE	20.00	17.00	2.00	19.00	-5.0%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

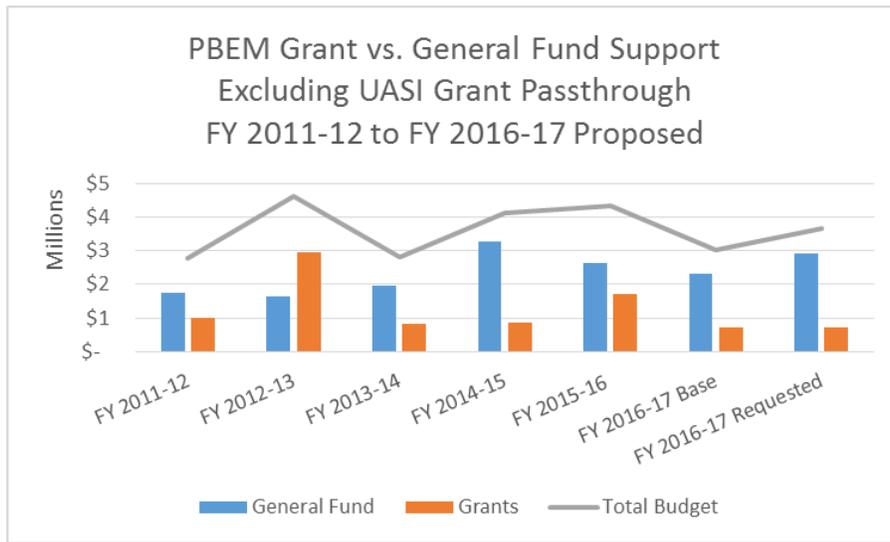
Long Term Operations and Grant Funding

As the City Budget Office has highlighted in prior reviews, the Portland Bureau of Emergency Management's (PBEM's) vulnerability with regards to uncertain grant revenues continues to be a critical issue for the bureau this year.



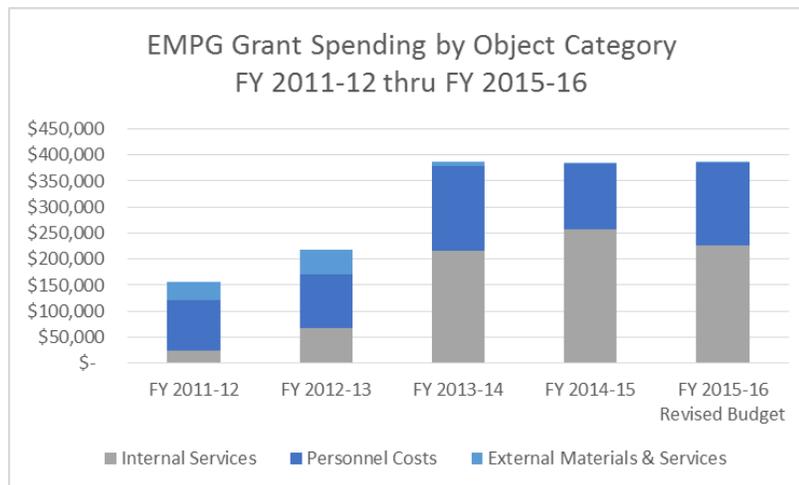
The bureau has experienced steadily declining grant revenues as a share of their budget. The chart above highlights the decline in grant revenue and total budget over the past 5 years, as well as an increase in General Fund resources in recent years. A significant portion of the grant funding decline was in pass-through dollars from the Urban Areas Security Initiative (UASI) grants, which does not operationally affect

the bureau. The below graph illustrates PBEM’s resources adjusted for the exclusion of the pass-through of UASI funds to regional partners, and more accurately depicts the operational change with regards to grant versus revenue support.



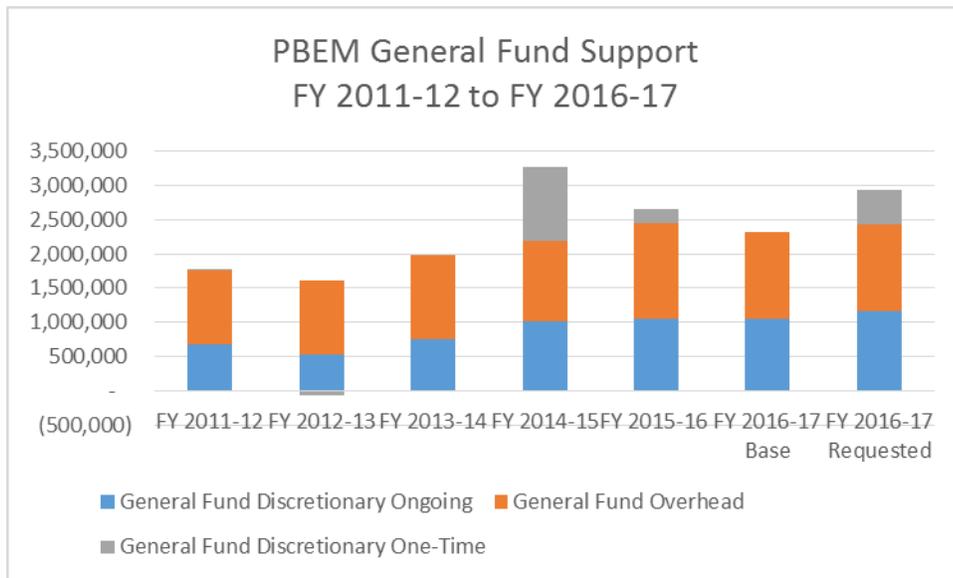
General Fund support for the bureau has increased while grant funding has declined

While the majority of federal and local grant resources are either prescribed for certain activities or passed through to regional partners, PBEM has increasingly relied on one type of federal grant, the Emergency Management Performance Grant (EMPG), for regular activities and operations. Although the actual receipt of these revenues has stayed relatively constant for the past three years and the bureau has traditionally seen this grant as a relatively reliable source of funding, the bureau’s reliance on this grant for personnel and internal operating costs such as computers and rent is a source of concern.



This year, the bureau decreased its budgeted estimate of EMPG funding for its proposed FY 2016-17 budget by \$80,000, or 28%, to \$300,000. As a result, the bureau has shifted the costs of 1.5 FTE that were previously funded by the EMPG grant onto the General Fund at a cost of approximately \$160,000, and is using the entirety of the EMPG grant to pay basic operational bills. Absorbing this personnel cost has meant the bureau has had to make reductions in their materials and services budget. The bureau’s base

budget includes a total of General Fund support for \$118,000 in non-fixed external materials and services costs, \$115,000 of which is being offered as the bureau’s mandatory 5% reduction. A primary challenge with the EMPG grant is that the bureau will only know the award value after providing their requested budget; thus actual grant revenue may be greater or less than the currently budgeted amount.



As the above chart shows, the bureau has received steady increases in ongoing General Fund support over the past three years, including \$267,099 in ongoing operational support for the Emergency Coordination Center (ECC) beginning in FY 2013-14; and ongoing funds in the amounts of \$100,000 for the CENS and \$50,660 to support the partial conversion of two existing grant funded positions to general fund supported in FY 2014-15. However, despite these increases, the bureau continues to rely on the EMPG grant for core operations.

Per a FY 2010-11 budget note regarding the bureau’s move into the ECC, “[o]ngoing operations and maintenance expenses will be included in the forecast and the appropriate amounts charged to the General Fund and the overhead model beginning fiscal year 2012-13.” The \$267,099 CAL target adjustment has proven to be insufficient to cover operating and maintenance costs at the ECC, and CBO believes that a trueing up of General Fund support for ECC O&M may be required to comply with the FY 2010-11 budget note.

The bureau was without a budget and finance staff person for the majority of this fiscal year, but has recently hired a new Business Operations Supervisor. CBO is working with the bureau to look at historical trends in the bureau’s finances and provide Council with a holistic analysis of the bureau and recommendations for ensuring a stable funding base in the future despite grant funding uncertainty.

In addition, during FY 2016-17, the bureau will develop its next three year strategic plan. CBO recommends that, in concert with the construction of the new strategic plan, PBEM incorporate an analysis of changes in the federal and state emergency preparedness and management landscape, and specifically include a plan to adapt to potential changes in grant support to mitigate the operational risk.

Ensuring Equity in Disaster Mitigation and Preparedness

The mission of the Portland Bureau of Emergency Management is disaster risk reduction through leadership and coordination. The bureau's 2014-2016 strategic plan specifically focused on resiliency to "significantly reduce the social, economic and environmental losses caused by disasters," and called attention to the fact that "disasters impact low income and vulnerable populations disproportionately, oftentimes compounding existing social and economic inequities."¹ PBEM has sought to engage more communities that include immigrant groups, ethnic and language minorities, communities of color, and the disability community in recent years. Examples of recent and current efforts include:

- The update to the Natural Hazard Mitigation Plan (NHMP), currently being worked on by the bureau, integrates a social and racial equity framework as a prominent component of neighborhood natural hazard risk reduction. The final product will include a prioritized list of projects that will include screening criteria to assess the social and racial equity benefits, determine the most impactful actions to reduce vulnerability, and encourage increased capacity of community organizing around these issues.
- The Neighborhood Emergency Team (NET) program trains residents to provide immediate emergency assistance to their neighbors in the event of an emergency. PBEM began tracking demographic data of NET volunteers in 2013, and has since prioritized recruitment of persons self-identifying as belonging to an ethnic minority while also working with community-based organizations to better engage traditionally underserved populations.
- The bureau, through the Community Emergency Notification System (CENS), is responsible for disseminating emergency alerts and warnings to the public in the event of an emergency. PBEM is working on building the system capacity to transmit all notifications in all 10 safe harbor languages. In addition, the new PublicAlerts system allows residents to sign up for the Additional Needs Registry and indicate whether they may need specific disability-related assistance following a natural disaster.

These program developments illustrate the critical role that the bureau plays in ensuring service equity across Portland's neighborhoods and communities. CBO encourages the bureau and Council to continue to apply an equity lens to disaster mitigation when considering program and investment priorities.

Decision Package Analysis & Recommendations

Training and Development Officer, EM_01, \$127,998, 1.00 FTE

The bureau is requesting ongoing general fund resources in the amount of \$127,998 for a permanent, full-time Training and Development Officer to advance Emergency Coordination Center (ECC) readiness. Currently, the ECC program is led by the Operations Manager and work is completed by several program staff in addition to their primary duties such as disaster planning, training and exercise development,

¹ Portland Bureau of Emergency Management 2014-2016 Strategic Plan.
<http://www.portlandoregon.gov/pbem/article/466206>.

coordination of the NET program, and WebEOC administration. Together these staff coordinate the City's emergency response teams, and create, organize and deploy citywide emergency response exercises to ensure the City will be able to effectively and efficiently respond to community and City needs in the event of a disaster.

This current level and structure of staffing makes it difficult for PBEM to make full use of the recently built state-of-the-art ECC facility. The proposed Training and Development Officer would provide the structured policy development; training, implementation and oversight; and strategic programmatic planning to enhance City performance towards readiness goals.

The bureau moved into the \$19.8 million Emergency Coordination Center in October 2013. Per a FY 2010-11 budget note regarding the bureau's move into the ECC, "[o]ngoing operations and maintenance expenses will be included in the forecast and the appropriate amounts charged to the General Fund and the overhead model beginning fiscal year 2012-13;" In response, the City added \$267,099 to the bureau's FY 2013-14 base budget to pay for ECC operations and maintenance (O&M), in addition to existing ongoing funds budgeted for bureau rent, Facilities and BTS costs. ECC O&M costs in the FY 2016-17 budget totals \$635,793; CBO is working with the bureau to determine whether the General Fund resources provided are sufficient to cover O&M costs. CBO believes it is likely that there will be additional resources required to comply with the FY 2010-11 budget note. The bureau is currently dedicating \$225,869 in EMPG grant funding to ECC costs, including O&M costs.

CBO acknowledges the importance of properly supporting the ECC and ensuring citywide readiness, and believes this position could play a key role furthering those goals. However, due to limited available General Fund resources, CBO does not recommend funding for this position at this time. Once CBO and the bureau have determined the necessary level of funding required to comply with the budget note for ECC O&M, EMPG revenues currently budgeted for ECC O&M may be made available for this purpose.

CBO Recommendation: \$0, 0.00 FTE

Assistant Program Specialist, EM_02, \$108,102, 1.00 FTE

With this request, the bureau is converting an assistant program specialist position from limited term to permanent. This position is the Volunteer Programs Developer for the BEECN and NET programs.

The bureau's 2014-2016 strategic plan specifically focuses on resiliency to "significantly reduce the social, economic and environmental losses caused by disasters," and calls attention to the fact that "disasters impact low income and vulnerable populations disproportionately, oftentimes compounding existing social and economic inequities."² PBEM has sought to engage more micro-communities that include immigrant groups, ethnic and language minorities, communities of color, and the disability community in recent years, and this position in particular reflects this priority.

² Portland Bureau of Emergency Management 2014-2016 Strategic Plan.
<http://www.portlandoregon.gov/pbem/article/466206>.

This position was funded on a one-time basis in FY 2015-16 and the employee was hired in October. The position began the second phase of the project, volunteer recruitment and training, in late January of 2016. In the first two weeks of recruitment and training, the employee was able to recruit and activate one BEECN team of 10 volunteers. The bureau expects this phase of the work to move quickly with many more volunteers to be recruited, given the high level of community interest in BEECN that has been expressed. The bureau expects this individual to coordinate and manage a minimum of 484 volunteers.

This program coordinates and leverages community networks already in place: the bureau has discussed the program with the ONI-funded District Coalitions, who are ready to help the bureau recruit volunteers; and the bureau will also enlist help from NET volunteers to recruit. In addition, this position will develop, in partnership with an identified staff person at Portland Public Schools, the Campus Community Emergency Response Team program. The youth engaged in this project will also be trained and engaged as NET volunteers.

The bureau's Performance Measures focus on engagement, training, and activation of NET teams, which this decision package tangentially benefits. CBO suggests the bureau consider amending its performance measures to include BEECN engagement as well as NET engagement, as both programs enhance community organizing and networks around disaster preparedness.

CBO recommends funding for this request. The impact of this proposal will be engaging and preparing at least 484 new neighborhood volunteers, and the development of these neighborhood response networks could provide an opportunity for more effective engagement and involvement of Portlanders in other service areas. This proposal directly furthers the City's Equity Goal #2: strengthening outreach, public engagement and access to City services for communities of color and refugees. CBO encourages the bureau to continue to prioritize engagement of these underserved communities as they activate BEECN sites and train new volunteers.

CBO Recommendation: \$108,102, 1.00 FTE

Residential Strengthening Program, EM_03, \$500,000

The bureau is requesting one-time General Fund resources in the amount of \$500,000 to subsidize the seismic retrofitting of 150-200 single family homes. In 2014, the bureau successfully implemented a pilot project to subsidize the costs of retrofitting 23 single-family residential homes throughout Portland using \$100,000 in Natural Hazard Mitigation grant funds. In August of 2015, the bureau applied for and received a Pre-Disaster Mitigation Grant of \$526,000 to subsidize retrofits at 150-200 homes, and this request would double that impact.

Seismic retrofits improve the performance of a home during an earthquake, reducing the damage to the home and cost of repairs and potentially saving lives. Ensuring homes are seismically retrofitted benefits the City as well as the homeowner, as this action minimizes demand on scarce resources after a major earthquake.

PBEM estimates that there are approximately 105,000 single-family detached homes in Portland that were built prior to 1970 and likely not bolted to their foundation. PBEM estimates that over 50,000 of these homes may require seismic retrofits. The average cost of retrofits range from \$3,000 to \$8,000, although in some cases costs may be much greater. For the program to date, only “eligible” homes are considered for grants, i.e., “typical” homes with continuous concrete foundations, with cripple wall height not exceeding 4 feet for 1-2 story homes, and foundation subgrades not developed on steep slopes, and other factors. The grant has paid for no more than 50% of the cost of the retrofit.

The existing Pre-Disaster Mitigation Grant funding was allocated to seismic retrofit applicants by lottery, and at least 50% of properties selected for subsidy were below the median home price. PBEM states that the additional funding provided through this decision package, if granted, will be prioritized for eligible homes below the median home value – although not all homes selected may fall into that category.

CBO does not recommend funding for this proposal at this time given the limited amount of General Fund resources and the number of competing priorities across the City. In addition, given the lack of materials and services budget for existing programs, CBO recommends that the bureau and Council ensure that existing programs are adequately supported before adding or enhancing programs. Finally, CBO recommends that General Fund dollars spent on homeowner programs go towards maximizing benefit for the lowest income and/or most underserved homeowners to increase equity and positive outcomes for vulnerable populations. If this program were to receive funding, CBO would recommend that the grant be provided on a sliding scale based on income as well as on median home value, and that the program only provide grants to homeowners for whom paying full price of a retrofit would pose a significant challenge.

CBO Recommendation: \$0

Five Percent Required Reduction, EM_04, (\$115,471)

The bureau proposes to eliminate \$115,471 in external materials and services (EMS) expenses as its mandatory 5% reduction. This proposal would eliminate 98% of the bureau’s non-fixed external materials and services cost, leaving the bureau with \$2,529 in EMS to support all bureau programs. In addition, federal grant award uncertainty could further exacerbate bureau budget challenges. As a result, CBO does not recommend accepting this reduction.

As discussed in Key Issues, managing the timing and amount of federal grants has presented a consistent challenge to bureau budgeting. CBO recommends that, in concert with the construction of the new strategic plan in FY 2016-17, PBEM incorporate an analysis of changes in the federal and state emergency preparedness and management landscape, and specifically include a plan to adapt to potential changes in grant support to mitigate the operational risk posed by relying on grant funds for core operations.

CBO Recommendation: \$0

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested				CBO Analyst Recommendations					
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Bureau of Emergency Management											
<i>Adds</i>											
EM_01 - Training and Development Officer	01	1.00	58,292	0	69,706	127,998	0.00	0	0	0	0
EM_02 - Assistant Program Specialist	02	1.00	108,102	0	0	108,102	1.00	108,102	0	0	108,102
EM_03 - Residential Seismic Strengthening	03	0.00	0	500,000	0	500,000	0.00	0	0	0	0
<i>Total Adds</i>		<i>2.00</i>	<i>166,394</i>	<i>500,000</i>	<i>69,706</i>	<i>736,100</i>	<i>1.00</i>	<i>108,102</i>	<i>0</i>	<i>0</i>	<i>108,102</i>
<i>Reductions</i>											
EM_04 - Five Percent Required Reduction	01	0.00	(52,587)	0	(62,884)	(115,471)	0.00	0	0	0	0
<i>Total Reductions</i>		<i>0.00</i>	<i>(52,587)</i>	<i>0</i>	<i>(62,884)</i>	<i>(115,471)</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Portland Bureau of Emergency Management		2.00	113,807	500,000	6,822	620,629	1.00	108,102	0	0	108,102

Analysis By: Claudio Campuzano & Melissa Merrell

BUREAU OF ENVIRONMENTAL SERVICES

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$303,975,000	\$271,255,000	\$0	\$271,255,000	-10.8%
Licenses & Permits	1,980,000	2,045,000	0	2,045,000	3.3%
Charges for Services	329,343,227	340,161,930	2,233,070	342,395,000	4.0%
Intergovernmental Revenues	298,000	388,000	0	388,000	30.2%
Interagency Revenue	1,779,526	2,018,121	0	2,018,121	13.4%
Fund Transfers - Revenue	321,473,024	338,203,900	(48,443)	338,155,457	5.2%
Bond and Note Proceeds	0	171,300,000	0	171,300,000	NA
Miscellaneous Sources	1,935,000	3,260,000	0	3,260,000	68.5%
Total Resources	\$960,783,777	\$1,128,631,951	\$2,184,627	\$1,130,816,578	17.7%
Expenditures					
Personnel Services	\$64,184,724	\$65,306,544	\$1,309,620	\$66,616,164	3.8%
External Materials and Services	59,440,799	58,479,442	1,199,769	59,679,211	0.4%
Internal Materials and Services	42,722,658	43,200,047	64,720	43,264,767	1.3%
Capital Outlay	71,803,651	82,699,245	(389,482)	82,309,763	14.6%
Debt Service	176,942,228	185,788,437	0	185,788,437	5.0%
Fund Transfers - Expense	325,763,117	342,828,948	0	342,828,948	5.2%
Contingency	157,971,600	274,024,288	0	274,024,288	73.5%
Unappropriated Fund Balance	61,955,000	76,305,000	0	76,305,000	23.2%
Total Requirements	\$960,783,777	\$1,128,631,951	\$2,184,627	\$1,130,816,578	17.7%
Total Bureau FTE	537.11	539.88	15.00	554.88	3.3%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

The Rate Forecast

The Bureau of Environmental Services has requested, as part of their FY 2016-17 budget, a rate increase of 3.45% for the typical single family household. This amounts to an increase of roughly \$2.33 on the monthly bill for the typical household. Combined with the Portland Water Bureau's requested rate increase, the typical family would experience a 4.58% increase on their bill, equivalent to \$4.55 per month.

The BES increase is the lowest rate increase in over a decade – lower than last year's increase of 3.6%. In addition, the requested increase is lower than the 3.85% rate increase projected in the financial plan submitted by BES during last year's budget process. The next several years of the forecast are also projected to be lower than last year's forecast, as illustrated in the table below.

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
FY 2017-21 Plan	3.45%	3.45%	3.45%	3.45%	3.45%
FY 2016-20 Plan	3.85%	3.85%	3.85%	3.85%	NA

Despite the downward trend of the rate increase – and as the inflation-adjusted rate increase figure suggests – the increase exceeds the rate of inflation and the historic growth in Portland household incomes. As part of the FY 2015-16 budget process, the bureau identified a number of Key Performance

Measures (KPMs), among which was a measure of the affordability of service. This measure – typical household bill as a percent of the median household income – shows a relatively steady increase over the last decade except for a brief period during the last expansion cycle when household incomes grew rapidly and some costs from the BES portion of the bill were shifted to the Water portion of the bill. The long-term trend continues in the FY 2016-17 Requested Budget and financial plan, with the typical bill increasing to 1.5% of the projected median household income, assuming inclusion of the bureau’s requested decision packages.

The largest driver of the trend of rate increases above the rate of income growth is the increasing debt service associated with the bureau’s capital program. This increasing level of debt service is a function of borrowing for the bureau’s requested Capital Improvement Program (CIP) being ‘layered’ on repayment costs for prior years’ CIP, including debt issues that funded the Mid-County Sewer project and the Combined Sewer Overflow projects over the last several decades. The current financial plan assumes a debt issue in the upcoming budget year – FY 2016-17 – that will result in an ongoing \$14.1 million in additional debt service costs. Of this cost, \$9.4 million is reflected in the FY 2016-17 rate forecast; the full annual impact is felt in FY 2017-18 and beyond.

This dynamic of increasing debt service will likely continue past the near term and into the mid-2020’s as the bureau continues to fund approximately 75% of its capital plan with new debt issues; a stabilization of rate increases related to increased debt service is anticipated to begin in about 2023 when prior debt (predominantly funding the CSO project) peaks. This ‘pinch point’ was partially mitigated by a refunding bond series in 2015 that was structured to generate debt service savings in FY 2020-21 through FY 2022-23. There are many factors that will influence this long-term forecast however, including future interest rates, emergent large capital needs, the optimal rate of system investment as condition assessment work continues, the amount of cash-financed capital from growing debt-service coverage, debt refundings, etc. Moreover, rate increases, while significantly impacted by debt service requirements, are also heavily influenced by a variety of factors including operating cost growth.

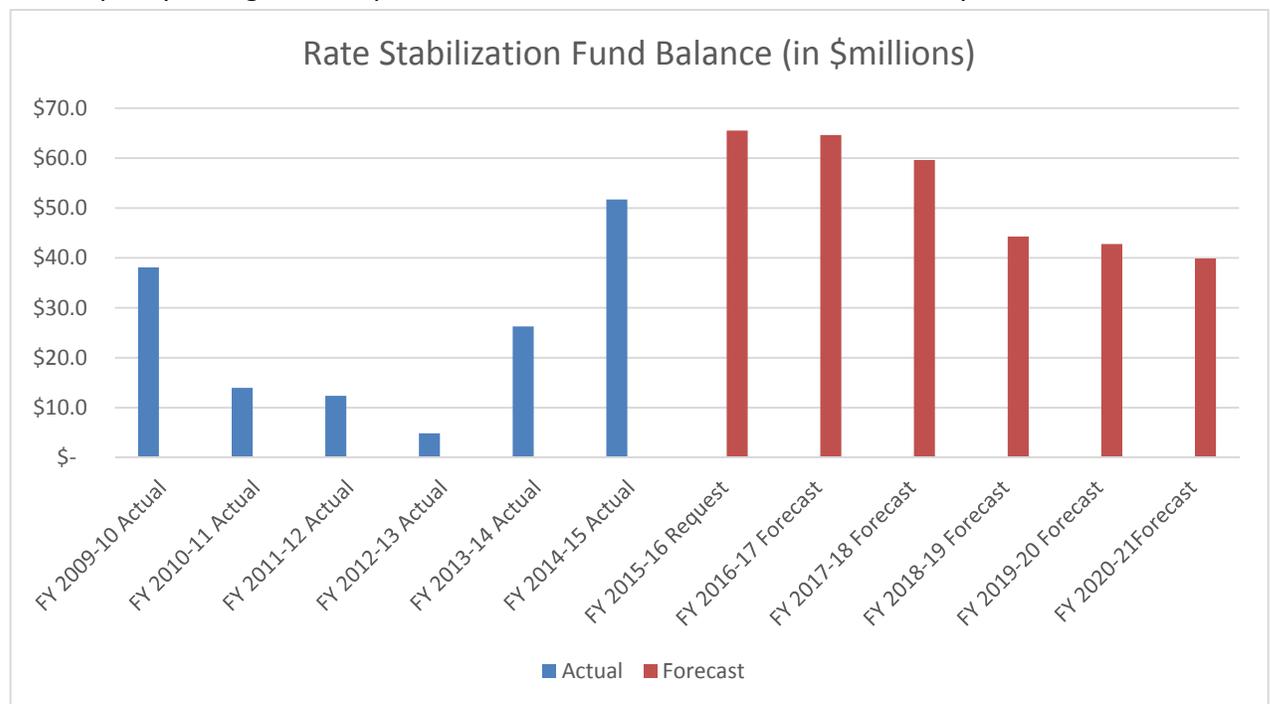
Financial Plan

The bureau’s financial plan is a five-year forecast of costs and revenues, incorporating the requested capital improvement plan (CIP) and anticipated debt sales as well as many other inflationary and programmatic assumptions. Some notable items in this year’s financial plan include:

- *Rate Stabilization:* The bureau maintains a Sewer System Rate Stabilization Fund (RSF) that is used to smooth short-term budget fluctuations, to smooth long-term increases associated with large capital projects, and – most recently – to manage the ‘pinch point’ created by peaking debt service in FY 2023-24. The fund is projected to begin FY 2016-17 at \$65.5 million¹, a level exceeded in only one year during the CSO construction period. There is currently no similarly large single project effort underway the rate impacts of which the bureau might be trying to attenuate; this balance is a function of robust retail revenue and System Development Charge growth and conservative

¹ CBO has projected a balance more likely around \$70 million. The bureau has confirmed a similar updated projection based on recent robust rate and SDC actuals. This highlights a) the changing nature of forecasts and b) the conservative budgeting approach of the bureau.

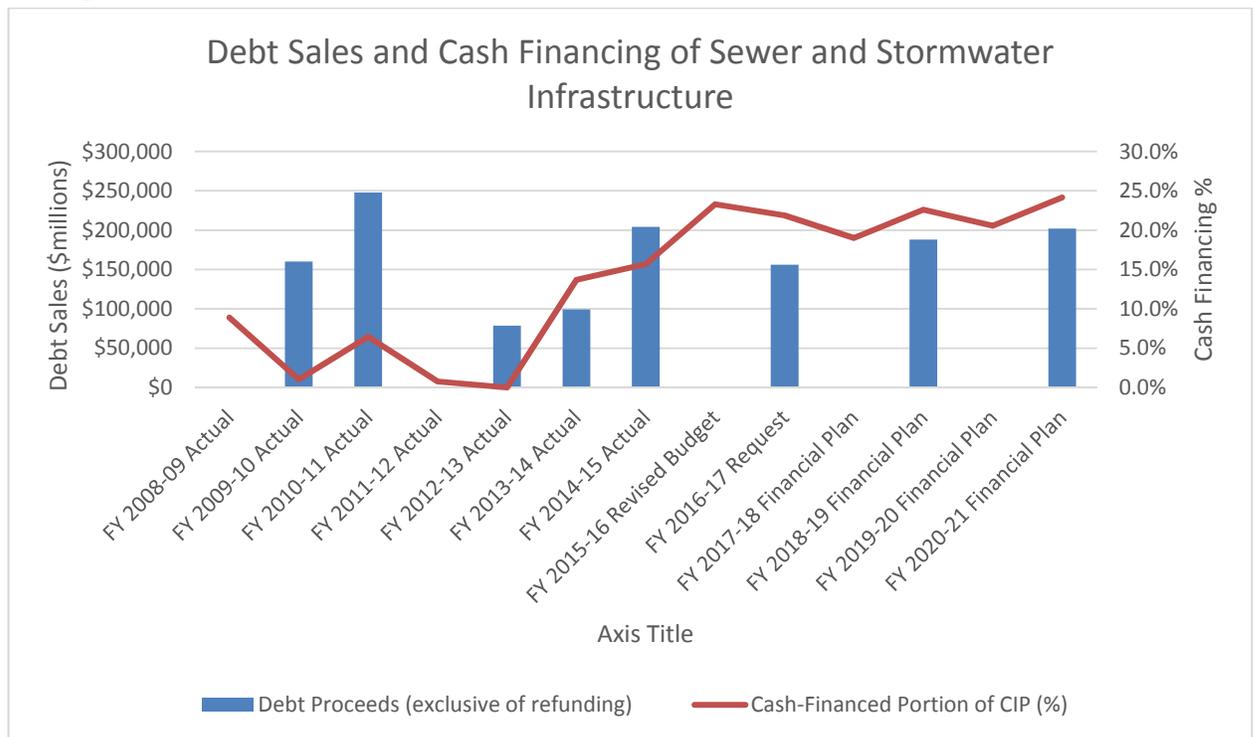
revenue budgeting over the last several years. The financial plan assumes a \$25.6 million draw over the five-year period, leaving the balance at what is still a historically high figure of \$39.9 million in FY 2020-21. The long-term forecast for the RSF is to draw it down to \$14.3 million to smooth rates through the debt service pinch point in the mid 2020's. However, CBO notes that a series of conservative revenue assumptions will likely result in larger than projected RSF balances which should translate into lower than projected rate increases or help to address a possible change in RSF balance policy. Based on conversations with bureau financial management, there is a policy change under consideration to maintain a larger balance on an ongoing basis in order to maintain the bureau's position as measured by the 'days cash on hand' financial ratio. This ratio is considered by ratings agencies when assessing BES credits and has been flagged as a weakness relative to other similarly-rated entities. The goal of this policy change is to maintain or possibly improve the ratings and, consequently, keep interest on future debt issues as low as possible. CBO hopes to work with the bureau to quantify the potential savings and risk mitigation benefits with such a policy change to compare the trade-off with medium-term rate buy-downs.



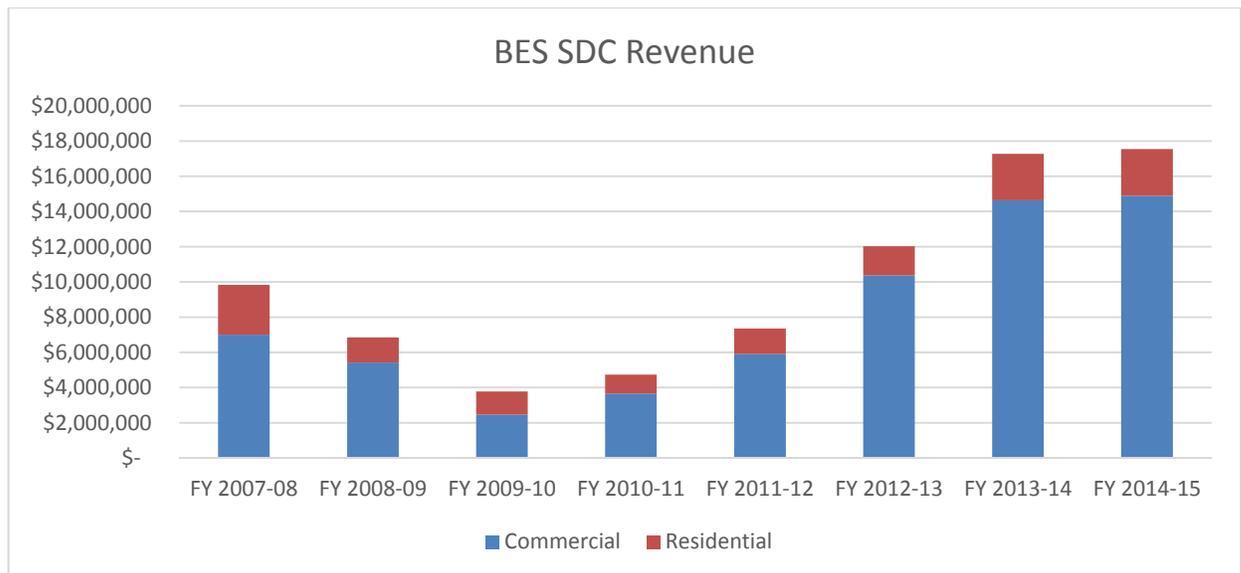
- Embedded Forecast Cost Increases:** This financial plan contains a significant cost-increase assumption for materials and services from FY 2016-17 to FY 2017-18 – 16.8% for external materials and services (EMS) and 7.4% for internal materials and services (IMS). These are both in excess of the 2.23% (EMS) and 2.79% (IMS) percent inflationary assumptions in their financial model. This implies a \$5.4 million non-inflationary cost increase that is incorporated into the financial plan going into the first outyear. In contrast, last year's financial plan showed only the inflationary increase. While difficult to model, a general estimate is that the rate impact of those increases would be roughly 1.65% in a single year or a smoothed increase of about 0.65% per year over the four remaining years of the forecast. Besides materials and services, the Personnel Services assumptions of the five-year plan include the projected addition of 6.0 FTE in FY 2017-18, resulting – along with non-discretionary COLA assumptions and scheduled biennial PERS increases – in an additional 8.0% increase in non-CIP personnel services costs. Overall, this financial planning

practice – i.e. incorporating anticipated requests into the plan – is an intentional strategy to better plan for known risks and service level issues. Under new leadership – both the Director and the Business Services Manager were hired in the last nine months – the goal has been to better project needs in the bureau over the base funding. While CBO believes that looking ahead at costs beyond the merely inflationary and other externally driven increases is a critical element of financial planning, these types of significant increases should be discussed more fully in the financial plan narrative and possibly be broken out into more detail in the plan submission. We look forward to working with the bureau to determine how to provide an appropriate level of transparency on these out-year increases so that City Council and the public better understand the components of the projected rate increase.

- Debt Issues and Cash Financing:** A salient feature of the current financial plan is a continuation of cash financing a larger proportion of CIP costs than has been done historically. The result, assuming a relatively constant CIP investment, is smaller and/or less frequent debt issues. As the following graph shows, the bureau was issuing debt nearly every year during the final years of the CSO project and immediate post-CSO period as RSF resources were minimal (see chart above); this was a result of scheduled drawdown as well as recession-related revenue challenges. Since the FY 2014-15 debt issue, no debt is planned for the current fiscal year (FY 2015-16). A smaller issue is scheduled for FY 2016-17 with debt service beginning in FY 2017-18. Other issues are scheduled through the forecast.



- Conservative Revenue Forecast:** As a general matter, based on CBO projections for the current year and the resulting outyear rebasing, the revenue forecast assumed by the bureau is, in most cases quite conservative. The one significant exception noted by CBO is the System Development Charge forecast which assumes revenues in excess of \$14.2 million in all years of the forecast. This projection is well above historical lows that occur during a downturn. The volatility of these revenues can be seen in the chart below.



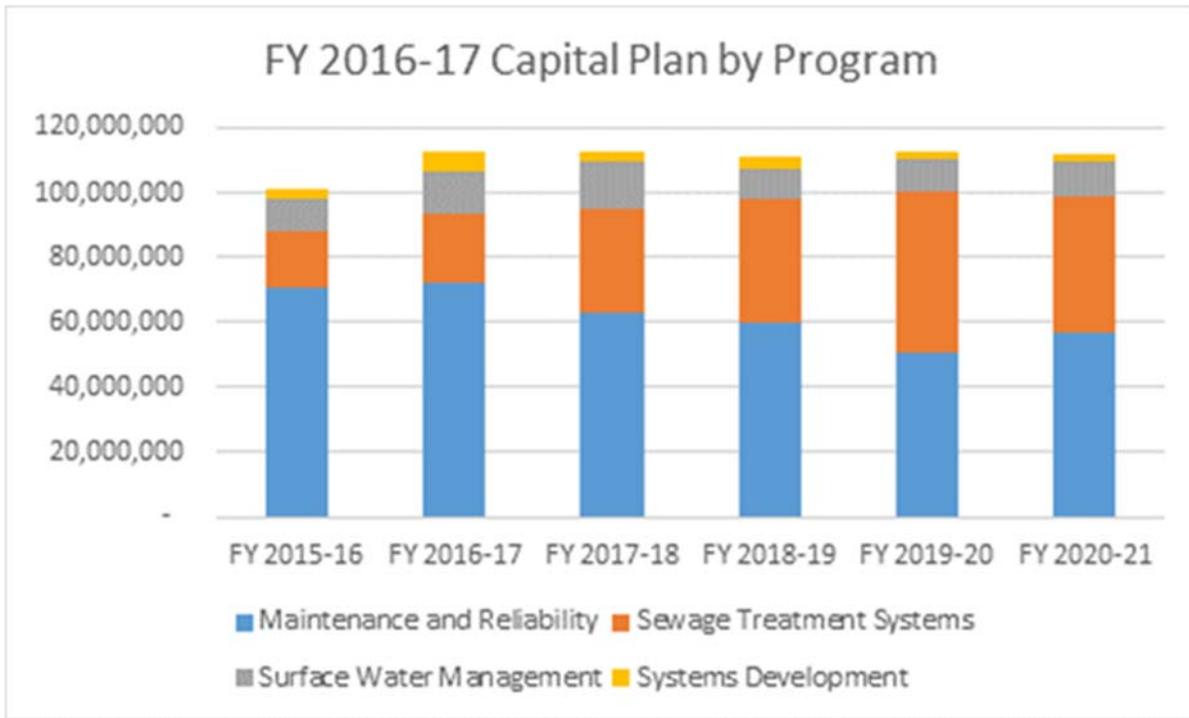
Revenue projected from rates is the primary revenue source for the bureau and is conservatively forecast. The net impact is likely to be a reasonably accurate projection with a sufficient RSF to manage the most likely downside impacts. Depending on the result of a discussion regarding a new, more appropriate RSF with regard to Days of Cash on Hand (as mentioned above), there might be flexibility in the forecast to be moderately more aggressive and bend near-term rates down slightly. This could potentially result in slightly higher rates in the future as revenue assumptions would necessarily need to become more conservative as the RSF balance diminished.

Decision Package Cost Increases

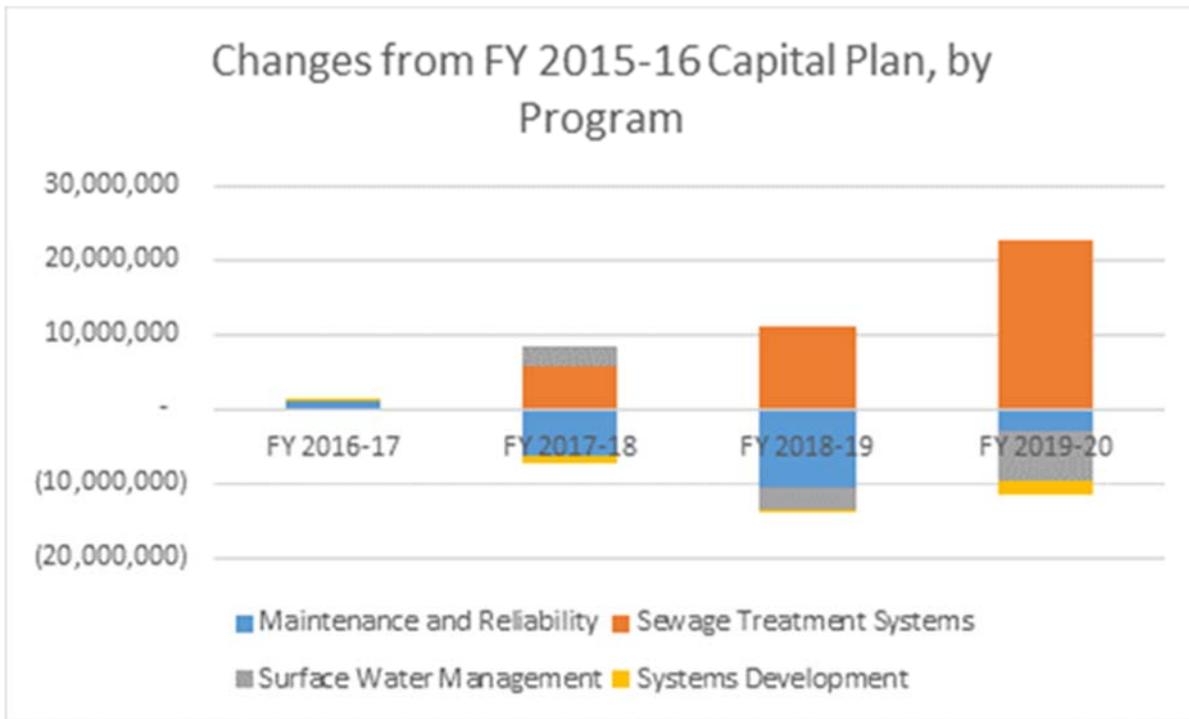
CBO's focus in our review is to ensure that new requests are thoughtful, intentional, well-developed, and meet stated bureau priority needs. Moreover, we have assessed the degree to which the bureau has made efforts to realign program resources to accommodate these new requests before requesting new resources. As a general matter, however, the trade-offs between cost, risk, and service level are a matter for Council consideration. In our assessment, the bureau has developed a reasonable plan for utilizing resources within their commissioner-directed cost constraint. Should City Council wish to target a cost constraint lower than the commissioner-directed level, CBO could work to identify elements of the request that could be deferred or eliminated.

Current Five-Year Capital Improvement Plan

The bureau's requested budget includes \$561 million in capital expenditures over the next five years.



Compared to last year’s requested CIP, there are several changes resulting in a net increase of \$4 million or 2.5% when comparing the capital plan between FY 2016-17 through FY 2019-20 (i.e. the four years shared by both plans). A comparison of the four common years of the FY 2015-20 CIP to the FY 2016-21 CIP shows an increased emphasis on spending for Sewage Treatment Systems and a decreased emphasis on Maintenance and Reliability. The bureau states that the primary driver in the shift is the proposed biogas project at the Columbia Boulevard Waste Treatment Plant (CBWTP), other projects at the treatment plants, and a lag in construction schedules for the projects related to maintenance and reliability. See below for CBO’s review of the biogas project and the related organic waste facility.



The Requested Budget includes eight projects that are new to the capital plan with estimated costs of \$38.5 million over the next five years. Almost 45% of the new spending is for projects at the Columbia Boulevard Waste Treatment Plant.

<i>New Projects in FY 2016-17 Plan</i>							
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total	Confidence
<i>Slabtown Sewer Replacement</i>	7,000,000	2,600,000	-	-	-	9,600,000	Low
<i>Small Urgent Capacity Projects</i>	100,000	500,000	500,000	500,000	500,000	2,100,000	Low
<i>Alder Pump Station Upgrade</i>	1,430,000	2,860,000	-	-	-	4,290,000	Moderate
<i>CBWTP Headworks Screens Improvements</i>	98,000	384,000	705,000	3,910,000	3,899,000	8,996,000	Low
<i>CBWTP Organic Waste Receiving Facility</i>	63,000	235,000	245,000	2,776,000	1,519,000	4,838,000	Low
<i>CBWTP RAS Piping Upgrade</i>	-	100,000	584,000	404,000	2,085,000	3,173,000	Low
<i>Inverness Pump Station Force Main</i>	94,000	401,000	2,533,000	1,610,000	726,000	5,364,000	Low
<i>Culverts Phase 3</i>	-	50,000	50,000	50,000	-	150,000	Low
Total	8,785,000	7,130,000	4,617,000	9,250,000	8,729,000	38,511,000	

Biogas Reuse Project and Organic Waste Receiving Facility

The CIP includes two line items for related projects (Biogas Reuse and Organic Waste Receiving Facility) at the Columbia Boulevard Waste Treatment Plant with estimated costs of \$14.3 million over the next 5 years. Based on information from the bureau, the stated purposes of the projects is to reuse the methane gas that the plant is currently flaring and to fulfill the requirements of an estimated \$2 million tax credit from the Oregon Department of Energy for creating a renewable compressed natural gas (RCNG) fueling station.

The economic viability of the biogas reuse project without the organic waste receiving facility is uncertain. Current forecasts of the bureau show these projects together could recover costs and result in a small net benefit in 15 years or less. Those estimates, however, rely heavily on a yet-to-be finalized commitment from a project partner to pay much higher than market rates for the produced natural gas. The estimates also assume that the receiving facility will attract a very large portion of the region’s organic waste and that fleets will convert to CNG. Even if these assumptions were to be realized, there remains significant uncertainty about future demand for the full supply of gas to be produced and whether the bureau has the experience to run a natural gas sales program.

Both the Portland Utility Board and the Citizens’ Utility Board of Oregon have raised concerns with these projects. While CBO recognizes the potential for an innovative project that may result in net revenue for the bureau, we urge caution and recommend that, prior to moving beyond the planning phase, the bureau ensure that it has undertaken the appropriate analysis using realistic estimates and timelines.

Decision Package Analysis & Recommendations

Condition Assessment, ES_01, \$619,076, 3.00 FTE

This decision package represents a suite of requests that address the bureau’s efforts to better characterize the collection and treatment system. Below is a discussion of the various elements. As

requested, these items are all operating budget impacts and have a direct impact on rates. Of the total request, \$364,076 would have an ongoing rate impact while \$255,000 would be a one-time impact which is consequently attenuated over the forecast.

Item	Ongoing	One-Time
Private Property Retrofit Program		\$ 100,000
Stormwater Data Manager/Coordinator	\$ 106,512	
Portable Flow Meter		\$ 20,000
Digester Gas Piping Condition Assessment		\$ 135,000
Outfall Inspection and Repair	\$ 50,000	
Maintenance Planner and Sr. Engineering Associate	\$ 207,564	
Total	\$ 364,076	\$ 255,000

Private Property Retrofit Program: Stephens Creek Stormwater System Plan - \$100,000

This funding would expand the existing private property retrofit program (PPRP) to Stephens Creek Stormwater System Area. The PPRP program has been operational within the bureau for over six years and is supported by two positions, completing 127 projects at an average cost of \$6,000-\$7,000, and managing a total of 5 acres of stormwater. The program facilitates the onsite management of stormwater on private property. Generally, private property owners are responsible for the maintenance costs.

While the nature of retrofits and their effectiveness will vary by geography, the PPRP projects associated with the Tabor to the River program were estimated to cost 30% of the cost of equivalent Right of Way inflow controls based on 100-year present worth lifecycle costs. The funding in this decision package would test the potential cost effectiveness of the private property retrofit approach in the Stephens Creek Watershed.

The bureau notes that many areas of southwest and outer eastside Portland were developed without a formal stormwater network. The Stephens Creek Stormwater System Plan relies on utilizing private properties as a critical component of the stormwater infrastructure.

Financial co-benefits of the program include the updating of asset management system information that has in some cases led to more accurate hydraulic modeling and in turn savings on BES right-of-way projects.

Based on prior work, the \$100,000 request would fund the equivalent of 15 projects, however, this is dependent on property size, site conditions, and stormwater management goals.

CBO recommends this addition as likely being a cost effective component of the management of stormwater in the Stephens Creek watershed; a pilot to determine the cost effectiveness of the private property retrofits is appropriate.

Stormwater Planning Data Manager/Coordinator (Business System Analyst) - \$106,512 – 1.00 FTE

This position is identified as necessary to move forward on the Stormwater System Plan – a priority for the bureau – which will provide long-term direction regarding investments in stormwater collection and management. The Stormwater System Program is a newly reorganized unit, bringing expertise from multiple groups throughout BES to address this multidisciplinary issue. This position would bring together a more organized and intentional approach to data stewardship and management for stormwater system planning and the Watershed Services group overall. This need arises out of a current reliance on asset data from many other groups in BES. The bureau notes that a lack of data and inconsistent data is a significant reason the Stormwater System Plan is well behind the state-of-the-art of system planning as represented by the Combined and Sanitary System Plans.

CBO recommends this position as it fills a critical skills gap in moving the Stormwater System Plan forward.

Portable Flow Meter - \$20,000

This is a request for a flow meter needed to monitor water use and perform condition assessment. It has an expected useful life of 15-20 years. This piece of equipment will provide data to support planning for water system capacity improvements such as water reuse upgrades and dewatering projects. Ultimately, these projects will lead to more efficient operations and support for improved environmental sustainability goals.

CBO has explored the capacity of the bureau to absorb this cost within the existing materials and services base. We note that the bureau's external materials and services budget for operations seems very tightly managed, with very little underspending in a typical year, and a budget planning protocol for non-recurring expenses at a very precise level of detail. To the degree that this piece of equipment will result in increased efficiency of operations and capital planning, we believe that the additional budget is warranted.

Digester Gas Piping - \$135,000

This request would fund a condition assessment for the gas piping system that transports digester gas produced through CBWTP processes from the digesters for beneficial use 1) to fuel the co-generation engines that produce electricity and heat for use onsite, 2) for sale to Malarkey Roofing, and 3) in the boilers for digester and space heating. Gas that is not beneficially reused is flared for safe discharge into the atmosphere. The overall annual value of this digester gas is upwards of \$1.2 million in cost savings and revenue to the bureau. The bureau believes there is a potential blockage or obstacle or other system deficiency that is leading to the release of digester gas outside of the intended system parameters.

Current estimated uses of the funding are for four valve replacements, vendor inspection of the lines, and replacement of lines from each digester. The bureau anticipates that the information gleaned from this work will inform potential operating and/or capital funding needs.

CBO recommends this request based on the risk reduction of the existing, identified issue of the gas leak and the larger benefit of informing capital work at the site, including the ongoing digester improvements and the planned biogas utilization project, should that work move forward. Should the condition assessment result in a recommendation to replace the piping system, the bureau has estimated the cost to be at least several million dollars. CBO would expect the bureau to assess the overall value of such a replacement project – both in terms of the financial benefits of reuse and the environmental and regulatory components.

Columbia Boulevard Wastewater Treatment Plan (CBWTP) and Tryon Creek Wastewater Treatment Plan (TCWTP) Outfalls - \$50,000

This request is for inspection of two of the bureau's four effluent outfall pipes – one at each of the bureau's two treatment plants. The request also includes minor repair for the CBWTP outfall. These pipes require regular inspection on a three-year cycle to ensure proper functioning. The last cycle of inspections was 2012. Based on the 2012 inspection, capital work was identified as necessary on a third outfall and is planned to move forward. Therefore, it will not be subject to this inspection cycle. The fourth outfall, subject to neither the capital work nor this inspection request – is used as an emergency outfall.

CBO recommends this funding as an appropriate cost for ensuring proper maintenance of these mission critical facilities. We further recommend that, since this is not an annual cost yet is a periodic one, the bureau incorporate this cost into the financial plan so that it is effectively part of their long-term base and is not the subject of future decision packages. The bureau has done this as part of the submitted financial plan, including \$100,000 in FY 2018-19 for future inspections.

Condition Assessment Maintenance Planner and Sr. Engineering Associate - \$207,564 – 2.00 FTE

These two positions are requested to develop, implement, and sustain an ongoing formal condition assessment program for the treatment plants and pump stations. Currently condition assessment of those assets is performed during daily inspections, preventative and predictive maintenance work, and corrective repairs. While the bureau has a robust scheduling system for the inspection and preventive/predictive maintenance, there is no regular condition assessment program to systematically identify risks and plan the investments necessary to address them.

Currently, reinvestment decisions are being made on a reactive basis where assets are run nearly to failure or are replaced in response to potentially costly failures. While an appropriate asset management strategy in many instances, running to failure or near failure is ideally a strategy that is intentional and identified as the lowest lifecycle investment approach within acceptable risk parameters. This condition assessment program would allow the bureau to be more intentional about reinvestment decisions. The bureau notes that this decision package represents an initial effort at developing this program and anticipates additional requests in this area once program needs are better established.

While vacancies exist in the maintenance group including an Instrument Technician and a Millwright, these are associated with positions that were added in the FY 2015-16 budget process to address growing backlogs of preventive and predictive maintenance resulting for more corrective maintenance work.

Because of a variety of recruitment challenges, these positions have remained vacant, contributing to continued workload challenges.

A Maintenance Planner/Scheduler vacancy also exists. The bureau has noted that this vacancy has presented enormous challenges to the Electrical and Instrumentation Supervisor who directly supervises 27 staff and relies on the scheduler position to help coordinate staff work. In response to CBO questions, the bureau provided sufficient detail regarding the scheduler backlogs to support the notion that realignment of responsibilities within the group would not be advisable.

Overall, CBO is supportive of the creation of the dedicated condition assessment function based on well-established asset management principles and we believe that existing workload prevents the bureau from realigning existing staff resources. Therefore CBO recommends this request. However, we encourage the bureau to establish an approach for demonstrating the specific value generated by these positions in terms of lifecycle savings and risks managed so that a strong business case can be made for future investment in this program.

CBO Recommendation: \$619,076, 3.00 FTE

Strategic Planning Initiatives, ES_02, \$292,528, 2.00 FTE

This decision package represents a suite of requests that address several strategic initiatives including management of the City’s responsibilities in relation to the Portland Harbor Superfund Site, asset management, and data system strategy. A summary of the requests and funding sources is as follows:

Item	Ongoing Operating	Ongoing Capital	One-Time
Capital Planning and Asset Management (Civil Engineer)	\$ 67,494	\$ 67,494	
Professional Services Contract Support for SWSP			\$ 100,000
Principal Business Systems Analyst	\$ 125,034		
Total	\$ 192,528	\$ 67,494	\$ 100,000

Note that the ongoing capital portion does not have an immediate impact on rates in the first year, but, to the degree that these costs do not otherwise displace other capital costs, the cost of this position will be amortized each year, thus consistently resulting in a small increase in rate requirements each year (as opposed to the operating budget impacts which have a one-time impact on rate increase).

Portland Harbor Communications Realignment - \$0

This request realigns resources totaling \$100,000 currently budgeted to fund the Lower Willamette Group, a group of Potentially Responsible Parties (PRPs), including the City, that have been involved the characterization of the Portland Harbor Superfund site. With the expectation of a Record of Decision (ROD) to be completed by the U.S. Environmental Protection Agency, by December 2016, the bureau anticipates the financial commitment to the LWG to be reduced. Once the ROD is issued, however, the bureau anticipates an increased need for communication and coordination with federal and state agencies, other PRPs, and the public. The estimate for this work is based on current project spending levels in this area, escalated based on the additional communication needs that are anticipated. CBO

recommends this budgetary realignment with the understanding that the reduced LWG costs and the increased communication needs may not entirely align and thus result in additional costs or savings.

Portland Harbor Project Manager (Sr. Program Manager) Limited Term Conversion - \$0 – 1.00 FTE

This request converts a limited term position that was created in fall 2015 to regular status with the expectation that staffing need will persist for the foreseeable future. The position was funded with a reduction in materials and services at the time of the limited-term creation. That reduction to external materials and services totaling \$116,000 has been made ongoing in the bureau’s base budget, as confirmed by CBO’s analysis.

In light of the potential liability associated with the Portland Harbor site, the very long-term nature of the initiative, and the complexity involved, CBO believes that an ongoing program management resource is appropriate and recommends conversion from limited term to regular status and perform this role for the foreseeable future.

CBO does note concerns regarding the process by which this position was created. The bureau used administrative authority to create limited term positions without City Council approval. However, the intention at that time was that the position would persist indefinitely. The funding was reallocated as part of the FY 2015-16 Fall Supplemental Budget subsequent to the decision to create the position. While CBO understands the bureau’s sense of urgency for the position – an urgency identified by the incoming Director who arrived subsequent to FY 2015-16 Adopted Budget decisions – this approach lacks transparency. Going forward, in the event that an urgent ongoing staffing need presents itself outside of a budget or supplemental budget process, the bureau should make the Portland Utility Board aware of the request, receive their input and support, and then bring forward an ordinance to City Council authorizing the regular full-time position.

Capital Planning and Asset Management (Civil Engineer) - \$134,988 – 1.00 FTE

This position would increase planning capacity in the Asset Systems Management division of the Engineering group. Currently there are two staff with skills and responsibilities for leading large-scale planning projects. By increasing this capacity, the bureau hopes to move to a ‘living plan’ approach that is able to seamlessly transition from one planning task to another and complete mandated and other plans in an expedited timeframe. Planning for a system as extensive as Portland’s storm- and wastewater infrastructure is an ongoing function that ideally is sized appropriately to update each element at regular intervals to take into account changing federal regulations, zoning changes, condition information, and other factors.

To get a sense of expectations of the position, the bureau estimates the following completion timelines with and without the position:

Plan	Timeline with Planning Engineer	Timeline without Planning Engineer
Combined and Sanitary System Plan Update	2016-2019	2018-2023 (4 year delay)

BES Resiliency Plan	2015-2017	2015-2018 (1 year delay)
Un-Sewered Areas Plan	2015-2016	2015-2017 (1 year delay)
Pump Station Improvement Program (Plan)	2016-2017	2016-2018 (1 year delay)
Stormwater System Plan, Phase 1 Integration to Eng. Services Capital Plan	2015-2018	2015-2019 (1 year delay)
CBWTP Facilities Plan	2015-2017	2015-2017 (no delay)

While it is challenging to quantify the costs and benefits of increasing planning capacity and therefore make a compelling financial business case for this added capacity, CBO recognizes that accelerating planning timeframes allows for earlier implementation. To the degree that implementation is able to reduce risk in the system and provide higher levels of service at lower cost, the benefits of earlier implementation should outweigh the ongoing cost of the position. Therefore, CBO recommends this position.

CBO requested information about the structure and capacity of the rest of the division to determine if the bureau had explored options for realigning service delivery to accommodate this request within existing resources. The bureau response to CBO questions was particularly valuable in understanding the ASM division’s managerial strategy and approach. While too extensive to include as part of this review, CBO has provided the full bureau response online. We believe that the response supports the conclusion that, while not urgent, the position likely represents an appropriate investment that will ultimately yield some combination of savings, enhanced service levels, or reduced risk the value of which is in excess of the ongoing cost.

Professional Services Contract Support for Stormwater System Plan - \$100,000

This funding would allow for utilization of a 3-year, \$410,000 on-call contract, primarily for services related to software coding associated with the development of a new GIS-based risk assessment tool. This tool will be a foundational element for the Stormwater System Planning effort. This contract was signed in February 2015. The bureau has identified one employee in the ASM division with the appropriate skill-set to perform this function. However, that resource is at capacity in his current role; any shift would require resources to backfill that role.

As a general matter, the bureau has made considerable efforts to address the stormwater planning gap by pulling together resources from various parts of the bureau to create the Stormwater System Plan team. This request – along with the stormwater planning data manager – represents the skill and resource gap in that effort that cannot otherwise be filled with internal reallocation. While the data manager will continue to be an ongoing element of the planning team, the coding support requested in this decision package is expected to be a short-term need.

Based on the fact that this is a short-term need and a critical component to supporting the work of the stormwater system plan, CBO recommends this request. However, to the degree that ongoing support of

this tool is necessary, we recommend that the bureau scope the data manager position to incorporate that function.

Principal Business Systems Analyst - \$125,034 – 1.00 FTE

This position is requested to have primary responsibility for the bureau’s data management strategy. The bureau has identified data management as a key component of a long-term strategic initiative to improve analysis and enhance efficiency of decision-making and operations. The bureau has outlined an approach to restructuring the Mapping, Data, and Application Services (MDAS) group to separate the ‘data’ competency from the ‘application services’ competency. While applications management supports the day-to-day needs of the applications the bureau relies on to deliver services, an increased focus on strategic data management will emphasize the documentation, modification, construction, and maintenance of data systems to better inform bureau operations, decision-making, and performance.

As with the ASM planning position, a specific business case is difficult to make. However, based on the bureau’s current and future efforts to develop data-driven decision-making tools, CBO recommends this request with the understanding that the increase in effectiveness of bureau operations that should result from this change in strategic focus ideally would eclipse the additional cost of the position. With this justification in mind, CBO recommends that the bureau report regularly – perhaps annually – on the successes of this group in supporting and integrating the data frameworks of the various business lines within the bureau.

CBO Recommendation: \$292,528, 2.00 FTE

Regulatory/Permit Compliance, ES_03, \$356,490, 1.00 FTE

This decision package represents a suite of requests that address various regulatory requirements managed by BES including compliance with a 2005 Record of Decision regarding contamination of sediment in the Columbia River Slough as well as the City’s compliance with the permitting associated with the operation of the City’s two treatment plants. A summary of the items is as follows:

Item	Ongoing	
	Operating	One-Time
Water Resources Program Manager	\$ 119,742	
Columbia Slough Watershed Contaminant Sampling		\$ 40,000
Private Property Retrofit: Slough Sediment		\$ 100,000
NPDES New Permit Sampling and/or Studies		\$ 96,748
Total	\$ 119,742	\$ 236,748

Water Resources Program Manager - \$119,742 – 1.00 FTE

This position would perform permit management for both of the bureau’s wastewater treatment plants as well as analysis and negotiation support for the current cycle of permit applications and ongoing, active regulatory management. The bureau notes that currently, multiple groups and individuals play a role in permit compliance, administration, coordination including the Environmental Compliance Division Manager, the Investigations & Monitoring Section Manager, Wastewater group staff responsible for facilities planning and treatment plant operations, etc. As the bureau notes in responses to CBO

questions, “Multiple people working on permit requirements creates significant potential for numerous compliance gaps and inefficiencies, conflicting messages to regulators, and permits with overly strict deliverables (as compared to other municipalities nationwide) all of which can lead to unnecessary cost.”

The position is expected to absorb portions of the responsibilities currently spread throughout the organization while also coordinating those roles that, by necessity, must continue to reside in the various service groups.

The bureau believes a net positive return on investment in this position resulting from 1) reduced non-compliance for data collection, data management, and timely reporting, 2) increased capacity and support for City permit negotiations thereby minimizing regulatory burden in permit requirements, and 3) fewer enforcement actions due to lack of City program oversight.

While the bureau makes a compelling case for the benefit of the position, CBO highlighted the existence of seven vacancies in the Pollution Prevention group (out of a total of 87) and queried the bureau on realignment possibilities. Subsequent follow-up from the bureau indicated that those vacancies are in the process of being filled. Therefore, CBO tentatively recommends this position based on the identified value. However, we wish to explore further the impacts of possible future realignments within the group once workload impacts of the increased staffing have been assessed.

Columbia Slough Watershed Mandatory 10-Year Contaminant Sampling Reporting - \$40,000

This request would fund a sediment sampling report required by a 2005 Record of Decision that establishes actions that the City and other potentially responsible parties must implement to address sediment that poses unacceptable risk to human health and wildlife in the Columbia Slough. The sampling would be performed by a contractor. The bureau has developed a scope of work and estimated the cost at \$40,000. The report will present the findings of the 2016 sediment sampling event and compare the 2016 data with previous data sets to evaluate contaminant trending over time. Data collected in the 2016 sampling event will be used to focus programmatic efforts, to evaluate current risk to human health and wildlife, and to support risk assessment and closure actions where appropriate.

As with other small, one-time materials and services increases (e.g. the portable water meter discussed in ES_01), CBO notes that the ongoing materials and services base is very tightly managed for optimal utilization, and this type of one-off increase is unlikely to be accommodated in that base without negative impacts to ongoing programs.

Based on the Bureau’s stated needs, we recommend additional funding based on the otherwise constrained materials and services budget.

Private Property Retrofit Program: Slough Sediment - \$100,000

This request funds a program similar in mechanism to the retrofit program discussed in ES_01, however the goals of the program are different. Projects on private property funded through this program are performed in an effort to cost-effectively meet the requirements of the 2005 ROD by limiting the volume

of stormwater in the City system that requires conveyance and treatment and by reducing the amount of pollutants entering the system from private property. No such projects have yet been performed in the Slough area. As with the Stephens Creek item, an estimated 15 projects would be funded, managing runoff of roughly 0.6 acres of impervious surface. However, these estimates are based on experience primarily in single-family home neighborhoods. These initial Slough projects would be a pilot to determine the appropriateness of this tool for managing stormwater and the associated pollutants from private property in industrial/commercial zones.

CBO recommends this pilot to assess the cost effectiveness of this intervention in the Slough area. However, to the degree that the focus is on managing pollutants entering the City system (versus reducing the volume of stormwater entering the system), it should be noted that other compliance activities might be more appropriate than improving the private property with ratepayer resource.

NPDES New Permit Sampling and/or Studies - \$96,748

This request is a one-time need for sampling and/or studies associated with a new Tryon Creek Wastewater Treatment Plant permit. Additional costs are anticipated in FY 2017-18.

As with other small materials and services increases (e.g. the portable water meter discussed in ES_01), CBO notes that the ongoing materials and services base is very tightly managed for optimal utilization, and this type of one-off increase is unlikely to be accommodated in that base without negative impacts to ongoing programs.

Based on the Bureau's stated needs, we recommend additional funding based on the otherwise constrained materials and services budget.

CBO Recommendation: \$356,490, 1.00 FTE

Support Continued Levels of Service, ES_04, \$394,976, 6.00 FTE

This decision package represents a suite of requests that the bureau believes are necessary to continue to provide the current or recently delivered level of service to bureau and internal customers. In some cases, the request represents restorations of reductions or realignments. Below is a summary of these requests:

Item	Ongoing	
	Operating	One-Time
Facilities Maintenance	\$ 44,720	
Landscape Maintenance	\$ 20,000	
Coordinated Site Analysis (Engineering Tech I)	\$ 71,532	
Tree Program (3.00 FTE conversion to full-time)	\$ 6,312	
Maintenance and Repair Supplies	\$ 198,000	
Fleet - Replacements, Renewable Clean Natural Gas		\$ (288,000)
Treatment Operations - WW Operations Specialist	\$ 96,846	
Windows Tablet Mobilization	\$ 34,800	\$ 60,000
Hansen Mobile Solution		\$ 70,000
Office Support Specialist III	\$ 80,766	
Revenue Program (Sr. Admin Specialist)	\$ (101,448)	\$ 101,448
Total	\$ 451,528	\$ (56,552)

Facilities Maintenance - \$44,720

This request would restore FY 2014-15 budget decisions that reduced the interagency agreement with the Office of Management & Finance (OMF)-Facilities division for facilities maintenance services at the Water Pollution Control Lab (WPCL). The bureau has reallocated funding in the base to increase the budget by 17% from \$211,777 in FY 2015-16 to \$247,811 in FY 2016-17. This decision package would bring the increase to a total of 38.1% over the current year revised budget. This level is still lower than historical highs of over \$300,000. The bureau has provided sufficient detail on the predictive and preventive maintenance gaps associated with the reduced service; CBO recommends this increase as a likely long-term net savings.

Landscape Maintenance - \$20,000

This request would restore FY 2012-13 budget decision that reduced the interagency agreement with Portland Parks & Recreation (PP&R) for horticultural services at the WPCL. The bureau notes that since that time, safety and appearance of the grounds have been negatively impacted such that remediation is required to clean up overgrown plantings, replace older and dead plantings, and to mitigate the spread of invasive species. The bureau anticipates replacing some of the plantings, over time, with hybrid-native vegetation which will reduce ongoing maintenance requirements. With regard to safety, the bureau has noted that there has been a significant increase in unauthorized camping that can be obscured by overgrown plantings. This in turn increases litter and debris, damage to plantings, and safety issues for building and neighborhood residents. This increase would bring the total annual landscaping cost at WPCL to \$53,364 – or an estimated 1,100 hours of labor at \$48.60 per hour. The overall horticultural component of the BES interagency budget with PP&R totals \$473,028. In addition, there exists a \$125,000 component for ‘Natural Areas Maintenance’.

While recognizing the improved safety and appearance that would result from funding this decision package, CBO is concerned about the total cost of landscape maintenance at WPCL and for the bureau as a whole. During the FY 2015-16 Fall Supplemental Budget, BES, in response to CBO questions, noted that there is an effort underway to examine these costs and alternative service delivery methods. Prior to

endorsing this increase, CBO recommends that that effort be completed and the new model – should one be identified – be pursued prior to an allocation of new appropriation.

Coordinated Site Analysis (Engineering Technician I) - \$71,532 – 1.00 FTE

This request funds an additional staff position in the Coordinated Site Analysis program. The Coordinated Site Analysis (CSA) program performs an array of services related to monitoring, cleanup and management of contaminated and hazardous waste.

This program is funded by internal customers – primarily CIP projects – and through interagencies with other City bureaus. The program consists of four positions. As utilization of this program has increased over the last ten years, the bureau has increased its utilization of on-call contractors. Currently, the bureau estimates that two-thirds of the projects assigned to the CSA group are completed by on-call contractors.

This request does not include a cost offset for on-call contracts. The bureau response to CBO questions indicated that cost savings were anticipated in association with this added position, however, this savings would only be quantified and captured after the position was hired and fully functioning.

CBO recommends this position, but with the condition that the bureau make adjustments in the FY 2016-17 Spring Supplemental Budget and as part of FY 2017-18 budget development to reduce the CSA program's budget in an amount equivalent to the savings.

Tree Program (2x Environmental Tech I; 1x Environmental Tech II) - \$233,472 – 3.00 FTE

This request would convert a portion of the seasonal staffing budget in the Environmental Services Tree Program (ETSP, which began in 2008 as 'Grey to Green') to full-time, regular positions.

Based on CBO review of spending patterns on seasonal staff, the workload does not appear to be seasonal except for a recent summertime spike which, the bureau explains, will be addressed by a contractor going forward. The bureau has noted that an important element in the decision to move to full-time staff is the element of fair employment practices. As noted in the bureau responses to CBO questions, "When the work is continuous, and we are finding value in continuing staff who have built functional knowledge of the program and City process, it is appropriate to create regular staff positions with benefits."

Data provided by the bureau indicate that the typical cost of a seasonal employee has been between \$14.23 and \$17.44 per hour. The fully loaded costs of the three requested full-time positions is \$223,472 which, assuming only 1,800-1,900 effective hours a year (i.e. 2088 less leave and holidays), is equivalent to \$39-41 per hour.

While this staffing conversion may be appropriate, based on the increased cost per hour, CBO's concern is that the existing body of work might no longer be accomplished with the reduced staff hours available and that, ultimately, a reduced level of service or a future staffing request will be the result.

In that regard, while we recommend the budgetary shift to fund the positions, we request that the bureau provide, as part of the decision package reporting in the FY 2016-17 Spring Budget Monitoring Process (BMP), baseline performance measures – including workload, output, and outcome measures – for the program given the current seasonal staffing model (but reflecting the evolved program priorities). This would allow for ongoing analysis of the impacts of the change in the staffing model – and provide decision support for any future request in the program.

Finally, it is worth noting that, while the budgetary shift reduces the seasonal budget by \$227,160, the actual costs in the program, per the bureau's response to CBO's questions, have never exceeded \$194,588. This implies that some of the conversion is funded with structural underspending and can therefore be considered partially a cost increase.

CBO recommends this request, noting the concerns and the need for ongoing performance data moving forward.

Maintenance – Treatment Plants - \$198,000

This request would provide additional maintenance and repair supplies budget specifically in the Wastewater group, which has consistently overspent its allocation in the last several years. The gap has been made up in other areas of the Wastewater group's budget. The bureau has noted that these sources of underspending include treatment process fluctuations, lower than expected inflationary factors, freezing weather which prevents solids processing, work that is not completed due to shifting priorities or procurement delays, and work that is captured in the capital budget versus the operating budget due to the scale.

While CBO believes that continued reallocation of unanticipated underspending would be possible – and any expenses projected intra-year above budget be requested as part of a supplemental budget – the operational impacts of this uncertainty entails can hamper management's and staff's ability to manage the assets appropriately.

Given this group's historically disciplined fiscal approach, CBO recommends this budgetary increase for maintenance and repair supplies. However, we expect that the ultimate result will not be a commensurate increase in spending overall in the group as the group is able to capture (rather than reallocate), unanticipated underspending.

Fleet – Replacements, Renewable Clean Natural Gas – (\$288,000)

This decision package represents a one year holdback on additional spending included in the financial plan for FY 2016-17 to convert some of the scheduled vehicle replacements to biofuel in preparation for the biogas fueling facility at CBWTP, anticipated to be operational in FY 2017-18. CBO recommends this request.

Treatment Operations (Wastewater Operations Specialist) – \$96,846 – 1.00 FTE

This request would backfill a Wastewater Operations Specialist (Op Spec) position that was reclassified several years ago to a Wastewater Maintenance O&M Supervisor. While the bureau has yielded benefits from that supervisory reclass, the result in the remaining group of four Op Specs has been a backlog of updating standard operating procedures (SOPs) and creating new SOPs for new equipment and systems.

CBO recognizes the effort on the part of the bureau to reallocate staff to address identified gaps and, to the degree that that reallocation has, several years later, resulted in a gap in the unit from which the resource was reassigned, we recommend the backfill.

However, based on the narrative, it does appear that a portion of the workload associated with this group is driven by eliminating backlogs generated by a short- to medium-term project effort to update SOPs, create new ones for new assets, and support a new Wastewater Treatment Plant O&M manual. While we recommend this position to address these medium-term needs, to the degree that this workload is peaking currently, CBO encourages the bureau to look for opportunities in the future to scale the size of this group to the stabilized, ongoing workload. That said, looking at the bureau's capital plan and the plant upgrades which are expected to be performed as part of that CIP, one can expect that the Op Spec workload will continue for at least several years.

Windows Tablet Mobilization – \$94,800

This request would supply 40 Windows mobile devices for use by several workgroups with staff who spend significant time away from hard-wired workstations. The costs include \$60,000 for hardware and \$34,800 for BTS support costs. No lifecycle replacement cost has been included at this point, but an assumption of an additional \$300 (i.e. one-fifth the device and dock cost) would not be unreasonable, resulting in an estimated \$12,000 per year that is not assumed in this decision package.

In light of the efficiencies likely to be generated by mobile access to bureau systems and the MDAS's approach to using this technology to replace existing computing technology where possible, CBO recommends this initial deployment.

Hansen Mobile Solution – \$70,000

This request would provide 14 additional Windows 10 tablets and accompanying mobile licenses for BES's asset management system, Hansen. This will allow field staff to enter asset data directly into the system without transcribing written field observations. This cost represents the purchase of the software and license as well as installation of roughly \$55,000 and ongoing maintenance costs anticipated to be \$12,000-\$15,000. CBO recommends this request with the same justification as the previous item.

Office Support Specialist III – \$80,766 – 1.00 FTE

This request would add an Office Support Specialist III to the Facilities and Administration Services division of the bureau's Business Services group. That group currently consists of a Business Operations Manager and five direct reports. The new position would support the various components of the division's

workload including in the areas of hiring and recruitment, property management, workforce training, and other general administrative needs.

Business cases for this type of administrative position are challenging as the beneficial impacts are often very indirect. However, at this point, CBO has not received adequate information to support a recommendation of funding for this position. Areas where data or specific programmatic details would be helpful include current state and desired outcomes in hiring and recruitment, workforce training, and property management.

Revenue Program (Sr. Administrative Specialist) – \$0 – 1.00 FTE

This request would convert an existing limited term Sr. Administrative Specialist to a regular full-time position. The limited term position was initially created at the beginning of FY 2015-16 to use the ArcGIS system to re-measure and correct impervious area calculations to ensure appropriate stormwater charges. During the last seven months, over 18 million square feet of previously unbilled impervious area have been identified, which will increase the annual billable stormwater management charges by over \$2.5 million. While CBO expects the yield of new revenues associate with this program to decline over time, with the position eventually settling into an ongoing maintenance function, the program will clearly provide a net return on investment in the short run while also ensuring that rate-payers are charged equitably.

It should be noted that increased revenues generated by this program should, barring increases to rate requirements (i.e. costs), lead to an attenuation of stormwater rate increases in the future. Based on this beneficial impact on collections and the ongoing need to ensure correct impervious area calculations, CBO recommends this position conversion.

CBO Recommendation: \$294,210, 5.00 FTE

Capital Programs and Support, ES_05, \$500,000, 3.00 FTE

This decision package represents a suite of requests that address primarily conversions of contracted employees to regular full-time positions. In addition, the package requests operating resources to fund private property retrofits associated with planned capital projects.

Item	Ongoing Operating	Ongoing Capital
Wastewater Treatment - Civil Engineer	\$ -	\$ -
Material Testing Lab Support	\$ -	\$ -
Hydraulic Modeling - Civil Engineer	\$ -	\$ 53,988
Private Property Retrofit Program: Combined Basins	\$ 500,000	
Total	\$ 500,000	\$ 53,988

Note that private property retrofits are listed as ongoing in the table above. This is intended to reflect the multi-year nature of the request and the consequent quasi-ongoing impact on rates. The bureau request indicates that this is a \$2 million request that covers four years.

Contract Staff Conversions – Various – \$53,988 – 3.00 FTE

This request converts three contract positions to full-time, regular positions. These positions are as follows:

- Wastewater Treatment Engineering Design – Civil Engineer
- Material Testing Lab Support –Material Testing Technician II
- Hydraulic Modeling – Civil Engineer

The wastewater engineer would convert one of the two current contract positions. One has been utilized since 2009, one since 2013. The Material Testing Technician II is one of four contract positions with workload expected to remain stable or grow with the BES and Portland Water Bureau CIPs. The modeling position is one of three contract positions in Asset Systems Management division. They have been on the assignment for over eight years.

The bureau has provided supporting analysis to indicate that the contract savings is likely to exceed the cost of the new positions in the case of the Civil Engineers. In both cases, cost per effective hour (i.e. 2088 hours per year less paid leave) with a full-time employee based on fully loaded costs is well below the contract cost per billable hour. This does not seem to be the case with the materials testing position, however, which is expected to have an incremental cost of approximately \$20,000 per year after conversion to full-time. Based on these observations, CBO recommends these requests. Additionally, CBO recommends that the bureau explore capturing the additional budgetary savings for the Civil Engineers rather than allow that savings to remain in the program budgets.

Private Property Retrofit Program: Combined Basins - \$500,000

This request would fund private property retrofits which have been identified as being cost effective in the upcoming CIP. Because these costs do not generate City assets, they cannot be financed as part of the capital program and therefore require operating expenditures. The bureau has provided total implementation cost estimates in excess of the \$500,000 per year PPRP request but the bureau states that, based on the current status of projects, the peaks anticipated in the CIP over the next two years will likely be pushed out into later CIP years. At the time of this writing, CBO does not have a complete understanding of the needs of the program in terms of staffing and funding base and gaps, however we are making a tentative recommendation in favor of funding in light of the identified cost effectiveness of these improvements in other areas. We will continue to pursue detail through the budget process and refine or validate this tentative recommendation for funding.

CBO Recommendation: \$500,000, 3.00 FTE

Emergency Preparedness, ES_06, \$70,000

This decision package represents a pair of requests for equipment and supplies to enhance the bureau's level of preparedness in responding to an emergency.

Maintenance of Emergency Generators – \$20,000

This funding is requested to improve the reliability of the 54 emergency stand-by generators throughout the system by testing the fuel for each generator on a six-month cycle to determine if the fuel needs

replacement or polishing. Based on a review of the Pump Station Mechanical section budget, there appears to be typical underspending of greater than 10% annually in materials and services overall. In the Operating Supplies line item, underspending has been particularly pronounced. Based on this, this line-item has already been reduced in the FY 2016-17 base from \$167,636 to \$64,636. Nonetheless, that base still exceeds historical spending. In light of this information, CBO recommends further realigning resources within the Pump Station budget out of the operating supplies line item to cover this ongoing repair and maintenance cost. To the degree that there is future pressure on materials and services budget in this group, additional resources would be considered.

Emergency Preparedness Kits - \$50,000

This request repeats and enhances a request that was made during the FY 2015-16 Fall Supplemental budget. Funding was not recommended by CBO at that time and City Council did not authorize funding. The earlier request was for personal emergency preparedness kits to be made available to employees for storage at home, in vehicles, or at work – wherever the kit would be most likely to be accessible during a natural or man-made disaster. The new request includes funding for those in addition to larger kits for general use at work sites.

The justification for providing employees with personal kits is to make their availability for responding to a disaster more possible and likely. To the degree that this program persists as a priority for the bureau based on the belief that this will improve the bureau's ability to respond to emergencies, CBO is reluctant to continue to recommend against it. However, we believe that, should this justification suffice for providing kits to BES personnel, the City Council should consider which other employees in other bureaus would be appropriately outfitted to improve their availability during a disaster. Until that conversation has happened at a Citywide level, CBO continues not to recommend this request.

CBO Recommendation: \$0

5% Reduction from General Fund for Trees, ES_07, (\$48,443)

This decision package represents the required 5% target reduction to the General Fund cash transfer to BES for the Tree program. The bureau expects this will result in at least 100 fewer trees planted under the community tree contract. The bureau notes that a new contract will be negotiated for FY 2016-17, so the actual loss could be greater. Reductions have been requested for all General Fund allocations to fund a series of high-priority issues including housing and homelessness and public safety, among others. In light of this prioritization, CBO recommends this reduction to support the realignment of Citywide resource.

CBO Recommendation: (\$48,443)

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Environmental Services											
<u>Adds</u>											
ES_01 - Condition Assessment	01	3.00	0	0	619,076	619,076	3.00	0	0	619,076	619,076
ES_02 - Strategic Planning Initiative	02	2.00	0	0	292,528	292,528	2.00	0	0	292,528	292,528
ES_03 - Regulatory and Permit Compliance	03	1.00	0	0	356,490	356,490	1.00	0	0	356,490	356,490
ES_04 - Support for Continued Levels of Service	04	6.00	0	0	394,976	394,976	5.00	0	0	294,222	294,222
ES_05 - Capital Programs and Support	05	3.00	0	0	500,000	500,000	3.00	0	0	500,000	500,000
ES_06 - Emergency Preparedness	06	0.00	0	0	70,000	70,000	0.00	0	0	0	0
<i>Total Adds</i>		15.00	0	0	2,233,070	2,233,070	14.00	0	0	2,062,316	2,062,316
<u>Reductions</u>											
ES_07 - 5% Reduction from General Fund for Trees	01	0.00	(48,443)	0	0	(48,443)	0.00	(48,443)	0	0	(48,443)
<i>Total Reductions</i>		0.00	(48,443)	0	0	(48,443)	0.00	(48,443)	0	0	(48,443)
Total Bureau of Environmental Services		15.00	(48,443)	0	2,233,070	2,184,627	14.00	(48,443)	0	2,062,316	2,013,873

Analysis By: Jane Marie Ford

OFFICE OF EQUITY & HUMAN RIGHTS

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
General Fund Discretionary	\$1,301,988	\$1,138,833	\$142,089	\$1,280,922	-1.6%
General Fund Overhead	516,088	548,858	70,884	619,742	20.1%
Total Resources	\$1,818,076	\$1,687,691	\$212,973	\$1,900,664	4.5%
Expenditures					
Personnel Services	\$1,481,884	\$1,381,196	\$182,622	\$1,563,818	5.5%
External Materials and Services	172,826	117,326	18,609	135,935	-21.3%
Internal Materials and Services	163,366	189,169	11,742	200,911	23.0%
Total Requirements	\$1,818,076	\$1,687,691	\$212,973	\$1,900,664	4.5%
Total Bureau FTE	12.60	11.00	2.00	13.00	3.2%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Enhancing Citywide Equity Capacity

FY 2015-16 has been a significant policy year for the Office of Equity & Human Rights (OEHR), including the passage of the City of Portland's "Ban the Box" legislation (Ordinance No. 187459) and the "Charles Jordan Standard for Direct Appointments" (Ordinance No. 37180). Two additional Council actions have had significant impacts on OEHR's staffing needs and service demands: adopting the Citywide Racial Equity Goals and Strategies, and mandating Equity 101 training for all City employees.

Citywide Racial Equity Goals and Strategies

On July 8, 2015, City Council unanimously adopted the Citywide Racial Equity Goals and Strategies as binding City policy.¹ The Portland Plan outlines a framework for advancing equity in Portland, including eliminating disparities, increasing the City's accountability for equity outcomes and compliance reports, and engaging the community in robust public involvement.² OEHR developed the Citywide Racial Equity Goals and Strategies in response, outlining how Portland will end racial inequity in City government and in all areas of government, as well as improving outreach, engagement, and access to City services for communities of color and immigrant and refugee communities. The document identifies six strategies to meet these goals, as originally established by the Government Alliance on Race and Equity³: 1) use a racial equity framework; 2) build organizational capacity; 3) implement a racial equity lens; 4) be data driven, 5) partner with other institutions and communities; and 6) operate with urgency and accountability.

¹ Office of Equity & Human Rights, Citywide Racial Equity Goals & Strategies, Accessed on February 10, 2016 from <https://www.portlandoregon.gov/oehr/68111>

² City of Portland, the Portland Plan, April 2012, Accessed on February 22, 2016 at <http://www.portlandonline.com/PortlandPlan/index.cfm?c=56527>

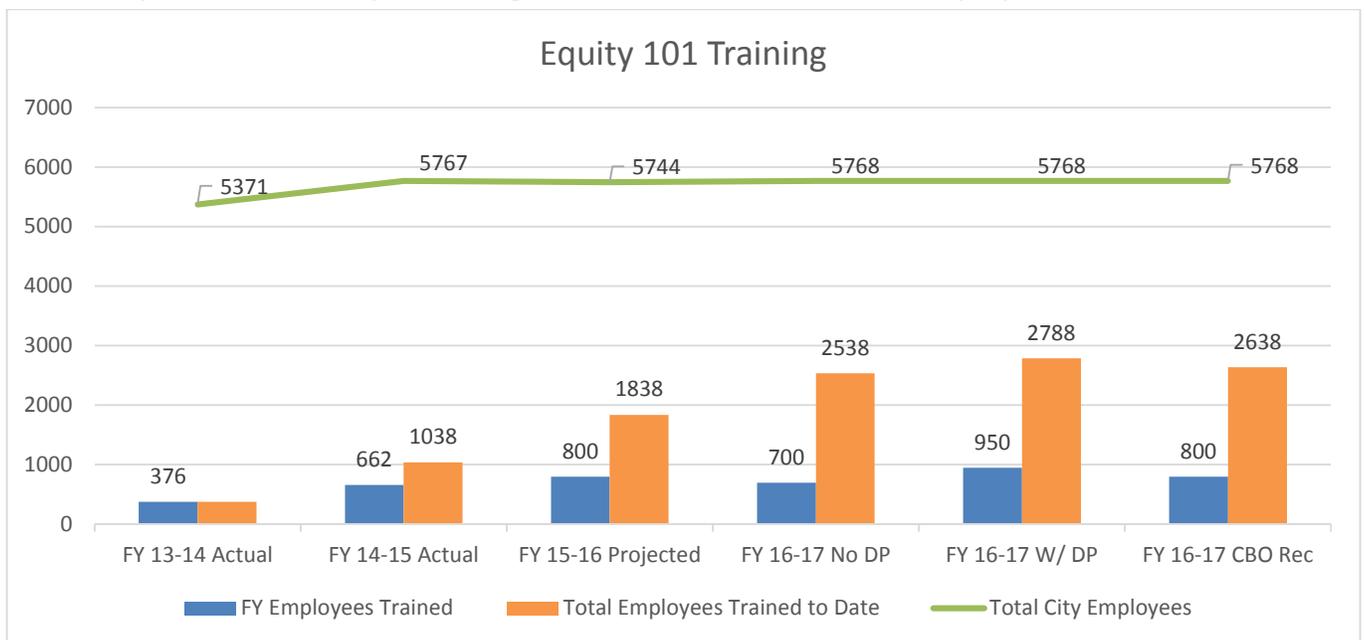
³ Government Alliance on Race & Equity, "Our Approach," Access on February 22, 2016 from <http://racialequityalliance.org/our-approach/>

Equity has become an increasingly important priority across the City in recent years, and some bureaus have added Equity Managers and other positions dedicated to institutionalizing equity in their staffing, operations, and service. This includes the Portland Police Bureau, the Portland Bureau of Transportation, Parks and Recreation, the Bureau of Development Services, and the Portland Housing Bureau. These positions have not been implemented in coordination with OEHR, which has worked more closely with bureau representatives through the Citywide Equity Committee (CEC).

In November 2015, OEHR, after evaluating the effectiveness of the CEC model of change, decided to implement a new change process model. One element of this is the new Fellowship for Racial Equity, a yearlong annual intensive training cohort comprised of 15-20 select participants recruited from across bureaus. Program details are still in development, and OEHR will contract with the Government Alliance for Race and Equity as its training and program design partner. Graduates will be equipped to provide technical assistance around equity to their own bureaus, and possibly externally, thereby increasing the number of equity consultations resulting in a change in policy, practice, or service, which is one of OEHR’s performance metrics. This program is also expected to support the second Citywide Racial Equity Strategy of building organizational capacity at all levels of the City, from elected officials and bureau directors to the employees providing front-line services.

Equity 101

In 2015, Council mandated that all City employees take OEHR’s Equity 101 training. This 3.5 hour in-person seminar provides a historical overview of institutional racism in Oregon and nationwide, illustrates concepts such as institutional bias, and facilitates group discussion on applying equity principles to practical issues that bureaus face. OEHR believes that this mandate represents a significant step forward for the City, and it has also spurred a significant increase in demand for Equity 101 courses.



The bureau anticipates that it will take at least three years to provide the training for all City employees. OEHR has been utilizing other staff to help meet the increased training demand, but does not see this as a

sustainable solution in the long term. The bureau is requesting a new Program Coordinator to serve as a second Equity Training Analyst, who would be also be charged with creating the new equity training focused on people with disabilities.

Staffing Assessment

In its first few years of operation, OEHR navigated a continual shifting of its core programs and services in the process of creating a new bureau in a new field of practice. As new programs were added to its portfolio, the bureau generally absorbed existing staff or established a new program coordinator to run the program. As a result, the staff is structured such that each position focuses on a specific program or service and requires specialized skills, thereby limiting the bureau's ability to adapt to new service and programmatic needs. CBO recommends that the bureau carry out a thorough staffing assessment to identify a staffing model that will allow it to balance its programmatic, training, and policy needs. This could include identifying opportunities to cross-train existing employees, as well as assessing where professional service contracts could fill in gaps more efficiently and effectively than hiring a new employee. These contracts may leverage the expertise of community organizations and promote partnership with other institutions and communities, one of the adopted strategies in the Citywide Racial Equity Goals and Strategies.

Any staffing model should include a plan for Citywide coordination of equity efforts. Some bureaus do meet regularly with OEHR, though this is not the case Citywide. It is not clear at this point how bureau equity staff will be involved in the new Fellowship for Racial Equity, either as participants or training partners. CBO recommends that OEHR work with bureaus and elected officials to identify how to embed equity expertise more intentionally across the City, which may include 1) formalizing the relationship between OEHR and all equity staff across the City through regular meetings, trainings, and coordinated initiatives, including the Fellowship for Racial Equity, or 2) absorbing individual bureau equity staff into OEHR.

Decision Package Analysis & Recommendations

Assistant Program Specialist, OE_02, \$79,528, 1.00 FTE / OE_08, (\$52,000)

The bureau realigned funding in the FY 2015-16 budget to create a 0.6 FTE Assistant Program Specialist to provide administration and support across OEHR program activities with the goal of allowing existing program coordinators to focus more on strategic and consultative work. Due to bureau vacancies, this position was not filled until January 2016. The 0.60 FTE position is not included in the total position count, as the employee was hired as a doublefill pending submission of a Classification Request Form (P-4). OEHR has proposed cutting this position in order to meet the budget guidance to identify a 5% reduction in General Fund resources. OEHR has also submitted a decision package requesting funding for a full-time, permanent Assistant Program Specialist.

CBO does not recommend the reduction, which will allow OEHR to move forward with classifying the 0.60 FTE Assistant Program Specialist using existing resources. This position is designed to be flexible in meeting needs across OEHR's programs, and is anticipated to help the bureau boost performance on several measures, including training 100 additional employees, conducting ten additional Title II/Title VI

consultations, and providing seven additional consultations to bureaus and elected officials. Furthermore, this position has been charged with database management and data collection to support the bureau's reporting efforts, enhancing OEHR's ability to assess progress toward its goals.

CBO Recommendation: \$0, 0.60 FTE

Add Equity Training Position, OE_03, \$126,949, 1.00 FTE

The bureau has experienced a significant increase in demand for Equity 101 training since it became mandatory for all employees. At present, there are 31 Equity 101 trainings scheduled between March and December 2016. OEHR currently has one dedicated training position, and has been utilizing other staff to provide assistance. The bureau notes that the workload is not sustainable, and will negatively impact other program areas if it does not receive resources for additional training capacity. OEHR anticipates that this request will allow it to train an additional 150 employees in FY 2016-17, which is just under 3% of the estimated City workforce. The proposed second training position would also create a separate Disability 101 Training, as the existing Equity 101 training focuses solely on race. While training is an important bureau charge, given that there are limited ongoing General Fund resources available outside of those generated through reductions in bureau budgets, CBO does not recommend funding for this position at this time.

CBO Recommendation: \$0, 0.00 FTE

Add Equity Analyst Position, OE_04, \$136,735, 1.00 FTE

The bureau requests ongoing General Fund resources to support a new Equity Analyst position. This employee would work with the Director and Assistant Director to meet the increasing demand for bureau technical assistance and support. While OEHR does not have a formalized strategic staffing plan in place, the bureau envisions moving toward a portfolio model, with analysts assigned to support specific bureaus with equity technical assistance. The position requested in this decision package would also provide support to the Fellowship for Racial Equity. OEHR anticipates that this position would allow it to provide eight additional equity consultations, with four additional institutionalized changes to policy.

CBO recommends that OEHR develop a staffing plan that includes a framework for transitioning from its current structure to a portfolio model. With limited ongoing General Fund resources available outside of those generated through reductions in bureau budgets, CBO does not recommend funding for this position at this time, but recommends that this proposal be revisited in future budget cycles once the staffing assessment is complete.

CBO Recommendation: \$0, 0.00 FTE

Realign HRC and PCOD Budgets, OE_05, \$0

This decision package realigns external materials and services allocations between the Human Rights Commission (HRC) and Portland Commission on Disability (PCoD) in order to ensure equity and access for people with disabilities, transferring \$4,500 from HRC's budget to the PCoD budget. CBO recommends this decision package as requested.

CBO Recommendation: \$0

Transfer COCL Support Position, OE_06, (\$90,866), (1.0) FTE

Funding was transferred from the Office of Neighborhood Involvement to create an Assistant Program Specialist for the Compliance Officer/Community Liaison (COCL) and Community Oversight Advisory Board (COAB). This position has been housed in OEHR since FY 2015-16, and the bureau provides limited support. The \$15,012 above projected salary and benefits costs was moved to OEHR's external materials and services budget, and is included in this realignment package.⁴

As part of the transfer of all COCL/COAB funding to Special Appropriations, this position will also be transferred to the Special Appropriations Budget. OEHR may continue to provide limited support for this position. CBO recommends this package as requested, though notes that supervisory authority should be clarified as part of the transition process.

CBO Recommendation: (\$90,866), (1.00) FTE

Program M&S Adjustments, OE_07, (\$32,385) / and Provide M&S Budget for BMA Program, OE_01, \$30,000

In order to meet budget guidance to identify 5% General Fund reductions, OEHR proposes cutting its external materials and services budget by \$32,385. The bureau does not anticipate that this will have significant impacts on any of its programs, though it may not be able to provide the same quality of training materials, public engagement accommodations, and communications. Projections based on expenditures from the first six months of FY 2015-16 indicate that OEHR could absorb this cut, assuming historical spending patterns.

OEHR has also requested \$30,000 in ongoing General Fund discretionary dollars to create an external materials and services budget for 50 BMA Summer Youth Experience Program participants in order to continue providing training, networking, and events for interns. The bureau received one-time funds in FY 2014-15 for these activities, a portion of which was subsequently carried forward for FY 2015-16. The FY 2015-16 Adopted Budget officially transferred responsibilities and \$100,000 in ongoing General Fund discretionary resources from the Mayor's Office for the Black Male Achievement Program, which the bureau utilized to create a full-time Program Coordinator position without materials and services funding.

CBO recommends that the bureau reallocate \$30,000 from its current external materials and services budget to the Black Male Achievement program specifically. This results in a net zero change to the bureau's external materials and service budget by shifting \$15,873 from General Fund overhead to General Fund discretionary resources. The Mayor's Office is also requesting additional funding for SummerWorks, which includes 50 BMA participants. OEHR noted in the FY 2015-16 Adopted Budget that it intends to create more specific performance measures for this program. CBO recommends that the

⁴ In the original budget submission, the \$15,012 was included as part of the bureau's external materials and services cut package (OE_07).

bureau work with the Mayor's Office to establish performance measures that track program outcomes for all SummerWorks participants, and to identify specific measures for the BMA Summer Youth Experience Program, in order to communicate results to decision makers and the public.

CBO Recommendation: \$0

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Equity & Human Rights											
<u>Adds</u>											
OE_01 - Provide M&S Budget For BMA Program	01	0.00	30,000	0	0	30,000	0.00	30,000	0	0	30,000
OE_02 - Add Back Assistant Program Specialist	02	1.00	0	0	79,528	79,528	0.00	0	0	0	0
OE_03 - Add Equity Training Position	03	1.00	126,949	0	0	126,949	0.00	0	0	0	0
OE_04 - Add Equity Analyst Position	04	1.00	136,735	0	0	136,735	0.00	0	0	0	0
<i>Total Adds</i>		<i>3.00</i>	<i>293,684</i>	<i>0</i>	<i>79,528</i>	<i>373,212</i>	<i>0.00</i>	<i>30,000</i>	<i>0</i>	<i>0</i>	<i>30,000</i>
<u>Reductions</u>											
OE_07 - Program M&S Budget Reductions	01	0.00	(23,741)	0	(8,644)	(32,385)	0.00	(21,356)	0	(8,644)	(30,000)
OE_08 - Eliminate Assistant Program Specialist	02	0.00	(52,000)	0	0	(52,000)	0.00	0	0	0	0
<i>Total Reductions</i>		<i>0.00</i>	<i>(75,741)</i>	<i>0</i>	<i>(8,644)</i>	<i>(84,385)</i>	<i>0.00</i>	<i>(21,356)</i>	<i>0</i>	<i>(8,644)</i>	<i>(30,000)</i>
<u>Realignments</u>											
OE_05 - Realign HRC and PCOD budgets	01	0.00	0	0	0	0	0.00	0	0	0	0
OE_06 - Transfer COCL Support Position	02	(1.00)	(75,854)	0	0	(75,854)	(1.00)	(90,866)	0	0	(90,866)
<i>Total Realignments</i>		<i>(1.00)</i>	<i>(75,854)</i>	<i>0</i>	<i>0</i>	<i>(75,854)</i>	<i>(1.00)</i>	<i>(90,866)</i>	<i>0</i>	<i>0</i>	<i>(90,866)</i>
Total Office of Equity & Human Rights		2.00	142,089	0	70,884	212,973	(1.00)	(82,222)	0	(8,644)	(90,866)

Analysis By: Christy Owen

PORTLAND FIRE & RESCUE

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Beginning Fund Balance	\$8,384,405	\$2,396,846	\$0	\$2,396,846	-71.4%
Licenses & Permits	2,360,000	2,500,000	50,000	2,550,000	8.1%
Charges for Services	1,605,000	1,595,000	0	1,595,000	-0.6%
Intergovernmental Revenues	1,783,624	615,000	0	615,000	-65.5%
Interagency Revenue	4,407,211	5,179,450	(465,480)	4,713,970	7.0%
Miscellaneous Sources	120,000	132,000	0	132,000	10.0%
General Fund Discretionary	99,184,923	101,548,407	(710,998)	100,837,409	1.7%
General Fund Overhead	73,010	77,098	0	77,098	5.6%
Total Resources	\$117,918,173	\$114,043,801	(\$1,126,478)	\$112,917,323	-4.2%
Expenditures					
Personnel Services	\$93,854,648	\$95,653,339	(\$4,126,478)	\$91,526,861	-2.5%
External Materials and Services	7,039,229	7,082,374	0	7,082,374	0.6%
Internal Materials and Services	6,652,989	6,451,533	0	6,451,533	-3.0%
Capital Outlay	10,371,307	4,856,555	3,000,000	7,856,555	-24.2%
Total Requirements	\$117,918,173	\$114,043,801	(\$1,126,478)	\$112,917,323	-4.2%
Total Bureau FTE	717.10	703.00	(39.00)	664.00	-7.4%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

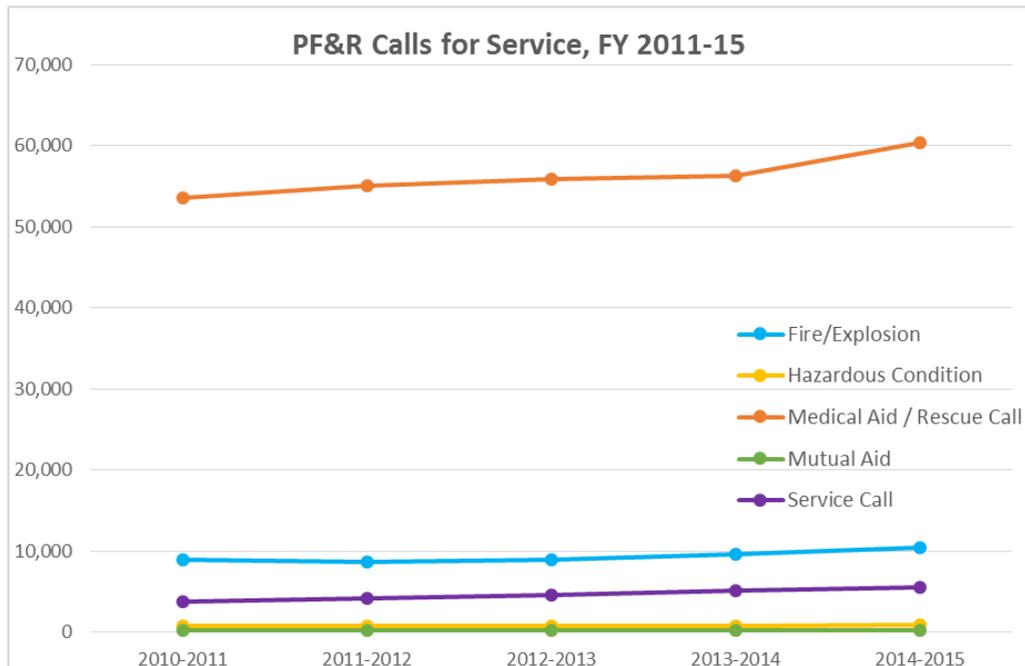
The Portland Fire & Rescue (PF&R) 2016-17 Requested Budget focuses on the bureau's front line service delivery model. The core service provided by PF&R is to be an all-hazard emergency first responder for fires, emergency medical services (EMS), hazardous material response, and technical or complicated rescue situations. The Mayor's Budget guidance requires all General Fund bureaus to submit 5% reduction options in addition to any requests for new resources. Since PF&R's core service is providing front line responses to calls for service, the bureau's 5% reduction options focus on the impacts of a scaled back response system. The impacts of potential cuts and adds to PF&R's budget are detailed in the CBO review of these packages.

There are two significant issues for PF&R that are separate from the decision package analysis: innovations in the emergency healthcare response system and the need for additional asset maintenance and planning for the bureau.

Portland Fire & Rescue's Role in Providing Emergency Medical Services

PF&R is a partner in the local emergency response provider system, which consists of the Multnomah County Department of Health, private for-profit ambulance transport services, hospitals, and community care centers. Medical calls for service are received through the regional 911 call center operated by the Bureau of Emergency Communications (BOEC). Similar to other fire departments in the United States, the

majority of the dispatched calls for service are medical calls. The graph below illustrates the increase in calls by type over the past five years.



From FY 2013-14 to FY 2014-15 the total number of EMS calls increased 7.4% to over 60,000 calls per year. The annual percent increase for medical dispatched calls is significantly greater than calls for suspected fires, and statistically, there appears to be a greater correlation with increases in population being tied to EMS calls as opposed to calls for fire services given the population growth in Portland in the past five years.

The number of total dispatched calls since 2002 has increased steadily from 34,200 to 77,545. It is very reasonable to assume that population and demographic growth in Portland will continue this trend. The role of the 911 call-taking process is a significant factor in determining what system response will be required, whether it be PF&R or the private ambulance service that is managed by Multnomah County Emergency Services Department, or both. Without any changes to the dispatch or triage protocols at both Multnomah County and BOEC, there will continue to be a corresponding increase in dispatched calls for service for PF&R as a first responder for medical emergencies which constitute between 78% and 80% of PF&R's call volume.

Portland is not the only jurisdiction faced with the demands of staffing first responder units, and other agencies have been exploring different ways to respond to the increase in medical calls in order to ensure that the local fire department resources are ready and available for those true emergencies that require a fire and rescue response. Some promising emerging programs include:

911 Call-Center Nurse Triage

The central concept for a 911 nurse triage program is to take additional steps during the initial 911 call intake to determine if the individual is in a truly emergent state and requires immediate medical intervention, or if there is the potential for the caller to consult with a nurse to determine if urgent care or

his/her primary care physician is the more appropriate medical intervention. Cities using 911 nurse triage include: Louisville, Kentucky; Fort Worth, Texas; and Reno, Nevadaⁱ. The results cited in December 2015 indicate that during the survey period of 34 months the 911 nurse triage protocols diverted approximately \$1.2 million in payments that were avoided as a result of the patient/caller being directed away from emergency departments. By diverting these calls, it is possible that fewer emergency response units were dispatched from either private ambulance or the local fire departments, therefore mitigating the impact of the increasing number of calls on the EMS system and first responder workload.

Fire Department's Usage of In-field Treatment

In Mesa, Arizona, the Fire Department began a program pairing a firefighter paramedic with a nurse practitioner in the response unit to provide in-field care, such as providing stitches, and an alternative destination for transport to urgent care facilities when appropriate. This department also staffs a community care unit which is able to respond to calls that involve persons experiencing mental or behavior health incidents with a paramedic and a crisis counselor. These efforts began in FY 2013, and results also have an economic impact to the Mesa Fire department as the cost per mile of operating the smaller response vehicle is \$0.32 per mile and the traditional fire engine cost per mile is \$2.76. ⁱⁱ In May 2015, the City of Anaheim, California, began a community care program for having in-field nurse treatment and in the first three months the results indicate that the unit is keeping more than 40% of the patients seen by the team out of the Emergency Room. The in-field treatment unit is likely keeping those ER beds available for the truly emergent patient, while simultaneously keeping the city fire department's engines and trucks available for higher priority calls. ⁱⁱⁱ

Fire Department's Use of Motorcycle Paramedics

In 2012 Austin-Travis County EMS started a program where a medic responds on a motorcycle in order to provide rapid response in situations where it is difficult to get a large unit quickly. During rush-hour traffic officials involved in the initial proof of concept review found that the motorcycle response significantly reduced response times during peak congestion. ^{iv} On the west coast the Los Angeles Fire Department began a pilot program in 2011 as smaller vehicles, such as motorcycles, are able to navigate congested roadways or freeways in less time than a larger response unit^v. This model for providing quick medical response is also used in Europe, Asia, and Australia. Results are reported as reducing response times significantly, and being able to further assess the situation and determine if an ambulance transport or additional resources are required. Key findings are^{vi}:

- One minute faster responses, 23.5% non-ambulance transport, and a 38% cost savings compared to traditional ambulances in Norway
- In a Dutch city of with a population of 265,000, the response times were reduced by one minute and in 72.6% of the cases referred patients to medical treatment that was not a traditional hospital emergency room.^{vii}
- In Portugal a city of 1.5 million experienced the motorcycle paramedic unit arriving first on scene 63% of the time and there was no need for ambulance transport in 18% of these cases.

Efforts in Portland have not been as focused on changing the current EMS response system. Since PF&R is not the sole agency involved in emergency medical response, the City would need to work with Multnomah County and other partners to explore these innovations.

Innovations Underway at PF&R

PF&R has been pursuing healthcare innovations and solutions that can lessen the total cost of emergency healthcare, particularly through the initial investments in the Alternative Destination Alternative Transport (ADAT) project and a Community Healthcare Assessment Team (CHAT) pilot project. One of the primary challenges for the bureau has been navigating the healthcare provider network in order to get community care centers, urgent care centers, and primary care doctors to be partners in diverting costly emergency department visits. In recognition of this challenge the bureau has entered into a contract with a vendor to assist with navigating the complexities of individual healthcare providers in order to get agreements to support PF&R's program to designate patient intake to locations other than a hospital emergency department. If partnerships and alternative transport options are identified, there is potential for the costs of the healthcare system to be reduced and for PF&R to receive outside resources from providers for this service. In addition, there is legislation pending that would potentially allow the bureau to recover costs associated with providing medical care.

In 2015, the bureau's innovation fund award of \$150,000 provided resources to pilot a program similar to the model in Mesa, AZ with in-field treatment. This project is likely to be underway in FY 2015-16, however, as with potentially expanding ADAT, there have been collective bargaining issues that are currently preventing the bureau with moving forward on these innovative programs. CBO recommends the bureau continue to insert itself as a partner in the delivery of emergency health care in Portland as successful up-stream intervention is likely to be more cost-effective for patients. The City may also benefit by ensuring that resources for emergency response are available when needed.

Long-range strategic planning and asset preservation

Currently PF&R operates out of a network of 30 stations which are in use 24 hours a day, seven days per week. Since 1998, many stations have received seismic updating and additional construction enhancements. As such, the overall condition of the stations at present is better than most other assets owned by the City. However, the bureau does not have a major maintenance reserve funding mechanism for future costs. PF&R does track and set aside funds for annual station repairs and maintenance, however the funding source is bureau discretionary resources which may be limited in some years depending on other large expenses. Items such as additional dormitories, roof work, and HVAC or generator projects have been more urgent in recent years, therefore reducing the bureau's ability to absorb the costs of routine station maintenance.

In addition, the number of non-sworn facilities maintenance technicians and carpenters was reduced from seven to four since FY 2005-06 which further impacts the bureau's ability to address station maintenance. Without internal staffing, the bureau either does not perform routine maintenance or utilizes outside repair services which may be more costly than the internal staffing model. The FY 2016-17 Requested Budget includes \$300,000 for station repairs and maintenance. Since the current facility needs assessments still reflect the relative newness and results of the investments from the 1998 and 2010 General Obligation (GO) Bonds, the bureau has not faced large or costly station maintenance projects.

However, they will have those costs in the future and there is no dedicated major maintenance reserve for the 30 stations which PF&R operates.

The following chart is a model put together by PF&R Management Services Division based on current assets and approximate scheduled life-cycle replacement, which results in an annual amount of slightly over \$1 million in unfunded annual major maintenance expenses. At present, PF&R has a small amount, approximately \$300,000, in the bureau’s External Materials and Services budget to repair and maintain only the most urgent projects resulting in a long-term funding gap for facility maintenance and replacement.

Item	Estimated Average Annual Replacement Costs
Roofs	\$148,500
Parking Lots	\$68,000
Driveways	\$41,333
Sidewalks	\$28,000
Flooring	\$87,500
Plumbing	\$26,250
Overhead Doors	\$36,000
HVAC	\$42,667
Water Heater	\$14,000
Generator	\$32,000
Exterior Painting	\$35,000
Cabinetry	\$116,667
Appliances	\$54,500
Electric Work/Lighting Fixtures	\$42,000
Windows & Window Covering	\$91,100
Backflow valves	\$29,040
Elevators	\$18,000
Sprinkler & Alarm systems	\$25,600
ADA Compliance Upgrade/maint.	\$25,600
Boathouses	\$40,000
Total Annual Costs	\$1,001,757

CBO recommends that PF&R adopt a model similar to Park’s, which has approximately \$1.7 million a year set aside for capital and major maintenance work. The value of the City’s stations is currently more than \$100 million and it is not fiscally responsible to allow the stations to fall into states of disrepair where significant capital investment is required. If additional ongoing resources are available in the April 2016 forecast, CBO recommends a portion be set aside to begin seeding a major maintenance reserve for fire stations. This will be consistent with the bureau’s current practice to use a dedicated apparatus replacement reserve to ensure that front line engines and trucks are replaced at proper life-cycle intervals.

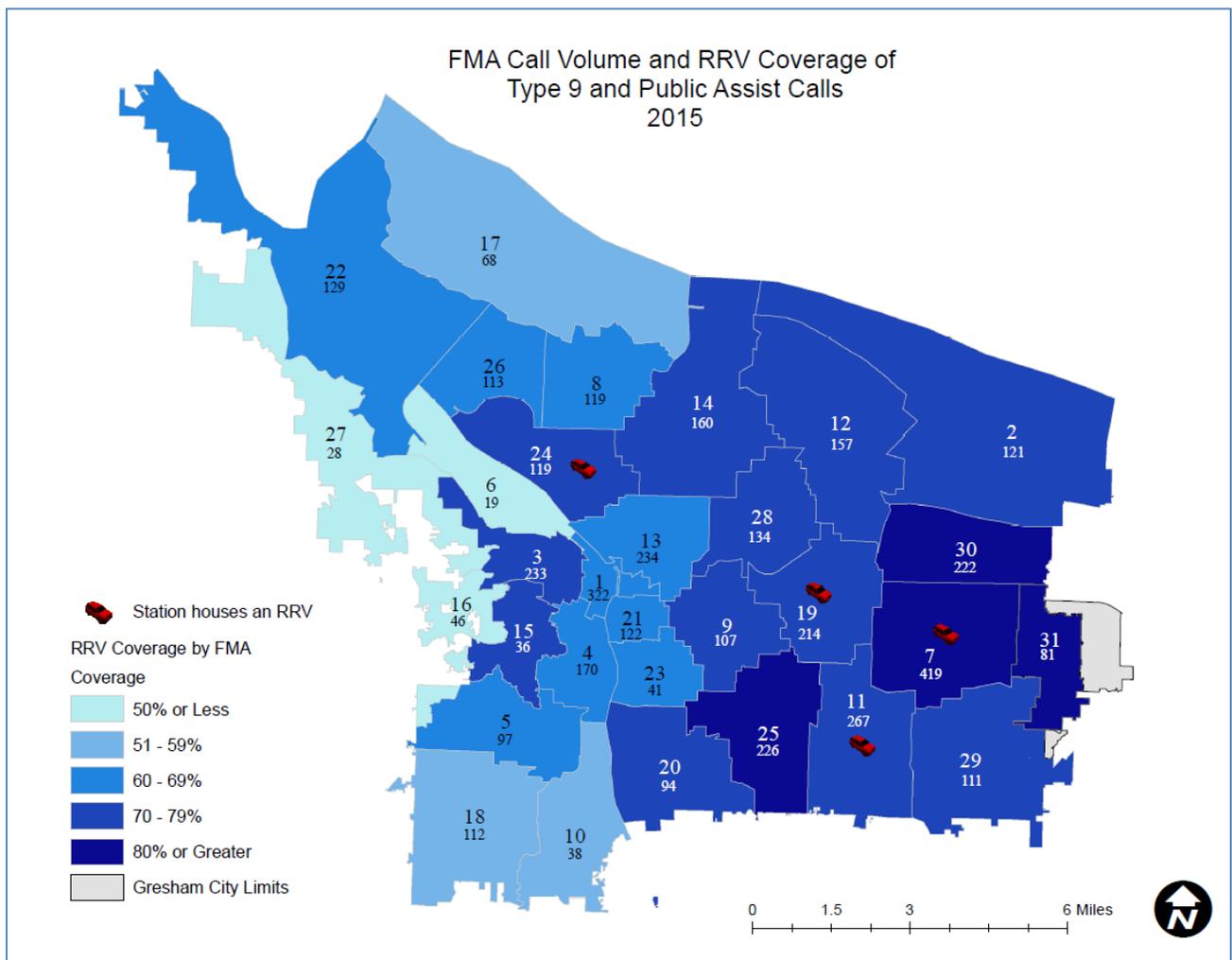
Decision Package Analysis & Recommendations

Eliminate Four Rapid Response Vehicle Units FR_01, (\$2,731,588), (26.00) FTE

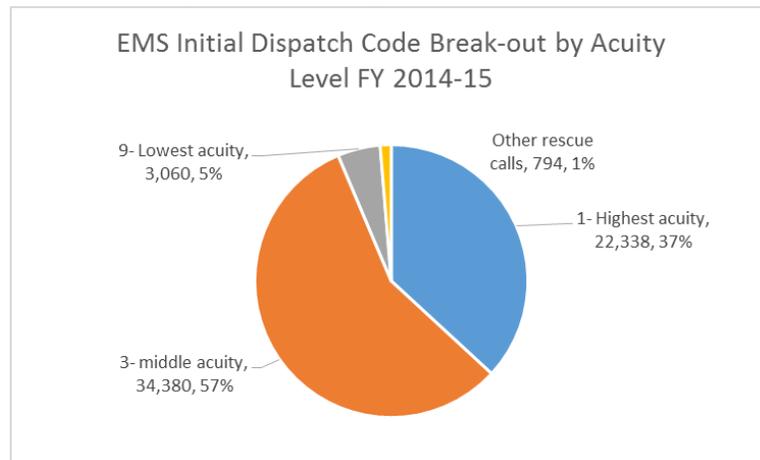
This package would reduce \$2.7 million in ongoing General Fund discretionary resources and eliminate 26.0 FTE in the Emergency Operations Division at PF&R. Specifically, this would eliminate the bureau’s four Rapid Response Vehicle (RRVs) units. The RRV program initially began as a pilot operation in FY 2012-13 with one dedicated unit to respond to lower acuity medical calls for service and public assistance calls. Starting in FY 2013-14, the bureau has operated four RRV units, mostly stationed in east and southeast

Portland which coincides with higher call volumes. Medical response calls for service have represented the majority of PF&R's dispatched calls, and the RRV program as implemented is designed to alleviate some of the station workload by dispatching a two-person unit to the lower acuity and public assist calls. The intention of this program is to allow the four-person units to be in service for dispatch to either higher acuity medical, fire, or rescue calls. Approval of this decision package would eliminate all RRVs in the City of Portland and the dispatch response protocol would revert to the traditional four-person engine or truck response for all 911 calls regardless of severity.

Response times and response reliability are two Key Performance Measures for PF&R's Emergency Operations Division. During the recession two double-company stations were reduced to single company stations and the RRVs were added as a way to mitigate any changes in overall system response time and response reliability. Under the current structure and protocols, RRVs can respond to the lower acuity and public assist calls anywhere within the city if it is determined that the unit is available and can respond within 20 minutes. In the event that an RRV is not available within this timeframe, the call is assigned to the responsible Fire Management Area (FMA) for dispatch. The RRVs are able to arrive at the destination within the 20 minute timeframe on 98.3% of the calls they respond to. PF&R reports that 71% of the calls deemed appropriate for an RRV response are managed by an RRV, and these calls were in every Fire Management Area (FMA) in the city.



These lower acuity (Type 9) calls for medical service accounted for 5.1% of the total EMS call volume. The majority of the initial dispatch codes in the EMS system are categorized as Type 3, which is not the most urgent type of call, but still dispatches a four-person engine or truck in addition to a two-person private ambulance in most cases. In addition, the RRVs have been responding on a select set of Type 3 calls within their FMA where it has been determined that the unit is available and that a two-person response is adequate to address the call. The bureau’s goal for RRVs is to staff the RRVs with one paramedic and one Emergency Medical Technician (EMT) in order to have resources available in case the situation requires additional resources than indicated by the initial dispatch.



Without the four RRVs, the City would have to consider the possibility of not responding to the bottom 5% of EMS calls in order to have resources available to respond to higher priority calls. There is no requirement that the City respond to every call for service, and since Type 9 calls currently represent both a low call volume and low time on scene, this may be a place to reduce service if the RRVs are eliminated. This would represent a significant change in the level of response from the City, and would necessitate a comprehensive public education campaign to notify the public that not all calls for service will receive a dispatched response if it is determined that the call is not emergent.

CBO does not recommend reducing or eliminating the RRV program, as this program has been very effective in meeting the initial goals of ensuring that the City is sending appropriate resources for 911 dispatched calls for service while preserving response reliability for engines and trucks to be in service for more critical calls. Workload analysis of the medical and call volume response indicates that there is great potential for the RRV program to be expanded. This analysis and recommendation is in FR_06.

CBO Recommendation: \$0

Close Stations/ Close Companies, FR_03 & FR_04, (\$2,938,772), (26.0) FTE

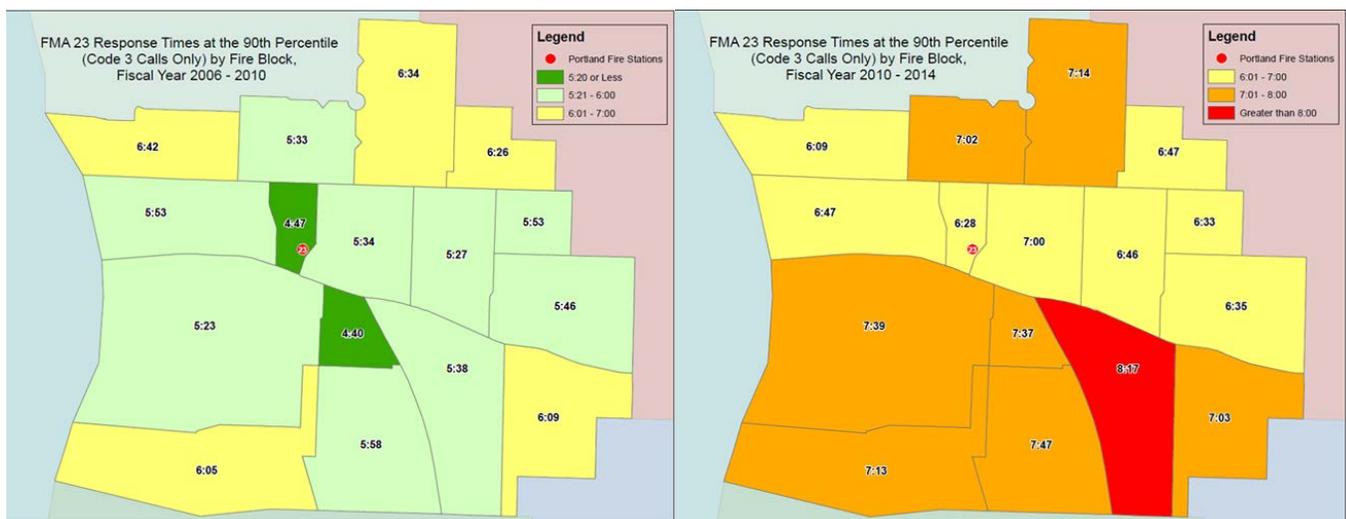
The FY 2016-17 Requested Budget includes two separate decision packages for the required 5% reductions in PF&R. Either package would result in station closures or the reduction of one or more of the remaining seven double-company stations into a single company station. Each company consists of 13.0 firefighter positions to staff stations on a 24 hours per day/ seven days per week model with 165

firefighters for daily minimum staffing. CBO reviewed these packages together as the potential outcomes and impacts are similar in either option.

Impacts of closing a station

The current station configuration in the City of Portland has 30 stations responding to calls for services in 31 Fire Management Areas (FMAs). The impact on response times and response reliabilities are likely the most critical outcome in the event of a station closure as the remaining units will be assigned to cover the vacated FMA, requiring longer travel times and the potential for calls to stack while waiting for another unit to be in service to cover the call. Each FMA is further broken down into fire blocks, and through the Computer Aided Dispatch (CAD) data gathered at the Bureau of Emergency Communications (BOEC) the bureau is able to get historical information to compare changes in response times when units are either temporarily or permanently out of service.

The best example for assessing impact of a station closure on a geography is the closure of Station 23 when resources were shifted over to a new location on the Willamette River at Station 21. As the two charts illustrate, response time for priority calls changed significantly when resources from other stations must travel farther to arrive on scene. What is not clear is if there has been a greater loss in life or property during this time as a result of the reduction in front line services at this location.



CBO does not recommend closing stations given the impact on response times and response reliability.

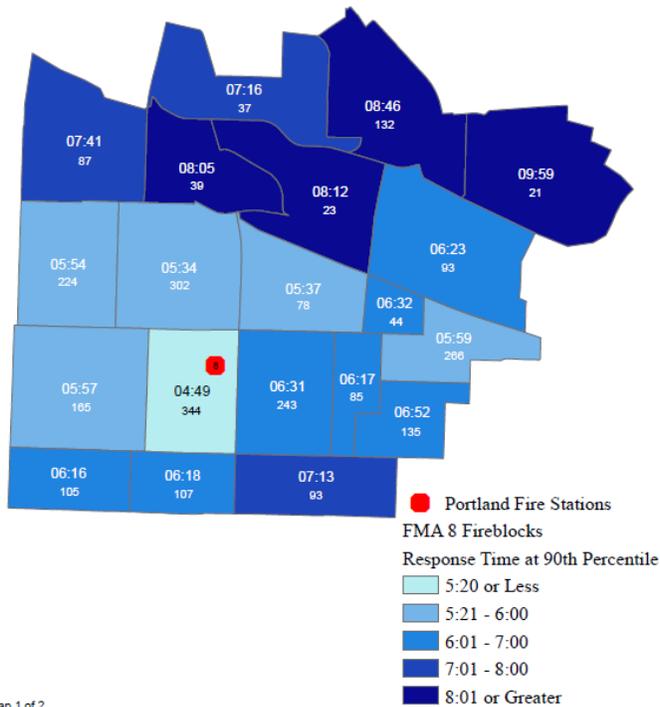
Impacts of reducing a double-company station to single company station

Budget reductions and realignments in FY 2013-14 resulted in two double-company stations being reduced to single-company stations. The bureau assessed call volume, response time, and response reliability data in order to determine which of the stations would be able to operate with a single company. Station 8 in north Portland and Station 2 in east Portland were selected as having the least-possible service impacts based on the aforementioned criteria. The bureau is currently operating with seven stations staffed with double-companies. These stations have higher call volume, and in order to reach the desired response times and response reliabilities these FMA's are assigned double coverage.

PF&R provided response time analysis for both Station 8 and Station 2 to illustrate what the overall impact has been on these two KPM's.

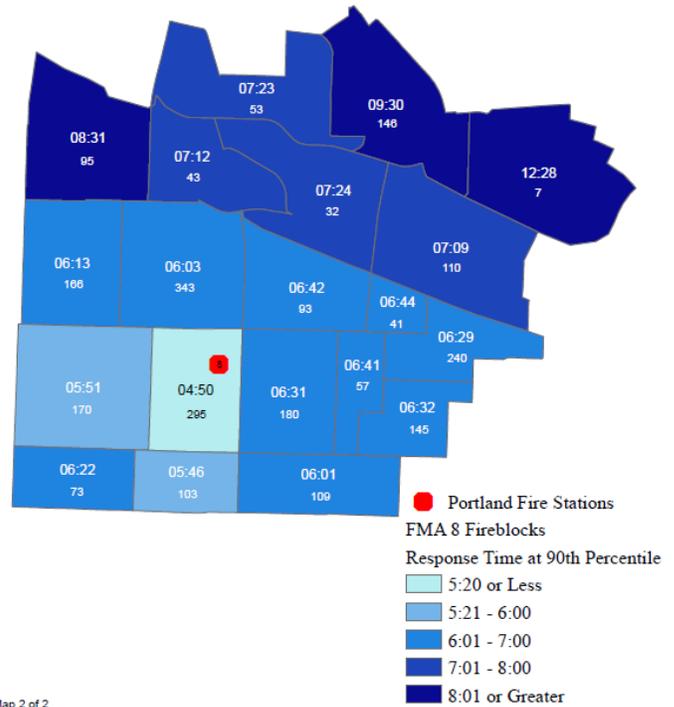
Station 8 is currently staffed with a Quint apparatus, and previously was staffed with an engine and a truck. The response time at the 90th percentile has increased slightly by 12 seconds, however response reliability was reduced from 96.8% to 89.6%. There was similar impact in Station 2's FMA, which reported an increase in response time of 10-15 seconds and response reliability reduced from 96.2% to 89.0%. The data from these two stations indicates that there may be a greater sensitivity on response reliability than on response times when there is a reduction in the number of companies at a station. The following two charts illustrate the change in response times for Station 8 when the double company was reduced to a single company with the dark blue fire blocks showing the slowest response times:

90th Percentile Response Times and Incident Count by Fireblock for FMA 8
July 4, 2011 - July 3, 2013



Map 1 of 2

90th Percentile Response Times and Incident Count by Fireblock for FMA 8
July 4, 2013 - July 3, 2015



Map 2 of 2

If PF&R is to reduce a company from one of the seven remaining double-company stations then it is possible that similar outcomes would occur in another FMA. The bureau projects that the next double-company reduced to a single company station may experience greater impact than FMA 8 due to the current call volumes at the remaining double-company stations. Other factors to take into the consideration of reducing companies are: the overall increases in medical calls for service, increased population density as the city builds up as opposed to out, and the potential for traffic congestion to further complicate and delay first responder arrival times regardless of the number of first responders. PF&R cannot control some of these factors which will cause response times to increase, notably traffic and density in population and as such long-range planning for increased medical calls for service will be necessary for the City.

CBO does not recommend reducing a double company to a single company at this point in time, but realizes that the recommendation of FR_06 may ultimately result in the elimination of one double-company station to a single company station at some future point depending on the future of the EMS services provided by the City.

CBO Recommendation: \$0

Increasing Special Event Fees, FR_05, (\$50,000)

The Inspections program in the Fire Marshalls Office at PF&R has an established fee schedule for conditional use permits for events such as trade shows, concerts, and festivals. This request would remove the 10% General Fund subsidy and bring the program to a full cost recovery model.

CBO recommends this request. Private events requiring PF&R review, inspection time, and approval should not be subsidized at the expense of other public services. If the permit revenues do not materialize, but the expenses are incurred, the bureau will have to absorb this amount within current appropriations.

CBO Recommendation: (\$50,000)

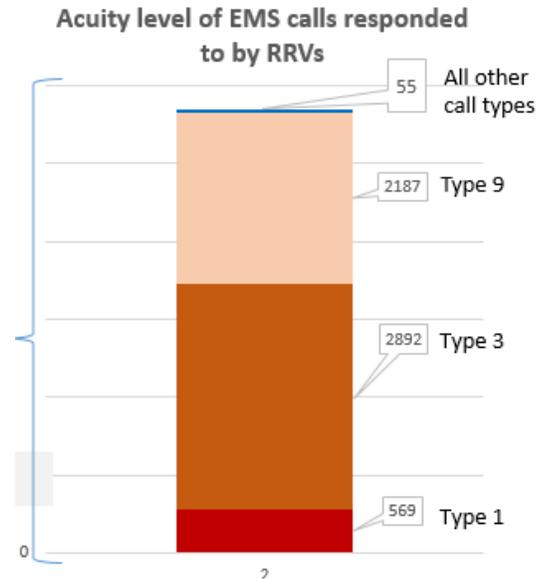
Restoring Ongoing General Fund Resources for 13 Positions, FR_06, \$1,543,882, 13.0 FTE

The FY 2013-14 Adopted Budget reduced 26 positions in the Emergency Operations Division at the Portland Fire Bureau. In order to preserve services and avoid closing a fire station, the bureau applied for and received a two-year Staffing for Adequate Fire and Emergency Response (SAFER) grant from the federal government. The grant did not extend past January 2016, and the bureau received funding for 13.0 positions in FY 2015-16 in order to avoid a mid-year service reduction. This request is to fully fund the remaining 13.0 positions with General Fund ongoing. The elimination of the positions would result in reduced frontline services, either through the closing of fire stations, further reducing engine or truck companies, and/or a reduction of up to two of the four RRV units.

This review discusses the impact of reducing a station or company in the analysis of FR_03 and FR_04. If ongoing resources are not included for the 13.0 firefighter positions the impact to the bureau's current staffing model would be the equivalent of a reduction in current service levels. Front line first responders are a core service of PF&R, and out of the bureau's select Key Performance Measures, the following are most closely tied to continuing to provide services. In future years, the bureau's target assumes funding for these positions is restored and there is no significant change to the current station configuration.

Key Performance Measure	FY 2014-15 Results	FY 2015-16 Year-End Estimate	Strategic Target	Target Year
Structural fires where flamespread was contained	74%	75%	85%	2025
Percentage of Time Unit from Closest Station Is Available for Response	92%	92%	95%	2025
Maximum Response Time to 90% of High Priority Calls	7:12	7:10	5:20	2025
Successful Cardiac Arrest Resuscitation rate	49%	50%	55%	2025

CBO recommends restoring funding for these positions at this point in time, and not immediately closing a station or reducing one of the remaining double company stations. That said, there are recommendations that should accompany this decision point for Council to consider as enhancements to the bureau’s use of RRVs. The RRV program has proven over the past two years that the investment is yielding the intended results by addressing lower acuity medical and public assistance calls and allowing four-person response crews to be available for higher acuity calls. There is the potential growth for the RRV program through expanding dispatched call types resulting in the potential for better services to be realized by the public as a result. Present bureau protocols only allow for RRVs to respond to 9.5% (7,745 calls) of the total call volume and in this area there is potential growth for adding call types where an RRV response is appropriate. The following chart breaks out the types of calls that RRVs are dispatched, and more than 50% of these calls are of a higher acuity within the RRVs home FMA.



Data provided by the bureau indicates that RRVs have the potential time available to address a higher call volume or workload. The four RRVs currently average 5.1 calls per day for a total of 80:00 minutes of approximate time on scene per unit per day. The data does not capture administrative or incident report writing time, training time, or other out-of-service time. Assuming that one quarter (6 hours) is required per day for these activities would still allow for additional response time to be available per unit. There are two ways to potentially address this efficiency in use: RRVs could be staffed on a peak call load model and RRV deployments could include an increase in approved dispatched call types. Currently, RRVs are scheduled for the same 24 hour shifts, despite the majority of the call volume occurring between 7:00am and 7:00pm. Overall response reliability for all units is strong and consistently over the bureau’s desired goal of 92% of the time the first due unit is available. Staffing RRVs when response reliability is being met by current station units may not yield as positive a result as staffing more RRVs on a wider variety of calls during the daytime hours.

Response Reliability

The bureau’s current staffing model of four-person crews working on a 24 hour shift, followed by 48 hours off, is predicated on the need to provide quick response by having personnel at a station set for response. RRV’s are currently staffed with this same shift schedule. Data provided for the last calendar year shows

that overall unit response reliability is at its best (greater than 92%) between midnight and 7:00AM. During the middle of the day, and into the early evening the call volume is at its greatest and response reliability is compromised as there are more factors in play that impact overall response times. CBO recommends a peak staffing model for the four RRV units and while it may require bargaining, this has the potential to assist with system-wide response reliability as the majority of all call types occurs during the middle portion of the day. The following tables show dispatched call volume for FY 2014-15 on a 24 hour clock for initial dispatch codes for Fire/explosions, Medical Aid/ EMS, and all other calls as compared to citywide response reliability:

Fire/ Explosions:

Fire																								
Day	Time																							
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Saturday	39	54	41	39	34	39	32	53	44	59	64	58	59	68	76	73	60	75	74	77	64	65	55	39
Sunday	42	31	31	33	25	33	37	62	69	79	74	84	69	87	75	73	89	89	67	78	63	44	40	46
Monday	39	38	29	25	28	34	41	74	78	83	87	104	100	82	82	89	82	105	80	87	55	75	50	39
Tuesday	25	32	33	38	21	41	45	64	75	69	86	82	93	70	81	69	82	94	75	78	64	54	46	34
Wednesday	37	26	26	18	25	43	59	62	79	82	78	86	112	97	107	78	115	116	122	86	55	75	55	46
Thursday	51	23	28	32	35	36	50	57	62	69	94	96	80	81	80	95	79	86	97	78	76	47	42	53
Friday	45	34	30	40	18	35	40	40	53	68	67	69	76	76	95	107	77	96	84	86	54	76	60	47

EMS/ Medical Aid:

EMS																								
Day	Time																							
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Saturday	373	357	336	266	190	183	192	221	274	322	321	363	397	448	434	421	465	453	477	420	409	379	337	312
Sunday	271	238	220	200	153	197	211	302	342	400	421	443	432	483	479	435	471	468	468	427	418	385	348	302
Monday	256	230	200	185	154	186	193	306	327	401	452	490	448	526	459	495	460	476	483	431	425	371	321	311
Tuesday	282	254	209	174	167	181	203	279	345	402	452	415	430	463	472	466	449	498	470	433	451	384	327	272
Wednesday	267	256	174	191	161	174	204	257	361	432	408	445	456	469	497	448	462	545	524	459	409	434	343	294
Thursday	255	247	208	155	167	174	225	279	332	402	419	455	475	475	433	528	513	510	462	448	472	403	398	405
Friday	372	327	302	223	196	187	220	232	300	349	384	381	450	488	473	450	476	505	483	446	426	418	406	405

Other Calls:

All Other Calls																								
Day	Time																							
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Saturday	30	35	30	40	13	20	23	16	27	48	31	40	48	39	53	60	56	56	60	60	61	64	53	34
Sunday	26	30	22	24	15	23	32	28	38	38	32	44	34	52	47	46	55	48	56	52	49	40	35	33
Monday	31	14	29	20	19	21	32	28	43	48	49	50	52	29	43	56	63	62	57	47	51	48	46	24
Tuesday	27	32	19	18	19	19	19	37	36	51	42	50	46	55	48	52	58	56	55	51	53	53	50	26
Wednesday	24	17	22	22	19	17	23	24	37	42	43	39	44	41	50	56	52	53	56	68	48	54	52	37
Thursday	29	21	18	15	27	24	25	35	34	45	41	50	43	56	44	38	49	49	54	45	57	69	40	33
Friday	31	26	18	24	16	27	25	18	48	44	66	47	43	32	55	58	56	48	47	63	53	52	54	43

Citywide Response Reliability (Bureau goal is 92% of the time, the first due unit is responding):

Day	Time of Day (24 hr clock)																							
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Saturday	90.9	94.2	92.7	97.0	96.2	95.1	95.4	94.2	93.3	89.0	87.9	90.2	91.8	90.0	91.3	89.5	94.2	93.0	95.4	94.7	92.7	95.3	93.0	94.8
Sunday	95.4	93.1	97.6	95.3	95.1	97.3	95.4	94.3	90.0	83.2	83.8	89.8	90.1	88.4	88.7	90.5	91.5	90.5	91.7	94.8	92.8	95.3	92.7	95.4
Monday	94.6	97.6	96.3	95.4	94.9	95.8	96.3	93.9	89.5	87.1	83.2	87.0	90.4	84.5	84.4	83.4	91.2	92.8	94.9	92.0	94.6	93.9	94.7	94.0
Tuesday	96.6	95.5	96.5	95.2	93.2	94.5	95.2	97.0	90.0	83.1	85.5	87.3	87.7	88.6	82.0	88.7	88.8	95.3	93.3	93.2	94.1	93.7	93.0	95.1
Wednesday	94.3	93.5	94.4	92.3	96.5	96.4	96.4	96.1	92.1	88.2	86.3	84.3	88.9	85.8	84.8	88.4	89.7	90.3	91.2	92.7	90.3	94.4	93.0	92.1
Thursday	95.6	96.0	94.4	96.5	97.2	95.8	95.3	94.8	90.4	89.1	85.3	87.6	89.6	87.9	87.0	85.7	89.7	92.0	91.3	94.0	92.3	94.2	93.9	94.6
Friday	95.6	93.1	96.0	95.0	95.5	92.9	95.7	95.7	93.5	89.2	88.3	88.6	90.5	88.4	89.1	91.9	93.0	94.0	92.5	92.1	91.6	94.0	92.8	92.9

At Tualatin Valley Fire Response District (TVFR), there was a similar desire to address the growing volume of medical calls for service while preserving response reliability for higher acuity calls. The Cars program was added to the current complement of all EMS and fire suppression operations at TVFR in 2010. Similar to Portland, the district did not have issues with response reliability in the off-peak traffic and off-peak call volume hours, but response reliability was a concern during daytime hours. TVFR's Cars program staffs four one-person units (staffed with a paramedic) and three two-person Medics (units with transport capabilities) on peak staffing model when the enhancement to address response reliability is most

needed. In order to address bargaining issues associated with not staffing on a 24-hour shift with a 51 hour workweek, the district has bargained that the Cars and three of the Medics units would be on a 40-hour week with an adjusted hourly rate and accruals based on the work week assignment to provide for parity in pay scales when compared to the traditional 51 hour workweek schedule for the engine and truck crews. TVFR reports that there are members who prefer the 40-hour week. TVFR has separate dispatch protocols which allow for the Cars to go on more acute calls for service in addition to the lower acuity and public assist calls. This department has been refining and operating this model since 2010 and is reporting many areas of success and is in the process of expanding call types appropriate for Cars units.

The most significant risk to this proposal is the City's ability to bargain aspects of this recommendation prior to implementing the recommended change in the operation. If it is determined that parts of this recommendation are mandatory and not permissive subjects of bargaining, then the City and Union would need to go through the bargaining process prior to implementing changes in staffing configuration or shift schedules.

CBO Recommendation: \$1,543,882, 13.0 FTE

Logistics/ Prevention Relocation Partial Funding, FR_07, \$3,000,000

The Logistics and Prevention staff operate out of the current facilities on SE Powell Boulevard and SE Gideon Street, and there is potential in the next five years for the area to become part of the redevelopment of the Clinton Triangle. For the past two years, PF&R has been involved in ongoing discussions with the Portland Development Commission and the Office of Management and Finance (OMF) to identify and secure a new location for the bureau's operations. In addition to housing the Logistics and Prevention operations, the bureau has identified that there are potential operational gains if the Fire Logistics group could be co-located with the Training Division, which presently operates out of Station 2 at 122nd Avenue. The bureau has requested \$3.0 million to be placed into a reserve for future costs related to relocating the Logistics and Prevention operations.

This budget request would provide earnest money funding, site survey work, and preliminary drawing and design. Currently the bureau has a small amount of unspent General Obligation (GO) Bond funds from the 1998 GO Bond which may be utilized in the coming year for this project. However there will be additional resources required beyond the \$3 million in order to purchase the most desirable site under consideration. Currently there is a very limited project timeline for when this relocation would occur, the final costs of the whole project are yet to be determined, and any funding source for both construction and future building operations has not been identified. Outside of either one-time General Fund resources or a debt sale, the only other identified resource is the value of the sale of the land where the current facilities are located. The most recent appraised value of the land is \$6.6 million, some of which will go to the Water Bureau as this bureau also owns land at the current site, and it is likely that the total cost of this project will exceed the amount received from the land sale.

CBO does not recommend funding for this project as it essentially commits General Fund resources to subsidize private, mixed use development within an urban renewal area. CBO believes that relocation of

this facility to accommodate a PDC redevelopment project should be funded by proceeds from the land sale and, if a gap remains, by PDC Tax Increment Financing (TIF). Ongoing resources for the costs of operations would need to be realized and quantified as well, in order to ensure that the bureau and the City will be able to meet the operating requirements of relocating an operation to a new facility.

However, CBO does recommend if additional resources are available in the April 2016 forecast that the City dedicate funding towards developing a facility usage plan that includes a total project cost, timelines, and the estimated operational costs of a new facility.

CBO Recommendation: \$0

End Notes

ⁱ Gardett I, PhD et al. *Ann Emerg Disp Resp* 2015; 3(1):8-13

ⁱⁱ <http://www.azcentral.com/story/news/local/mesa/2014/11/28/mesa-experiment-medical-calls-national-model/19604205/?from=global&sessionKey=&autologin=#>
<http://www.azcentral.com/community/mesa/articles/20130418mesa-trv-medical-response.html>

ⁱⁱⁱ <http://www.emsworld.com/article/12101527/anaheim-community-care-response-unit>

^{iv} <http://www.emsworld.com/article/11393194/motorcycle-paramedics-provide-faster-ems-response-at-special-events>

^v <http://www.ems1.com/ems-products/vehicles/articles/1347851-LAFD-to-show-off-motorcycle-response-team/>

^{vi} <http://www.fireengineering.com/articles/2013/05/can-motorcycle-paramedics-be-used-effectively-in-western-ems-.html>

^{vii} van der Pols, H., Mencl, F., & de Vos, R. (2011). The impact of an emergency motorcycle response vehicle on prehospital care in an urban area. *European Journal of Emergency Medicine*, 18(6), 328-333.

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Fire & Rescue											
<i>Adds</i>											
FR_06 - Restore ongoing funding for 13 positions	01	13.00	1,370,002	0	173,880	1,543,882	13.00	1,370,002	0	173,880	1,543,882
FR_07 - Logistics/Prevention Relocation Partial Fundir	02	0.00	0	3,000,000	0	3,000,000	0.00	0	0	0	0
<i>Total Adds</i>		13.00	1,370,002	3,000,000	173,880	4,543,882	13.00	1,370,002	0	173,880	1,543,882
<i>Reductions</i>											
FR_01 - Eliminate four Rapid Response Vehicle Units	01	(26.00)	(2,420,788)	0	(310,800)	(2,731,588)	0.00	0	0	0	0
FR_03 - Close One Station/Company	02	(13.00)	(1,291,262)	0	(164,280)	(1,455,542)	0.00	0	0	0	0
FR_04 - Close One Station/Company	03	(13.00)	(1,318,950)	0	(164,280)	(1,483,230)	0.00	0	0	0	0
FR_05 - Increase Prevention Revenue	04	0.00	(50,000)	0	50,000	0	0.00	(50,000)	0	50,000	0
<i>Total Reductions</i>		(52.00)	(5,081,000)	0	(589,360)	(5,670,360)	0.00	(50,000)	0	50,000	0
Total Portland Fire & Rescue		(39.00)	(3,710,998)	3,000,000	(415,480)	(1,126,478)	13.00	1,320,002	0	223,880	1,543,882

Analysis By: Christy Owen

FIRE & POLICE DISABILITY & RETIREMENT

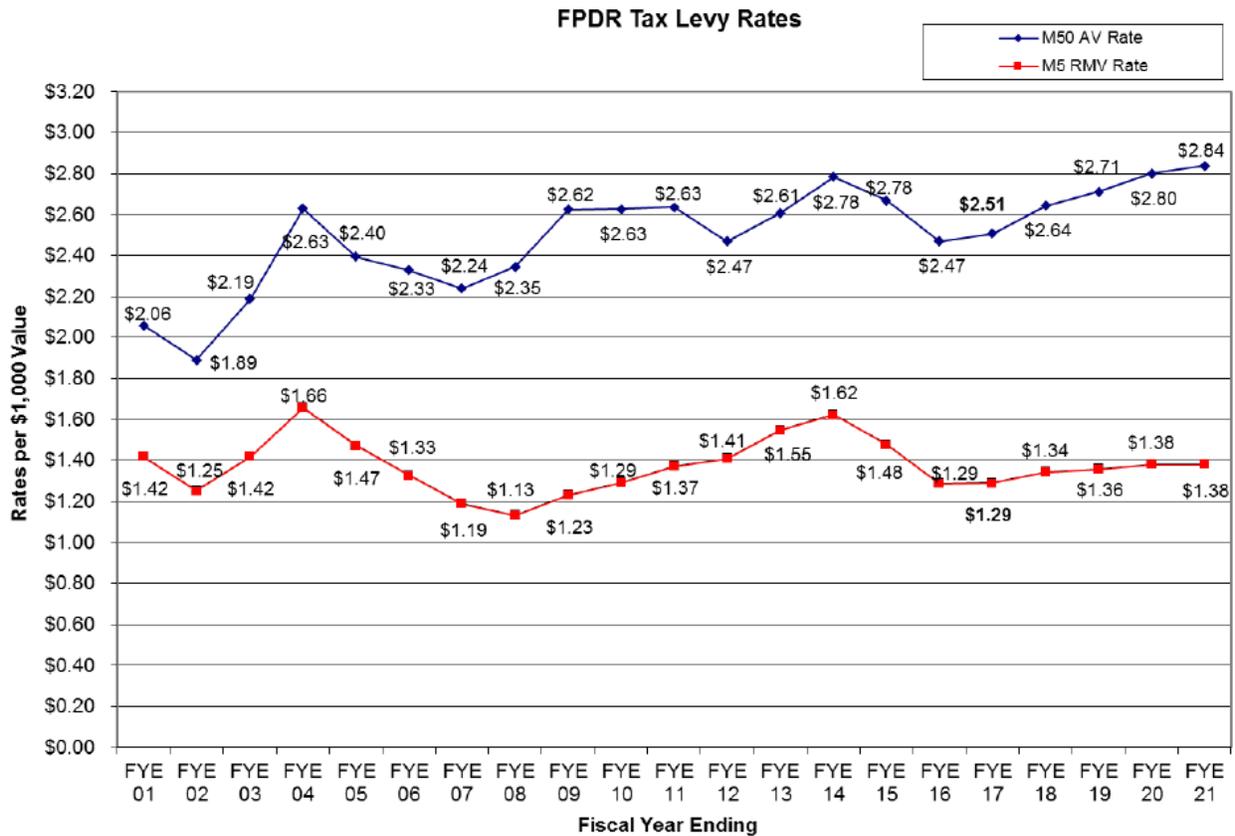
All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Beginning Fund Balance	\$19,215,039	\$16,444,047	\$0	\$16,444,047	-14.4%
Taxes	121,159,002	128,047,674	24,144	128,071,818	5.7%
Interagency Revenue	952,200	898,000	0	898,000	-5.7%
Fund Transfers - Revenue	1,500,000	1,500,000	0	1,500,000	0.0%
Bond and Note Proceeds	31,885,000	34,476,000	0	34,476,000	8.1%
Miscellaneous Sources	296,200	443,200	0	443,200	49.6%
Total Resources	\$175,007,441	\$181,808,921	\$24,144	\$181,833,065	3.9%
Expenditures					
Personnel Services	\$1,953,000	\$2,062,768	\$24,144	\$2,086,912	6.9%
External Materials and Services	116,071,215	120,655,000	0	120,655,000	3.9%
Internal Materials and Services	9,510,091	11,042,240	0	11,042,240	16.1%
Capital Outlay	72,400	46,000	0	46,000	-36.5%
Debt Service	32,277,309	34,899,037	0	34,899,037	8.1%
Fund Transfers - Expense	1,612,426	1,650,876	0	1,650,876	2.4%
Contingency	12,761,000	10,703,000	0	10,703,000	-16.1%
Unappropriated Fund Balance	750,000	750,000	0	750,000	0.0%
Total Requirements	\$175,007,441	\$181,808,921	\$24,144	\$181,833,065	3.9%
Total Bureau FTE	16.20	16.50	0.50	17.00	4.9%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Fund Financial Position and Levy Forecast

The Bureau of Fire & Police Disability & Retirement (FPDR) is responsible for managing the pensions and disability programs for sworn police and fire personnel. The bureau receives all revenues from a separate property tax levy on a pay-as-you-go basis where the levy is set to cover the anticipated requirements for one fiscal year. The FY 2016-17 Requested Budget estimates a levy of \$2.51 per \$1,000 Assessed Value (AV), which is an increase from the current rate of \$2.47 per \$1,000 AV. The implied Real Market Value rate in the Requested Budget is \$1.29 per \$1,000. The chart below is from the bureau's Five Year Financial Plan and illustrates the change in both tax levy rates over time, and the projected future rates. The levy is capped at \$2.80 per \$1,000 of Real Market Value, but in the short term the fund is not forecasted to exceed that threshold and the long-term risk (forecasted out to 2034) is very low. The following chart provide the history and forecasted levy rates for both the Assessed Value Rate per \$1,000 and the Real Market Rate Value Rate per \$1,000.



The largest expense category is retirement benefits, estimated to be \$115.0 million dollars in FY 2016-17. The most recent levy actuarial analysis was completed in 2015, and this analysis includes short-term and long-term forecasting for retirement payments, the ability of the dedicated tax levy to provide adequate resources to meet projected expenses, and potential risks to the forecast.

Current projections provided in the bureau’s five-year plan for pension payments continue to grow through FY 2020-21. Members in the FPDR 1 category are mostly retired, and the percent of retired members who are FPDR 2 members has increased in the past two years as more of these members have separated from service. The majority of current members are in the FPDR 2 tier; however the projected number of new hires in FPDR 3 suggests that FPDR 3 members will be 36% of active sworn employees by the end of FY 2016-17, and the Portland Police Bureau and Portland Fire & Rescue are both anticipating a significant number of new hires to be joining the bureaus to fill these newly vacated positions.

Key Performance Measures and Targets for FY 2016-17

The bureau’s six Key Performance Measures (KPMs) together provide a complete picture of the effectiveness and sustainability of the operation for FPDR. The bureau’s KPMs include measures where FPDR has no direct control of the outcomes, workload measures, and measures where the bureau has greater management control of the outcomes. The following are key data points from the bureau’s FY 2014-15 year-end reporting:

- The number of disability claims filed increased by 5% in FY 2014-15, when compared to the close of FY 2012-13. FPDR's current year projections forecast the number of disability claims to be trending higher than the previous year.
- As the Portland Police Bureau and Portland Fire & Rescue are hiring new personnel to fill vacancies created through attrition, the percent of the workforce in FPDR 3 is anticipated to continue to increase accordingly and this trend will continue until the entire workforce is enrolled in FPDR 3.
- FPDR projects the City will experience an increased number of retirements from FPDR 2 members in the current and future fiscal years when compared to recent years. This is consistent with the projected retirement separations provided by Portland Police Bureau and Portland Fire & Rescue.
- The bureau reports to the public that administrative costs for managing FPDR are kept within, and often below the target amount of 2%. CBO recommends the bureau continue to report this measure as a KPM to provide fiscal transparency to the public.

Since the 2007 charter reform, FPDR has continued to experience the positive outcomes associated with changes to the disability and claims management process. Additionally, by handling the medical bill payment in-house, FPDR has continued to realize savings, which in turn lessens the requirement of tax resources used to meet obligated payments.

Decision Package Analysis & Recommendations

Reclassify Positions: Finance & Business Systems, DR_01 \$24,144, .50 FTE

Approval of this request will convert and reclassify two .75 FTE Sr. Financial Analyst positions into 2.0 full-time FTE in the Administration and Support program in the bureau. The net change in position authority requested is an increase of .50 FTE. The bureau has identified an operational need for one position to remain classified as a Sr. Financial Analyst, and the second position would be classified as a Management Analyst.

The Administration and Support program manages the disability and retirement claims payment process to ensure recipients receive their pension or disability payments. The requested position authority for the full-time management analyst will provide back-up information technology support for the existing Sr. Business Systems Analyst position responsible for administering the bureau's payment program. FPDR utilizes a separate claims and pension payment program, and it is recommended for continuity of operations that there is sufficient knowledge back-up of this core bureau function. The management analyst will also perform some financial duties, to maintain the financial analysis function at 1.5 FTE.

The Sr. Financial Analyst position supports the bureau's finance manager, providing financial support for sworn members in determining the retirement estimates, in preparing the bureau's operating budget and annual financial statements, in projecting cash flow, and in conducting the biannual plan valuation. The position is responsible for ongoing core services to members, of which many are approaching retirement eligibility in the coming five years, and plays a key role in FPDR financial management.

CBO recommends this package as requested. In FY 2014-15 the bureau completed a strategic plan and this position supports the goals outlined in the bureau's long-term goals. In FY 2016-17 the Administration and Support program budget will be 1.69% of the total bureau costs, which is 0.02% of a projected increase without the decision package. The impact of adding this position authority does not change the FPDR Tax Levy Rate from the current amount in the FY 2015-16 Revised Budget of \$1.29 per \$1,000 of Real Market Value.

CBO Recommendation: \$24,144, 0.50 FTE

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Requested					CBO Analyst Recommendations					
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Fire & Police Disability & Retirement											
<i>Adds</i>											
DR_01 - Reclassify Positions: Finance & Business Sys	01	0.50	0	0	24,144	24,144	0.50	0	0	24,144	24,144
<i>Total Adds</i>		<i>0.50</i>	<i>0</i>	<i>0</i>	<i>24,144</i>	<i>24,144</i>	<i>0.50</i>	<i>0</i>	<i>0</i>	<i>24,144</i>	<i>24,144</i>
Total Bureau of Fire & Police Disability & Retirement		0.50	0	0	24,144	24,144	0.50	0	0	24,144	24,144

Analysis By: Doug Le

OFFICE OF GOVERNMENT RELATIONS

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Intergovernmental Revenues	\$35,000	\$35,000	\$0	\$35,000	0.0%
Interagency Revenue	142,386	187,361	0	187,361	31.6%
General Fund Discretionary	650,332	644,784	(16,300)	628,484	-3.4%
General Fund Overhead	740,153	771,041	(19,491)	751,550	1.5%
Total Resources	\$1,567,871	\$1,638,186	(\$35,791)	\$1,602,395	2.2%
Expenditures					
Personnel Services	\$1,017,738	\$1,033,732	\$0	\$1,033,732	1.6%
External Materials and Services	414,492	425,062	(35,791)	389,271	-6.1%
Internal Materials and Services	135,641	179,392	0	179,392	32.3%
Total Requirements	\$1,567,871	\$1,638,186	(\$35,791)	\$1,602,395	2.2%
Total Bureau FTE	8.00	8.00	0.00	8.00	0.0%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Decision Package Analysis & Recommendations

Hatfield Fellow, GR_01, \$35,000

This package restores the reduction that would eliminate the Hatfield Fellow program. Council approved ongoing funding for this program in FY 2015-16 to add capacity to the International Relations Program (IRP). OGR assumed this program from the Mayor's Office in FY 2014-15. The program is responsible for supporting Portland's Sister Cities, serving as a liaison between the city and visiting international delegations. In FY 2014-15, IRP reported greeting 70 international delegations and projected it will welcome 100 delegations by the end of FY 2015-16.

The Fellow assists in welcoming international visitors including ambassadors and elected officials, writes the program's quarterly newsletter, and helps ensure that all gifts to the city are properly logged and inventoried. The Hatfield Fellow is a cost effective approach to provide the necessary support to the program. CBO recommends funding for this program by reducing the cut amount in the 5% Reduction Package discussed below

CBO Recommendation: \$0

5% Reduction Package, GR_02, (\$70,791)

This decision package complies with the FY 2016-17 budget guidance to propose a 5% General Fund reduction. For the Office of Government Relations, this amounts to \$70,791; the cut would eliminate the Hatfield Fellow program for \$35,000 and reduce the office's appropriation for external materials and services by \$35,791.

OGR also submitted a decision package to restore the Hatfield Program discussed above. The cut to the external materials and services includes reductions impacting the appropriation for education, travel, and miscellaneous. These cuts would reduce the office's flexibility in carrying out its operations; however, based on historical trends CBO believes that the office can absorb the \$35,791 cuts to external materials and services with minimal impact. The Hatfield Fellow is a cost effective program as discussed above and as a result CBO does not recommend the \$35,000 cut to this program.

Additionally, in FY 2016-17 OGR has negotiated an increase in interagency agreement (IA) revenues with Portland Housing Bureau (PHB) and Bureau of Environmental Services (BES). The IA with PHB will increase from \$9,000 to \$44,000 due to increased state and federal advocacy services on City housing priorities, and the IA with BES will increase from \$35,490 to \$44,000 due to increased advocacy services to support the Portland Harbor. The office intends to use the additional resources to provide more funding for interim legislative outreach in Oregon, travel expenses to Washington, DC in support of the city's federal priorities, employee professional development, and supplies for the International Relations program.

CBO Recommendation: (\$35,791)

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Government Relations											
<i>Adds</i>											
GR_01 - Hatfield Fellow	01	0.00	15,939	0	19,061	35,000	0.00	0	0	0	0
<i>Total Adds</i>		<i>0.00</i>	<i>15,939</i>	<i>0</i>	<i>19,061</i>	<i>35,000</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Reductions</i>											
GR_02 - 5% Reduction package	01	0.00	(32,239)	0	(38,552)	(70,791)	0.00	(16,300)	0	(19,491)	(35,791)
<i>Total Reductions</i>		<i>0.00</i>	<i>(32,239)</i>	<i>0</i>	<i>(38,552)</i>	<i>(70,791)</i>	<i>0.00</i>	<i>(16,300)</i>	<i>0</i>	<i>(19,491)</i>	<i>(35,791)</i>
Total Office of Government Relations		0.00	(16,300)	0	(19,491)	(35,791)	0.00	(16,300)	0	(19,491)	(35,791)

Analysis By: Jessica Kinard & Jane Marie Ford

PORTLAND HOUSING BUREAU

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$1,393,337	\$12,452,435	\$0	\$12,452,435	793.7%
Charges for Services	511,437	541,800	0	541,800	5.9%
Intergovernmental Revenues	73,495,104	80,888,301	104,532	80,992,833	10.2%
Interagency Revenue	87,895	100,964	0	100,964	14.9%
Fund Transfers - Revenue	2,524,554	1,200,000	0	1,200,000	-52.5%
Bond and Note Proceeds		14,400,000	0	14,400,000	NA
Miscellaneous Sources	3,105,341	2,909,674	0	2,909,674	-6.3%
General Fund Discretionary	15,580,253	22,397,203	18,208,772	40,605,975	160.6%
Total Resources	\$96,697,921	\$134,890,377	\$18,313,304	\$153,203,681	58.4%
Expenditures					
Personnel Services	\$6,460,632	\$6,872,041	\$104,532	\$6,976,573	8.0%
External Materials and Services	86,546,064	122,131,269	18,208,772	140,340,041	62.2%
Internal Materials and Services	1,463,657	1,504,456	0	1,504,456	2.8%
Debt Service	1,373,414	2,759,769	0	2,759,769	100.9%
Fund Transfers - Expense	762,654	509,842	0	509,842	-33.1%
Contingency	91,500	1,113,000	0	1,113,000	1116.4%
Total Requirements	\$96,697,921	\$134,890,377	\$18,313,304	\$153,203,681	58.4%
Total Bureau FTE	56.92	56.92	1.00	57.92	1.8%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Solving the Homeless Crisis: Where We've Been and Where We're Going

In 2005, Portland and Multnomah County embarked with its community partners on a 10-year Plan to End Homelessness. At the time, it was estimated that 4,000 people slept either on the streets, in cars, or in shelters across Portland.¹ In the twelve fiscal years since the 10-Year Action Plan was initiated, the City of Portland has spent \$847 million – an average of \$70.6 million per year – on affordable housing production and homeless prevention and support services through the Portland Housing Bureau and other City agencies. Approximately 71% of these funds were spent on housing programs, which play an important role in mitigating economic homelessness. In addition, other agencies have funded significant distinct efforts towards ending homelessness on an annual basis; in 2014 the County cited an additional \$39.7 million in annual discretionary funding for homeless services.² Despite these investments, the 2015 homeless count revealed only a slight decline in the number of sheltered and unsheltered homeless in Portland from the 2005 figures.³ While comparing the two counts isn't an apples to apples comparison –

¹ Home Again: A 10-Year Plan to End Homelessness in Portland and Multnomah County – Action Report. Accessed from <https://www.portlandoregon.gov/phb/article/103921> on 2/16/2016.

² Board Briefing on Homeless Services General and Federal Funding. Multnomah County Department of County Human Services, presented on 01-28-14. Accessed from <https://multco.us/file/36445/download> on 2/28/2016.

³ The 2015 point in time count estimated 3801 individuals in Multnomah county were homeless. Point in Time Count of Homelessness in Portland and Multnomah County (Biannual 2007-2015). Accessed from <https://www.portlandoregon.gov/phb/61362> on 1/30/2015.

the count methodology has changed – the same declaration of housing and homelessness being “in crisis” existed in 2004 as it does today. Many people wonder why, after hundreds of millions of dollars in investments and a coordinated strategy to address homelessness and affordable housing needs, the problem persists; and further, wonder how we can be sure that an increased investment will substantially reduce the number of people experiencing homelessness.

Part of the answer lies in understanding who is homeless today versus in 2004: most of today’s homeless are not the same people that were homeless 10 years ago. The 2015 homeless count revealed that 71% of the currently homeless have been homeless for less than two years.⁴ In the first seven years of the 10 Year Plan to End Homelessness, 12,511 households were placed into permanent homes and 4,569 households were prevented from becoming homeless.⁵ If, during that time period, no new households became homeless and if those placed in housing were able to retain their housing, Portland would have solved homelessness 6 times over.⁶ Although the 10-Year Plan also targeted supportive services and improved housing retention and homeless prevention strategies,⁷ the inflow into homelessness continues to exceed the community’s capacity for placement and support.

A Home for Everyone (AHFE) was founded in 2013 as an interagency coordinating body to address homelessness beyond the 10 Year Plan. In fall 2015, Portland Housing Bureau (PHB) staff, in concert with AHFE, provided analysis and recommendations to City and County leaders that an increased investment of \$30 million would provide the necessary funding to 1) reduce the number of homeless in Multnomah County by 50% by June 2017, and to 2) address all homeless needs through a system that focuses on prevention by 2019.⁸ In response, Multnomah County Chair Deborah Kafoury and Mayor Charlie Hales pledged in October 2015 that they would together provide \$30 million for affordable housing and homeless services. The announcement pledged that the City would commit \$20 million in “new and existing resources”⁹ and the County would commit \$10 million. It was not publicly discussed whether this funding would be one-time or ongoing, nor if the analysis assumed that one-time investments provided to AHFE in the current year would be continued. Portland City Council took action on this pledge by providing the Housing Bureau with an additional \$5 million in ongoing and \$5 million in one-time general fund support in their FY 2016-17 base budget.

Increased investment of this magnitude will require tradeoffs with other City services. In this review, CBO provides a summary of the City’s historical spending on housing and homelessness, as well as analysis and recommendations around the proposed effort to drastically reduce the number of homeless in Portland and Multnomah County.

⁴ *Point in Time Count of Homelessness in Portland and Multnomah County* (Biannual 2007-2015). Accessed from <https://www.portlandoregon.gov/phb/61362> on 1/30/2015.

⁵ *A Home for Everyone: A United Community Plan to End Homelessness for Portland/Multnomah County*. Accessed from <https://multco.us/file/35839/download> on 2/28/2016.

⁶ Using HUD definition of “household” = 1.9 individuals

⁷ PHB’s projects current year retention rates of households placed in permanent housing at 12 months to be 84%, which is seven percentage points above the retention rate just two years ago.

⁸ *Ending homelessness in Multnomah County: What would it take?* Presented by PHB to CBO on 01/13/2016.

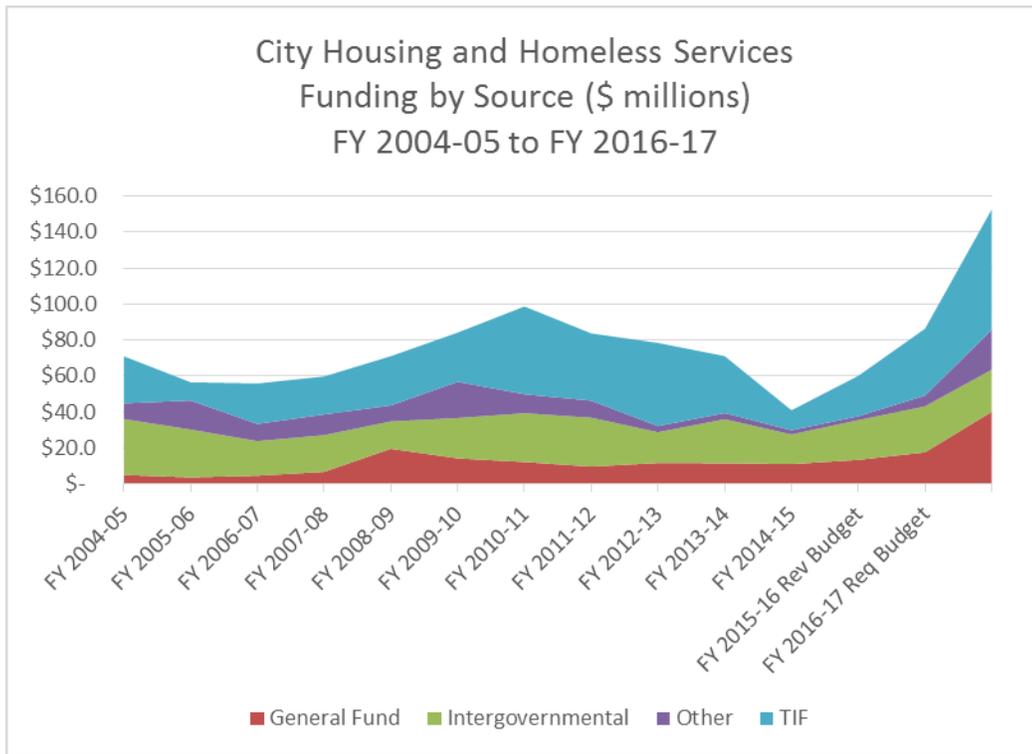
⁹ Mayor Hales Press Release, 9/30/2015. Sourced online: <https://www.portlandoregon.gov/mayor/article/552358>.

City Historical Investments in Housing and Homelessness Services

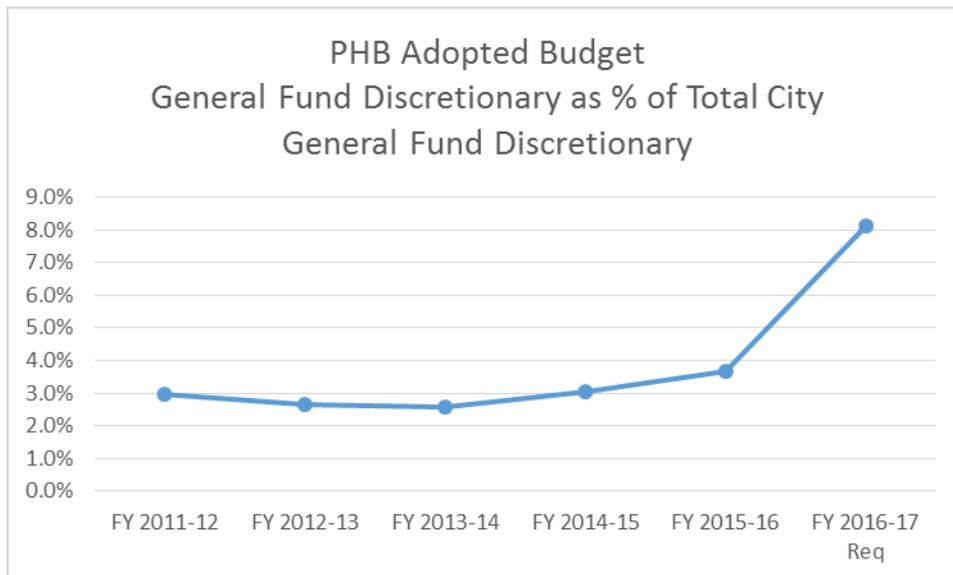
Portland Housing Bureau’s proposed FY 2016-17 budget of \$153 million represents a 116% increase over the bureau’s 12-year average investment and a 77% increase over the current year total budget of \$86 million. Since the inception of the 10 Year Plan to End Homelessness, PHB received \$136 million in General Fund support, averaging \$11.4 million per year. The bureau’s requested FY 2016-17 budget seeks \$40.2 million in General Fund support, which is 254% higher than the 12-year average.



As evidenced in the above graph, the majority of the bureau’s budget comes from non-General Fund resources. The level of funding over the past ten years has fluctuated on an annual basis primarily based on availability of Tax Increment Financing (TIF) and grant revenues, as the below graph illustrates. Since 2004-05, TIF has provided an average of \$28.6 million in affordable housing funding per year. As a funding source over the past 6 years, the TIF Reimbursement Fund represents 41% of total funding sources for the bureau. Notably, during the current fiscal year, Council approved an additional increase of the affordable housing set aside policy to 45%, referred to as the ‘TIF Lift’. The bureau’s FY 2016-17 requested budget includes the result of this policy change with \$67 million in TIF funding, which is an 80% increase over the current year. The bureau may have up to \$30 million in new TIF resources available for affordable housing development in their fall 2016 NOFA as a direct result of the TIF Lift.



In recent history, PHB’s General Fund Discretionary (GFD) support has stayed relatively constant, on an annual basis claiming between 2.6% and 3.0% of the City’s total GFD resources between FY 2011-12 and FY 2014-15. PHB’s current year adopted budget claimed 3.7% of total citywide GFD, and the requested FY 2016-17 budget would dramatically increase that amount, claiming 8.1% of the City’s estimated General Fund Discretionary Resources.



There are three important caveats to the historical cost data presented above. First: the full cost savings that the City, the County, and the regional economy have gained as a result of these investments has not been quantified. Second, this analysis does not include all costs incurred by the City to address homelessness; many City bureaus bear direct costs as a result of housing and homelessness issues that

are more difficult to quantify. Finally, housing and homelessness is a regional issue with many stakeholders, and this analysis focuses solely on the City's investment and role. The County and Home Forward both provide substantial investments not discussed here. It is imperative that services and investments continue to be coordinated to ensure the most effective use of public resources.

Ending Homelessness – What Will it Take?

Despite hundreds of millions of dollars invested to address housing insecurity and homelessness since 2004, the City has declared a State of Housing Emergency. PHB and AHFE maintain that the City and County have invested just enough over the years to keep homelessness from growing, but not enough to permanently bend the curve downwards. Placement and retention data, along with the knowledge that 71% of those experiencing homelessness in 2015 had been homeless for less than two years,¹⁰ support this theory. PHB and AHFE estimate that with \$30 million in additional funding in FY 2016-17, AHFE will be able to decrease by half the unmet housing need among people experiencing homelessness by the end of FY 2016-17. This will be achieved by placing 1,350 additional individuals in permanent supportive housing, sheltering an additional 650 people currently on the streets, and preventing an additional 1,000 people from becoming homeless.

Data available to PHB has enabled the bureau to identify demographic information and needs of the 3,801 people currently experiencing homeless according to the street count.¹¹ The bureau used this information as well as information on current rates of outflow and estimates of inflow to the homeless system to assess the number and type of people that would need services to achieve a 50% reduction in homelessness, and assigned a cost to those services.

CBO agrees with the assessment of need and believes that AHFE has laid out a reasonable plan for achieving the number of placements discussed above if provided the requested resources. However, CBO observes a number of risks to the claim that it will require \$30 million to reduce homelessness by half. These risks include:

1. **The \$30 million AHFE request is actually *at least* a \$73 million request over three years.** When the \$30 million commitment was announced by the Mayor and the County Chair, there was no mention as to whether these funds would be one-time or ongoing, or whether one-time funds committed in the current year also required continued funding in addition to new funding. The PHB budget request assumes that the City will pay for \$10 million in one-time housing development costs plus \$10 million in services costs that will continue until the end of calendar year 2018. In addition, the budget requests the City pay for \$2.76 million in continued FY 2015-16 investments through calendar year 2018. This date is based on the AHFE stated goal to address all homeless needs through a system that focuses on prevention by 2019.¹² This would require the City to identify *at least* \$39 million in total new resources over the next three years, and this assumes that none of the increased funding is required beyond 2018.

¹⁰ *Point in Time Count of Homelessness in Portland and Multnomah County* (Biannual 2007-2015). Accessed from <https://www.portlandoregon.gov/phb/61362> on 1/30/2015.

¹¹ *Ibid.*

¹² *Ending homelessness in Multnomah County: What would it take?* Presented by PHB to CBO on 01/13/2016.

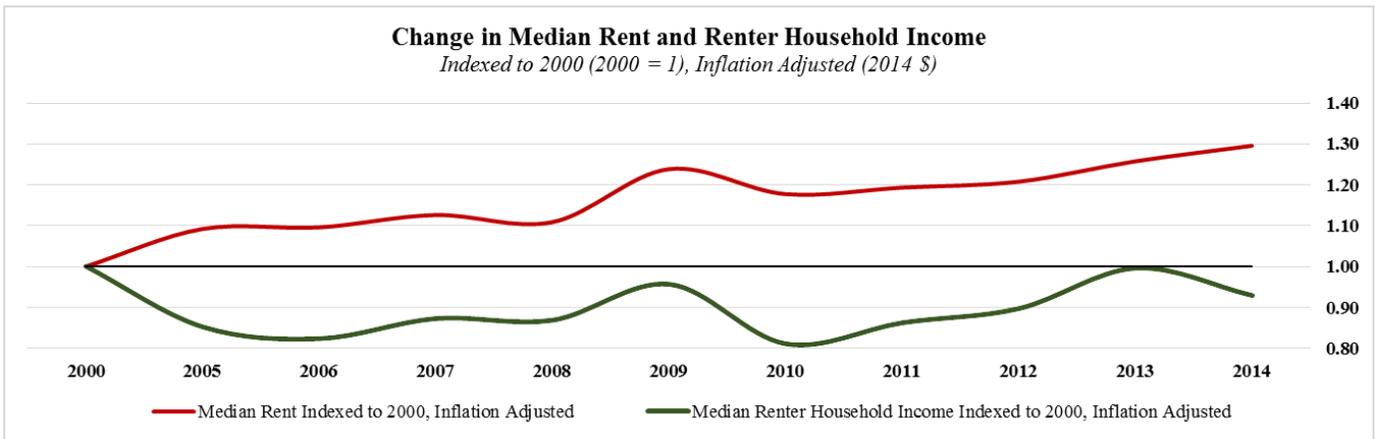
2. **There are additional housing and homeless-related funding requests above the \$30 million proposed by AHFE.** CBO is aware of at least \$29.7 million in distinct City bureau requests related to housing and homeless services in the FY 2016-17 budget. The AHFE Coordinating Board assumes that the requested \$20 million City investment will go towards the services and providers they have identified in their plan to achieve homeless reduction targets. Not all proposals related to bureau requests proopt to achieve the same goals; as Council prioritizes limited funds towards this issue area, Council should be aware of stated impacts of those investments in relation to homeless reduction targets.
3. **Achieving homelessness reduction goals relies on current rates of homeless inflow.** The AHFE modelling that created this request utilized 2015 point-in-time data for the number of people currently experiencing homelessness as well as estimated rates of homeless inflow and outflows derived from point-in-time and service utilization data. Using data from the previous 2013 homeless count, modelling estimated that 4,600 people annually became newly homeless; updated modelling using 2015 data showed an estimated 4,900 people would become newly homeless – a 6.5% increase in inflow.¹³ The impact that this rate increase had on AHFE’s modelling to cut homelessness in half by 2017 was substantial: the one-year estimates of required placements to achieve this goal increased by 50% from 900 to 1,350. Critically, the current \$30 million request assumes the estimates derived from 2015 count data stay constant. However, in the year since the 2015 count was conducted, Portland housing market has led the nation in price increases: according to Standard and Poor’s/Case-Shiller home price index, Portland-area home prices in December of 2015 increased 11.4 percent year-over-year, outpacing even San Francisco and Denver’s increases.¹⁴ PHB estimates that rents have increased by at least 11% over the same timeframe.

Homelessness is a particularly complex issue because it is a condition that people experience as a result of a variety of causes, which require varied and often distinct sets of interventions. According to the 2015 count, the chronically homeless in Portland represent 37% of the sheltered and unsheltered population.¹⁵ This particular segment of the population likely needs long-term supportive services to be sustainably housed. However, the remaining 63% of the sheltered and unsheltered population is what is known as “economically homeless;” meaning that the majority of the people currently experiencing homelessness in Portland simply cannot afford available housing. To the extent that rents continue to increase and/or wages and income of Portlanders decrease, more resources will be needed to achieve the same goal.

¹³ *Ending homelessness in Multnomah County: What would it take?* Presented by PHB to CBO on 01/13/2016.

¹⁴ Oregonian article – need to look at S&P: http://www.oregonlive.com/front-porch/index.ssf/2016/02/portland_homes_have_nations_hi.html

¹⁵ *Point in Time Count of Homelessness in Portland and Multnomah County* (Biannual 2007-2015). Accessed from <https://www.portlandoregon.gov/phb/61362> on 11/30/2015.



The gap between median rent and renter household income in Multnomah County has increased, especially as rents have increased in recent years. Achievement of PHB and AHFE homeless goals assume the current gap does not further widen. Graph source: *Ending homelessness in Multnomah County: What would it take?* Presented by PHB to CBO on 01/13/2016.

CBO believes that this issue of inflow – particularly in expanding economies with limited housing supply like those that Portland and other West Coast cities have been experiencing – presents one of the most critical challenges to decreasing homelessness because it is a problem that is largely driven by market forces, many of which are outside of local government’s control. At the same time, these forces fundamentally determine the magnitude of the problem as more households will become homeless or at risk of becoming homeless as housing prices increase and wages stay stagnant.

The California Legislative Analysts Office recently released study results demonstrating that greater supply of market housing places downward pressure on prices and rents, and that locations with greater housing development experienced a slower growth in rents for poor households.¹⁶ Similarly, the Joint Center for Housing Studies of Harvard University concluded from a national study that - while low-cost rental units deserve particular attention in housing development - “[p]art of the solution [to make progress on the nation’s goals of affordable homes for all] is to persist in efforts to reduce regulatory barriers to construction of rental housing in general.”¹⁷

In addition to new investments in housing and homelessness, CBO recommends that Council consider policies and investments that increase the housing supply at all levels. Not only may this help alleviate the current affordability crisis, but it is a necessity to accommodate expected population growth: the City estimates that approximately 260,000 more people will be moving to Portland over the next 20 years.¹⁸ If housing stock does not increase in kind, the affordability crisis will be further exacerbated.

In December of 2015, the Mayor and Commissioner Saltzman convened a Government Accountability, Transparency, and Results (GATR) session to discuss strategies to streamline the development of

¹⁶ California Legislative Analysts Office Report, *Perspectives on Helping Low-Income Californians Afford Housing*. <http://www.lao.ca.gov/Publications/Report/3345>

¹⁷ p7, Joint Center for Housing Studies of Harvard University. *America’s Rental Housing: Evolving Markets and Needs*. 2013. Accessed from http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_americas_rental_housing_2013_1_0.pdf on 3/2/2016.

¹⁸ Accessed from the Bureau of Planning and Sustainability website at <http://www.portlandoregon.gov/bps/article/532949> on 2/26/2016.

affordable housing. GATR sessions are data-driven executive level management meetings focused on specific policy or programmatic areas of interest to the Mayor. A result of this session was the identification of bottlenecks and opportunities for improvement that may speed up the timelines for certain types of housing development projects. Action items included strategies to improve communication between developers, PHB and BDS to limit the need for resubmittal during design and permit review processes; improve project flow through the design review process; and engage developers in problem solving around the affordable housing crisis. CBO believes that, if these strategies prove successful, they should be considered for implementation for all housing development projects to improve the ability of the City to meet overall housing demand and generally push down affordability.

4. **Achieving homelessness reduction goals relies on the definition of homelessness.** AHFE has drafted language that would expand its definition of homelessness to include “an individual or family that is imminently at risk of losing access to, or is unsafely sharing the housing of other persons, due to loss of housing, economic hardship, or a similar reason (e.g. person’s presence is in violation of a lease/rental agreement, housing has been deemed uninhabitable by a government or social service agency, there exists an imminent threat of violence and/or illegal activity, the individual’s or family’s presence violates maximum housing occupancy limits).” This local definition helps to identify those individuals who are most at risk of becoming unsheltered, reinforcing AHFE’s goal of shifting focus to homeless prevention over the next several years.

Utilizing the local definition of homelessness, the 2015 Point-in-Time Count would jump from 3,801 people to an estimated 16,344 individuals.¹⁹ It is not currently clear if the goal of reducing homelessness by half will be updated based on this revised figure, which may significantly impact the resources required to meet the AHFE goal to decrease by half the unmet housing need by 2017.

Summary of CBO Recommendations

The Mayor provided budget guidance for proposals related to the housing emergency, directing bureaus to quantify the expected impact on service delivery outcomes using one or more of the following eight measures.

1. Total number of homeless households placed in permanent housing
2. Number of households prevented from becoming homeless
3. Retention rate of households receiving services at 12 months
4. Percentage of households moved from homelessness into housing that subsequently returned to homelessness in the next 12 months
5. Shelter Bed Occupancy Rate (BOR) and/or Turnover Interval (TOI)
6. Housing units opened that are newly affordable (specify short versus long term units)
7. Preservation of quality housing units occupied by low-income people (specify short versus long term units)
8. Percentage of housing units citywide that are regulated affordable units

¹⁹ *Point in Time Count of Homelessness in Portland and Multnomah County* (Biannual 2007-2015). Accessed from <https://www.portlandoregon.gov/phb/61362> on 1/30/2015.

CBOs review of decision packages incorporates projected impact on these measures and their targets.

Below is a table summarizing all requested General Fund supported packages related to the Housing Emergency and CBO’s corresponding recommendations. In addition, CBO has provided a table summarizing requests by service type and corresponding CBO recommendations by service type. These tables include spending proposals for the \$10 million in new General Fund resources provided in PHB’s FY 2016-17 base budget, but do not include any other figures from bureau base budgets.

DP # and Package Description	CSO Recommendation	PHB Requests	AHFE Requests	Other Bureau Requests	KPM Target	Impact Towards KPM Target		
	OG	1x	OG	1x	OG	1x		
HC_02 Citywide Rental Housing Development OR OMF Capital for Shelters			10,000,000	10,000,000	13,130,000	6)	Open 182 housing units as newly affordable (KPM 6)	An estimated 100 newly affordable housing units will be built
HC_03 AHFE Expand Veterans Assistance	287,500	287,500	287,500			1)	Place 711 households in permanent housing (KPM 1)	60 veteran households will be placed with combined City/County investment
HC_04 AHFE Safety Off the Streets - Shelter	1,712,500	2,462,500	2,412,750	2,462,500		N/A	Place 711 households in permanent housing (KPM 1)	No immediate impact on KPMs. City/County total investment will provide 630 highly vulnerable individuals, including women escaping domestic violence, people of color, and people with SPMI will be provided with shelter.
HC_05 AHFE Permanent Housing Placements (1350 ppl)	1,662,500	4,487,500	3,100,000	3,300,000		1)	Prevent 526 households from becoming homeless (KPM 3)	500 individuals or 263 households from highly vulnerable populations, including communities of color, women with children, and individuals with disabilities or SPMI will be placed in permanent housing.
HC_06 AHFE Prevention and Diversions	1,100,000	1,100,000	285,000	860,000			Preserve 105 quality housing units occupied by low-income people (KPM 7);	10 low-income households
HC_08 Realign Lents URA Home Repair		1,225,072					Prevent 526 additional households from becoming homeless (KPM 3); Preserve 105 quality housing units occupied by low-income people (KPM 7)	Precise KPM impact unknown, 300 low-income homeowners will be served; likely will preserve quality housing units and may prevent homelessness.
HC_10 New Homeowner Assistance Services	76,400	223,600	300,000				Prevent 526 additional households from becoming homeless (KPM 3); Preserve 105 quality housing units occupied by low-income people (KPM 7)	Precise KPM impact unknown, 50 low-income senior homeowners in East Portland will be served; likely will preserve quality housing units and may prevent homelessness.
HC_11 New Homeowner Repair in E. Portland		500,000	500,000				N/A	No immediate impact on KPMs. At least 115 women will receive emergency shelter.
HC_13 AHFE Continue FY16 Womens Shelter Year Round		750,000	750,000	750,000			Prevent 526 households from becoming homeless (KPM 3); Percentage of households moved from homelessness into housing that return to homelessness will be 5% or less (KPM 4)	50 chronically homeless individuals will continue to be served to maintain housing; an additional 15 chronically homeless individuals will be placed.
HC_14 AHFE Continue FY16 Intensive Street Engagement		1,210,300	1,210,300	1,210,300			Percentage of households moved from homelessness into housing that return to homelessness will be 5% or less (KPM 4)	660 (95% of) veterans placed in FY 2015-16 will retain housing.
HC_15 AHFE Continue FY16 Veterans Funding		500,000	500,000	500,000			Place 711 households in permanent housing (KPM 1)	375 households, assuming historical performance
HC_16 AHFE Continue FY16 Landlord Recruitment		300,000	300,000	300,000			Preserve 105 quality housing units occupied by low-income people (KPM 7); Open 182 housing units as newly affordable (KPM 6)	Quantitative impact on KPMs is unknown as most of services are already provided. Enhancement proposal includes serving some of the 69,000 low-income non-English speaking refugee households.
HC_17 : HC_09 Realign CDBG for Homeownership/Fair housing		439,628					105 housing units for low-income households will be preserved (KPM 7)	100 low income units preserved
(HC Adf Base) New Rental Rehab in E. Portland	1,500,000	1,500,000					Prevent 526 households from becoming homeless (KPM 3) and place 711 households in permanent housing (KPM 1)	Quantitative impact on KPMs is unknown; however, package improves the speed and quality of rent assistance services.
(HC Adf Base) Realign HOME Funding for rental assistance	947,800	947,800					N/A	This is an existing program realignment. No new impact on KPMs.
(HC Adf Base) Multnomah County Program Realignment	(1,575,000)	1,575,000	(1,575,000)	1,575,000			N/A	No immediate impact on KPMs. This position will support revenue streams into the HIF to enhance a variety of interventions and KPM outcomes.
MF_31 - Short Term Rental Revenue Staff	78,000			78,000			N/A	No immediate impact on KPMs. Will provide operations, maintenance, and central management of 7 facilities and 900 shelter beds.
MF_35 Coordinated Campsite and Homeless Management				1,733,078			N/A	No immediate impact on KPMs.
NL_02 - Pilot Engagement Around Housing Emergency						350,000	N/A	42-50 households affected by domestic violence will be prevented from becoming homeless.
PA_01 - Eviction Prevention Services (Gateway Center)						60,000	Prevent 526 households from becoming homeless (KPM 3);	
PK_03 - Ranger Expansion to Address Homelessness				615,716			N/A	No immediate impact on KPMs.
Total by Requesting Body OG v 1x	5,000,000	8,685,800	5,000,000	22,672,800	4,889,294	13,540,000		
Total by Requesting Body		13,685,800		27,672,800		18,429,294		
Unduplicated Total by Requesting Body		13,685,800		27,672,800		1,771,618		
Grand Total Unduplicated Requests				29,689,668				

Requests and Recommendations by Service Area/ Intervention Type

Service Area	General Fund New Investment		New HIF Investment	Total
	OG	1x		
Requested Funds				
Safety Off the Streets*	745,902	16,380,000	-	17,125,902
Permanent Placements*	1,662,500	6,747,800	-	8,410,300
Prevention and Diversion*	947,800	1,160,000	-	2,107,800
Housing Development and Preservation	1,500,000	10,000,000	14,400,000	25,900,000
Home Repair/Homeownership Assistance	2,464,700	-	-	2,464,700
Other New Investments	693,716	350,000	-	1,043,716
Other Program Realignment	(1,575,000)	1,575,000	-	-
<i>Total** Funding Requests</i>	6,439,618	36,212,800	14,400,000	57,052,418
Total** Requests Above PHB Base Budget	1,439,618	31,212,800	NA	32,652,418
CBO Recommended Funds				
Safety Off the Streets	-	2,500,000	-	2,500,000
Permanent Placements	2,872,800	4,327,200	-	7,200,000
Prevention and Diversion	2,047,800	60,000	-	2,107,800
Housing Development and Preservation	1,500,000	-	14,400,000	15,900,000
Home Repair/Homeownership Assistance	76,400	223,600	-	300,000
Other	78,000	-	-	78,000
Other Program Realignment	(1,575,000)	1,575,000	-	-
<i>Total CBO Recommended Funds</i>	5,000,000	8,685,800	14,400,000	28,085,800
CBO Recommended Funds Above PHB Base	-	3,685,800	NA	3,685,800

*Where there is discrepancy between PHB proposals related to AHFE, and AHFE's updated request for one-time versus ongoing funds, CBO is using PHB proposal figures.

**Requested totals may differ from prior charts to reflect that proposals for use of a particular group of funds may differ in terms of intended purpose of those funds. For example, if the \$10 million for development should be used for affordable housing or for safety off the streets interventions.

Given the concerns noted earlier in this section, the proposed \$30 million investment may not finally “solve” Portland homelessness. Regardless, though, significant numbers of people will be sheltered and housed. The challenge for decision-makers is in assessing the trade-offs of increased investments in housing and homelessness versus other competing demands such as public safety, infrastructure investment, and the increased wages for certain Parks’ employees. In CBO’s review of PHB’s requested budget, the analysis is centered on the most impactful investments to achieve bureau and City goals.

In addition, to counter the risks discussed earlier in this section, CBO recommends that Council consider the following principals when considering new investments and interventions around homelessness:

- Clearly define investment goals and coordinate strategies to achieve goals
- Evaluate investment effectiveness and hold bureaus and providers accountable to the results
- Prioritize and leverage both General Fund and Non General Fund resources, and acknowledge trade-offs to changes in investment

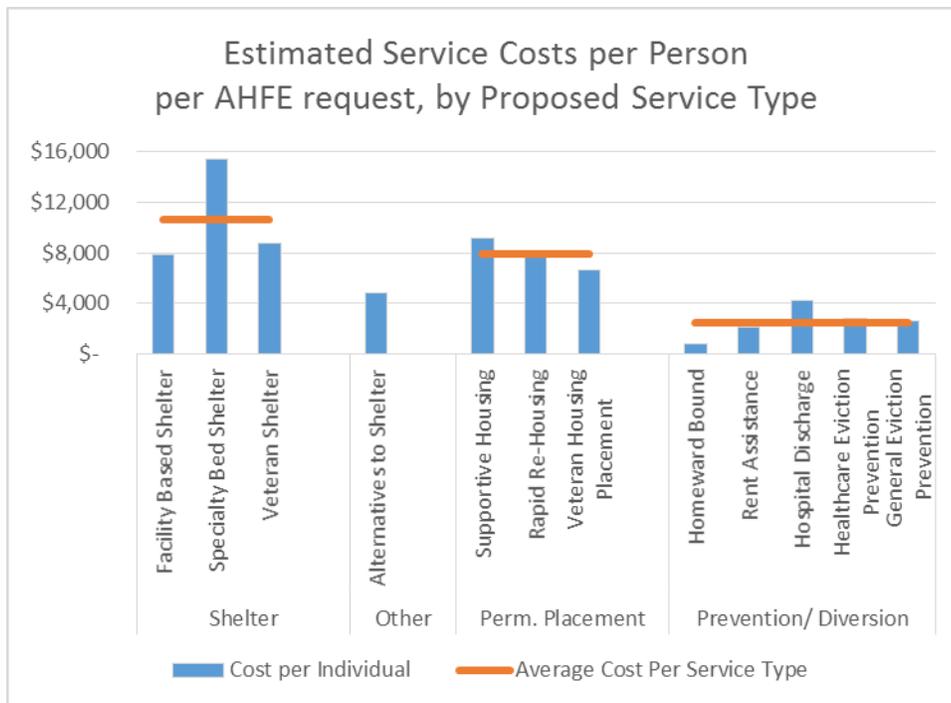
Lead Agency on Homelessness

The bureau is currently undergoing conversations with elected officials and staff at both the County and the City on creating a single “joint” office under County administration to address all homeless services planning and contract administration. It is tentatively discussed that this office will begin operation on July 1, 2016; however, details on the structure remain in development.

Decision Package Analysis & Recommendations

A Home for Everyone (AHFE) Decision Packages and Adjusted Base Packages

The A Home for Everyone (AHFE) proposals fall into one of three service areas: safety off the streets (shelter or shelter alternatives), permanent placements, and prevention and diversion. Below is a chart illustrating the per-person annual cost of each of the newly proposed AHFE interventions, as provided by PHB. This chart is referenced in the decision package analyses below.



AHFE Veterans Assistance: HC_03 & HC_15, \$200,000

DP # and Package Description	PHB Requests		CBO Recommendation	
	1x	OG	1x	OG
HC_03 New AHFE Expand Veterans Assistance (DP)	-	200,000	-	200,000
HC_15 New AHFE Expand Veterans Assistance (Adjusted One-Time Base)	-	87,500	-	87,500
HC_15 AHFE Continue Veterans Assistance (Adjusted One-Time Base)	-	500,000	-	500,000
TOTAL	-	787,500	-	787,500

PHB, through the AHFE Coordinating Board, requests the continuation of one-time FY 2015-16 General Fund resources in the amount of \$500,000, as well as new funding in the amount of \$287,500, for shelter and permanent housing placement services related to veterans. This increase of \$287,500 is the City's portion of a total \$575,000 investment requested by AHFE to complete the "house every veteran" initiative. The decision package is for \$200,000 and the remaining \$587,500 exists as a realignment package in the bureau's adjusted base budget. While the request is for one-time funds, the bureau estimates that a total of \$3.4 million in one-time funding related to this package may be required over the next three years.

The \$500,000 in one-time funds will continue placement and support services costs associated with the 695 veterans placed in housing and shelter in FY 2015-16. The new combined City and County investment of \$575,000 will increase the number of veteran shelter beds by 20 (\$175,000) and provide placement assistance for 60 veterans (\$400,000). Portland utilized all of its HUD-Veterans Affairs Supportive Housing (VASH) vouchers in FY 2015-16, but expects to receive at least an additional 50 vouchers for FY 2016-17. AHFE may use a portion of the total \$575,000 for a pilot project subsidizing operating costs for master leasing a 30-unit building that will house VASH-holding Veterans. The annual cost per unit of this project would be \$4,000. The City and County will subsidize approximately another 30 housing vouchers each to help assist with lease-up costs, eviction prevention rent assistance, and short-term rapid rehousing services for veterans who are not eligible for other VA-specific housing programs. General Fund subsidies can leverage approximately \$11,933 in VA/HUD funding to help place more veterans in permanent housing (KPM 1), ensure housing retention (KPM 2), and reduce recidivism (KPM 3).

CBO recommends this request. The City, the County, AHFE and partners made a commitment to "house every veteran" in 2015, which was estimated to require approximately 690 veteran household placements. AHFE delivered on that promise; however, in the process of conducting outreach, AHFE identified an additional 71 veterans as currently unsheltered. This request would house 60 additional veterans, moving the bureau closer to the KPM target of 711 total homeless households placed in permanent housing. This package would also provide 20 low-barrier veteran shelter beds.

Given these targets, it is anticipated that the City will be able to house or shelter all remaining homeless veterans by the end of the next fiscal year. The City, County, and AHFE are pursuing additional federal funding to support these placements on an ongoing basis in the future.

CBO Recommendation: \$200,000

AHFE – Safety off the Streets, HC_04 & HC_13, \$1,885,300

DP # and Package Description	PHB Requests		CBO Recommendation	
	1x	OG	1x	OG
HC_04 New AHFE Safety Off the Streets (DP)	-	1,885,300	-	1,135,300
New AHFE Safety off the Streets (Adjusted One-Time Bas	-	577,200		577,200
HC_13 AHFE Continue FY16 Womens Shelter Year Round (Adjusted One-Time Base)	-	750,000	-	750,000
TOTAL	-	3,212,500	-	2,462,500

PHB, through AHFE, requests the continuation of one-time FY 2015-16 funding in the amount of \$750,000 through a realignment package in their adjusted base, as well as new funding in the amount of \$2,462,500, to provide the City’s portion of AHFE’s “Safety Off the Streets” interventions. While the request is for one-time funds, the bureau notes that a total of \$9.6 million in one-time funding related to this package may be required over the next three years.

The \$750,000 in one-time funds are to maintain a year-round 115-bed women’s emergency shelter supported in FY 2015-16. The additional \$2,462,500 represents the City’s portion of the total \$5 million AHFE funding request to shelter an additional 630 particularly vulnerable homeless individuals including people of color, women, women escaping domestic violence, and people with severe mental illness. The interventions planned with these funds include facility-based shelter (300 beds at an average cost of \$7,500/year/bed), specialty beds for specific populations such as domestic violence victims (80 beds at an average cost of \$15,000/year/bed) and alternative shelter placements including open-space pop up shelters, car camping, or master leased motel rooms and churches (260 placements at an average cost of \$5,000/year/bed).

Absent more robust on-site support services, this decision package is not expected to impact bureau or City Key Performance Measures (KPMs) aimed at long-term housing stabilization. Although this package does not meet any of the Key Performance Measures to end homelessness, it does provide clear benefits to a subset of the homeless population that is extremely vulnerable, overrepresented and underserved in the general homeless population.²⁰

According to PHB, including housing placement staff and rent assistance opportunities for shelter occupants increases exits from shelter to housing, in turn increasing the utility of a single shelter bed and generating more stable outcomes for the individual. In FY 2014-15, one of the two year-round shelters for women funded by PHB sheltered 662 women over the course of the year and 44% exited to stable housing, of which half exited to permanent housing. In contrast, another shelter for which PHB provides minimal housing resources sheltered 329 women over the course of the year, of which 20% moved to stable housing, of which about 2/3 exited to permanent housing.²¹ CBO recommends that, with this funding, AHFE provide supportive services that will enable successful transitions into stable housing

²⁰ Point in Time Count of Homelessness in Portland and Multnomah County (Biannual 2007-2015). Accessed from <https://www.portlandoregon.gov/phb/61362> on 1/30/2015.

²¹ Data from PHB Staff.

placement from shelter, thus achieving better outcomes and freeing up shelter capacity without having to build and/or create more beds.

CBO recommends \$2,462,500 in total funding, which is equal to the FY 2016-17 request made by AHFE without the continuation of FY 2015-16 one-time funds. As \$1,327,200 of this funding request was budgeted in the bureau’s adjusted base budget, CBO is recommending \$1,135,300 towards the decision package. CBO is recommending the continued funding of the women’s emergency shelter at a cost of \$750,000 through the bureau’s adjusted base budget, as well as the \$577,200 in the safety off the streets funding that was also placed in the bureau’s adjusted base budget. Rather than fund the entire request which includes continuation of FY 2015-16 investments as well as new FY 2016-17 investments, CBO is recommending funds be prioritized for other services along the housing continuum that provide more long-term housing stability and are most cost effective. At an average annual cost of \$10,600 per person, shelter is a relatively expensive intervention compared to other interventions proposed by AHFE.

The AHFE budget for these additional shelter beds do not contain significant capital or start up costs. It is not clear to CBO at this time if AHFE has locations in mind that simply require tenant improvements and lease costs, or if there is an assumption that additional one-time resources will be dedicated to capital financing of shelter. CBO is aware of other funding requests related to shelter, and recommends that PHB work with the Mayor’s Office and other bureaus to ensure that shelter investments are coordinated across the City to maximize the utility of limited available resources.

CBO Recommendation: \$1,135,300

AHFE – Permanent Housing Placement/Rapid Re-Housing, HC_05, HC_14, & HC_16, \$4,487,500

DP # and Package Description	PHB Requests		CBO Recommendation	
	1x	OG	1x	OG
HC_05 New AHFE Permanent Housing Placements (DP)	-	4,487,500	-	3,277,200
New AHFE Permanent Housing Placements (Adjusted Ongoing Base)	1,662,500	-	1,662,500	-
HC_14 AHFE Continue FY16 Intensive Street Engagement (Adjusted One-Time Base)	-	1,210,300	1,210,300	-
HC_16 AHFE Continue FY16 Landlord Recruitment (One-Time Adjusted Base)	-	300,000	-	300,000
TOTAL	1,662,500	5,997,800	2,872,800	3,577,200

PHB, through AHFE, is including \$1,510,000 in their adjusted base budget for the continuation of one-time FY 2015-16 funding related to permanent placements; and is requesting new funding in the amount of \$6,150,000 to provide the City’s portion of new permanent placement interventions. The bureau has divided the \$6,150,000 new request into \$1,662,500 in ongoing General Fund resources that have been placed in the bureau’s adjusted base budget, and \$4,487,500 in one-time General Fund resources through decision package HC_05. The bureau notes that a total of \$15 million in one-time funding related to these packages may be required over the next three years.

The bureau base budget includes \$300,000 in one-time funds to continue City support for the landlord recruitment and retention program (LLRP), where contracted personnel engage landlords and offer incentives to tenants to individuals requiring supportive or affordable housing. This program reduces the risk around renting to these tenants, and was extremely successful in FY 2015-16, yielding more than 375 apartment/housing openings which enabled the success of the “house every veteran” initiative.

The budget also includes \$1,210,300 in one-time funds to continue City support for the “Intensive Street Engagement” package funded in FY 2015-16, and consisting of a mobile campsite clean-up crew as well as staff to engage and place 50 chronically homeless individuals. The 50 individuals have been engaged and the bureau expects to complete placements by June. The FY 2016-17 proposal is to continue supporting the existing identified 50 individuals, and place an additional 15 chronically homeless individuals. The estimated cost per individual served with this package is \$18,620. This is significantly more expensive than other proposed AHFE requests; stable housing placement of the hardest to serve, chronically homeless is known to be expensive because of the level of supportive services required. However, it also has been shown to be cost effective, with savings predominantly realized in the healthcare system.²²

The request for \$6,150,000 in new one-time funds will support the City’s portion of the AHFE requested \$12,500,000 total investment to provide permanent housing placement of 1,350 individuals, or 711 households. Sixty of these households will be served by the veterans package discussed earlier. With this new funding, the bureau and AHFE is proposing to provide supportive services at 190 units of permanent supportive housing (PSH), and to provide rapid rehousing services for 1,130 individuals or 595 households. The estimated cost of the PSH is \$17,500/unit/year; \$10,000 of that cost is rent assistance and \$7,500 is supportive services. The estimated cost of rapid rehousing services is \$8,000/person or \$15,000/per household, and includes flexible funding, rent assistance, and supportive services ranging from one-time financial assistance up to 24 months of rental and/or supportive services.

This investment helps the bureau and the City achieve targets established in Key Performance Measures for permanent housing placements, as well as to improve placement retention and reduce homeless recidivism. The total AHFE goal is to decrease the unmet housing need by half by 2017, which the group believes will be achieved through the placement of 1,350 individuals or 711 household placements. CBO notes that the total number of households and individuals served through this funding request appears to exceed the targeted 1,350 placements.

CBO recommends \$6,450,000 towards the full request related to placement services, including \$2,872,800 in ongoing General Fund support and \$3,577,200 in one-time General Fund support. Given the proven success of the landlord engagement and retention program in the current year, CBO is recommending this program continue to be funded with one-time resources. In addition, CBO recommends funding the \$6,150,000 originally requested by AHFE to achieve targeted placement levels;

²² Center for Outcomes Research and Education (CORE), <http://oregon.providence.org/our-services/c/center-for-outcomes-research-and-education-core/research/housing-and-health/>. Also, various studies summarized by the National Alliance to End Homelessness: http://www.endhomelessness.org/pages/cost_of_homelessness.

however, due to limited availability of General Fund resources, CBO recommends that the Intensive Street Engagement program be funded through this total \$6,150,000.

CBO recommends that the Intensive Street Engagement package and the permanent supportive housing (PSH) portion of the package be funded with ongoing resources due to the fact that the population engaged by these efforts are those that require the most intensive and long-term services. PHB uses the number of unsheltered and sheltered chronically homeless individuals as an estimate of need for PSH, which was 1,033 in 2015 not counting individuals in transitional housing. This package supports an additional 190 PSH units, which leaves a significant gap in estimated unit need. If the cost of these additional units continue at the same \$17,500/unit annual cost, and there are limited options for successful exits from PSH, the required additional ongoing investment to meet this need could exceed \$14 million. CBO notes that as both PSH and rapid rehousing interventions often require rent subsidies, these services will become more expensive as market rate rent increases. CBO recommends that the bureau continue to investigate ways to increase successful exits from PSH as well as alternative financing sources that incorporate the cost savings produced by these units and services.

CBO Recommendation: \$3,277,200

AHFE – Homelessness Prevention & Diversion, HC_06, \$1,100,000

DP # and Package Description	PHB Requests		CBO Recommendation	
	1x	OG	1x	OG
HC_06 New AHFE Homeless Prevention & Diversion	-	1,100,000	1,100,000	-

PHB, through AHFE, requests \$1,100,000 in one-time funds to provide the City’s portion of “Prevention and Diversion” interventions. The bureau notes that a total of \$2.7 million in one-time funding related to this package may be required over the next three years.

The combined City and County prevention and diversion request totals \$2,500,000 million to provide rental assistance, hospital discharge planning, eviction prevention for seriously disabled individuals, general eviction prevention services, and transportation assistance to locations where an individual has a stable support network. Service cost and type varies widely; the average estimated cost is \$2,500/person. In PHB’s existing prevention portfolio, most assistance lasts about two months. Approximately 60% of the total AHFE investment will be focused on serving individuals with disabilities and/or severe and persistent mental illness (SPMI) needs, and another approximately 20% will target individuals who identify as African American or Native Hawaiian/Pacific Islander.

CBO recommends this request. PHB estimates that the City portion of this investment will prevent or divert at least 500 additional people or 263 households from becoming homeless in FY 2016-17, helping achieve targets listed in KPM 3. As noted in the key issues section, mitigating inflow into homelessness is critical to solving homelessness and is a relatively cost efficient intervention. Given the growing gap between median income and median rent in Portland, CBO anticipates these services will be needed on

an ongoing basis and recommends this package be funded through ongoing General Fund support. In addition, CBO is recommending funding for PHB decision packages related to low-income homeowner assistance and the preservation of affordable rental housing units; both packages may help prevent homelessness and are discussed in more detail in the bureau requests section below.

CBO Recommendation: \$1,100,000

Bureau Decision Packages and Adjusted Base Packages

Program Design & Development Coordinator, HC_01, \$104,532, 1.00 FTE

PHB proposes allocating \$104,532 in ongoing Interstate Urban Renewal Area and grant funds to support a Policy and Program Development Coordinator. The City and State are currently considering policy changes related to inclusionary zoning, incentive zoning, linkage fees, preference policies, and other issues that would have a range of potential impacts on affordable housing development.

This decision package will have an indirect impact on increasing the number of housing units opened that are newly affordable (KPM 6) and the percentage of housing units citywide that are regulated affordable units (KPM 8).

CBO recommends this request. The City's Comprehensive Plan estimates that the City will need to build at least an additional 10,000 affordable housing units just to maintain current rates of regulated affordable housing stock (7.5%) as population grows over the next 20 years.²³ The bureau estimated in 2015 that meeting this goal would require an additional \$538 million, or \$27 million per year, to meet this target number of new unit development.²⁴ As a result of the "TIF Lift" and the dedication of short term rental revenue to the Housing Investment Fund, the bureau has secured an additional estimated \$90.5 million towards closing this revenue gap. However, the bureau's primary source of affordable housing development – Tax Increment Financing through Urban Renewal Districts (URAs) – will be steadily declining as the current URAs expire over the next 20 years. In addition, relying on TIF funds restricts the geographic location of regulated affordable housing, while demand spans the entire City.

It is clear that another source of reliable revenue will be needed if the City wishes to maintain current rates of regulated affordable housing stock in this growth scenario. New development costs vary, but as presented to Council last fall, the average City cost of building a new regulated affordable housing unit is \$100,000.²⁵ There are alternative ways to secure affordable housing and CBO recommends that the bureau continue to investigate and invest in these alternative methods to the extent they are cost effective. While there may always be a need for regulated affordable housing for the lowest income Portlanders, the availability of affordable market rate housing is critical to meeting the needs of the

²³ Per Eric Engstrom, Bureau of Planning and Sustainability

²⁴ Per cost estimates provided by Housing Director Kurt Creager to Council during the Comprehensive Plan Housing Element Work Session on 10/8/2015.

²⁵ Per cost estimates provided by Housing Director Kurt Creager to Council during the Comprehensive Plan Housing Element Work Session on 10/8/2015.

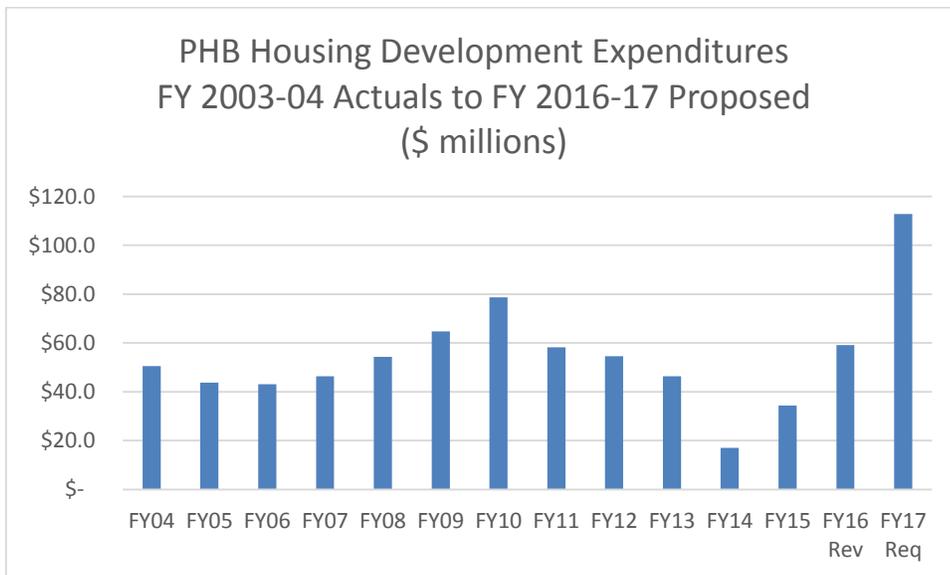
majority of Portlanders and alleviating pressure on regulated affordable housing stock. CBO recommends that Council look for opportunities to increase and streamline the development of all housing stock to meet demand and alleviate the pressure on the regulated affordable housing system.

CBO Recommendation: \$104,532, 1.00 FTE

Citywide Rental Housing Development, HC_02, \$10,000,000

The requested \$10,000,000 in one-time General Fund discretionary funding would create approximately 100 new long-term (60-year) affordable housing units, increasing the number of housing units opened that are newly affordable (KPM 6) and the percentage of housing units citywide that are regulated affordable units (KPM 8). CBO presumes that this request is related to the AHFE request for \$10 million in housing development funding as a portion of the total \$30 million request, but that commitment has not been made explicit by the bureau.

The bureau’s requested FY 2016-17 budget contains \$112.8 million in total funding for housing development, which is nearly double the current year allocation and is 43% greater than the historical peak expenditures of \$78.7 million in FY 2009-10.



In the current year, the bureau released an unprecedented level of funding in their Notice of Funding Availability with over \$64 million. With the current year NOFA, the bureau states that they are testing the capacity of the system - which relies on the individual capacity of several distinct parties including developers, the State, the bureau, and other financing sources - to support and process large numbers of projects. The bureau’s FY 2016-17 requested budget already contains a large increase in development-related funding through the \$14.4 million securitization of the short-term rental revenue in the Housing Investment Fund (HIF) and up to \$30 million in “TIF Lift” funding that may be available to place in the 2016 NOFA. In addition, the bureau is requesting to realign the General Fund \$2.6 million in programs currently funded with TIF, CDBG, and HOME grant funds, freeing up the \$2.6 million to potentially also

increase available development funds. CBO is recommending \$947,800 of this realignment, as discussed in more detail in subsequent packages below.

CBO does not recommend the \$10 million Citywide rental housing development request. It is unclear to CBO if the system has the capacity to process development above and beyond current efforts and funding sources. PHB highlights that, while TIF resources limit development to Urban Renewal Areas, General Fund support enables the bureau to address affordable housing needs across the City. However, CBO notes that the \$14.4 million in HIF dollars, as well as the \$0.9 million realignment of HOME dollars, are also funds that can be used for development across the City.

The allocation of these HIF and HOME funds, as well as the \$30 million in TIF Lift resources, represent policy decisions made by Council and PHB after the \$10 million commitment was made to AHFE to fund additional housing development. These allocations divert resources away from other service areas and have real costs to the City. CBO finds that the PHB budget exceeds the \$10 million development commitment without approval of this package. Finally, CBO does not recommend this request because of limited available General Fund resources for competing requests.

Furthermore, CBO notes that while continuing to ensure adequate availability of affordable housing is critical to solving homelessness, it often takes many years for units to come online after the funds are committed; thus the benefits from an increased investment today in housing development will not be realized for some time. To the extent that this process can be shortened, the bureau will be much more successful in ensuring current investments are maximized to address current needs.

CBO Recommendation: \$0

New Homeowner Repair in East Portland, HC_11

Through a realignment in their new \$5 million ongoing base, the bureau includes \$500,000 to provide home repair grants to 50 low-income senior homeowners living outside of the Lents URA boundary who are not currently eligible for TIF homeowner repair funding. Census data shows that more than 3,000 low income homeowners over the age of 70 live in East Portland outside of URA boundaries. The bureau notes that many of these homeowners may be particularly vulnerable to displacement and in need of home repair loans. This decision package might support efforts to prevent homelessness (KPM 3) by enabling older homeowners to remain stably and safely housed.

CBO recommends eliminating this package from the bureau's base budget to enable the funding of other priorities. While CBO agrees with the value of and need for this service, the City received \$96 million in funding requests for priorities across the City, as well as over \$37 million in housing-related requests. Many of the proposed investments for housing and homeless services also serve vulnerable and underserved populations, and CBO does not believe that this program is a higher priority than others that are going unfunded. We agree that there is substantial risk of involuntary displacement in East Portland and other neighborhoods, and therefore we recommend the bureau maintain the \$300,000 budgeted in their adjusted base for homeowner assistance services to address this challenge as discussed below.

CBO Recommendation: (\$500,000)

New Homeowner Assistance Services, HC_10

Through a realignment in their new \$5 million ongoing base, the bureau includes \$300,000 to provide homeowner assistance and retention services to over 300 homeowners. As neighborhood revitalization moves outward from the Urban Core, the bureau has identified an increased risk of involuntary displacement of low-income homeowners. Services will include legal aid, estate planning services, outreach and education around predatory real estate and lending practices, and facilitating connections to existing community resources. This decision package might support efforts to prevent homelessness (KPM 3) by enabling low-income homeowners to remain housed.

CBO recommends retaining this new investment in the bureau's adjusted base. In addition to countering involuntary displacement, this proposal will also help low-income individuals and families retain and build asset wealth, a key contributor to addressing issues related to inter-generational poverty. In addition, this is a relatively cost-effective investment at an estimated per-household cost of \$1,000.

CBO noticed a slight discrepancy (\$400) between what was loaded in the bureau's base budget for this program and for HC_12 – Fair Housing Program Enhancements. As a result, CBO has reduced this package by \$400 to balance to the stated total.

CBO Recommendation: (\$400)

Realign Lents URA Funding for Existing Home Repair and Existing Homebuyer Subsidies, HC_08

Through a realignment in their new \$5 million ongoing base, the bureau proposes shifting \$1,225,072 in current Lents URA allocations for home repair and homebuyer subsidy programs onto the General Fund, allowing PHB to serve current and potential homeowners outside of the Lents URA boundary. The net effect of this switch is twofold: programming will exist outside of Lents, and the TIF resources previously dedicated to home repair and low income homeownership programming will be available either to continue those programs in Lents or to provide additional housing development, as determined through conversations between PHB and Lents community members. This funding could address KPM 6 by providing additional rental units. In addition, PHB has stated that the General Fund homebuyer assistance resources would fund down payment assistance for clients currently in regulated affordable housing, thus providing new unit capacity within the existing affordable housing system. The average cost of a homeownership loan in FY 2014-15 was \$37,000. As a "rule of thumb," the cost to the City of building a new affordable housing unit is \$100,000; thus, this strategy may provide a cost-effective method of increasing the City's affordable housing stock without having to build new units.

However, due to the limited availability of General Fund resources and the magnitude of requests related to the housing and homeless crisis, CBO recommends eliminating this package from the bureau's base budget to enable the funding of other priorities.

CBO Recommendation: (\$1,225,072)

Realign CDBG Funds for Homeownership Programs Administration, HC_09

Through a realignment in their new \$5 million ongoing base, the bureau proposes shifting \$285,000 in Community Development Block Grant (CDBG) funds to the General Fund for the administration of homeownership programs. According to the bureau, homeownership programs funded with CDBG frequently experience barriers for the efficient use of resources: homeowners using CDBG for down payment assistance must have all painted surfaces inspected and in good condition prior to closing, which in the current real estate market is a deterrent to sellers, rendering buyers less competitive; and low-income homeowners living in a flood plain cannot be assisted with these resources if they do not have flood insurance. Both home repair and homeownership programs using CDBG require completion of a lengthy and complicated environmental review process before funds can be committed to a specific process.

CBO recommends eliminating this package from the bureau's base budget to enable the funding of other priorities. While CBO agrees that the program could be more efficiently delivered with General Fund resources, this request does not clearly help the bureau and the City meet established housing emergency KPMs.

CBO Recommendation: (\$285,000)

Realign CDBG Funds and Enhance Programming for Fair Housing Program Administration, HC_17, HC_12

Through a realignment in their new \$5 million ongoing base, the bureau proposes shifting \$113,000 in fair housing programming from being funded by the CDBG federal grant to the General Fund, and also increases the General Fund program support by \$41,628. These investments will support audit testing to uncover issues of housing discrimination, litigation in cases of alleged discrimination, and provide renter advocacy resources especially to underserved populations.

The program enhancements would primarily include \$35,000 for the Safe Housing Project to organize non-English speaking residents in substandard private-market housing to collectively request needed repairs without risking losing their housing. PHB estimates that at least 69,000 non-English speaking households in Multnomah County have a housing cost burden of over 50%. Non-English speaking refugee households are especially vulnerable; because their housing assistance is short term, they do not know their housing rights, and/or they cannot effectively communicate their needs. At the bureau's past two HUD Consolidated Plan hearings, members of refugee groups have attended – not to comment on the Plan, but in search of housing services.

Due to the limited availability of General Fund resources and the magnitude of requests related to the housing and homelessness crisis, CBO recommends eliminating this package from the bureau's base budget to enable the funding of other priorities. CBO recognizes the value and need related to the proposed program enhancement both from a homeless prevention lens and from an equity lens, and

recommends that the bureau prioritize using a portion of existing resources for homeless prevention or renter assistance to serve this priority population.

CBO Recommendation: (\$154,628)

New Rental Unit Rehabilitation (no package)

Through a realignment in their new \$5 million ongoing base, the bureau proposes investing \$1,500,000 in ongoing General Fund resources to provide code upgrades and short-term regulated affordability for 100 rental units in East Portland. The Bureau of Development Services (BDS) has identified 400 multi-family private market rental properties, containing 2,000 units that have outstanding code violations that present fire/life/safety or health/sanitation issues in East Portland.

This investment would provide conditional grants to landlords of rental properties in East Portland with outstanding code violations and with tenants below 60% MFI to fix the code violations. Landlords must agree to maintain the units as affordable for 10 years, as well as provide reporting and property maintenance. If the landlord violates the agreement, they must pay back the grant.

This investment would address 10 properties and an estimated 100 rental units, improving livability for tenants and providing unit affordability for 10 years. The average cost per unit of this investment is \$15,000, or \$1,500 per unit per year of affordability. In comparison, the average cost to the City of an affordable housing unit is \$100,000 for 60 years of affordability²⁶, or \$1,666 per year, and in some cases may not include the full necessary costs associated with addressing ongoing maintenance or unit preservation over the full 60 year term.

CBO is concerned that this program presents a moral hazard: there is no way to be certain that the public funds will be spent on upgrades that would have otherwise been completed without increasing rents on low-income tenants. However, given that rents on average in Portland are rising at a rate of 11%,²⁷ it is very likely that, if unregulated, rents at these properties will be increasing in ensuing months and years. This investment would enhance the City's portfolio of regulated affordable housing units.

CBO recommends retaining this investment in the bureau's ongoing General Fund base. This investment would create 100 units of short-term regulated affordable housing (KPM 6) and also have a long-term impact on maintaining the percentage of housing units citywide that are regulated affordable units (KPM 8). In addition, this investment improves livability and may prevent involuntary displacement. Finally, this is a cost-effective investment in affordable housing and creates regulated affordable units much more quickly than new development, an important factor in addressing the current crisis. CBO further recommends that the bureau prioritize these funds for multi-family properties that include tenants at or below 30% MFI and/or have 2 to 3 bedroom units. Serving the lowest income and providing larger family

²⁶ Per cost estimates provided by Housing Director Kurt Creager to Council during the Comprehensive Plan Housing Element Work Session on 10/8/2015.

²⁷ PHB, through the CoStar Multifamily Residential Market data set, estimates that rents have increased by at least 11% during 2015.

units are what is most needed in Portland's affordable housing stock, but are the most difficult to finance through new development.

CBO Recommendation: \$0

Realign HOME Funds for Tenant-Based Rent Assistance (no package)

Through a realignment in their new \$5 million ongoing base, the bureau proposes shifting \$947,800 in Federal HOME grant funds for tenant based rent assistance (TBRA) to the General Fund. These grants are a key component in successfully supporting individuals out of homelessness and preventing homelessness. However, by using the HOME grant for this purpose, the bureau must process compliance reporting for each of the approximately 100 individuals receiving assistance. This has the negative impact of requiring clients who are homeless to remain so for longer periods of time while providers document eligibility; clients who are receiving homelessness prevention assistance must sometimes move in order to receive assistance; and PHB and Home Forward must dedicate significant staff time to processing, monitoring, and reporting on individual client files.

In addition, the bureau notes that completion of documentation requirements generally takes weeks, and clients frequently lose housing opportunities during the intervening time, as landlords have very little incentive to hold units vacant, especially in the current rental market.

CBO notes that the impact of this proposal is to increase available funding for affordable housing development by \$947,800, and that these funds may be used for development outside of URAs. While CBO has expressed concerns about the capacity in the housing development system to fully utilize additional funds next year, the impact on facilitating the placement of homeless individuals as well as creating more capacity for bureau staff presents a compelling argument for this investment. Thus, CBO recommends maintaining this investment in the bureau's adjusted base budget. This investment may positively affect placement, retention, and homeless prevention KPMs.

CBO Recommendation: \$0

Other Bureau Decision Packages

The following packages were requested by other bureaus in relation to the Housing and Homeless crisis. Please see the requesting bureau review for information on these packages. Of these, CBO is recommending \$78,000 for a Revenue Taxation Specialist IV that will be working on short term rental revenue streams that are now being dedicated to the Housing Investment Fund, as well as \$60,000 to provide eviction prevention services for 42-50 survivor of domestic violence households.

- Support Revenue Collection, MF_31, \$78,000 – Recommended
- Facilities Division – Coordinated Campsite and Homelessness Management, MF_35, \$500,000 – Not Recommended
- Pilot Engagement Around Housing Emergency, NI_02, \$350,000 – Not Recommended
- Eviction Prevention Services, PA_01, \$60,000 – Recommended
- Ranger Expansion to Address Homelessness, PK_03, \$615,716, 8.00 FTE – Not Recommended

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Housing Bureau											
<u>Adds</u>											
HC_03 - AHFE - Expanded Veterans Assistance	01	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
HC_04 - AHFE - Safety Off The Streets	02	0.00	0	1,885,300	0	1,885,300	0.00	0	1,135,300	0	1,135,300
HC_05 - AHFE - Perm Housing Placement - Rapid Re-	03	0.00	0	4,487,500	0	4,487,500	0.00	0	3,277,200	0	3,277,200
HC_06 - AHFE - Homelessness Prevention & Diversioi	04	0.00	0	1,100,000	0	1,100,000	0.00	1,100,000	0	0	1,100,000
HC_02 - Citywide Rental Housing Development	05	0.00	0	10,000,000	0	10,000,000	0.00	0	0	0	0
HC_01 - Program Design & Development Coordinator	06	1.00	0	0	104,532	104,532	1.00	0	0	104,532	104,532
HC_14 - Intensive Street Engagement (15-16)	NA	0.00	0	0	0	0	0.00	1,210,300	(1,210,300)	0	0
<i>Total Adds</i>		<i>1.00</i>	<i>0</i>	<i>17,672,800</i>	<i>104,532</i>	<i>17,777,332</i>	<i>1.00</i>	<i>2,310,300</i>	<i>3,402,200</i>	<i>104,532</i>	<i>5,817,032</i>
<u>Reductions</u>											
HC_08 - Shift Lents URA Home Rep/Ownership Proga	NA	0.00	0	0	0	0	0.00	(1,225,072)	0	0	(1,225,072)
HC_09 - Shift CDBG for Homeownership to GF	NA	0.00	0	0	0	0	0.00	(285,000)	0	0	(285,000)
HC_10 - East Portland Homeownership Assistance (Ne	NA	0.00	0	0	0	0	0.00	(223,600)	223,600	0	0
HC_11 - East Portland Home Repair (New)	NA	0.00	0	0	0	0	0.00	(500,000)	0	0	(500,000)
HC_12 - Fair Housing Program Enhancements (New)	NA	0.00	0	0	0	0	0.00	(41,628)	0	0	(41,628)
HC_17 - Shift CDBG for Fair Housing to GF	NA	0.00	0	0	0	0	0.00	(113,000)	0	0	(113,000)
<i>Total Reductions</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>(2,388,300)</i>	<i>223,600</i>	<i>0</i>	<i>(2,164,700)</i>
<u>Realignments</u>											
HC_07 - AHFE - Lead Agency Placeholder	01	0.00	0	0	0	0	0.00	0	0	0	0
HC_13 - Women's Winter Shelter (15-16)	NA	0.00	0	0	0	0	0.00	0	0	0	0
HC_15 - Veteran's Rent Assistance (15-16)	NA	0.00	0	0	0	0	0.00	0	0	0	0
HC_16 - Landlord Recruitment (15-16)	NA	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Portland Housing Bureau		1.00	0	17,672,800	104,532	17,777,332	1.00	(78,000)	3,625,800	104,532	3,652,332

Analysis By: Claudio Campuzano

OFFICE OF MANAGEMENT & FINANCE

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$154,356,848	\$150,090,779	\$3,801,669	\$153,892,448	-0.3%
Taxes	26,099,650	29,763,000	0	29,763,000	14.0%
Licenses & Permits	5,352,500	5,643,450	0	5,643,450	5.4%
Charges for Services	69,411,121	70,767,783	0	70,767,783	2.0%
Intergovernmental Revenues	10,784,726	10,782,123	(26,258)	10,755,865	-0.3%
Interagency Revenue	148,672,128	147,799,862	4,075,074	151,874,936	2.2%
Fund Transfers - Revenue	8,442,202	6,045,312	2,521,350	8,566,662	1.5%
Bond and Note Proceeds	12,604,127	12,604,127	0	12,604,127	0.0%
Miscellaneous Sources	5,079,786	4,980,135	9,119,208	14,099,343	177.6%
General Fund Discretionary	15,985,651	14,988,523	240,904	15,229,427	-4.7%
General Fund Overhead	10,810,909	11,048,277	(301,893)	10,746,384	-0.6%
Total Resources	\$467,599,648	\$464,513,371	\$19,430,054	\$483,943,425	3.5%
Expenditures					
Personnel Services	\$78,296,899	\$78,943,147	\$477,674	\$79,420,821	1.4%
External Materials and Services	183,572,488	176,369,341	9,399,981	185,769,322	1.2%
Internal Materials and Services	25,977,251	24,835,704	67,880	24,903,584	-4.1%
Capital Outlay	16,828,421	23,338,891	4,121,434	27,460,325	63.2%
Debt Service	21,145,991	14,783,261	0	14,783,261	-30.1%
Fund Transfers - Expense	5,089,894	5,991,941	0	5,991,941	17.7%
Contingency	136,688,704	140,251,086	5,363,085	145,614,171	6.5%
Total Requirements	\$467,599,648	\$464,513,371	\$19,430,054	\$483,943,425	3.5%
Total Bureau FTE	635.63	636.63	5.00	641.63	0.9%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Public Safety Technology Funding Recommendations

The discussion that follows covers a suite of related recommendations made by CBO to utilize ongoing resources that are freed up in FY 2016-17 to address several known funding gaps. Additional details are provided in the individual decision packages. A summary of the primary recommendations is as follows:

- The Public Safety System Revitalization Project (PSSRP) is winding down. OMF does not anticipate needing the ongoing \$907,669 General Fund discretionary for the program and, as such, eliminated it from that program's base through realignments and reductions as part of the FY 2016-17 request. CBO recommends eliminating all ongoing General Fund funding from this program.
- In FY 2015-16, OMF was directed through a budget note to renegotiate an agreement with Multnomah County for tax collection services performed by the Revenue division of the Bureau of Revenue and Financial Services. In the Fall Supplemental Budget, the FY 2016-17 Current Appropriation Level target for OMF was reduced by \$640,050 to reflect an estimate of the gap to achieve the full cost recovery from the County. The Revenue division does not expect resolution

on this issue in time for the FY 2016-17 budget. CBO recommends that a portion of the PSSRP resources be used on a one-time basis to backfill the Revenue bureau's CAL target to bridge OMF to resolution with the County. This is a change to the bureau's requested base, which included an ongoing shift of the PSSRP resources (less a portion that was taken as part of the bureau's 5% reduction target) to the Revenue division.

- In FY 2012-13 and FY 2013-14, reductions were made to the lifecycle replacement funding charges for various Public Safety technology systems. BTS has estimated the annual General Fund need for this replacement funding at \$1.8 million. CBO recommends that the ongoing PSSRP resources be reprogrammed to fund replacement and, by offsetting depreciation of the assets on an ongoing basis, begin to fully fund the cost of service that this technology provides. This reprogramming would begin in FY 2017-18 after the one-time allocation to the Revenue division.
- The PSSRP reallocation only addresses half of the General Fund bureau need for equipment replacement. CBO recommends that BTS be directed by City Council to build the full amount into the base rates for FY 2017-18. Bureaus – primarily public safety bureaus – would build their FY 2017-18 base operating budgets around these rates. These bureaus would effectively have a year and a half to plan the internal realignment to fund the non-PSSRP-funded half of the cost increase.
- PSSRP is currently funding a consultant study to examine additional public safety technology needs. CBO notes that, as a result of the recommended reallocation, there will be no ongoing project resource available to move potential consultant-recommended projects forward. Potential new projects would require individual funding plans. The loss of experienced project management staff due to the reallocation presents a risk to future projects identified by this study. A portion of the staff are maintained in the base budget through at least FY 2016-17, utilizing remaining project fund balance.

Jerome Sears Facility

In September 2012, the City of Portland acquired the SFC Jerome F. Sears U.S. Army Reserve Center. The property was transferred from the Federal government, which stipulated that the new use for the building be primarily the provision of emergency management services. A master planning effort in 2013 resulted in a development strategy that included several phases of work.

For the last several years, OMF-Facilities has received a cash transfer from the General Fund for operations and maintenance of the facility. The amount of that transfer in the FY 2016-17 base budget is \$179,088. Only a portion of this has been needed for operations and maintenance. The remainder constitutes a fund balance to perform major maintenance and additional occupancy improvements at the site.

In the FY 2013-14 Fall Supplemental budget, Council approved a funding plan to renovate and expand the City's fueling infrastructure, including the construction of a fueling station at the Sears facility. This project is currently underway and not scheduled to be complete in the current fiscal year.

In fall 2015, in response to the declared housing emergency, a temporary use permit was approved to allow for the building's use as a shelter for homeless women. In order to prepare the building for use as a

shelter, City Council appropriated \$1,000,000 for immediate occupancy improvements. Since November 2015, up to 150 women have been sleeping overnight in the building. This use is expected to expire in May 2016, after which point in time there is no planned tenant or identified usage of the facility outside of the original conveyance as a secondary emergency preparedness and response center. As of February 17, 2016, OMF-Facilities anticipates having spent \$546,484 in the current fiscal year.

The bureau has included two items in the requested budget related to the Sears facility: first, a decision package to reduce the cash transfer for O&M to meet the 5% reduction guidelines, and second, a request for Council consideration to fund immediate occupancy improvements at the site, tentatively amounting to \$1.5 million. This would augment the remaining \$0.5 million from the Fall Supplemental allocation and any balances built up from O&M underspending.

The most recently available tenancy plan, as understood by CBO, is to have the Portland Bureau of Emergency Management (PBEM) and Portland Parks & Recreation (PP&R) occupy – or have available for occupancy during an emergency – the building while other users will occupy other portions of the site. Neither of the prospective anchor tenants included requests to build out, occupy, and operate the site as part of their FY 2016-17 budget requests.

Without committed tenancy of the site nor detailed operating costs associated with the tenancy and facility usage, CBO does not recommend the additional immediate occupancy improvements. Moreover, until such a plan is developed and operating bureaus have entered into a committed agreement with OMF, CBO recommends that OMF-Facilities cease the incremental improvement of the site. Besides ensuring that the City is funding improvements that will be appropriate for the eventual tenants, this recommendation would ensure that the funding source is also appropriate and sustainable. For example, to the degree that PBEM is to tenant the site, a portion of the redevelopment costs should be borne by PBEM – and, because PBEM is an overhead-funded bureau, those facility redevelopment and operating costs would consequently be shared by overhead-paying bureaus.

In addition to not recommending the requested immediate occupancy improvements, CBO does recommend:

- a) Reducing the ongoing cash transfer to an amount that is in line with prior years' operations and maintenance spending.
- b) Returning to the General Fund the balance that has been generated through underspending.
- c) Returning to the General Fund the portion of the \$1 million in capital funding that was not required for preparing the building as a shelter.

Once the site is redeveloped and tenanted, the annual rent amount should incorporate an appropriate major maintenance component. These recommendations are made with the intention of funding urgent priorities in the FY 2016-17 budget.

Once a tenancy plan, project budget based on that tenancy plan, and operational budget implications are developed, the customer bureaus should make the requests necessary to implement those plans during the current or an upcoming budget process.

Reallocation Packages to Meet General Fund Reductions

OMF is a large bureau with multiple funding sources, including General Fund overhead and internal service funds. Proper cost allocation is a critical component of ensuring that costs are funded by the appropriate sources and consistent with the fund statements of purpose. As part of this budget, OMF has identified a number of areas where costs can be shifted from General Fund discretionary and overhead to other funding models. In all cases, CBO believes that these shifts make sense from a cost allocation perspective. However, CBO is further highlighting and clarifying that while these do show up as General Fund reductions, the proposed shifting of internal costs has little to no service level impact on OMF and ultimately does not generate savings Citywide, except indirectly where shifted costs must be absorbed in General Fund bureau budgets. For General Fund bureaus that do not receive additional appropriations to cover the cost, the shift results in a savings to the General Fund but an offsetting cost to the bureau. The total of reallocated costs in OMF's General Fund reduction packages is \$322,952 and constitutes 24.5% of the total \$1.3 million in reductions submitted. Below is a list of reallocated costs with the impacted customers.

Reduction	Discretionary	Overhead	Total General	
			Fund	Impacted Customer/Fund
FMLA Coordinator	\$ 59,923.00	\$ 71,657.00	\$ 131,580.00	Health Fund Customers
				Debt Management Customers and Funds Receiving Interest Income
Accounting Target True-Up for EBS	\$ 7,968.00	\$ 9,529.00	\$ 17,497.00	
Spectator Facilities	\$ 11,456.00	\$ 13,700.00	\$ 25,156.00	Spectator Fund
				12th Floor Tenants, OMF Server Users, and Innovation Fund Activities
Bus Ops Reallocations	\$ 35,907.00	\$ 44,276.00	\$ 80,183.00	
EBS Training Increase	\$ 18,216.00	\$ 21,784.00	\$ 40,000.00	EBS Customers
BHR Front Desk Support	\$ 12,996.00	\$ 15,540.00	\$ 28,536.00	BTS Customers
Total	\$ 146,466.00	\$ 176,486.00	\$ 322,952.00	

Note that figures in this table will differ from the decision package totals below; this table isolates the General Fund revenues in the packages and does not net out revenue offsets (e.g. interagency offsets, increased Health Fund admin revenues, etc.). CBO notes that, despite these various fund and customer impacts, the bureau's Budget Advisory Committee (BAC), which consists of customer bureau directors and operations managers, endorsed these proposals.

Decision Package Analysis & Recommendations

Bureau of Human Resources

EBS IA Increase for Training, MF_13, \$0

This request would reallocate an additional \$40,000 of costs currently funded by General Fund resources in the citywide BHR training program to the EBS Fund. This would bring the total support from EBS to \$207,048, or roughly two-fifths of the training program. The allocation methodology used to arrive at this total figure is the cost of 1.5 FTE and materials and services including space rent, technology services, and

other internal services. The overall Training and Workforce Development program includes four permanent FTE and one limited term position which is requested to be extended as part of MF_16.

The costs to EBS are borne by all bureaus through an allocation model based on the overhead model (the difference being that General Fund bureaus pay their allocated costs as opposed to having costs covered centrally by the GFOH model), so the difference in cost will be negligible for non-General Fund bureaus while General Fund bureaus will be required to pay EBS directly rather than have the General Fund pick up the BHR costs through the overhead model. CBO recommends approval of this request.

CBO Recommendation: \$0

OSS III Realignment of Front Desk Support, MF_12, \$0

Currently, BHR provides front desk services to BTS at no ongoing cost. This request would generate \$28,536 in internal revenue from the Bureau of Technology Services. According to the bureau, this allocation is based on an informal assessment of the amount of time spent by the current position on BTS-related activity. This sharing of costs is reasonable. These costs will now be spread to BTS customers through the existing BTS rate model. CBO recommends approval of this request.

CBO Recommendation: \$0

FMLA Program Coordinator Realignment, MF_14, (\$131,580)

This request reallocates costs associated with Family and Medical Leave Act coordination from the General Fund to the Health Fund. The bureau states that this change in funding shift is associated with a reorganization of the position into the Health & Financial Benefits Team. CBO notes that the bureau's organizational structure should not be a driver of funding source; organizations can be funded through multiple sources. The funding source should be dictated by the use of the resource. Therefore the test of whether this shift in funding is appropriate should be solely based on the function. According to the Health Insurance Operating Fund statement of purpose, as passed by City Council: "The [fund] accounts for funding and costs associated with the City's self-insured medical and dental medical plans for all employees, dependents and retirees with the exception of Portland Police Association (PPA) members." However, in response to CBO questions, the bureau has noted its intention to update the fund statement of purpose as part of the budget process in order to better capture benefits administration activities. These activities – including the Voluntary Retirement Incentive, Wellness, Healthy Foundation, and Employee Assistance programs – are funded through an administrative charge in the Health Insurance Operating Fund that is separate from the health insurance premium payments.

As submitted by the bureau, the additional costs in the Health Insurance Operating Fund are offset by miscellaneous expenses, however, in response to CBO questions, the bureau noted that the entry was incorrect and that these costs should be funded through rates. For this reason, the initial request shows as a reduction while the recommendation of the shift shows as net zero impact.

In light of the pending change in the fund statement of purpose, this request would be allowable. CBO notes that the impact of this request is to shift costs that are currently allocated through the overhead

model – a model that is a function of total budget and full-time equivalents – to an allocation driven by per employee administrative charges. This only generates savings for the General Fund inasmuch as General Fund bureaus bear the administrative costs without any additional General Fund allocation. This request is recommended as adjusted to reflect an increase in the administrative rates charged to bureaus.

CBO Recommendation: \$0

Reduce Training & Professional Services, MF_19, (\$68,063)

This decision package would reduce ongoing General Fund resources which are budgeted across multiple external materials and services categories. The most recent two years of spending across all of these categories was within this newly established level, inclusive of this reduction option. The bureau states that prior reductions have led to reduced participation in job fairs and a reduced sponsorship of the regional diversity conference. What is not immediately evident is if the reduced participation has had an impact on overall hiring practices or staff development across the City.

The bureau has noted that recent budget reductions have necessitated one-time requests to fund special projects. While this process can be cumbersome and lacking in flexibility, CBO believes this specific reduction would not impact the current level of service. To the degree that the bureau identifies specific needs beyond the new, reduced budget during the year that cannot be addressed through underspending at the OMF-wide level, CBO recommends continuing the approach of requesting one-time funding for special projects.

CBO Recommendation: (\$68,063)

OSS III Payroll, MF_18, (\$98,017), (1.00) FTE

The Payroll Services section consists of six full-time positions including two OSS III's. This request would eliminate one of the OSS III positions, which has been held vacant since September 2015 in anticipation of budget reductions. While the bureau has indicated that the position is intended to perform mandated and mission-critical functions with regard to payroll (e.g. processing wage garnishments, writs of child support orders, establishing direct deposit accounts, etc.), the decision package narrative notes that these responsibilities are absorbed and that less time-sensitive activities are being delayed.

Since the September vacancy, the bureau has experienced delays in Third Party Vendor Reconciliation and processing of garnishments. While the group has managed to stay within legally mandated timelines, the risk of non-compliance has been growing. BHR has identified the TRIP program as one where administration has continued to be performed on time but, should the position be permanently eliminated, the bureau would seek to transfer the program to PBOT in order to better meet the legally mandated timelines.

In light of the identified Citywide reprioritization needs, CBO recommends this reduction with the understanding that such a reduction will continue to have the abovementioned service impacts and an increased level of non-compliance risk. Should the bureau discover that this risk grows to an unjustifiable level, the bureau might consider realigning some other future vacancy, requesting the position be added

back in a future budget process based on new information, or explore a process improvement effort to minimize the effort required to administer these time-sensitive programs. Currently the bureau estimates that, per payroll, Third Party Administration requires 24 hours, TRIP requires 32 hours, and garnishment requires 20 hours.

Another area of potential process improvement that should be explored by the City is a move to bimonthly paychecks. This would eliminate two payrolls a year, eliminate the inefficiencies associated with administering health benefits on a separate schedule than the rest of the payroll function, and even out payroll-period lookbacks so any given 365 day period consists of 24 payrolls.

Finally, with regard to this position and the OSS III in the Employment & Outreach section, CBO notes that to the degree that higher cost employees are now performing the tasks previously performed by administrative positions, BHR should consider whether the reductions would more appropriately be taken from the ranks of the higher cost employees. While CBO is sensitive to the fact that these choices were made in part to maintain existing staff, should these filled positions become vacant, the bureau should consider reclassifying them to restore the dedicated administrative functions.

CBO Recommendation: (\$98,017), (1.00) FTE

OSS III Diversity Outreach & Employment, MF_17, (\$81,248), (1.00) FTE

This reduction would eliminate a vacant position in the Diversity, Outreach, and Employment Resources program. This group has two sections – Employment & Development and Diversity & Affirmative Action. This position is in the Employment & Development section, which is currently staffed with six full-time positions. This reduction would bring the section to five FTE. The position has been held vacant since October 2015 in anticipation of budget reductions.

CBO, in analyzing the impact of this reduction, planned to compare performance measures before and after the vacancy in order to determine what the long-term service level impact would be. However, the bureau has not been able to quantify the reduction in processing time required for hiring that has resulted from holding the position vacant for the past several months.

Data made available to CBO include the number of recruitments processed over the last several years and the bureau’s effectiveness at hitting agreed upon or renegotiated recruitment timelines.

Fiscal Year	Recruitments Processed	% Meeting Timelines
FY 2012-13	226	90
FY 2013-14	286	90
FY 2014-15	336	100
FY 2015-16	425 (year-to-date)	100% estimated

One cannot conclude from this data that there are challenges in providing a desired level of service for completing recruitments. In fact, the data indicate the opposite is true. Despite the large increase in

recruitments, the bureau has continued to – and expects to continue to – meet timelines. This may, in fact, highlight some of the efficiencies gained through the implementation of NEOGOV and process changes implemented by the bureau in March 2015. Nonetheless, the BHR narrative – and CBO conversations with customers – provide consistent anecdotal information and experiences that the bureau is facing challenges in meeting service level expectations. These challenges have been acute recently and are expected to be exacerbated with a seasonal upswing in workload in the spring.

Given the current information available, CBO recommends this reduction in light of the identified Citywide reprioritization needs. But CBO sees this as an opportunity to collaborate with BHR staff, including managers and data analysts, to take a deeper dive into the NEOGOV data – and any other customer service data related to specific recruitments – to see if a business case can be made for maintaining this position. CBO has already begun this discussion with BHR senior management regarding this effort and hopes to provide more information to City Council as part of the budget process. Ultimately, if filling this position could make a significant impact on recruitment quality and timelines, the value to customer bureaus might outweigh the value of cutting the position to fund other priorities.

CBO Recommendation: (\$81,248), (1.00) FTE

Program Specialist for Model Employer Resolution, MF_11, \$103,140, 1.00 FTE

This request is similar in scope to a request made in the FY 2015-16 budget. In May 2012, Council adopted Resolution #36925 which affirmed the commitment to developing, implementing, and evaluating a strategic plan for increasing the City's employment of persons with disabilities. At the time the resolution was passed, the Bureau of Human Resources anticipated utilizing existing resources to accomplish the intent of the policy. However, during the FY 2013-14 budget, one of the five Senior Human Resources Analysts in the Diversity, Outreach and Employment Resources (DOER) program area was eliminated and later, in FY 2014-15, another recruiter was converted into two Senior Administrative Specialists. In effect, these changes reduced the bureau's ability to implement the resolution with internal resources.

Since then, the Director of Human Resources has worked directly with the Portland Commission on Disability to implement portions of the plan. For a period of time, a staff member from Office of Equity and Human Rights (OEHR) was loaned to the program. The OEHR staff resource is no longer with the City. The bureau has also hired a consultant to accomplish a portion of the workplan. The funding for the consultant was carried over into FY 2015-16 but will be exhausted in the current year.

In the event that this request is not funded, the bureau has stated that the current staffing model is unsustainable. Without the carryover funding for consultant support or the support of OEHR that has previously been available, the bureau would not be able to create an ongoing program. Consequently, the program would take longer to implement and be less robust.

Outside of funding the position, options for continuation of the development and implementation of the strategy include the less robust model mentioned above or a realignment of resources within the DOER or elsewhere in BHR or OMF as a whole. The bureau has indicated that such a realignment would have negative impacts on service levels, reducing the number of recruiters from three to two (excluding a BDS-funded recruiter) during a period of rising recruitment numbers.

With limited available ongoing General Fund resources outside of those generated through reductions in bureau budgets, CBO does not recommend funding at this time.

CBO Recommendation: \$0, 0.00 FTE

Training & Development Analyst, MF_16, \$126,366, 1.00 FTE

This decision package would convert from limited term status to regular an existing position which has been focused on the creation of the Citywide onboarding program. After conversion, the body of work would also change. In this new ongoing role, the Training & Development analyst would provide additional capacity in the unit to maintain the current onboarding program as well as develop a broader array of trainings including the City's eLearning platform. Currently, the unit is structured to deliver mandated Citywide trainings (e.g. cultural competency, bias awareness, child abuse reporting, and manager and supervisory training) as well as SAP/EBS end-user trainings.

In the requested ongoing role of providing eLearning, this position could potentially create efficiencies within the group by reducing the staff time necessary to deliver regularly scheduled mandated trainings, thus freeing staff to address a broader array of training across the City. Additionally, efficiencies for customer bureaus would result from no longer needing to physically attend trainings that have been converted to an eLearning platform, thus saving on travel time.

While CBO does not recommend this position in light of the effort to realign resources to address urgent City priorities, we would like to continue to work with BHR to better understand the work plan and perhaps better quantify both bureau and Citywide efficiencies in determining the business case for this position. To the degree that this is possible, we may be able to revise the recommendation to Council as the budget process progresses.

CBO Recommendation: \$0, 0.00 FTE

Employee Training Fund, MF_15, \$250,000

This decision package would fund a tuition reimbursement fund totaling \$200,000 and the administration of the fund, which is estimated at \$50,000. This is one-time pilot request. The bureau has noted that, should the requested Training and Development Analyst (MF_16) be added ongoing, there would be sufficient administrative capacity to reduce this request by \$50,000. Without the training analyst added, the bureau would anticipate using a temporary clerical position for the pilot program.

In analyzing the training fund request, CBO looked at the last five years of spending in all City bureaus on tuition reimbursement. Citywide there was \$1.5 million spent by all bureaus regardless of funding source on costs coded as 'Tuition' (an additional \$6.5 million was spent on costs coded as 'Training'), averaging \$311,746 annually for all funds. The annual General Fund portion of this spending averaged \$126,279 during this same period.

CBO is aware that General Fund bureaus have elected to use internal resources to further employee career growth; examples include Portland Fire & Rescue providing tuition reimbursement for firefighters to earn their paramedic certificate, and likewise the Police Bureau has dedicated training resources for

employee career development. The request is intended to create a central pool for tuition reimbursement in order to address the potential lack of parity between bureaus.

This request, however, would not necessarily increase the total spending on tuition reimbursement as there may be a substitution effect as bureaus that are currently self-funding the expense would seek reimbursement from this newly established fund.

BHR has noted that tuition assistance is the request most frequently cited by employees which is not currently offered on a consistent Citywide basis. Moreover, BHR observed their customer bureaus have indicated a willingness to participate in a tuition assistance program supporting employees Citywide. During budget development, there was discussion about bureaus that have access to increased resources (e.g. utility bureaus through rate increases) and bureaus that do not (e.g. General Fund bureaus).

However, given that BHR is overhead funded, any allocation of training resources should be expected to be split fairly amongst all bureaus. To the degree that there is a desire to increase the investment in employee education for the more resource-constrained smaller General Fund bureaus, a direct investment of discretionary in those bureaus' budgets would be more targeted and potentially more effective. Additionally, such a direct investment would avoid central administrative costs and would be more sensitive to bureau priorities and educational needs.

CBO does not recommend the request. CBO instead recommends the individual bureaus in need of additional discretionary resources for employee tuition reimbursement be identified and prepare a business need for tuition reimbursement. These bureaus should then either request additional resources directly or reprioritize in order to self-fund.

CBO Recommendation: \$0

Bureau of Revenue & Financial Services

Accounting Division - Target True-Up for EBS Costs, MF_25, (\$17,497)

This request is over and above the bureau's cut target and was identified by OMF Business Operations as a relevant true-up to be addressed in the Requested Budget. This package realigns the EBS interagency within BRFS. EBS costs associated with Debt Management and Treasury have been paid with General Fund resources in the Accounting division. Debt Management and Treasury costs are funded with interagency agreements and interest income, respectively. Those revenues have been increased in the bureau base. This decision package reduces the General Fund resources.

CBO Recommendation: (\$17,497)

Portland Community Media, MF_30, (\$44,240)

This decision package reflects a reduction to Portland Community Media (PCM) commensurate with reductions taken in City bureaus to fund urgent priorities. The impacts of this reduction have been described as eliminating 0.7 FTE at PCM. The position is focused on establishing the partnerships foundational to the digital inclusion strategies from the City's Broadband Strategic Plan. According to the

bureau, PCM will be unable to build partnerships with non-profits in order to deliver digital literacy training or provide internet access to underserved communities. The bureau noted that, in addition to eliminating direct services to approximately 130 adults and youth, there would also be a decline in the support of digital literacy training with partner non-profits.

In light of Citywide efforts to reprioritize funding to address urgent programmatic needs, CBO recommends this reduction.

CBO Recommendation: (\$44,240)

Revenue Division - Utility Franchise/Wireless Support, MF_29, (\$21,181)

This decision package would reduce negotiation support to update franchise agreements with 10 backlogged companies. In FY 2014-15, approximately \$1.8 million was collected from these backlogged companies. The majority are telecommunications companies and, according to the bureau, given the amount of time that has passed since the original franchises were negotiated, it would be prudent to update the gross revenue fee definitions and review the types of services that are included to ensure the City is receiving maximum revenues.

City staff currently prioritizes new franchises as these represent new General Fund revenue. Contracted negotiation support is used primarily to address backlogged renewals since the return on investment is lower. However, management of the contract support also requires some City staff time.

In FY 2013-14 and FY 2014-15, a total of \$72,412 was spent on support from five vendors. In FY 2015-16, as of February 14, 2016 these vendors have received \$11,943 for franchise management (this does not include MHCRRC administration spending).

CBO recommends this reduction given the following: 1) the pace of current spending in relation to historical spending, 2) the bureau staff effort needed to manage these contracts, 3) the fact that no return on investment has been identified for the historical efforts, 4) the small base revenue generated by these franchises, and 5) the possibility of staff addressing the backlog in the future should workload on new franchises dip.

CBO Recommendation: (\$21,181)

Procurement – Reduction to PCDP and MEP, MF_23, (\$149,000)

This decision package would reduce or eliminate funding for four programs as follows:

Program	FY 2015-16 Budget	FY 2016-17 Budget
Prime Contractor Development Program	\$162,000	\$112,000
Minority Evaluator Program	\$109,917	\$67,917
Mentor Protégé	\$50,000	\$0
Prime Contractor Residential Housing	\$30,000	\$0
Total	\$341,917	\$179,917

For many years, the City participated in the Port of Portland's Mentor Protégé program, which was intended to match up small minority- or women-owned firms with a large 'mentor' firm for a 2-3 year period of time. Over several years, the City reduced financial support until finally eliminating it in FY 2013-14. In FY 2015-16, the City investigated reinstating funding for the program. However, it has been determined that the Port's program has changed focus and is no longer being administered in the same manner. Therefore, ongoing funding has been eliminated.

The Prime Contractor Residential Housing program was a start-up in FY 2015-16, developed in conjunction with the Portland Housing Bureau, however the program was not implemented. This funding is discontinued in the Requested Budget.

The Prime Contractor Development Program is reducing professional services by \$50,000 which will reduce the contracted technical assistance to participants. The bureau believes that it will continue to make progress on the goals of the program which are:

1. To address and correct historical underutilization of D/MWBE prime contractors for City projects.
2. Increase D/MWBE participation as prime contractors on City public works and improvement projects.

The outcome data provided by the bureau to CBO included the number of participants and the total number and amount of projects awarded to participants from 2013 to 2016. Currently, the bureau is not meeting enrollment targets, but there is no indication that this decision package will impact the bureau's ability to meet those enrollment targets in the future.

The reduction to the Minority Evaluator Program does not reduce the bureau's effort to engage diverse members of the community into the City of Portland's evaluation and contractor selection process. There are currently 444 Minority Evaluators in the database. Since inception of the program, Minority Evaluators have served on 521 panels, including 68 in FY 2014-15. This decision package would be a reduction of sponsorship of community partnership organizations under the "We Are Better Together" program. In the past year, the City has sponsored 42 community events under this program.

At this point, CBO recommends the elimination of funding that was planned but never implemented for both the Mentor Protégé program and the Prime Contractor Residential Housing program. To the degree reductions in the PCDP and MEP program are not expected to impact key outcomes – i.e. number of participants in PCDP or their success in winning City contracts, and the number of Minority Evaluators participating in contractor selection processes – CBO recommends these reductions as well.

However, in light of Citywide equity goals, CBO recommends that the bureau continue to monitor outcomes in these programs and reevaluate targets. Should the bureau determine that these programs are achieving the desired outcomes efficiently and that those impacts are scalable, realignments of resources or requests for new resources would be appropriate.

CBO Recommendation: (\$149,000)

Procurement Division – Reduce Software Replacement Funding, MF_23, (\$123,216)

The Procurement division of BRFS has been contributing annually to a replacement fund for the compliance software upgrade for tracking and monitoring MWESB participation through the life of the project. The system was implemented in 2007. An update would integrate several shadow systems to manage various compliance requirements.

The current balance of the fund is \$334,000 with the addition of \$57,000 estimated in FY 2016-17, assuming this decision package. While the upgrade was originally estimated to cost \$200,000 over three years, this was a low confidence estimate. The target upgrade funding has since been updated to \$500,000, based on recent experience with other upgrade projects. In FY 2014-15, OMF increased the funding from \$67,000 to \$167,000 and intended to maintain this level in FY 2016-17 in order to reach the \$500,000 target. This decision package would bring the FY 2016-17 contribution back down to \$57,000 and delay implementation by several years, unless other OMF underspending is identified and used to backfill the reduction.

CBO recommends this ongoing reduction at this time but, should the bureau identify underspending in the near term to fully fund the implementation, CBO would recommend the realignment on a one-time basis. CBO also recommends that, subsequent to the implementation, the bureau work with BTS to identify an appropriate ongoing replacement funding level given the cost of the new system and the useful life of the software. The source for any marginal increase in annual replacement funding over the \$57,000 would be determined based on OMF and Citywide priorities.

CBO Recommendation: (\$123,216)

Grants Division – Reduce Grants Training, MF_21, (\$30,933)

This decision package would reduce training funding in the Grants Management Division of BRFS by \$30,933. Based on an analysis of EMS underspending and on information shared by BRFS subsequent to the request budget submittal, a reduction of only \$17,895 would allow the division to retain the current grants training level of service. In this instance the cut would impact the division's project to transition paper files to electronic files for retention.

CBO recommends this reduced cut amount in order to maintain the current training plan.

CBO Recommendation: (\$17,895)

Accounting Division – Reduce CAFR Efficiency Initiatives, MF_24, (\$146,760)

This year, the Accounting division of BRFS was able to issue the Consolidated Annual Financial Report (CAFR) within the bureau-determined 150-day target, earlier than any time in recent years. The CFO has continued to set aggressive targets for completion of the CAFR to better meet the needs of the municipal finance community and the recommendations of the Government Finance Officers Association. This decision package would reduce \$55,000 in personnel services and \$91,760 in external materials and services, resulting in a lower likelihood that the bureau would meet these new, aggressive targets. The personnel service cut would reduce flexibility to bring in temporary staffing during peak periods or use existing staff on overtime hours. The reduction in the materials and services base is primarily related to contractors brought in for peak periods. However, the bureau was anticipating repurposing these funds in

order to upgrade or replace the CAFR preparation software. This upgrade would be a one-time need and has not been scoped at this time.

In FY 2015-16, the bureau was able to meet the 150-day target for the FY 2014-15 CAFR while holding some vacancies open pending a restructuring of the division. CBO believes that the new targets are still achievable without these resources given Accounting's successful restructuring and efficiency gains, all while underspending on personnel services. The bureau has stated that, "Once the team is in place and working together cohesively with improved tools, then it is conceivable that the team will be able to achieve their targets."

With regard to the CAFR preparation system upgrade, CBO recommends that Accounting utilize underspending in the current year to fund requirements gathering for the new software in order to make a request as part of the FY 2017-18 budget process.

CBO Recommendation: (\$146,760)

Revenue Division – IRS Data Exchange, MF_32, \$496,300, 2.00 FTE

In FY 2013-14, the Revenue division received an Innovation Fund grant to begin implementing a data exchange with the Internal Revenue Service to provide a robust source of data matching to identify businesses and individuals who should be paying taxes. Much of this funding was carried over to continue the effort in FY 2014-15. The FY 2015-16 Adopted Budget included one-time funding for the OMF Revenue division to continue the effort.

This request would add a Senior Business Systems Analyst, and convert to regular a limited term Senior Management Analyst that was initially included in the FY 2015-16 Adopted Budget for the IRS Data Exchange program. Additionally, the request includes funding for mailings (\$52,000), support from BTS (\$148,927), and other materials and services (\$44,373).

According to the bureau, this program is likely to generate between \$780,000 and \$2.3 million ongoing for the City General Fund and a somewhat smaller amount for the County. The bureau is now receiving Federal Tax Information (FTI) and has performed data matching and has tentatively identified thousands of businesses that appear to be out of compliance with City and County tax codes. The bureau expects to begin sending notices this spring.

When initially conceived, this program was expected to assist in a transition to eFiling which would generate considerable efficiencies in tax collection for the City. These benefits will not be realized until the City's core tax collection software is replaced, thereby allowing for the full implementation of eFiling. OMF is exploring options for database replacement.

CBO recommends funding for this program with the following changes to the request:

- 1) One-time funding should be continued for this program to allow for the establishment of more precise stabilized ongoing costs.
- 2) A portion – roughly 40% - of the costs should be part of the discussion with the County regarding ongoing costs of the program.

- 3) The cost of the positions is reduced to reflect the lower end of the range. Currently, the positions are budgeted near the top of the range for the classifications.

CBO Recommendation: \$450,004, 2.00 FTE (LT)

Revenue Division – Support Revenue Collection, MF_31, \$280,338, 3.00 FTE

This decision package includes two new regular positions and the continuation of one limited term position. The regular positions include a Revenue Tax Specialist (RTS) III to increase effort in the Unregistered Compliance Team (UCT) and a RTS IV for regulating and taxing short-term rental activities. Currently a UCT RTS III has been loaned to the Transient Lodging program to perform this function. This request would backfill that reassignment. The limited term position that would be continued with this decision package is a franchise auditor hired to address a backlog of audits.

During the FY 2015-16 Fall Supplemental budget, the bureau requested an RTS IV for the Short Term Rental (STR) program. At the time, the position had already been reassigned based on the higher expected return on investment in the start-up STR program. CBO suggested that the bureau utilize year-over-year data to compare the productivity of the UCT group with and without the full complement. The bureau has provided this analysis and has shown that recoveries went down, year-over-year in proportion to the reduced staffing. Recoveries in this group are irregular and this data sample is small. Nonetheless, there seems to be a rather direct and linear relationship between staffing and recoveries. Based on this, CBO recommends the new RTS III and the return of the STR position to UCT group. We further recommend that the bureau should continue to test this revenue-to-staffing relationship with each change in the staffing model; this continued validation will help to reach consensus on staffing levels moving forward.

Finally, with regard to the new UCT position, CBO recommends that a portion of the funding source be intergovernmental revenues from the County. See the Key Issues discussion above for details. The bureau has expressed concern regarding the timing and feasibility of this \$28,932 of anticipated intergovernmental funding. As such, CBO expects to continue to develop one-time funding solutions for FY 2016-17 through the remainder of the budget process for that amount.

With regard to a new position in STR, CBO agrees that the ROI on this position will continue to be considerably higher than the two-to-one return on UCT positions. The resources generated by this position would be above the baseline short-term rental-related transient lodgings taxes, and therefore, per Council resolution 37170 passed on December 16, 2015, will be transferred annually to the Housing Investment Fund. To the degree that this funding would expand resources available to address the housing emergency, CBO recommends this request to be funded from the Council commitment to housing and homelessness funding in FY 2015-16.

CBO notes that the decision package detail had low costing for the positions. Therefore CBO has adjusted the request upward. Moreover, a portion of the costs should be borne by the County for the UCT position. Therefore some intergovernmental revenues have been applied.

With regard to the extension of funding for the limited term franchise audit position, this position was filled in September 2015 and, since then, has opened 12 audits. Each audit takes approximately six months but could take twelve months or more. Historically, conducting the franchise audits generates more revenue than the cost of the audit, but the range of values for the recoveries can be broad. The Revenue division estimates an average of \$40,000 per audit. As of this writing, the expectation is that the recoveries from two ongoing audits likely to be completed this year will generate \$50,000 each while a third has a presumptive assessment of \$800,000 pending. This presumptive assessment may be reduced based on the presentation by the taxpayer of transactional data.

The bureau anticipates initiating an additional 36-48 audits in FY 2016-17 with this position and anticipates making an ongoing request for the position should these efforts continue to result in a significant ROI.

CBO recommends this continued effort and anticipates reviewing the results specific to this position during the FY 2017-18 budget process to better assess the ROI of franchise audits.

CBO Recommendation: \$282,180

Treasury Division – Socially Responsible Investment Research, MF_28, \$30,000

This request would provide funding through interest earnings on City funds for a research subscription to support the Socially Responsible Investments Committee in making recommendations to City Council. Procurement of this research is directed by City Council through Resolution 37102. In FY 2015-16, OMF used funds realigned to fund this subscription at a cost of \$27,500. This request appropriately budgets the ongoing cost in the Treasury division where it is funded by interest income. CBO is exploring the initial source of funding for the subscription in FY 2015-16 in the event that the ongoing budget can be reduced.

CBO Recommendation: \$30,000

Debt and Treasury Reorganization, MF_26, \$0

This change reflects the funding changes associated with a reorganization of the Debt and Treasury functions. Debt Management is funded through interagency agreements (IA) with debt issuing bureaus. Treasury is funded with interest income on City funds. Under a 2016 reorganization the Treasurer will no longer be responsible for Debt Management, and those staff costs will no longer be split between the two sources. This results in increased funding for the position through interest income (and, consequently, less income shared by bureaus maintaining fund balances) and a reduced interagency with debt-issuing bureaus. There is some overlap between those bureaus receiving IA savings and those receiving reduced interest earnings, however the Treasury customer base is broader.

CBO recommends this realignment to appropriately fund this position given the new responsibilities.

CBO Recommendation: \$0

Bureau of Internal Business Services

Facilities Division – City Hall Major Maintenance, MF_02, (\$10,601)

This request would reduce major maintenance funding for City Hall by 5%. This would reduce funding from the current level of 0.464% of replacement value to 0.44% of replacement value. The bureau’s target for annual major maintenance contributions is 3% based on industry best practice. However, the Facilities Division of the Bureau of Internal Business Services has undertaken an effort to make the bureau’s asset management practice more robust. As part of this effort, the bureau intends to develop a more nuanced long-term investment profile for all assets. This effort will refine the 3% figure and move towards a figure more driven by the long-term needs of the building systems specific to each individual facility. Nonetheless, the current level of major maintenance is likely below an appropriate level of reinvestment.

While CBO is reluctant to recommend the reduction, we also note that the current method for contributing to major maintenance is through a cash transfer from the General Fund. Given the fact that most of the tenants of City Hall are overhead funded bureaus, we recommend that the major maintenance funding be shifted into bureau budgets so that overhead-paying bureaus fund the appropriate share of the major maintenance. In doing so, this discretionary cut could be absorbed without reducing the major maintenance funding. Such a shift would also allow for additional General Fund discretionary to be used either for Citywide reprioritization or to increase the major maintenance contribution. See various options below.

	Scenario	Discretionary	Overhead	% of Replacement	Discretionary Savings
A	Current	\$212,020	\$0	0.464%	\$0
B	With Bureau Cut	\$201,419	\$0	0.44%	\$10,601
C	Current Total w/Split	\$97,529	\$114,491	0.464%	\$114,491
D	Discretionary Cut w/ split and increased investment	\$201,419	\$236,448	0.96%	\$10,601

CBO recommends option D which achieves the 5% reduction target while making a maximal reinvestment in the asset, increasing the annual contribution from 0.46% to 0.96% of replacement value. This would have an expense impact on non-General Fund bureaus (and by extension, their customers). However this impact is merely a true-up to what has heretofore been a subsidy to those customers.

CBO Recommendation: (\$10,601)

Facilities Division – Mayor’s Security, MF_05, (\$3,587)

This request would reduce the cash transfer from the General Fund to the Facilities Division of BIBS for the Mayor’s security detail from \$71,741 by \$3,587. The current funding is not always sufficient for all the security needs. The costs that are not covered by the cash transfer are currently covered by the City Hall operating budget and, if exceeded, by the major maintenance account.

CBO recommends that this transfer be shifted to the Mayor's Office budget where it would appropriately be funded through the overhead model. An appropriate amount based on actuals should be budgeted so spending does not impact the City Hall building budget. Total City Hall costs in FY 2014-15 were \$182,351 on this contract, but only a portion of those costs are funded with the cash transfer specifically for Mayor's security. Based on historical spending of no more than \$70,264 specific to Mayor's security, CBO recommends shifting the reduced cash transfer amount to the Mayor's Office budget.

CBO Recommendation: (\$71,741)

Facilities Division – Yeon Building O&M, MF_04, (\$538)

This request would reduce the cash transfer from the General Fund to the Facilities Division of BIBS for the maintenance of the Yeon Building in Tom McCall Waterfront Park from \$10,759 by \$535. Underspending over the years has resulted in a balance of \$10,075. Given the level of underspending, this minimal reduction should not have an impact on operations and maintenance.

CBO Recommendation: (\$538)

Facilities Division – Sears Building O&M, MF_03, (\$8,924)

This decision package would reduce the current cash transfer from the General Fund to the Facilities Division from \$179,088 by \$8,942. While the bureau has noted that this reduction would shift the focus from preventive maintenance to break-fix work, spending on operations and maintenance in total – for both break-fix and preventive maintenance – was \$61,813 in FY 2014-15, according to data provided by the Facilities division. A similar figure is projected for FY 2015-16 based on the current year spending of \$36,253 spent through seven months in FY 2015-16. This would indicate that the current cash transfer is well in excess of what is needed to maintain the facility given the vacant status to which it will return in May 2016, after the emergency shelter use has ended.

The bureau notes, however, that any underspending on reactive or preventive tasks becomes available to fund major maintenance and occupancy improvements. As stated in the Key Issues section above, CBO does not recommend continued investment without identified tenants, a plan to fully fund the renovation, or funding in place for operations of the facility.

Therefore, in addition to the reduction proposed by the bureau, CBO recommends reducing the amount to reflect current levels of spending plus a reasonable contingency. A tentative recommendation is a total reduction of \$104,088, bringing the total budget to \$75,000 annually.

CBO Recommendation: (\$104,088)

Facilities Division – Portland Building Renovation, MF_01, \$12,772,356

In October 2015, City Council approved Resolution 37158 in which OMF was directed to complete the Portland Building reconstruction project by the year 2020 at a cost not to exceed \$195 million. OMF has provided a summary of the estimated sources and uses, by year, but these numbers are very preliminary. OMF indicates that a detailed sources and uses budget will be available by December 2016.

A portion of the \$195 million project budget has already been incurred in FY 2014-15 and FY 2015-16. The bureau noted that costs through FY 2015-16 are projected at \$2,523,331 and funded with accumulated major maintenance reserves, bringing the major maintenance cash contribution to \$3.75 million. CBO does not see any immediate fiscal impacts to City bureaus related to this specific decision package, as all near-term work is financed with existing sources or debt. However, the decision point regarding when blended office rent rates go into effect is still outstanding; that decision could have a near-term fiscal impact that is not contemplated here. Furthermore, the decision package presents a very preliminary debt structure. Interim debt financing costs beyond IA rental rates might have a further impact on tenant bureaus. Nonetheless, the eventual impacts will occur no later than when the project is complete and tenant bureaus in the Portland Building and throughout Facilities-managed downtown office space are charged an equalized office rent that incorporates debt service on this project. CBO has identified several issues which would benefit from continued development through the FY 2016-17 budget process.

Rent Savings During Construction. Currently, bureaus pay roughly \$4.8 million annually in rent for their tenancy in the Portland Building. Relocation costs have been included in the \$195 million cost of the reconstruction. Therefore bureaus could, depending on the relocation plan, save possibly a total of upwards of \$10 million. However, OMF has noted that any rent savings would only be net of fixed Portland Building costs that will not go away during the project. CBO anticipates exploring the nature of these costs in the event that they can be reduced during the construction period. The preliminary financing plan anticipates charging bureaus in lieu of rent to cover these fixed costs and to fund the City's cash contribution to the project and for interest costs on the line of credit during construction; 5% cash financing is required, per City debt policy. The preliminary figure for this 'in lieu of rent' cash contribution to the project is \$4.1 million.

2% for Art. The project assumes a 2% for Art as per Chapter 5.74 of the City Code. Given the nature of this project is, in many ways, a preservation initiative with a large proportion of costs driven by the need to maintain the artistic integrity of the building, CBO recommends that City Council pursue waiving the additional 2% for Art. This would result in an estimated \$2.1 million in savings to the project. Upon preliminary consultation with OMF on this recommendation, the bureau stated: "OMF is not aware of a provision to waive the 2% for Art requirement for a capital rehabilitation project. The ordinance for 2% for Art is very clear regarding projects that are required to include 2% of capital construction costs in project budgets for art. It specifically calls out building rehabilitation projects as Improvement Projects required to include this 2%." In light of OMF's position, CBO recommends that City Council direct CBO to develop language for Council action that would waive the need for 2% for Art on the grounds that the reconstruction project itself is an enormous investment in public art.

General Fund Cash Transfer. Beginning in FY 2015-16, an ongoing cash transfer from the General Fund of \$2.58 million was budgeted to plan for the General Fund portion of debt service for the reconstruction. At least one year of this cash transfer allocation is anticipated to be used for the cash match for the project. In response to CBO questions regarding proposed uses for this cash transfer during the period of construction, OMF cited the following possibilities:

- Cover the General Fund share of the impact of blended rates with debt service for the building incorporated. This is the original intended use of the funding.

- Cover the General Fund's share of any interim financing costs beyond what the IA rental rates cover.
- Cover the General Fund's share of final financing costs.

While these may be valid uses, CBO requests that OMF work with CBO, as the managers of the General Fund, should any use other than the original proposed use (i.e. debt-related rent impacts) be contemplated.

Facilities Costs during Construction. To the degree that City bureaus currently in the Portland Building temporarily move into leased space for several years during the reconstruction, the Facilities Division should experience a significant temporary decline in operating costs for the building. While this should result in savings (as noted above), it will also put organizational strain on the division with regard to staff. Ideally, these impacts would be planned in such a way as to achieve the savings with minimal organizational disruption. Based on initial feedback from the bureau, it seems that OMF is hoping to utilize Facilities Maintenance Technicians (FMTs) normally assigned to the Portland Building to address backlogs of preventive maintenance and component replacement. The bureau notes that currently, FMTs are spending four hours on corrective or 'demand' work orders for every hour spent on preventive maintenance. The International Facilities Managers Association recommends a ratio of 1:1 or better. While this reallocation of staff may be appropriate, CBO requests that OMF continue to provide updates on this issue as plans are developed beyond this preliminary plan.

CBO Recommendation: \$12,772,356

BIBS Admin – Staff to the ECPC, MF_27, \$25,000

The Bureau of Internal Business Services has requested \$25,000 in General Fund resources to support a half-time Community Service Aide to provide staffing for the Equitable Contracting and Purchasing Commission (ECPC). This position currently exists and is funded with a blend of BIBS customer rates. It was created in the FY 2015-16 Fall Supplemental budget and funded with external materials and services funding. The FY 2016-17 request restores the EMS base and requests the CSA costs be funded with General Fund.

The Equitable Contracting and Purchasing Commission was adopted by City Council Ordinance 187030 with the BIBS Director chairing the Commission. As such, BIBS requests resources to coordinate the activities of the Commission, including meeting coordination, documentation, follow-up on actions, and research and support.

While the BIBS director chairs the ECPC, CBO recommends that, based on the procurement orientation of the function, the support – or at least the funding for the support – be moved to the Procurement Division of BRFS where it would be funded with General Fund overhead. To the degree that the bureau or the commission do not believe that location in the Procurement division is appropriate, an interagency charge from that group would be appropriate so that costs would be funded through the overhead model, as appropriate for this type of function.

CBO notes that the BIBS Director’s EMS budget has been considerably underspent in recent years. However, the bureau notes that a reduction would limit bureau flexibility to pursue other priorities such as organizational development, staff meetings and training, employee award programs, and other bureau-wide initiatives.

CBO notes that these are precisely the type of activities that all bureaus are reducing – in addition to core functions – in order to meet this year’s reduction targets. It should be noted, in addition, that BIBS was not asked to meet specific cut targets but was asked to identify areas where expenses could be reduced in operations in order to bend rates to customers downward.

The following are budget and actuals for the last several years for BIBS Administration EMS:

Fiscal Year	Revised Budget	Actual
FY 2012-13	\$49,174	\$14,911
FY 2013-14	\$51,435	\$9,728
FY 2014-15	\$76,864	\$42,057
FY 2015-16	\$24,597*	\$19,134 through AP6
FY 2016-17	\$47,520	NA

*Reduced to fund two CSAs including the subject of this decision package.

The increase in FY 2014-15 and FY 2015-16 is related to legal consultation related to intellectual property work and is not expected to persist.

While CBO appreciates the need for flexibility, we recommend that the EMS budget be reduced to offset the cost to the General Fund. As a general matter, BIBS rate revenues are roughly 45% General Fund bureaus while overhead funding is roughly 46% General Fund discretionary, creating a reasonable – if imperfect – offset.

CBO Recommendation: \$25,000

Facilities Division – Jerome Sears Immediate Occupancy Improvements, MF_33, \$1,505,434

This decision package was added by CBO to the bureau’s request to reflect the fact that it is, per the narrative of the bureau submittal and per subsequent conversations with the Mayor’s Office, to be considered by City Council during this budget process.

At this point, however, CBO does not recommend funding based on the fact that a tenancy plan, project funding plan, or operational sustainment plan have not yet been developed. For a complete discussion, see the Key Issues section of this review.

CBO Recommendation: \$0

Facilities Division – PSU/City Jasmine Block Feasibility Study, MF_34, \$25,000

This decision package was added by CBO to the bureau’s request to reflect the fact that it is, per the narrative of the bureau submittal and per subsequent conversations with the Mayor’s Office, to be considered by City Council during this budget process.

At this point, CBO believes that this cost is appropriately funded in the Facilities Operating Fund as a planning cost associated with coordination of Citywide tenancies. Should this feasibility study move forward in FY 2016-17, BIBS should work to fund it out of the existing Facilities base. This year, the bureau has appropriately broken out a separate corporate charge to customers to fund this type of strategic effort in managing the City's facilities footprint. The sizing of that overall corporate function should continue to be a discussion with customers, CBO, and City Council.

CBO Recommendation: \$0

Facilities Division – Coordinated Campsite and Homelessness Management, MF_35, \$500,000

This decision package was added by CBO to the bureau's request to reflect the fact that it is, per the narrative of the bureau submittal and per subsequent conversations with the Mayor's Office, to be considered by City Council during this budget process.

Since the original narrative was submitted, the bureau has revised its expected costs to \$1.8 million which would include shelter facility O&M for properties the City is considering purchasing as well as 3.0 FTE to manage various homeless- and camping-related programs including day storage, Right To Dream Too, campsite clean-up, etc.

At this point, CBO does not have enough information to recommend funding for this request. As the bureau develops additional detail, we will further assess the request and support the Mayor and City Council in their decision-making process. CBO will continue to work with OMF to better understand this request.

CBO Recommendation: \$0

Bureau of Technology Services

Data Center Move, MF_08, \$2,000,000 in FY 2016-17, \$6,000,000 in FY 2017-18, \$1,700,000 in FY 2018-19

Currently, the City's main data center is located on the third floor of the Portland Building. This facility does not meet construction standards for an enterprise-level data center in terms of power, cooling, cabling, or security. Moreover, the current disaster recovery strategy relies on the Portland Communications Center (PCC) data center which is equally – if not more – deficient and is close enough to the main site not to be considered a suitable redundancy. These risks have been known for some time and BTS has made efforts – including a 2014 Request for Proposals – to plan for moving the data center to a purpose built facility designed to meet enterprise-level needs.

With the plan to reconstruct the Portland Building, the data center move must go forward. A temporary relocation would be nearly as costly as a permanent one without taking advantage of the efficiencies, enterprise risk-reduction, and service-level improvements of occupying a purpose-built facility with extra-regional disaster recovery capabilities.

Nonetheless, the \$9.7 million estimate is a low-confidence figure at this point. BTS has had an initial conversations with the CFO regarding the development of a financing plan for the project. However, the most recent bureau communication to CBO on the matter indicates that the project is not a likely candidate for debt financing because a substantial portion of project costs will likely be for non-capitalizable services.

BTS has selected a consultant and is working on a statement of work to complete a data center assessment that would 1) assist with defining the requirements for the hosting RFP, 2) assist in defining protect in place requirements for the Portland Building Data Center in the event that the migration schedule overlaps with construction, and 3) develop a prioritized remediation list for the PCC data center.

CBO believes that additional work is necessary to establish how costs should be allocated and what the General Fund impacts would be. For example, currently BOEC makes up roughly a quarter of the anticipated General Fund share of \$4.8 million. However, BOEC's primary site is the PCC data center. Additionally, it is worth noting that EBS constitutes a significant portion of the non-General Fund share at roughly 20%; about half of this would be borne, in turn, by General Fund customers.

In addition to the allocation of project costs, the estimate for ongoing maintenance costs charged to customer bureaus has not yet been developed. Initial estimates indicate that costs would go up based on the increased level of service and risk-mitigation benefits such as improved disaster recovery capability. Currently, annual operation of the Portland Building Data center is \$350,000 inclusive of a \$200,000 electricity surcharge and other rent and major maintenance costs. The annual cost of colocation services are estimated, with low confidence, at less than \$500,000 per year. This would indicate an increase of several hundred thousand dollars a year, chargeable to the BTS customer base.

Overall, however, CBO recognizes that moving to a purpose-built facility is appropriate for mission critical systems, particularly in light of the Portland Building reconstruction. At this time, CBO is currently recommending that a portion of the 50% of one-time General Fund resources that, per Council policy, should be dedicated to capital maintenance and replacement, be held in reserve to fund the General Fund discretionary component of this major system replacement. This rough estimate of \$4.5 million has been temporarily budgeted in the system as a cash transfer, but will, should the recommendation to fund move forward into the Adopted Budget, be budgeted in bureau budgets for each year of the project, with the balance held in General Fund Funds Management. With regard to non-General Fund bureaus, CBO recommends that BTS continue to work with customers as the cost estimate and cash flow is refined in order for those bureaus to appropriately manage this large medium-term cost.

CBO Recommendation: \$5,255,714

Electronic Equipment Replacement, MF_07, \$2,377,654

This decision package creates an ongoing replacement funding mechanism for bureau electronic equipment such as portable and mobile radios, video systems, radar guns, mobile computers, and other equipment maintained by BTS. In FY 2012-13 and FY 2013-14, reductions were made the replacement funding charges for various systems. Consequently, these systems will not have sufficient balances when replacement is necessary or recommended for lowest lifecycle cost. As a general matter, the systems that

are the subject of this decision package are replaced in full ‘deployments’ or ‘waves’, not on a consistent, ongoing basis. This leads to an episodic – and very large – one-time cost every 4-15 years, depending on equipment type. At that point, without a replacement fund, replacements would need to be funded with one-time resources, debt financing that would increase rates for equipment users, internal bureau resources, or some other financing mechanism determined by the bureaus. This could result in a major service reduction for some General Fund bureaus where the resources may not be readily available to fund a large technology project.

BTS has requested lifecycle replacement funding for all such equipment, regardless of bureau. CBO notes that non-General Fund bureaus have the financial planning flexibility to manage this episodic cost and therefore the urgency for a replacement fund is lessened. Some may wish to utilize a BTS replacement funding mechanism; some may not. We recommend that BTS explore creating separate, optional replacement funding charge for non-General Fund bureaus. Non-General Fund bureaus who do not elect to participate should be ready to replace equipment when it’s due for replacement prior to failure and work with BTS to ensure that City assets are being properly maintained.

However, General Fund bureaus are not the long-term financial managers of their fund and only have direct financial management responsibility for their ongoing resources – their Current Appropriation Level target. It is in the General Fund’s best interest to avoid large, unanticipated, but necessary expenditures and to address these long-term operational needs by smoothing or otherwise planning for these large episodic replacement costs. This request represents the implementation of a recommendation from the Capital Funding Options report produced by CBO in conjunction with the Citywide Asset Mangers Group and accepted by City Council as part of the FY 2014-15 Fall Supplemental Budget.

CBO recommends funding the General Fund portion of the replacement cost. This would, through charging for the depreciation, better reflect the full cost of service that the assets provide. Going forward, should this replacement funding be added as part of the Adopted Budget, CBO recommends that Council not reduce it except in very extreme circumstances, and then, only with a restoration plan mapped out.

Below is an estimate, provided by BTS, of the General Fund components of these costs:

	Discretionary	Overhead	Other
Bureau of Emergency Communications	42,980		11,425
Office of Management and Finance	4,060		
Office of the Mayor	170	199	
Portland Bureau of Emergency Management	6,955	8,165	
Portland Fire & Rescue	453,862		
Portland Parks & Recreation	42,294		

Portland Police Bureau	1,306,390		
Total	1,856,711	8,364	11,425

This shows a \$1.8 million ongoing impact for General Fund bureaus.

As discussed in the Key Issues section above, CBO recommends implementing a portion of this funding through the ongoing reallocation of the PSSRP resources. Due to the one-time need in BRFS, however, this mechanism would only be added to bureaus' base budgets beginning in FY 2017-18. Moreover, the PSSRP funding only constitutes roughly half of the need. CBO recommends that General Fund bureaus plan to absorb the remainder of the cost as part of the FY 2017-18 budget and that Council direct, through a budget note, that BTS build the full ongoing replacement charge into the base rates as part of the FY 2017-18 budget.

CBO Recommendation: \$0

Vertical Applications Analyst, MF_06, \$158,213, 1.00 FTE

This decision package represents a request to convert a Vertical Applications Analyst from limited term to regular at the request of the customer bureau, BDS. CBO recommends this request. For details, see the CBO review of BDS's requested budget.

CBO Recommendation: \$158,213, 1.00 FTE

Chief Administrative Officer's Office and Citywide Projects

PSSRP – Reduction in Personnel Services, MF_10, (\$217,859), (2.00 FTE)

This reduction makes ongoing a reduction in Personnel Services that was initiated in the FY 2015-16 Fall Supplemental budget. At that time, the funding was repurposed to fund a public safety technology assessment which is intended, in part, to determine any additional public safety technology needs that could be addressed by the Public Safety System Revitalization Project. A vendor – Gartner - has been selected for that work, and it is expected to be complete in spring 2016.

This decision permanently eliminates two positions – a Principal Information Systems Analyst and a Technology Capital Project Manager II position. This reduction, along with a shift in the base funding, completely eliminates ongoing General Fund resources to this program.

As discussed in the Key Issues section of this review, CBO recommends this request as well as reducing the rest of the PSSRP base budget (see MF_40) for a total of \$908,000 to support funding of General Fund bureaus' interagency costs associated with increasing radio and electronic equipment replacement.

CBO Recommendation: (\$217,859) (2.00 FTE)

PSSRP – PSSRP Savings Reallocation, MF_40, \$50,525

This decision package has been added by CBO to reduce the remaining amount of the ongoing PSSRP allocation from the OMF budget – a total of \$690,575. However, CBO has included a one-time addback of \$640,050 to the Revenue division to bridge BRFS to a renegotiated deal with the County. The difference between the one-time addback and the ongoing cut was reduced from the Business Operations Administration funds center in several external materials and services line items that were budgeted considerably higher than FY 2015-16, indicating that this is where the excess resource had been reallocated. See the Key Issues section for more details on the rationale for this change.

CBO Recommendation: (\$50,525)

Spectator Facilities – Reallocate Spectator Staff Costs, MF_10, (\$25,156)

This package reallocates a portion of the Spectator Facilities and Development manager that is currently funded in the General Fund back to the Spectator Venues Fund. This 15% allocation was based on work performed related to the Comprehensive Plan, a Citywide, General Fund function. That work is complete and additional responsibilities have been incorporated into the fund with the most recent restatement of the fund's statement of purpose. Based on the workload and the current level of administration in the fund, CBO recommends this reallocation and the commensurate savings in the General Fund.

CBO Recommendation: (\$25,156)

Business Operations – Maintain Required Services; Add Revenue/Cut Costs, MF_09, (\$36,347)

This reduction to General Fund consists primarily of shifting costs by charging the Innovation Fund (\$47,500) and Office of Community Technology (\$10,000) for administration by Business Operations while also reallocating IAs with BTS and Facilities.

The net result of this package is to reduce total costs by \$15,000 and reallocate \$78,847 to other bureaus and non-General Fund sources.

After a \$50,000 reduction to the Innovation Fund as part of the 5% reductions (decision package SA_02), this decision package would reduce the \$1 million allocation for Innovation Fund projects by a total of \$97,500 (9.8%). Because of the lack of dedicated administrative resources, OMF has focused its efforts on administration and the allocation process rather than on monitoring project results and outcomes. As a programmatic outcome, OMF has focused on creating a culture of innovation throughout the City. To measure success in achieving this outcome, OMF has identified the percent of different bureaus that submit proposals during each round.

When the bureau took over the program in FY 2014-15, it did so without additional ongoing resources. A 5% administration charge seems appropriate. However, we encourage OMF to use this dedicated administrative support to not only look at who submits innovation requests, but also to set goals and monitor the outcomes of the Innovation Fund to determine if the fund is a wise use of General Fund resources.

With regard to the internal service cuts, the rent (\$7,792) and server costs (\$13,555) are reallocations primarily within OMF and will result in additional charges to other OMF bureaus and, consequently be

passed through to customer bureaus or be absorbed as reductions. This reallocation was determined based on a recent inventory and utilization. As noted, to the degree that this decision package updates the metrics for the existing cost allocation, this reallocation is appropriate.

The reduction in facilities project management services will constrain the bureau's ability to perform small facilities projects as it will eliminate that line-item. Should project funding be necessary, the bureau will need to identify other savings or – in the event of a large project – request additional resources. CBO believes that abstaining from project work makes sense in light of the pending reconstruction of the Portland building.

OMF notes that should savings from the internal service components of this decision package yield more savings than expected, the bureau would expect to reduce the Innovation Fund administrative charge commensurately in order to maximize programming with the Innovation Fund.

The increased cut amount is the result of a technical adjustment to how the administrative charges are included; CBO has moved them from interagency revenues with accompanying expenses to internal cost allocations of costs to Special Appropriations.¹

CBO Recommendation: (\$93,847)

¹ OMF has provided information that indicates that this technical adjustment might be unnecessary. Due to publication time constraints, however, CBO will work with OMF to confirm the best approach and address any further changes in future phases of the budget process.

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<u>Adds</u>											
MF_32 - BRFS - Rev - IRS Data Exchange	01	2.00	496,300	0	0	496,300	2.00	0	450,004	0	450,004
MF_31 - BRFS - Rev - Support Revenue Collection	02	3.00	178,188	102,150	0	280,338	3.00	151,098	102,150	28,932	282,180
MF_08 - BTS - Data Center Move	03	0.00	0	994,640	1,005,360	2,000,000	0.00	0	4,250,354	1,005,360	5,255,714
MF_01 - FAC - Portland Building Reconstruction	04	0.00	0	0	12,772,356	12,772,356	0.00	0	0	12,772,356	12,772,356
MF_11 - BHR-Program Spec for Model Employer Resc	05	1.00	46,971	0	56,169	103,140	0.00	0	0	0	0
MF_28 - BRFS - Treasury - Soc Responsible Inv Rese	06	0.00	0	0	30,000	30,000	0.00	0	0	30,000	30,000
MF_27 - BIBS Admin - Staff to the ECPC	07	0.00	25,000	0	0	25,000	0.00	11,385	0	13,615	25,000
MF_06 - BTS Vertical Applications Analyst – BDS	08	1.00	0	0	158,213	158,213	1.00	0	0	158,213	158,213
MF_07 - BTS - Electronic Equipment Replacement	09	0.00	0	0	2,377,654	2,377,654	0.00	0	0	0	0
MF_16 - BHR-Training & Development Analyst	10	1.00	57,549	0	68,817	126,366	0.00	0	0	0	0
MF_15 - BHR-Employee Training Fund	11	0.00	0	113,853	136,147	250,000	0.00	0	0	0	0
MF_33 - BIBS Facilities - Jerome Sears Bldg Immedia	NA	0.00	0	0	1,505,434	1,505,434	0.00	0	0	0	0
MF_34 - BIBS Facilities - PSU/City Jasmine Block fea	NA	0.00	0	20,000	0	20,000	0.00	0	0	0	0
MF_35 - BIBS Facilities - Coordinated Campsite and s	NA	1.00	500,000	0	0	500,000	0.00	0	0	0	0
Total Adds		9.00	1,304,008	1,230,643	18,110,150	20,644,801	6.00	162,483	4,802,508	14,008,476	18,973,467
<u>Reductions</u>											
MF_25 - BRFS - Acct - Target True-up for EBS Costs	01	0.00	(7,968)	0	(9,529)	(17,497)	0.00	(7,968)	0	(9,529)	(17,497)
MF_20 - PSSRP - Reduction in Personal Services	02	(2.00)	(217,859)	0	0	(217,859)	(2.00)	(217,859)	0	0	(217,859)
MF_02 - FAC - 5% Reduction - City Hall Major Mainte	03	0.00	(10,601)	0	0	(10,601)	0.00	(10,601)	0	0	(10,601)
MF_05 - FAC - 5% Reduction - Mayor's Security	04	0.00	(3,587)	0	0	(3,587)	0.00	(71,741)	0	0	(71,741)
MF_04 - FAC - 5% Reduction - Yeon Building O&M	05	0.00	(538)	0	0	(538)	0.00	(538)	0	0	(538)
MF_03 - FAC - 5% Reduction - Jerome Sears Bldg O&	06	0.00	(8,924)	0	0	(8,924)	0.00	(104,088)	0	0	(104,088)
MF_10 - CAO's Office-Reallocate Spectator staff costs	07	0.00	(11,456)	0	(13,700)	(25,156)	0.00	(11,456)	0	(13,700)	(25,156)
MF_09 - BO-Maintain required svcs:add rev/cut costs	08	0.00	(42,739)	0	6,392	(36,347)	0.00	(42,739)	0	(51,108)	(93,847)
MF_13 - BHR-EBS IA Increase for Training	09	0.00	(18,216)	0	18,216	0	0.00	(18,216)	0	18,216	0
MF_12 - BHR-OSS III Realignment of Front Desk Sup	10	0.00	(12,996)	0	12,996	0	0.00	(12,996)	0	12,996	0
MF_14 - BHR-FMLA Program Coordinator Realignmer	11	0.00	(59,923)	0	(71,657)	(131,580)	0.00	(59,923)	0	59,923	0
MF_30 - BRFS - Rev - Portland Community Media	12	0.00	(44,240)	0	0	(44,240)	0.00	(44,240)	0	0	(44,240)
MF_29 - BRFS - Rev - Utility Franchise/Wireless Supp	13	0.00	(21,181)	0	0	(21,181)	0.00	(21,181)	0	0	(21,181)

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<i>Reductions</i>											
MF_23 - BRFS - Procurement - Reduct to PCDP and M	14	0.00	(67,856)	0	(81,144)	(149,000)	0.00	(67,856)	0	(81,144)	(149,000)
MF_22 - BRFS - Procurement - Reduce Software Repl	15	0.00	(56,114)	0	(67,102)	(123,216)	0.00	(56,114)	0	(67,102)	(123,216)
MF_21 - BRFS - Grants - Reduce Grants Training	16	0.00	(14,087)	0	(16,846)	(30,933)	0.00	(8,150)	0	(9,745)	(17,895)
MF_24 - BRFS - Acct - Reduce CAFR Efficiency Initiat	17	0.00	(66,836)	0	(79,924)	(146,760)	0.00	(66,836)	0	(79,924)	(146,760)
MF_19 - BHR-Reduce Training & Professional Serv Fu	18	0.00	(30,997)	0	(37,066)	(68,063)	0.00	(30,997)	0	(37,066)	(68,063)
MF_18 - BHR-OSS III Payroll	19	(1.00)	(44,638)	0	(53,379)	(98,017)	(1.00)	(44,638)	0	(53,379)	(98,017)
MF_17 - BHR-OSS III Diversity Outreach & Employme	20	(1.00)	(37,001)	0	(44,247)	(81,248)	(1.00)	(37,001)	0	(44,247)	(81,248)
MF_40 - PSSRP Savings-Reallocation	NA	0.00	0	0	0	0	0.00	(690,575)	640,050	0	(50,525)
<i>Total Reductions</i>		(4.00)	(777,757)	0	(436,990)	(1,214,747)	(4.00)	(1,625,713)	640,050	(355,809)	(1,341,472)
<i>Realignments</i>											
MF_26 - BRFS Reorganization - Debt and Treasury	01	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		0.00	0	0	0	0	0.00	0	0	0	0
Total Office of Management & Finance		5.00	526,251	1,230,643	17,673,160	19,430,054	2.00	(1,463,230)	5,442,558	13,652,667	17,631,995

Analysis By: Jane Marie Ford

OFFICE OF THE MAYOR

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
General Fund Discretionary	\$2,078,450	\$1,721,517	(\$419,881)	\$1,301,636	-37.4%
General Fund Overhead	1,216,131	1,397,054	59,115	1,456,169	19.7%
Total Resources	\$3,294,581	\$3,118,571	(\$360,766)	\$2,757,805	-16.3%
Expenditures					
Personnel Services	\$1,764,695	\$1,766,143	\$108,550	\$1,874,693	6.2%
External Materials and Services	1,138,175	1,047,149	(483,038)	564,111	-50.4%
Internal Materials and Services	291,711	305,279	13,722	319,001	9.4%
Fund Transfers - Expense	100,000	0	0		-100.0%
Total Requirements	\$3,294,581	\$3,118,571	(\$360,766)	\$2,757,805	-16.3%
Total Bureau FTE	17.00	17.00	0.00	17.00	0.0%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Council Offices were not required to submit reductions of 5% from their FY 2016-17 Current Appropriation Level Targets.

Decision Package Analysis & Recommendations

Last Thursday, MY_01, \$30,000

The Office requests \$30,000 in ongoing General Fund discretionary resources to fund costs associated with the Last Thursday Alberta Arts District festival. This includes liability insurance, event maintenance, and management. The City took over responsibility as the Last Thursday event sponsor in 2013 to address issues of livability, liability, and security for this popular event, which draws up to 20,000 attendees during peak season. Since 2013, the Office of the Mayor has spent \$58,545 to manage Last Thursday, not including personnel time. This figure also does not include costs incurred by the Portland Bureau of Transportation, Portland Police Bureau, Portland Fire and Rescue, the Office of Neighborhood Involvement, or other entities. A website for vendor registration went live in 2015, but the current rate schedule is not fully recovering event costs due to increased liability insurance and management costs.

While CBO recognizes the City's interest in ensuring that this festival has adequate security and infrastructure, there are concerns about the equity of allocating City funding and support to this particular event while not offering other neighborhood festivals the same support. CBO recommends that funding for special events be awarded through a competitive process in order to ensure equity and transparency, in alignment with recommendations from the recent audit on Council grants through Special

Appropriations. Alternatively, CBO recommends increasing the registration fee schedule so that the event achieves full cost recovery.

CBO Recommendation: \$0

Transfer COCL to Special Appropriations, MY_02, (\$634,316)

This decision package transfers all ongoing General Fund resources currently allocated in the Mayor's budget to Special Appropriations for continued support of the Compliance Officer and Community Liaison (COCL) contract costs, COCL program support expenses, and the Community Oversight Advisory Board (COAB). CBO recommends this request, acknowledging that there remains some uncertainty over the actual costs required to fulfill all settlement requirements. The ongoing appropriation may need to be revised in future fiscal years.

CBO Recommendation: (\$634,316)

Summer Works Program, MY_03, \$135,000

The Mayor's Office requests \$135,000 in one-time General Fund discretionary resources to support the SummerWorks and Black Male Achievement Initiative youth employment programs. These internships are facilitated by Worksystems, Inc., a Portland-based nonprofit workforce development organization. The City of Portland is the single largest non-federal contributor to Worksystems, Inc., allocating \$3,157,000 to its FY 2015-16 budget, amounting to approximately 10.6% of total revenue¹. In addition to funding from the Portland Development Commission, this figure includes \$180,000 in ongoing and \$135,000 in one-time General Fund discretionary resources in the Mayor's Office budget to support 150 internship positions for youth ages 16-24.

The Mayor's Office proposes funding the same number of sponsorships in FY 2016-17. The \$2,100 sponsorship covers all wages and other direct costs for interns, and additionally leverages \$1,000 in workforce funds for training, screening, and employer-of-record services. These internships provide important work experience, references, and funding for youth who experience significant barriers to employment and higher education:

- 93% of SummerWorks program participants come from low-income households, and 76% identify as youth of color.²
- A significant number of participants have or are at risk of dropping out of high school, and/or are behind in school credits to graduate.³
- 11% of participants were involved in a gang or the juvenile justice system, and 10% had limited English proficiency.⁴

¹ Worksystems, Inc., PY15 Resource Plan, Accessed February 17, 2016, <http://www.worksystems.org/sites/default/files/Board%20Approved%20Budget%2C%202015-16.pdf>

² Program data since 2009. Source: Worksystems, Inc., "SummerWorks: Addressing the youth employment crisis through summer jobs," Accessed February 17, 2016,

http://www.worksystems.org/sites/default/files/SummerWorks%20Program%20Overview_0.pdf

³ Ibid

CBO recommends funding for this request. The positive program outcomes are well documented: since the program began in 2009, 89% of participants have completed their internship and earned a positive supervisor evaluation, and 93% returned to high school, post-secondary education, or joined the workforce.⁵ For City-sponsored internships specifically, 15 youth (54% of youth not returning to school) and 10 youth (33% of those not returning to school) reported employment after their summer internship in 2014 and 2015 respectively.⁶ More broadly, this program leads to workforce development, supports City equity initiatives, and reduces the risk for gang involvement and other public safety concerns. This decision package aligns with a request in the Office of Equity and Human Rights to create a materials and services budget for the Black Male Achievement Summer Youth Experience Program, which further leverages the impact of the internship experience.

CBO Recommendation: \$135,000

Tribal Liaison, MY_04, \$108,550

On July 11, 2012, City Council passed Resolution 36941 outlining its intention to formalize the City's relationship with Tribal Government Partners. There was movement in 2013 and again in 2015 to develop a Tribal Program at the City, bringing together representatives from local tribal governments and organizations, nonprofits, as well as City directors and decision makers. In December 2015, the group developed a charter for the Native American Advisory Commission to "establish a blueprint to implement Resolution 36941 and identify opportunit[ies] to strengthen the urban Indian community relationship. The Commission will advise priorities and actions for the Tribal Liaison to establish and maintain a Tribal Program and City policy for tribal consultation, in coordination with tribes and the urban Indian community." The Tribal Liaison requested in this decision package would serve as the main point of contact for the City and the tribal public, providing expertise on tribal history, treaties, sovereignty, self-governance, protocols, customs and traditions, natural resources and economic development. This request does not create a new FTE, as this position is already included in the Mayor's Office position authority. The duties of this position cannot be absorbed by existing staff or personnel resources, as the office lacks both the capacity and the specific expertise required to carry out this position.

Furthermore, this position may play a role in the State of Housing Emergency. While the number of Native Americans considered to be homeless dropped in the 2015 Point-in-Time count, this is largely connected to changes in the Department of Housing and Urban Development (HUD) definition of homelessness, since Native Americans are more likely to live in unstable housing situations than on the streets or in a shelter.⁷ As members of the Native American community are often hesitant to utilize mainstream providers, the Tribal Liaison could assist in facilitating relationships between culturally-specific organizations, the tribal public, and the City. This would likely prevent additional individuals from

⁴ Worksystems, Inc., "SummerWorks Annual Report 2014," Accessed February 17, 2016, <http://www.worksystems.org/sites/default/files/SummerWorks%20Annual%20Report%2C%202014.pdf>

⁵ Ibid

⁶ Data from Office of Management and Finance

⁷ *Point in Time Count of Homelessness in Portland and Multnomah County* (2015). Accessed from <https://www.portlandoregon.gov/phb/61362on 11/30/2015>.

experiencing homelessness,⁸ targeting a community that has historically experienced a disproportionately high burden of homelessness and risk factors for becoming homeless.

Given this nexus, CBO recommends approval of a part-time Tribal Liaison position to work with the Native American Advisory Commission to execute agreements with tribal governments within the next year, as well as to develop long-term recommendations for how this position and advisory body should work with AHFE, the City, and its decision makers. This should include exploring a policy, administrative, and financial relationship with the County, given that these issues cross jurisdictional boundaries, particularly efforts related to addressing housing and homelessness.

CBO Recommendation: \$54,275

Special Events Office Pilot, MY_05, \$315,857, 2.00 FTE

This decision package requests \$315,857 in one-time General Fund discretionary resources to create a centralized Special Events Office (SEO) for the City. The SEO will serve as a “one-stop shop” for all event organizers who are required to work with the City, as well as managing Last Thursday and the new proposed Old Town Night Market. The SEO expects that its operation will promote Portland’s special events industry, contributing to economic development, improving livability and streamlining customer service for events throughout the city. Depending on the results of the pilot program and the support of the new administration, the Office anticipates requesting ongoing funding to support its operation. It is possible that the SEO may generate revenue in future fiscal years through partial cost-recovery.

The request includes funding for two full-time employees and a Community Service Aide (CSA). The pilot year would involve convening a committee with existing special events staff housed in bureaus across the City to analyze and develop recommendations around a new Citywide structure for special events. This may result in reassigning duties and/or staff to the centralized office. Ultimately, the SEO may create a central application for all City special Events, but does not intend to do so during the pilot year.

With limited ongoing General Fund resources outside of those generated through reductions in bureau budgets, CBO does not recommend funding for this program at this time. Furthermore, CBO has concerns regarding the equity of funding two specific events – Last Thursday and the proposed Old Town Night Market – at the exclusion of other neighborhood events that have not been given the opportunity to apply for City resources. CBO believes there is value in fostering a special events culture to promote economic development in the City, and encourages the Mayor’s Office to move forward with convening a special events committee to assess how the City might expand these efforts while also improving cost recovery for large events. CBO further recommends that the Mayor’s Office partner with bureaus to develop a centralized special events application building off of existing forms and software, potentially through the Innovation Fund.

CBO Recommendation: \$0, 0.00 FTE

⁸ Key Performance Measure No. 3, prevent or divert 1,000 individuals or 526 households from becoming homeless

Facilities Division – Mayor’s Security, MY_06, \$71,741

The Office of Management and Finance (OMF) included in its budget submission a proposed reduction to the cash transfer from the General Fund to the Facilities Division of BIBS for the Mayor’s security detail from \$71,741 by \$3,587. The current funding is not always sufficient for all the security needs. The costs that are not covered by the cash transfer are currently covered by the City Hall operating budget and, if exceeded, by the major maintenance account.

CBO recommends that this transfer be shifted to the Mayor’s Office budget where it would appropriately be funded through the overhead model. An appropriate amount based on actuals should be budgeted so spending does not impact the City Hall building budget. Total City Hall costs in FY 2014-15 were \$182,351 on this contract, but only a portion of those costs are funded with the cash transfer specifically for Mayor’s security. Based on historical spending of no more than \$70,264 specific to Mayor’s security, CBO recommends shifting the reduced cash transfer amount to the Mayor’s Office budget.

CBO Recommendation: \$71,741

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of the Mayor											
<u>Adds</u>											
MY_03 - Summer Works Program	01	0.00	0	135,000	0	135,000	0.00	0	135,000	0	135,000
MY_01 - Last Thursday	02	0.00	30,000	0	0	30,000	0.00	0	0	0	0
MY_04 - Tribal Liaison	03	0.00	49,435	0	59,115	108,550	0.00	24,717	0	29,558	54,275
MY_05 - Special Events Office Pilot	04	2.00	0	315,857	0	315,857	0.00	0	0	0	0
MY_06 - Realign Security to Mayor's Office	NA	0.00	0	0	0	0	0.00	32,672	0	39,069	71,741
<i>Total Adds</i>		<i>2.00</i>	<i>79,435</i>	<i>450,857</i>	<i>59,115</i>	<i>589,407</i>	<i>0.00</i>	<i>57,389</i>	<i>135,000</i>	<i>68,627</i>	<i>261,016</i>
<u>Realignments</u>											
MY_02 - Transfer COCL to Special Appropriations	01	0.00	(634,316)	0	0	(634,316)	0.00	(634,316)	0	0	(634,316)
<i>Total Realignments</i>		<i>0.00</i>	<i>(634,316)</i>	<i>0</i>	<i>0</i>	<i>(634,316)</i>	<i>0.00</i>	<i>(634,316)</i>	<i>0</i>	<i>0</i>	<i>(634,316)</i>
Total Office of the Mayor		2.00	(554,881)	450,857	59,115	(44,909)	0.00	(576,927)	135,000	68,627	(373,300)

Analysis By: Jane Marie Ford

COMMISSIONER OF PUBLIC WORKS (FISH)

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
General Fund Discretionary	\$466,145	\$470,064	\$0	\$470,064	0.8%
General Fund Overhead	538,812	562,109	0	562,109	4.3%
Total Resources	\$1,004,957	\$1,032,173	\$0	\$1,032,173	2.7%
Expenditures					
Personnel Services	\$844,061	\$868,764	\$0	\$868,764	2.9%
External Materials and Services	33,622	34,430	0	34,430	2.4%
Internal Materials and Services	127,274	128,979	0	128,979	1.3%
Total Requirements	\$1,004,957	\$1,032,173	\$0	\$1,032,173	2.7%
Total Bureau FTE	8.50	8.90	0.00	8.90	4.7%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

The office submitted a stabilization budget, as Council Offices were not required to submit reductions of 5% from their FY 2016-17 Current Appropriation Level Targets. There are no significant issues or decision package requests to report on. The change in FTE is due to vacancy of a part-time position, which can be filled from 0.50 FTE to 0.90 FTE without a change in position authority. The position is currently budgeted at 0.90 FTE. The Commissioner's Office has not requested a change in position authority for FY 2016-17.

Analysis By: Jane Marie Ford

COMMISSIONER OF PUBLIC UTILITIES (FRITZ)

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
General Fund Discretionary	\$503,645	\$470,064		\$470,064	-6.7%
General Fund Overhead	538,812	562,109		562,109	4.3%
Total Resources	\$1,042,457	\$1,032,173	\$0	\$1,032,173	-1.0%
Expenditures					
Personnel Services	\$817,342	\$827,821		\$827,821	1.3%
External Materials and Services	89,620	79,342		79,342	-11.5%
Internal Materials and Services	135,495	125,010		125,010	-7.7%
Total Requirements	\$1,042,457	\$1,032,173	\$0	\$1,032,173	-1.0%
Total Bureau FTE	8.00	7.58		7.58	-5.3%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

The office submitted a stabilization budget, as Council Offices were not required to submit reductions of 5% from their FY 2016-17 Current Appropriation Level Targets. There are no significant issues or decision package requests to report on. The change in the number of FTE is due to the expiration of a limited term appointment on 1/12/2017.

Analysis By: Jane Marie Ford

COMMISSIONER OF PUBLIC SAFETY (NOVICK)

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
General Fund Discretionary	\$466,145	\$470,064	\$0	\$470,064	0.8%
General Fund Overhead	538,812	562,109	0	562,109	4.3%
Total Resources	\$1,004,957	\$1,032,173	\$0	\$1,032,173	2.7%
Expenditures					
Personnel Services	\$852,326	\$864,336	\$0	\$864,336	1.4%
External Materials and Services	40,158	41,124	0	41,124	2.4%
Internal Materials and Services	112,473	126,713	0	126,713	12.7%
Total Requirements	\$1,004,957	\$1,032,173	\$0	\$1,032,173	2.7%
Total Bureau FTE	8.00	8.00	0.00	8.00	0.0%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

The office submitted a stabilization budget, as Council Offices were not required to submit reductions of 5% from their FY 2016-17 Current Appropriation Level Targets. There are no significant issues or decision package requests to report on.

Analysis By: Jane Marie Ford

COMMISSIONER OF PUBLIC AFFAIRS (SALTZMAN)

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$3,157,368	\$3,850,000	\$0	\$3,850,000	21.9%
Taxes	13,997,967	17,230,629	0	17,230,629	23.1%
Intergovernmental Revenues	37,000	27,000	0	27,000	-27.0%
Miscellaneous Sources	12,636	20,890	0	20,890	65.3%
General Fund Discretionary	1,217,859	1,240,333	60,000	1,300,333	6.8%
General Fund Overhead	538,812	562,109	0	562,109	4.3%
Total Resources	\$18,961,642	\$22,930,961	\$60,000	\$22,990,961	21.2%
Expenditures					
Personnel Services	\$1,707,501	\$1,788,451	\$0	\$1,788,451	4.7%
External Materials and Services	16,537,020	18,585,723	60,000	18,645,723	12.8%
Internal Materials and Services	192,391	195,803	0	195,803	1.8%
Fund Transfers - Expense	25,000	25,000	0	25,000	0.0%
Contingency	499,730	2,335,984	0	2,335,984	367.4%
Total Requirements	\$18,961,642	\$22,930,961	\$60,000	\$22,990,961	21.2%
Total Bureau FTE	14.48	14.87	0.00	14.87	2.7%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

The Office of the Commissioner of Public Affairs submitted one decision package related to the State of Housing Emergency. Council Offices were not required to submit reductions of 5% from their FY 2016-17 Current Appropriation Level Targets.

Decision Package Analysis & Recommendations

Eviction Prevention Services, PA_01, \$60,000

The Gateway Center for Domestic Violence (GCDV) is requesting \$60,000 in one-time General Fund discretionary resources to provide eviction prevention services to an estimated 42 to 50 households. \$60,000 in one time dollars for the same services were allocated in the Fall Supplemental Budget for a contract through the YWCA, which houses staff in the GCDV. Survivors of domestic violence are at a higher risk of experiencing homelessness following separation from an abusive partner due to financial, economic, and safety challenges. This funding would provide rent assistance totaling on average \$1,200 to \$1,500 per household to support households facing imminent evictions. These households are identified by the YWCA Housing Specialist after carrying out an assessment to determine that the eviction crisis is likely to be addressed by this funding, or if further intervention is needed to ensure long-term housing stability. GCDV is not clear at this time if the need for these services will be ongoing.

CBO recommends this request. In addition to the social value of helping to provide stability to households in crisis, these services will help to ensure that those households who may safely remain in their current housing situations can do so, thereby preventing further strain on the city's limited affordable housing

stock. This decision package supports the State of Housing Emergency Key Performance Measure “Number of Households Prevented from Becoming Homeless,” which aims to prevent or divert 526 households from experiencing homelessness.

CBO Recommendation: \$60,000

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Requested					CBO Analyst Recommendations					
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Commissioner of Public Affairs											
<i>Adds</i>											
PA_01 - Eviction Prevention Services	01	0.00	0	60,000	0	60,000	0.00	0	60,000	0	60,000
<i>Total Adds</i>		<i>0.00</i>	<i>0</i>	<i>60,000</i>	<i>0</i>	<i>60,000</i>	<i>0.00</i>	<i>0</i>	<i>60,000</i>	<i>0</i>	<i>60,000</i>
Total Commissioner of Public Affairs		0.00	0	60,000	0	60,000	0.00	0	60,000	0	60,000

Analysis By: Jessica Kinard

OFFICE OF NEIGHBORHOOD INVOLVEMENT

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Charges for Services	\$312,296	\$1,160,369	\$0	\$1,160,369	271.6%
Intergovernmental Revenues	280,804	286,191	0	286,191	1.9%
Interagency Revenue	18,061	18,261	0	18,261	1.1%
General Fund Discretionary	8,275,195	7,657,381	840,543	8,497,924	2.7%
General Fund Overhead	209,744	213,722	331,837	545,559	160.1%
Total Resources	\$9,096,100	\$9,335,924	\$1,172,380	\$10,508,304	15.5%
Expenditures					
Personnel Services	\$4,458,827	\$4,829,833	\$632,748	\$5,462,581	22.5%
External Materials and Services	3,965,534	3,800,198	539,632	4,339,830	9.4%
Internal Materials and Services	671,739	705,893	0	705,893	5.1%
Total Requirements	\$9,096,100	\$9,335,924	\$1,172,380	\$10,508,304	15.5%
Total Bureau FTE	44.25	48.95	8.00	56.95	28.7%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

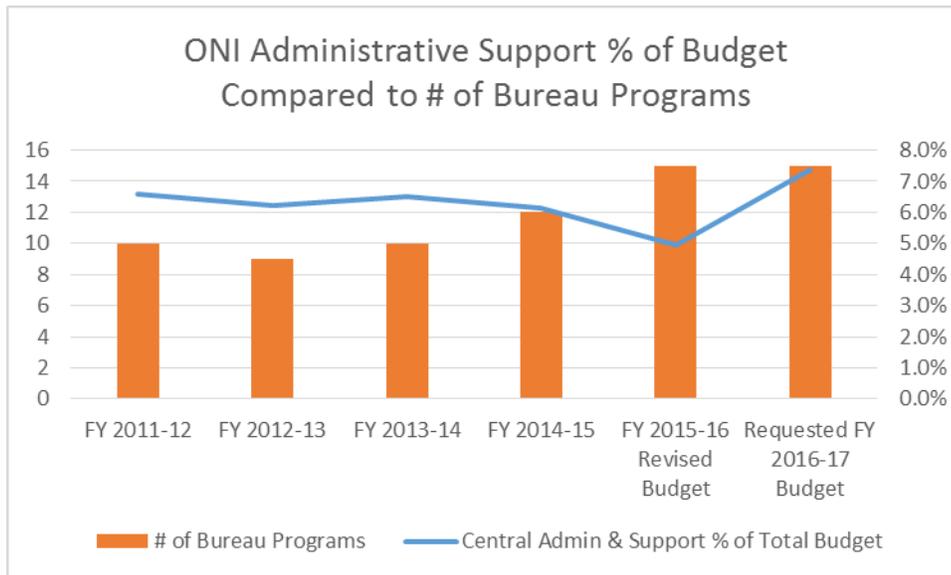
Key Issues

Bureau and Partner Capacity Issues

Many of the bureau's FY 2016-17 budget requests cite capacity challenges as primary reasons for the need for additional resources. These capacity challenges exist within the bureau's central administration, within bureau programs, and within partner programs. In most cases, the capacity challenges arise from a misalignment between the expectation of and/or demand for services and the ability of the bureau or its partners to provide those services within current funding and staffing allocations. The reaction of the bureau and its partners to correct for this misalignment has been to request additional General Fund resources – particularly for partner programming – and to have staff work longer hours.

In the case of central ONI administration, the lack of administrative capacity – in concert with the addition of several new programs – has threatened the ability of the bureau to keep up with core operations and has resulted in a failure to successfully implement programmatic adds and changes in a timely manner, such as with the addition of small grants and a new limited term position hire.

The bureau currently operates 15 distinct programs and several additional sub-programs and activities within those programs. The average staff size per program in the bureau in the current year is 3.5 FTE, and programs largely consist of staff dedicated to program operations. All central operations and administration, including finance; budgeting; centralized human resources, contracting and grants administration; and bureau-wide strategic planning, performance monitoring, and evaluation is conducted by three staff: the Bureau Director, an Operations Manager, and a Financial Analyst. As a percentage of total budget, central administration has dropped from 6.6% in FY 2011-12 to 5.0% in FY 2015-16.



The above chart shows the change in bureau funding for central administration as a percent of their total budget over the past five years. The columns illustrate the number of programs the bureau has managed over the past five years. As a percent of total budget, administration costs will decrease as a bureau total budget increases, and this dynamic does not always necessitate administrative resources. However, this chart highlights the growth in number of programs as a sign of increasing bureau complexity, and it is this complexity – as well as the addition of several small programs – that CBO believes is driving the challenges behind ONI’s ability to successfully manage all of its existing programs.

In last year’s review of ONI’s budget, CBO highlighted challenges in tracking bureau performance, most significantly that the reliability of the data collected varies greatly. ONI states that bureau partners often lack the capacity to accurately track program effectiveness, and that the bureau itself does not have the capacity to provide additional assistance or spend adequate time analyzing and summarizing the evaluation materials provided to them.

In their FY 2016-17 budget, ONI is requesting a net increase of 8.0 FTE at a cost of \$632,748 over their base budget. This represents a 16% increase in staffing over the bureau’s base budget allocation. CBO is recommending approval of 3.0 FTE - a 6% increase over the bureau base - which will enhance the bureau’s ability to achieve both bureau and citywide goals as well as enhance the bureau’s ability to reliably track and communicate performance. One of the recommended positions will specifically address the central bureau administrative issues discussed above.

CBO expects the service demands on ONI to continue to exceed bureau capacity – especially with livability programs experiencing peak workloads and with the District Coalition offices and Diversity and Civic Leadership programs which have highlighted a need to address current funding allocations for over two decades. It is essential that ONI establish goals for its programs and track and measure progress towards those goals so that Council has the information it needs to determine whether additional resources are needed to increase ONI’s operational capacity, or instead whether the City should work with the community to reduce the service demands on ONI.

Marijuana Program Budget and Fee Schedule Revisions

The bureau's FY 2016-17 budget includes \$825,000 in programmatic expenses for the new Marijuana Program. This includes 8.0 FTE that were approved as ongoing in the FY 2015-16 budget. As FY 2015-16 was the first year of full program operation, the bureau is revising original revenue estimates and will require a fee increase in order to support existing staff and meet the requested program budget's five year financial plan. The bureau anticipates bringing an ordinance with the new fee schedule to Council in coming months. If the new fee schedule is not approved by Council, the bureau will need to revise the currently proposed Marijuana Program budget.

Decision Package Analysis & Recommendations

Continuation of Existing One-Time Positions, NI_01, \$232,000, 3.00 FTE

The FY 2015-16 budget includes one-time General Fund support for a limited term Mental Health Specialist position and a limited term New Portlander Program Specialist position. This request is to convert these positions to regular positions with ongoing General Fund support, and also proposes that these positions be funded by the General Fund Overhead model. This package also includes a request to fund, with one-time General Fund resources, a limited term position that was added in the FY 2015-16 Fall Supplemental budget through an increase in Noise program revenues. Each position is discussed separately below.

Mental Health Specialist: This request is to provide \$126,000 in ongoing general fund resources to permanently fund a position that was added to the Crime Prevention Program in FY 2014-15 and continued with one-time funding in FY 2015-16. The position is tasked with assisting people who experience mental illness to participate in City processes, and provides support to the Community Oversight Advisory Board (COAB). The position provides training, technical assistance and support to all City bureaus around effectively engaging with persons with lived experience of mental illness. In the year since the position has been filled, the Mental Health Specialist has helped seven City bureaus better communicate with 14 specific individuals, provided technical assistance to two bureaus seeking advice on how to create more inclusionary boards and groups, and has directly mediated communication challenges between two individuals with lived experience of mental illness and bureaus.

To date, 335 City employees from Independent Police Review, Office of Neighborhood Involvement, Portland Parks, Bureau of Environmental Services, and the City security staff have received one or more trainings from the Mental Health Specialist. Pre- and post-survey data from training evaluations show that the trainings increase the individuals' comfort with their ability to provide service to members of the public who are exhibiting signs of distress or symptoms of a mental illness by an average of nearly 20%. Additionally, the trainings help identify ways that employees can work together to provide better service to the community and support one another during stressful interactions.

In terms of continued work, the Mental Health Specialist has been recently certified to provide Mental Health First Aid training and, if the position is funded, anticipates providing this training to 100 City

employees next year through City Learner. Additionally, as the Mental Health Specialist continues to engage with community groups and knowledge of his role increases, the bureau expects the number of individuals directly supported to increase.

This position has the potential to positively impact several of the bureau's performance measures around engagement and crime prevention, including three Key Performance Measures: number of participants in civic engagement activities; number of people participating in trainings, leadership development, and organizational development; and percentage of residents that have been involved in a community project or attended a public meeting at least once. In addition, this position furthers equity goals as it strives to enable civic engagement of a traditionally underrepresented group.

As a result of the accomplishments of this position to date as well as the impact of the position's work on bureau key performance measures and citywide goals, CBO recommends funding this position on a permanent basis.

New Portlander Program Specialist: According to American Community Survey data, approximately 13% of Portland residents are foreign born.¹ The New Portlander Program supports the intentional integration of immigrant and refugee families primarily through coordination with City bureaus, the Community Engagement Liaisons (CELS) program, and the New Portlanders Policy Council which provides policy research, recommended practices and advocacy for newcomer integration. The program has been run by one permanent FTE, and in FY 2015-16 the bureau was provided one-time funding for a limited term Program Specialist to provide staff support to the New Portlanders Policy Council as it transitioned to a full Commission.

As of the writing of this report, the limited term position funded in the current year has not yet been hired: ONI is currently undergoing recruitment for the position. The original purpose of the requested position was to support the transition of the Council to a Commission, which has not yet occurred. As the ongoing needs of the Commission have not yet been identified, CBO does not recommend ongoing funding for this position at this time. CBO does recommend continued one-time funding to ensure the Council is supported as it transitions to a full Commission, but suggests that this funding come from a program carryover of the current year decision package as the position has not yet been hired.

Livability Administrative Support: This request is to provide one-time General Fund support to continue an Office Support Specialist position for the Liquor Licensing and Noise Control programs. This position was funded in the current year with an increase in projected fee revenue. The bureau anticipates making changes to the noise fee schedule that will enable the bureau to fund this position with fee revenue after FY 2016-17.

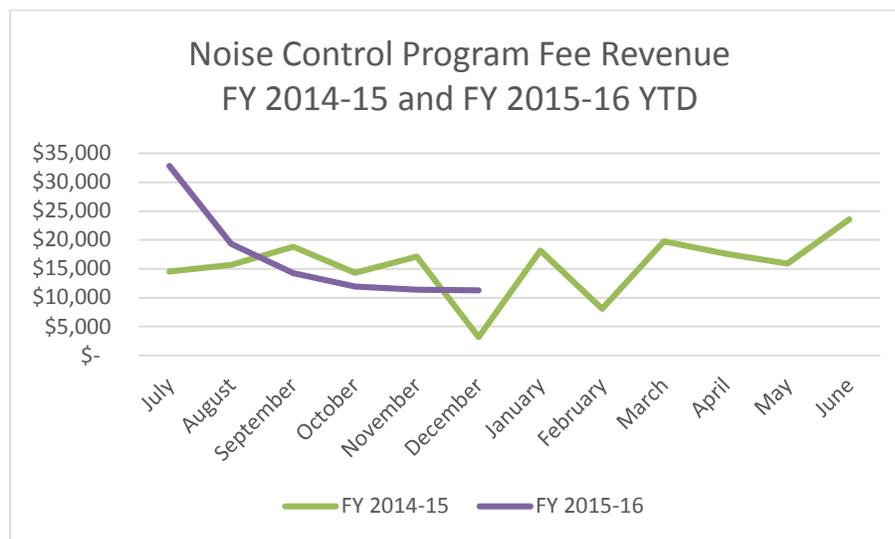
Both the Liquor Licensing and the Noise Control programs have experienced substantial growth in workload over the past two years. The Liquor Licensing program is expected to process 5,200 applications

¹ Data is from 2010 – 2014. <http://www.census.gov/quickfacts/table/PST045215/00>

this year – a 27% increase since 2008 – with 1.5 regular FTE and seasonal staff during peak periods. In FY 2014-15, the bureau processed 649 noise variances, 220 noise violation inspections, and 704 noise code violation cases. The number of variances processed in FY 2014-15 represented a 31% increase over the prior year. The bureau has managed this work with 3.5 FTE, including 0.5 FTE dedicated to administrative support.

As the number of noise variances have increased, so has Noise Control program revenue. In both FY 2014-15 and FY 2015-16 mid-year Supplemental budgets, the bureau increased its projected Noise program revenues. Actual revenues in FY 2014-15 exceeded the original projections by over XX% for a total of \$186,640, and CBO projects current year actuals revenues to be \$202,000. However, the bureau is only budgeting \$150,000 in Noise Program revenues in the FY 2016-17 budget, 13% below the current year budget and 30% below CBO projected current year revenue. While CBO acknowledges the need for conservative projections, we believe the current projections may be overly conservative, resulting in a higher General Fund subsidy than is actually needed.

The chart below shows noise program revenue for FY 2014-15 and FY 2015-16 to date. While these program revenues are clearly volatile, they are correlated with construction levels, which continue to be high. The Bureau of Development Services used to project Noise program revenues by using a weighted average of growth in construction employment and growth in metro area population. This methodology suggests program revenue of \$192,660 for FY 2016-17. Based on this information, CBO believes that ONI may conservatively project Noise revenues for FY 2016-17 to be *at least* equal to the current year revised budget projections of \$172,000.



Noise fee revenues are difficult to predict, but are correlated with construction activity, which results in peak revenues in summer months. In the first half of the current year, ONI received \$101,000 in Noise revenues – which is 67% of their total projected revenues for FY 2016-17.

There is a clear need for this position, but CBO recommends that it be funded by increasing budgeted revenues to the current year revised budget level of \$172,000 and by processing a program carryover of one-time reserve funds of \$43,000. While CBO recommended in the FY 2015-16 budget that the bureau

not be allowed to carryover reserve funds in subsequent years, this carryover would be utilized for a distinct, one-time purpose and not as a reserve.

CBO Recommendation: \$148,000, 1.35 FTE

Pilot Engagement Around Housing Emergency, NI_02, \$350,000

This proposal would provide capacity for ONI and its community partners to create and implement a public involvement effort to promote understanding, engagement, and active participation around the Council declared State of Housing Emergency.

While ONI and its partners have special expertise in public involvement, there are a number of engagement and outreach efforts already funded and in place in relation to housing investments and specifically the State of Housing Emergency. This includes the A Home for Everyone (AHFE) Coordinating Board, whose membership is broadly representative of the community². AHFE holds public meetings once a month and provides input and recommendations regarding homeless services programs. Recently, AHFE hosted special community engagement sessions to discuss priority investment areas.

In addition, the Portland Housing Bureau (PHB) has a full-time engagement and outreach coordinator whose purpose is to lead the bureau in developing more effective outreach, engagement and partnerships with the diverse and historically underserved communities of Portland. PHB also convenes several public meetings and committees around housing and homeless services such as the Portland Housing Advisory Board, the Fair Housing Advocacy Committee, the North-Northeast Neighborhood Housing Strategy Oversight Committee, and is planning on convening community meetings around recent increases in Tax Increment Financing (TIF) funding.

While public engagement and involvement is an important piece of the housing emergency, there already exists established outreach and public engagement efforts. As a result, CBO does not recommend funding for this proposal. CBO does recommend that Portland Housing Bureau actively engage ONI community partners to ensure their networks are aware of and have the opportunity to participate in public meetings and decision-making processes.

CBO Recommendation: \$0

Community Building Grants, NI_03, \$197,000

Through this proposal, the bureau is asking to increase the community building grants program (assuming the offered program cut is not taken) by \$122,000, launch a new Diversity and Civic Leadership (DCL) small grants program with \$65,000, and provide \$10,000 for Youth Action Grants.

This proposal would provide an additional 64 neighborhood small grants, 13 DCL grants, and 10 youth grants. The bureau notes that this program closely aligns with the City's equity goals #2 and #3, as the

² See committee charter: www.portlandoregon.gov/phb/article/486613

engagement of communities historically underrepresented and underserved is a high priority for the program. Prior grant cycles have resulted in 55% of grants being awarded to projects addressing outreach or engagement with underrepresented communities. Many of these grants would go towards benefitting and engaging multiple people, which could significantly impact the bureau KPMs to increase participants in civic engagement activities and increase participants in trainings, leadership development, and organizational development. However, it's difficult to assess the number of people impacted because the partners and ONI have not had the capacity to provide and analyze participant data. While small neighborhood grants programs have been identified as an important tool in ensuring effective public engagement,³ Portland has relied primarily on anecdotal information to evaluate the success and impact of the program. The absence of aggregate data to demonstrate impact on larger bureau and citywide goals makes it difficult to assess the trade-offs of investing in this program versus other citywide priorities.

Ensuring the program has the capacity to track the impact of these grants using data and outcome evaluation would not only help inform decision-makers as to the value of the program, but it could help ONI and their partners structure grant funding to ensure maximum impact towards shared values. It could also help the City evaluate how this program may generate progress towards goals outlined in the Portland Plan and the East Portland Action Plan. CBO is recommending the requested addition of a Management Assistant position as part of NI_06 partially with the intent of increasing bureau and partner capacity to accurately collect and assess partner program participation data and outcomes.

Due to the current limited availability of ongoing General Fund resources, CBO is not recommending this package. However, if Council chooses to fund this proposal, CBO recommends that at least 20% of the proposed funds (\$39,400) go towards training and technical assistance to ensure the partners have the capacity to provide reliable, outcomes-driven data collection and evaluation efforts of each small grant program.

CBO Recommendation: \$0

Strategic Budget Planning – One-Time, NI_04, \$100,000, 1.00 FTE

This proposal requests funding for one limited term FTE and \$7,486 in materials and services to develop a strategic funding plan in concert with bureau management, community partners, and impacted members of the public.

Through this proposal, the bureau seeks to address two issues: first, the bureau has received multiple new programs in recent years without gains in administrative overhead funding and second, the bureau has identified in concert with their BAC the need to more equitably fund their civic engagement partners. These issues were also addressed by CBO in the key issues section of this review.

³ *Planning for a Stronger Local Democracy*; National League of Cities, Center for Research and Innovation. P3.
<http://www.nlc.org/Documents/Find%20City%20Solutions/Research%20Innovation/Governance-Civic/planning-for-stronger-local-democracy-gid-nov11.pdf>

The issue of funding allocation across neighborhood district coalitions has been a critical point of discussion for over 20 years. In recent years, ONI staff and interns, the ONI BAC, and ONI civic engagement partners have worked to address the issue of funding inequity and conducted a fair amount of research, meetings, data collection, and summaries of findings. In 2012, the bureau produced a report that provides historical and comparative analysis of coalition funding, and proposes – in concert with Coalition Directors – a “Coalition Equity Formula.” In addition, Coalitions and DCL partners have recently created assessments of funding need, including a “right” budget for ONI that was proposed during the FY 2015-16 budget process, as well as a “dream” budget for ONI that was presented as a potential add package (but ultimately not included) in the FY 2016-17 Requested Budget. It is not clear to CBO at this time how the intended product of this package differs significantly from past and current work. As a result, CBO does not recommend funding for this proposal.

CBO acknowledges that ONI is lean in terms of administrative funding, and as a result is recommending as part of NI_06 the addition of 1.00 ongoing FTE for central administrative functions and 1.00 ongoing FTE for Crime Prevention program administration. It is CBO’s intent that these administrative positions provide new capacity for other administrative and/or managerial staff to address priority areas such as strategic goals and plans.

CBO Recommendation: \$0, 0.00 FTE

Accessibility Fund for ONI Programs – Pilot, NI_05, \$100,000

This package proposes \$100,000 in one-time funds to support ONI program efforts to overcome barriers to participation in civic events and meetings. Supportive services would address needs around translation, childcare, transportation, and ADA accessibility. ONI provided an accessibility fund for the Neighborhood Program beginning in FY 2007-08, but it was eliminated during budget cut years.

The City created the Office of Equity and Human Rights (OEHR) in 2011 – after ONI held the previous Accessibility Fund – and OEHR is now the City’s programmatic and coordinating lead on Title VI and ADA issues. This package was not developed in concert with OEHR. ONI rightly recognizes that each bureau has a role to play in ensuring that programs advance equity goals, and points out that it would not make sense for ONI’s partners to apply to OEHR for funds for this purpose when they have a long-standing relationship with ONI. However, CBO recommends that these types of packages be developed in coordination with lead subject-matter bureaus. OEHR recently managed a citywide pool of funds for translation services and may have additional insight that could benefit this proposal, as well as insight on similar needs across the City.

Due to limited availability of General Fund resources, CBO does not recommend this request.

CBO Recommendation: \$0

Priority Adds to More Adequately Staff Programs, NI_06, \$366,000, 4.50 FTE

Through this request, the bureau would add ongoing General Fund support for 4.50 FTEs in four distinct programs. Details of the request, by program, are below.

ONI Administration: The bureau proposes to add \$170,000 in ongoing General Fund support for 2.0 FTEs: one Administrative Assistant to support the Director and general bureau operations and one Management Assistant to improve grants coordination/processing and operations support. The bureau notes that in recent years it has taken on numerous additional programs without additional overhead funding.

As discussed in the Key Issues section, bureau central administration has declined as a percent of total budget while the bureau has become more complex. This lack of administrative capacity has had a negative impact on multiple programs' ability to achieve their goals and has negatively impacted the ability of ONI to meet overall bureau goals. In recent years, the bureau has struggled to process required hiring paperwork in a timely manner – such as with the New Portlander Program Specialist funded in the current year – which negatively impacts multiple programs. In addition, the bureau has struggled to successfully process a large portion of awarded grants funds to the community, which negatively impacts the bureau's KPMs to increase participants in civic engagement activities and increase participants in trainings, leadership development, and organizational development.

Funding the Management Analyst will enable to bureau to successfully process 75 grants to the community, and may also assist with other critical strategic and operational needs of the bureau. CBO recommends this request with the condition that this position also dedicate a portion of its time to improving the reliability and utility of data collection and evaluation of partner program success specifically, and help enable the tracking of the bureau's key performance measures more broadly. CBO prioritizes this recommendation as it has the potential to improve the ability of the bureau to track and communicate its performance in relation to key citywide goals, which will enable decision-makers to more accurately assess future funding decisions.

Due to the current limited availability of – and competition for – ongoing General Fund resources, CBO is not recommending ongoing funding for the Assistant Analyst.

Public Involvement Best Practices Program Support: The City's Public Involvement program has been staffed with 1.0 FTE since its inception in 2008. The program provides support to City bureaus to improve and institutionalize public involvement principles and processes and convenes the Public Involvement Advisory Committee (PIAC).

This request is to fund an additional permanent 1.0 FTE. The current duties of the existing staff member includes citywide program and project development; citywide technical assistance and training; cross-agency collaboration and resource development; and strategic planning and meeting facilitation for the PIAC coordinating committee, PIAC subcommittee, and equity-related meetings. This position also functions as the bureau's equity liaison and is responsible for the bureau's equity roadmap and other equity-related initiatives. The bureau maintains that, to successfully complete all duties, the program

requires even more than the additional FTE; however, the position being requested will focus on the PIAC and spend 70-85% of its time supporting the PIAC and related workgroup projects.

PIAC members are all expected to commit 4-6 hours per month on PIAC-related work; the bureau has primarily identified the need for a dedicated staff person to support the PIAC due to a need for someone to synthesize and organize PIAC information, conduct supportive research and analysis, plan PIAC meetings, and provide other centralized administrative support.

Due to the current limited availability of ongoing General Fund resources, CBO is not recommending ongoing funding for the staffing position at this time. CBO acknowledges that the current program work plan appears to exceed current staffing capacity, and thus recommends that the bureau and the program assess top priorities to ensure that the PIAC work group initiatives match available capacity.

Youth Development Program Support: This request is for \$42,000 in ongoing General Fund resources to support an additional 0.5 FTE for the Multnomah Youth Commission (MYC), bringing the total City support of the MYC up to \$155,260 and 1.5 total FTEs. This request would roughly match Multnomah County's support of the commission: the current year County support for the MYC was \$147,346 including 1.5 FTEs. The bureau notes that the currently City funded program specialist is typically working 50-60 hours per week as a result of current workload. The additional administrative support will allow the program specialist currently funded by the City to provide more quality program development, research on complex policy issues, more attention to mentorship and advising youth on policy development, building working partnerships with other government agencies and community organizations working on youth policy issues. In addition, the second staff person would be responsible for administering the youth action grants proposed in ONI decision package NI_03, including providing the early outreach, coordinating the application and decision making process, and administering the contracting, monitoring and evaluation of the grant efforts.

Increasing the capacity of this organization and providing small grants would positively impact the bureau's KPMs to increase participants in civic engagement activities and increase participants in trainings, leadership development, and organizational development and would increase citywide equity goals.

Due to the current limited availability of ongoing General Fund resources, CBO is not recommending funding for the staffing position and is not recommending funding for the Youth Action Grants (NI_03). CBO believes this package and the MYC portion of NI_03 should be considered together: as the administration of the program is already stretched, more administrative capacity is necessary to ensure successful implementation of program expansion, as with the proposed small grants program in NI_03.

Crime Prevention Administrative Support: This request is for \$65,000 to fund an Office Support Specialist II to provide administrative support to the Crime Prevention Program. The Crime Prevention Program is ONI's largest program with 12 full time program staff and 1 program manager. The program currently has no administrative support and the office is located in Northeast Portland, physically removed from other

ONI programs. Administrative duties are pieced together by existing program staff but are largely carried out by the program manager, who frequently spends time answering the office's main phone line or letting in the 10-20 visitors who arrive at the office each day.

In addition to providing customer service duties, this position would provide operational support including requesting service for building and technology needs, ordering and managing public-facing and internal materials and supplies, assist program staff with program logistics, maintain and update the bureau's website and social media accounts, perform database entry, and provide other supports. Further, the addition of this position will free up the program manager's time to create and implement the Program's 5 year Plan for Racial Equity, develop the program's capacity to obtain and use crime data and mapping, refine partnerships with other public safety bureaus, and do other general strategic planning and goal setting work for the program.

Due to the increase in bureau capacity afforded by the addition of this position, CBO would expect this position to significantly increase the bureau's ability to meet Crime Prevention performance targets and goals. CBO finds the ability of the program manager to focus on the racial equity plan and increase the use of crime data and mapping in program activities as particularly important in ensuring the program is meeting bureau and citywide goals around equity and efficiency. The investment required to achieve these outcomes – in the form of administrative support – is cost effective. For these reasons, CBO recommends prioritizing limited available ongoing General Fund resources for this position.

CBO Recommendation: \$149,000, 2.00 FTE

Mandatory 5% ONI General Fund Reduction, NI_07, (\$237,620)

Convert Programs to Overhead Funded: The bureau is proposing to move the New Portlander Program and the Disability program from being funded exclusively by General Fund discretionary resources to being funded by the General Fund Overhead model. The General Fund Overhead model funds citywide services that provide a direct benefit to all bureaus, and is funded through a combination of City General Fund and non-General Fund sources. The conversion of these programs, if successful, would not change the bureau's general fund base but it would yield general fund discretionary savings of \$155,935 since those costs would now be covered by non-General Fund bureaus.

ONI provided information on the proposed programs to the General Fund Overhead Advisory Committee members for their review. The Committee found that it would not be appropriate for these programs to be funded by the Overhead model. Thus, CBO does not recommend this package.

Eliminate Crime Prevention Coordinator: This proposal would eliminate the Crime Prevention Coordinator position that currently administers the Enhanced Safety Properties (ESP) program, which supports 150 crime prevention groups and is run in concert with the Portland Police Bureau (PPB). ONI is suspending the program because PPB is unable to support their portion of the program with current staffing levels. It is important to note that, according to the bureau, the reduction of this position will not result in a layoff.

As the ESP program is suspended due to Police staffing challenges, this position-if retained-would be redeployed to the Neighborhood Watches and Community Foot Patrols programs that are experiencing high demand for services and/or have waitlists for ONI training. This position, if actively training new Neighborhood Watches, would be able to start supporting 40-70 new crime prevention groups a year, bolstering a bureau performance measure.

According to ONI, as Police staffing challenges have increased and resources have been diverted to the most pressing Police needs, more community members are turning to the Crime Prevention program for advice and support. This position would reduce crime and the fear of crime by teaching prevention techniques and providing community organizing, which reduces police calls for service. The cost of restoring this position is \$80,000 which is roughly equivalent to a starting police officer's salary with benefits; however, police officers have much more significant equipment, training, and potential premium pay costs. While the Crime prevention officer cannot do enforcement, this investment is a relatively cost effective way of increasing community capacity to address public safety needs as well as divert police calls for service for non-enforcement related needs. This position's work also impacts the percentage of residents who feel safe walking alone in their neighborhood at night, which is a bureau key performance measure and important measure of livability throughout the City.

There is a need for this position in light of current waitlists, Police Bureau realignments, and this positions' impact on bureau and City KPMs; however, and due to limited available General Fund resources, CBO recommends taking this reduction. CBO is recommending the program receive one Office Support Specialist II which should increase the work capacity of the existing 11 Crime Prevention Analysts.

Reduce Capacity for Free Graffiti Removal: This proposal would reduce the bureau's capacity to support their free graffiti removal service by \$54,620. This reduction would reduce current free removal services by over one third. This service is available to individuals and small businesses for which removal would present an economic challenge. The cost of removal varies greatly, but this cut is estimated to reduce the ability of the bureau to fund removal of 150-200 graffiti incidents. Free graffiti removal is conducted on both residences and small businesses, and has historically been more prevalently serviced in the inner northeast and inner southeast neighborhoods in the City. However, there has been a recent increase in graffiti reports in outer East Portland, particularly with a significant increase in gang tags that require prompt removal.

Due to limited available General Fund resources, CBO recommends taking this reduction.

Eliminate Community Building Grants: This proposal would eliminate the neighborhood small grants program and generate \$103,000 in ongoing General Fund resources.

In the current year, this funding is going towards approximately 53 grants (an average of \$1,900 per grant) through the seven District Coalition offices through a formula based on Coalition existing base budgets, neighborhood poverty rates, and number of neighborhood associations.

Many of these grants go towards benefitting and engaging multiple people, which could significantly impact the bureau KPMs to increase participants in civic engagement activities and increase participants in trainings, leadership development, and organizational development. However, it's difficult to know the total number of people impacted as well as other outcomes from these grants because the partners and ONI have not had the capacity to provide and/or analyze comprehensive participant data for this program and related activities. While neighborhood small grants programs are highly regarded not only by the people they serve and have been identified as an important tool in ensuring effective public engagement,⁴ Portland has relied primarily on anecdotal information to evaluate the success and impact of the program.

The bureau notes that this program closely aligns with the City's equity goals #2 and #3, as the engagement of communities historically underrepresented and underserved is a high priority for the program. Prior grant cycles have resulted in 55% of grants being awarded to projects addressing outreach or engagement with underrepresented communities.

As a result of the impact that this reduction may have on the bureau's key performance measures as well as citywide equity goals, CBO recommends against taking this reduction. In addition, CBO recommends that the bureau continue to focus on improving the collection and analysis of outcome-driven data as it pertains to this and related community partner programming.

CBO Recommendation: (\$134,620), (1.00 FTE)

⁴ *Planning for a Stronger Local Democracy*; National League of Cities, Center for Research and Innovation. P3.
<http://www.nlc.org/Documents/Find%20City%20Solutions/Research%20Innovation/Governance-Civic/planning-for-stronger-local-democracy-gid-nov11.pdf>

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Neighborhood Involvement											
<u>Adds</u>											
NI_01 - Continuation of Existing One-Time Positions	01	3.00	105,656	65,000	126,344	297,000	1.35	57,382	0	90,618	148,000
NI_02 - Pilot Engagement Around Housing Emergency	02	0.50	0	350,000	0	350,000	0.00	0	0	0	0
NI_03 - Community Building Grants	03	0.00	0	197,000	0	197,000	0.00	0	0	0	0
NI_04 - Strategic Budget Planning - One-time	04	1.00	0	100,000	0	100,000	0.00	0	0	0	0
NI_05 - Accessibility Fund for ONI Programs - Pilot	05	0.00	0	100,000	0	100,000	0.00	0	0	0	0
NI_06 - Priority Adds to More Adequately Staff Program	06	4.50	316,442	0	49,558	366,000	2.00	149,000	0	0	149,000
<i>Total Adds</i>		<i>9.00</i>	<i>422,098</i>	<i>812,000</i>	<i>175,902</i>	<i>1,410,000</i>	<i>3.35</i>	<i>206,382</i>	<i>0</i>	<i>90,618</i>	<i>297,000</i>
<u>Reductions</u>											
NI_07 - Mandatory 5% ONI General Fund Reduction	01	(1.00)	(393,555)	0	155,935	(237,620)	(1.00)	(134,620)	0	0	(134,620)
<i>Total Reductions</i>		<i>(1.00)</i>	<i>(393,555)</i>	<i>0</i>	<i>155,935</i>	<i>(237,620)</i>	<i>(1.00)</i>	<i>(134,620)</i>	<i>0</i>	<i>0</i>	<i>(134,620)</i>
Total Office of Neighborhood Involvement		8.00	28,543	812,000	331,837	1,172,380	2.35	71,762	0	90,618	162,380

Analysis By: Ryan Kinsella

PORTLAND PARKS & RECREATION

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$17,193,605	\$44,456,315	\$0	\$44,456,315	158.6%
Licenses & Permits	475,996	419,443	0	419,443	-11.9%
Charges for Services	39,917,319	43,221,055	(714,140)	42,506,915	6.5%
Intergovernmental Revenues	3,144,870	2,288,271	0	2,288,271	-27.2%
Interagency Revenue	2,125,121	2,052,388	603,210	2,655,598	25.0%
Fund Transfers - Revenue	4,506,427	2,101,368	7,432,600	9,533,968	111.6%
Bond and Note Proceeds	17,056,810	12,916,768	0	12,916,768	-24.3%
Miscellaneous Sources	2,257,862	2,130,121	(467,005)	1,663,116	-26.3%
General Fund Discretionary	54,782,127	56,087,974	4,486,651	60,574,625	10.6%
Total Resources	\$141,460,137	\$165,673,703	\$11,341,316	\$177,015,019	25.1%
Expenditures					
Personnel Services	\$60,493,537	\$62,004,331	\$3,499,886	\$65,504,217	8.3%
External Materials and Services	29,618,499	33,067,877	408,830	33,476,707	13.0%
Internal Materials and Services	11,073,113	12,241,389	0	12,241,389	10.6%
Capital Outlay	30,769,252	33,044,758	7,432,600	40,477,358	31.6%
Debt Service	1,102,623	858,017	0	858,017	-22.2%
Fund Transfers - Expense	1,131,887	1,232,078	87,600	1,319,678	16.6%
Contingency	7,108,436	23,062,453	(87,600)	22,974,853	223.2%
Unappropriated Fund Balance	162,790	163,300	0	163,300	0.3%
Total Requirements	\$141,460,137	\$165,674,203	\$11,341,316	\$177,015,519	25.1%
Total Bureau FTE	484.57	487.82	101.25	589.07	21.6%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

The conversion of over 100 seasonal positions following an arbitrators' opinion of an unfair labor practice at a cost of \$4.4 million; the expansion of access to parks and community centers to underrepresented Portlanders; addressing an ongoing \$14 million annual maintenance backlog: these are issues that Portland Parks & Recreation faces immediately in FY 2015-16, all of which will have a significant impact on the fiscal sustainability of the bureau. Ongoing programmatic and operational issues continue to pose significant challenges, including the implementation of Title 11 Tree Code, the balancing of community expectations and the resources of the Ranger Program, and the implementation of the Teen Force program. Due to these challenges and within the constraints of limited resources, Parks must balance these competing priorities:

- Efficiently maintaining assets so that the future residents can experience a comparable level of service;
- Expanding services to underserved households and an increasing number of residents;

- Maintaining current services based on community expectations of the parks and recreation experience.

Maintaining Assets: Capital Funding Gap

System Development Charge (SDC) revenues provide resources for some of the bureau’s expansion plans but the bureau is also challenged with maintaining the current system. Parks has an annual infrastructure maintenance funding gap of \$72.0 million over the next ten years comprised primarily of two components: \$47.2 million to expand services and build capacity, and \$24.8 million for rehabilitation, repair, and replacement of current assets and other mandated projects. This amount reflects the projects included in the first ten years of the 20-year capital plan, annualized evenly. In total over that 10-year period, Parks will need \$713 million of resources; current funding includes the bureau’s major maintenance allocation, SDC revenues, and the 2014 bond are estimated to provide \$165.2 million (19%).

Capital Plan Funding Gap (\$878.2 million total)	
	<i>Expected Funding</i>
Bond amount	\$68
Major Maintenance	\$17.2
SDCs	\$101
Total	\$165.2
	<i>Remaining Need</i>
Rehabilitation, Repair, and Replacement, and Mandated Projects	\$236 million
New Capacity Projects	\$477 million
Total	\$713 million

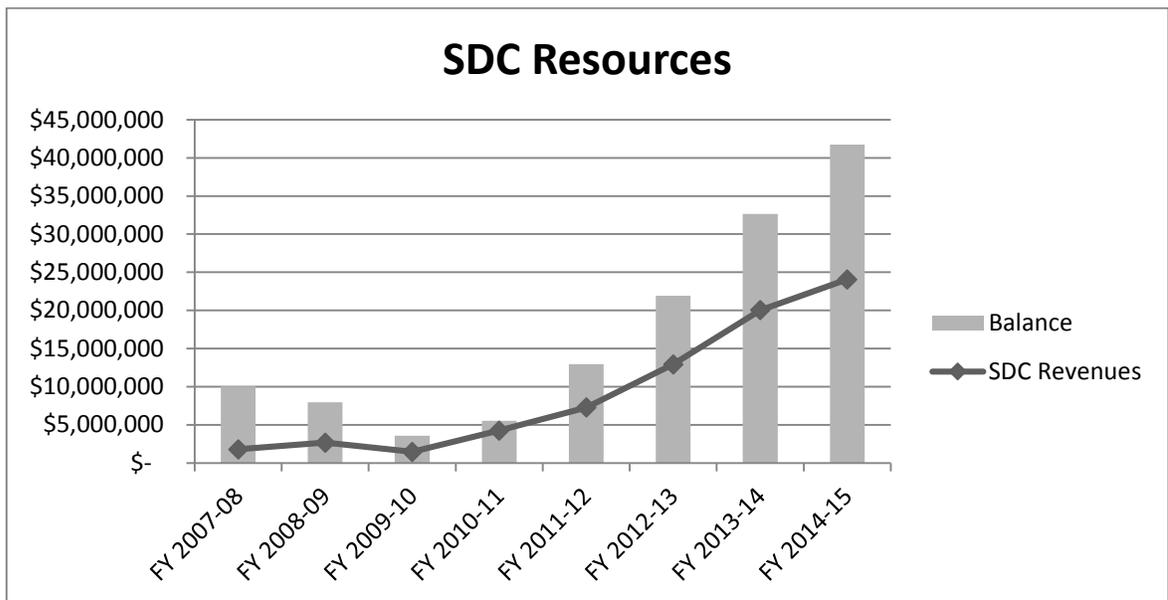
New capacity projects included in the 20-year capital plan would increase access to parks and recreation centers to new households, making progress towards the goal of having a park within ½ mile of every household and a community center within three miles of every Portland household. The bureau has not determined what percent of new households would be served in its 20-year capital plan. In addition to \$477 million for new capacity projects, Parks would also need ongoing resources to fund the O&M costs of new assets once in service, which is not included in this figure.

The bureau largely depends upon its major maintenance allocation in addition to one-time General Fund allocations to address many regular maintenance projects. The bureau currently has \$1.7 million budget in its major maintenance set-aside, but the estimated annualized need for all Parks’ assets is \$5 to \$15 million – even after accounting for the bond funding. As such, Council can expect one-time request exceeding \$3.5 million per year as the bureau continues to address its most urgent major maintenance needs.

System Development Charges and Parks' System Expansion

SDCs continue to provide both an opportunity and a liability. With access to recreation centers and parks being proportionally less in East Portland, SDC resources provide an opportunity to build assets that will serve a greater portion of Portlanders while also positively impacting the City's equity goals. However, the expansion of parks services will necessarily require a shift of General Fund resources away from other City priorities, such as public safety and housing, in order to fund the operations and maintenance of new park facilities. The City needs to take into account the negative impact of reducing these other services – along with the equity impact this may have on specific communities – when making decisions about expanding Parks' services.

Due to the economic recovery over the past four years, the bureau has experienced a steady increase in system development charge revenues. Last year the bureau collected \$24.0 million in residential and commercial revenues, and ended the year with a balance of \$41.7 million. To date, the bureau has collected \$16.1 million in SDC revenues in FY 2015-16, indicating that total year revenues are likely to exceed \$20 million. The following chart shows the growth of SDCs over the last several years.



Projects confirmed to be funded with SDCs in the five-year plan include:

- Beech Park (\$11.0 million total)
- Gateway Urban Plaza (\$9.0 million)
- Spring Garden Development (\$1.5 million)
- Portland Tennis Bubble (\$1.1 million)

Over the next five-years the bureau has plans to allocate the balance and forecasted revenues of \$76.0 million to development of other parks and facilities, and \$10.7 million allocated for property acquisition. Remaining is \$15.0 million that has not been planned or allocated to a project. Based on current SDC resources, the bureau estimates that new, SDC-funded parks may result in the need for \$500,000 to \$1.5 million annually to support operating costs over the next five years.

CBO recommends that bureau consider building assets which increase capacity and meet community needs but also minimize operational and maintenance costs. This can be accomplished through several strategies:

- Building assets that provide programming which generate cost-recovery, (e.g., recreation centers
- Replacing assets that add capacity at current Park sites
- Designing recreation centers and parks with amenities that minimize operations and maintenance costs. These may include cost-minimizing features include zero-scape instead of landscape features that require regular maintenance.
- Creating assets with the capacity for outside vendors that could share in or cover operational and maintenance costs of the facility.

While this current spike in SDC resources will allow the bureau to expand access to underserved residents, newly constructed Parks' facilities may result in a cohort of assets that will compete for operational and maintenance resources in the short-term and major maintenance funding in the long-term. These challenges may further exacerbate Parks' financial challenges.

Decision Package Analysis & Recommendations

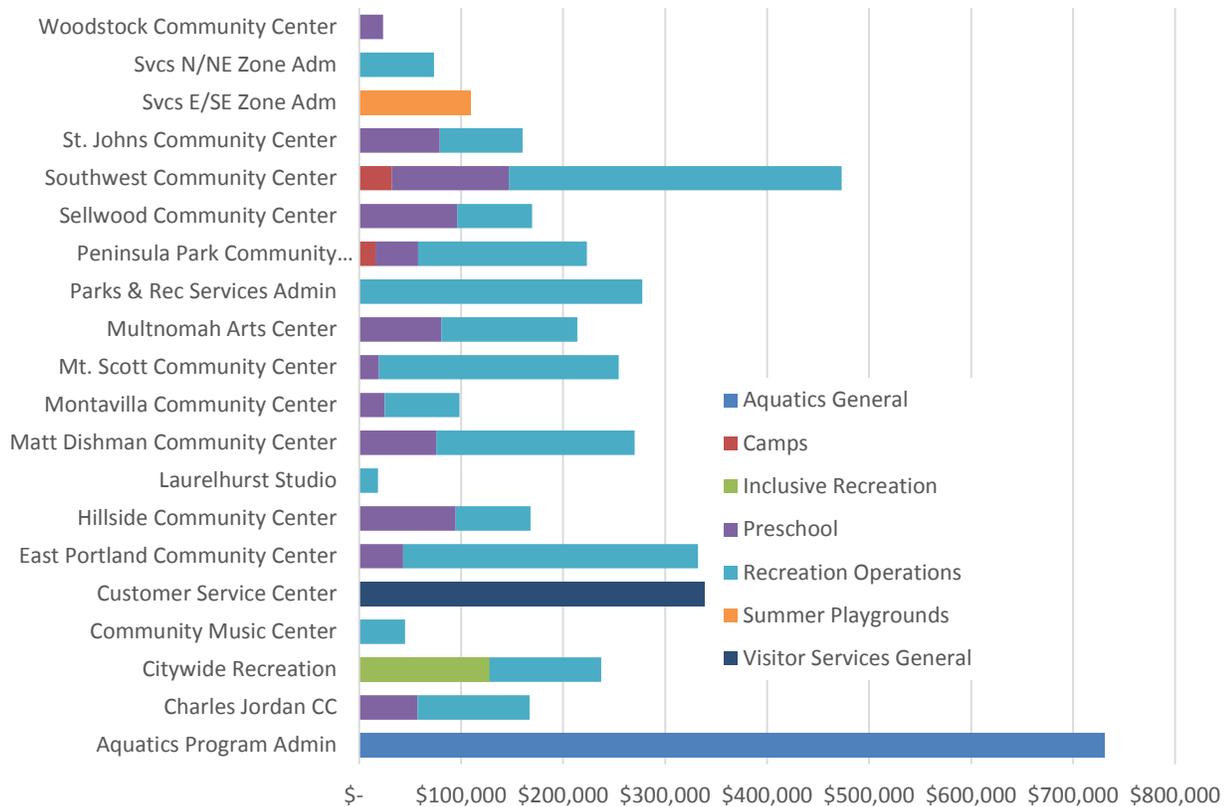
Recreation Arbitration, PK_01, \$4,385,199, 101.25 FTE

The bureau requests \$4,385,199 of ongoing General Fund discretionary to convert 101.25 FTE from seasonal employees to part-time and full-time, represented employees. This request is the largest, single ongoing request for General Fund discretionary resources in the FY 2016-17 requested budgets.

Per Ordinance 187587, the City reached a settlement with Local 483 following the arbitrators' decision regarding the union's April 2013 grievance that seasonal workers were assigned work of union members on a non-incident basis. The settlement requires that the bureau request funding for the conversion of 101.25 seasonal positions at an approximate cost of \$4.4 million. Roles related to front line instruction and program leadership, clerical process, and the direction of program or activities will be consolidated into Recreation Leader, Coordinator I/II classifications. This consolidation of work and reclassification of positions particularly impacts those positions with functions similar to Customer Service Representative II's, Assistant Pool Managers, Pre-school Teachers, and lead and fitness instructors.

In effect, Parks will continue to deliver the same amount of services but at a greater cost. The chart below illustrates how the \$4.4 million of additional funding will be allocated across community centers and programs. The settlement will significantly increase the cost of recreation operations across all community centers (\$2.3 million), the aquatics programs (\$730,000), and the preschool program (\$750,000).

Additional Costs of the Arbitration Settlement

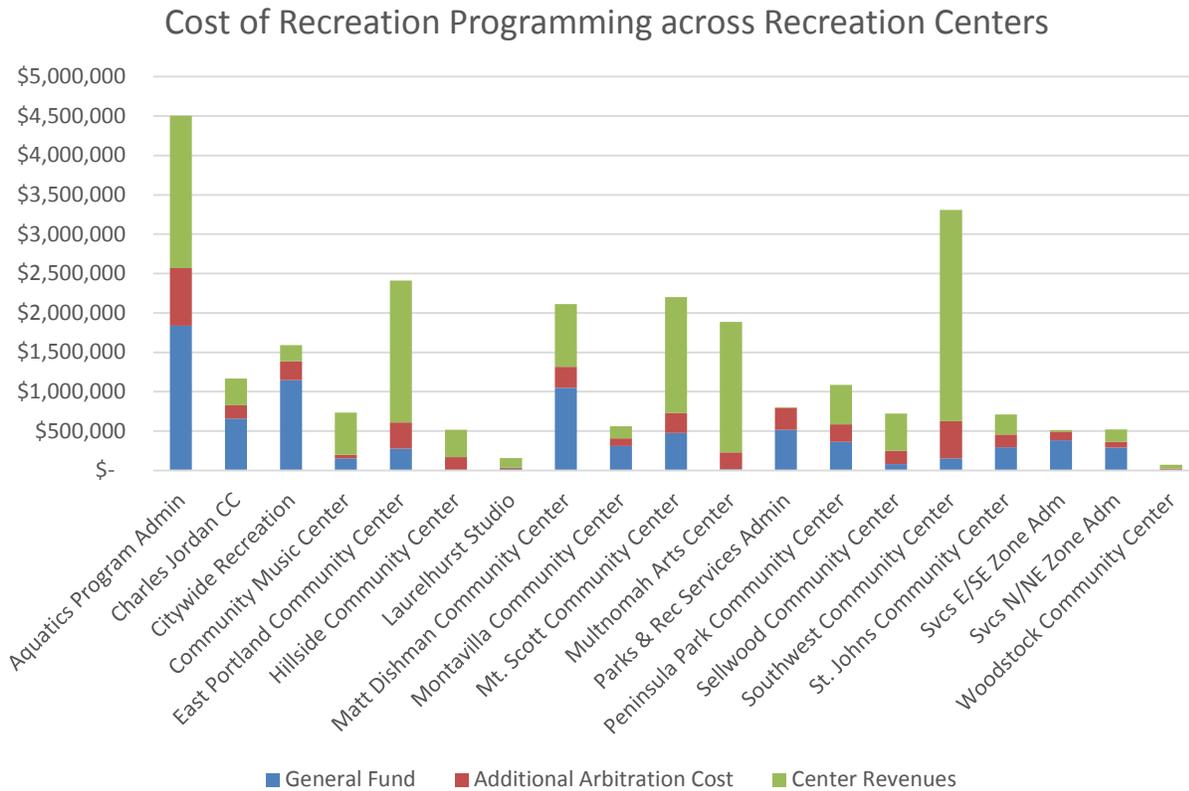


This chart highlights several notable changes:

- Aquatics program costs, impacting all Parks pools, will increase by \$730,000 due to the conversion of Assistant Pool Managers (approximately \$230,000) and a number of positions that provide swim instruction and other aquatics programming.
- Customer Service costs will also increase by \$350,000, and while these positions are not directly tied to revenue-producing service delivery, these positions support fee collection and perform recreation programming at centers.
- Preschool costs will increase at the 12 sites by a total of \$750,000. Prior to the arbitration settlement, preschool programming recovered nearly 100% of costs through fees. Increased personnel costs will significantly change the cost recovery of the program: for the approximately 600 registrants, the General Fund will now subsidize an average of \$1,250 per participant.
- Camp programming will also increase by \$50,000 and Summer Playgrounds will also increase by \$110,000. The camps across recreation centers serve more than 5,000 registrants, whereas a low confidence estimate of Summer Playground visits is 130,000 per year.

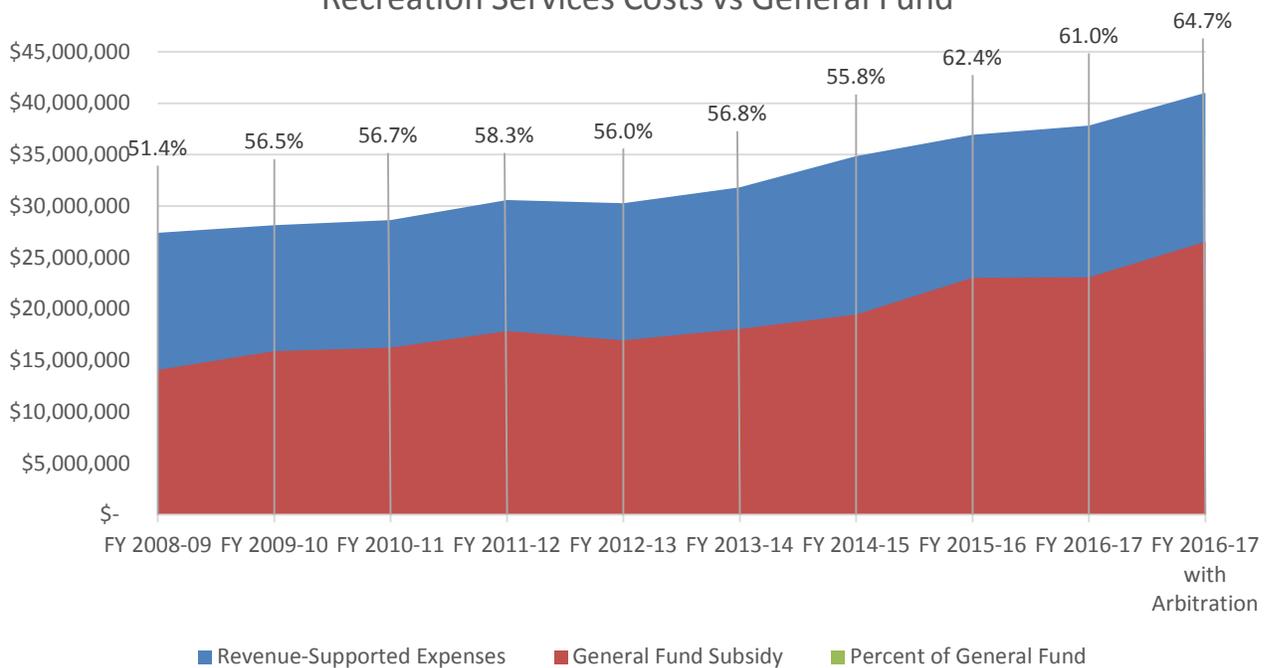
Overall, total cost recovery for recreation and other service programming will decrease from 40% to 36% as a result of the arbitration settlement. This recovery rate is consistent with national benchmarks, for which the median is 36% according to the Parks and Recreation National Database Report. The chart below illustrates the total direct costs of services at each center or program, the amount of General Fund

subsidy, the additional General Fund costs due to the settlement, and the amount collected through program fees.



Overall, the number of regular employees (excluding 3,170 seasonal employees) will increase from 484.5 FTE in FY 2015-16 to 585.8 FTE as a result of the settlement, resulting in a 20% increase in personnel. The cost of converting these positions, in addition to the costs of any other positions converted in the second phase of the settlement, will mark a significant change in bureau personnel costs. The chart below illustrates the increase in the percentage of General Fund subsidy relative to total recreation services costs. Notably, the percentage of General Fund has increased from 51.4% in FY 2008-09 to 64.7% in FY 2016-17, indicating that recreation services are increasingly supported by General Fund revenues in contrast to program revenues.

Recreation Services Costs vs General Fund



Because personnel tends to be the primary driver of service costs, adding full-time, benefited positions will increase pressure for fee increases --- fees that support the direct recovery of programming will need to increase at the rate of personnel costs in order to maintain current cost recovery. This problem is compounded by the fact that the bureau’s allocation of General Fund resources does not increase at a rate proportional to personnel costs, and in effect, will result in greater portion of General Fund resources needed to deliver services at the current recovery targets.

Settlement negotiations only recently concluded, and as a result, the bureau has not assessed which services and programs would be eliminated if this request is not funded or which positions and/or services within the decision package are the highest priority. Moreover, the bureau has not undergone a broad assessment of how the newly created positions fit into a revised staffing model.

Recommendation: CBO recommends that Parks develop options that would reduce the overall cost of the arbitration ruling. These alternate implementation scenarios should include expected service impacts for consideration in the budget process.

As an initial cost-saving measure, CBO recommends the discontinuation of the preschool program across all centers. Whereas this program recovered a large percentage of its costs through registration fees, as a result of the arbitration settlement, the preschool program will now require \$750,000 of General Fund resources in lieu of large fee increases. As noted earlier, General Fund resources would subsidize approximately \$1,250 per participant. Because there are many alternatives for preschool services, current participants are likely to find other options at comparable costs. The bureau has noted that fee revenues at community centers may be impacted if preschool programming is discontinued because preschools attract families to participate in other recreation programs. For small community centers, such as Sellwood and Fulton, eliminating preschools may limit their ability to remain solvent. Reducing this

program decreases the amount needed for the settlement by \$872,585. This figure is the result of eliminating the current subsidy of \$122,585 and not increasing the subsidy by \$750,000.

As current services becomes more expensive, it will be incumbent upon the bureau to continue to define core recreation services and focus its limited resources on those services, which may require cutting other Parks offerings. Moreover, as a significant recipient of overall General Fund resources, Council will need to decide where recreation services ranks amongst other critical, long-term needs such as homelessness and housing, public safety, and City infrastructure.

CBO Recommendation: \$3,512,614, 85.00 FTE.

Parks for New Portlanders, PK_02, \$300,000, 2.00 FTE

This package would provide ongoing General Fund resources and 2.0 FTE to continue a program that targets increased participation of underserved and immigrant refugee communities in East Portland by expanding culturally responsive recreation activities and increasing outreach. This program is currently funded as a pilot project with \$250,000 in FY 2015-16. Parks has requested ongoing funding to convert 2.0 limited-term FTE including a program specialist and recreation center coordinator who would be tasked with planning outreach and programming as well as implementing and evaluating the expansion of the program. The program would continue to be primarily located in East Portland Community Center with the goal of expanding to serve refugee and immigrant populations throughout the city.

Since implementing the pilot, the following changes have occurred:

- Participation in the World Cup Soccer Program increased from 450 to 506 youths as well as increasing participation of adults by 200.
- A basketball tournament targeted to refugee/immigrant youth and had over 200 participants
- Seven youth ambassadors were mentored to provide outreach at Portland high schools and middle schools
- A refugee/immigrant job fair was held at East Portland Community Center, in which approximately 100 youth participated.

As part of the FY 2015-16 pilot project, staff were to conduct an evaluation of the effectiveness of the program. This task has not yet been completed, partially based upon the limited length of time the program has been running. To what degree the current model is more or less effective than an alternative approach is unknown, and therefore CBO does not recommend ongoing resources until the effectiveness of the program has been evaluated and alternative models – both within Parks or administered through another bureau – have been considered. Because of the delayed start of the program, the bureau should have sufficient underspending to continue the program into FY 2016-17. Depending upon the evaluation results and success of the program, the bureau could consider requesting ongoing resources as part of the FY 2017-18 budget process.

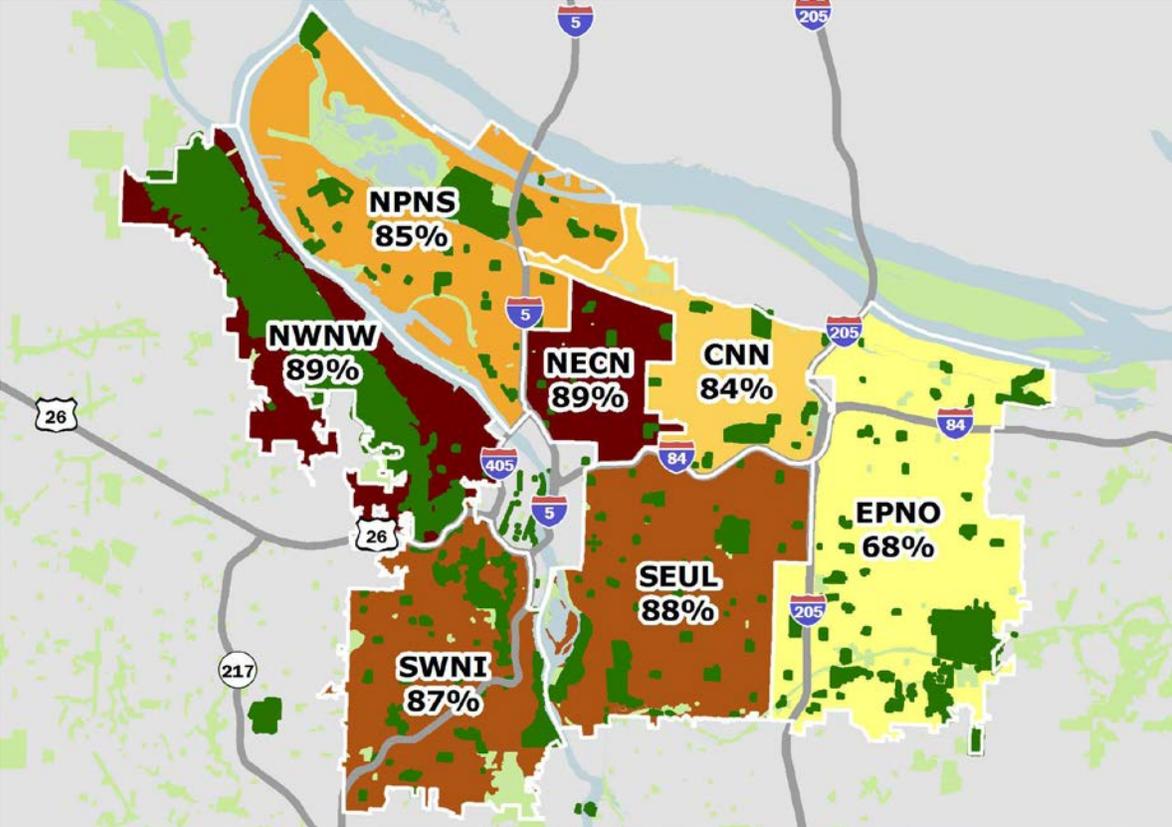
CBO Recommendation: \$0

Ranger Program to Address Homelessness, PK_03, \$615,716, 8.00 FTE

The bureau requests funding to create 6.0 FTE park rangers, a customer service position focused on dispatch, and a supervisor position. Currently, full-time rangers are almost exclusively located in Forest Park, Washington Park, and the Central City Business District. In addition to infrequent patrolling in high risk areas and responses to specific incidents, seasonal staff also provide bathroom lock-up services – providing some patrol services during this process. The discussion of what is the “right size” of the ranger program continues from last year’s budget process and the subsequent release of the Ranger Program’s annual report. These prior discussions have highlighted that the current ranger program does not provide regular services to parks outside of the central southwest City and Forest Park, primarily because of service agreements with the public and Central City Business District and because of the use of parking revenues at Washington Park to pay for ranger staff.

National Research and Park Association finds that park safety research shows that there is a connection between park and recreation use and safety: where people use parks in a positive way and in substantial numbers, all people feel more secure. In Portland, perceived quality of parks and recreation centers has remained relatively unchanged in the past five years, where nearly 85% rate parks as good or very good across neighborhoods with the exception of east Portland. Factors that influence a resident’s perception of park quality likely include how well a park is maintained, the amenities offered, and access to parks. Frequency of use and perceived safety of the closest park tell a similar story: residents in east Portland feel less safe in the park closest to their home and frequent parks less as compared to all other areas in the city. The map below, from the bureau’s 2015 Performance Report, illustrates perceived park quality by neighborhood coalition.

Percentage of households rating the quality of parks as good or very good (by neighborhood coalition)



Two other factors have impacted ranger workload. First, Council's recent direction to no longer enforce camping restrictions on public spaces has caused an increase in the need for ranger services in parks across the city, but particularly along the Springwater Corridor Trail. Rangers receive some training in working with homeless individuals and referring them to appropriate service providers; however, CBO notes that to the degree other solutions in the FY 2016-17 budget alleviate the number of individuals camping in parks, the demand for this type of ranger service may be lessened. Second, due to staffing constraints in the Police Bureau, there has been a decrease in patrolling and community policing, which have increased reliance on Park Rangers to provide response to non-urgent park incidents. Whereas some safety concerns were previously being addressed by police officers, rangers now address these situations or the situations are not addressed.

CBO also notes that the bureau has requested one-time funding to implement automatic locking doors at Parks sites, which the bureau estimates to free-up 3,000 seasonal ranger hours per year allowing for the consolidation of those hours into a new Ranger Team that would provide services in North/NE Portland, east 82nd Ave and/or citywide response coverage. CBO has recommended that a portion of this request be funded with system development charge revenues.

In light of the identified Citywide reprioritization needs, CBO does not recommend allocating resources to this request, understanding that perception of park quality and safety is a concern in East Portland. Prior to the expansion of services, CBO recommends identifying whether investments in homelessness services will reduce the workload of the Park Ranger program. Moreover, prior to the expansion of ranger services and the addition of resources, an overall service level should be established that has been approved by Council.

CBO Recommendation: \$0, 0.00 FTE

ADA Barrier Removal and Transition Plan Implementation, PK_24, \$500,000, 0.00 FTE

This request would provide \$500,000 in General Fund one-time to the highest priority capital costs update paths and sidewalks at Riverplace Esplanade and other parks in order to increase ADA compliance.

The Parks ADA Transition Plan identifies 17,008 barriers at 240 park sites ranked into 11 categories. Approximately half of these projects will be addressed through routine maintenance and half of the project will be addressed through capital investments. Parks has developed a 20-year plan to address and remove barriers to accessibility in public parks is based upon on the immediate necessity of programmatic access, degree of complexity, uniqueness of program, and overall cost.

Whereas barriers addressed through maintenance are funded, the capital projects do not have an identified funding source and are not currently scheduled within the bureau's capital plan.

The requested funding would address the highest priority ADA barriers, expanding access to underrepresented communities; as such, CBO recommends the requested funding. However, CBO notes

that significant portions of the plan remain unfunded and that the bureau will continue to request funding for capital improvements to complete the ADA transition plan.

CBO Recommendation: \$500,000, 0.00 FTE

Equitable Access for Low-Income Portlanders, PK_25, \$300,000, 1.00 FTE

The bureau requests \$300,000 of General Fund one-time resources to increase participation and recreation programming options for the bureau's scholarship program for low-income individuals. The funding would create 1.0 limited-term program coordinator position to implement the revised program and \$200,000 to offset revenues of program fees that otherwise be provided by center users if not receiving a scholarship. Within the past two years the bureau has evaluated and developed recommended policy changes on how to improve the program. The requested program coordinator would implement the recommended policy and program changes by conducting outreach to potential participants, serving as the primary contact for any questions, evaluating participant applications, and seeking outside funding.

The number of potentially new participants is unknown. Approximately 80% of the 3,700 scholarship participants are youth. Based on the updated policy, for which participation in the free and reduce lunch program is a criteria for qualifying for the scholarship program, the bureau anticipates a large demand for scholarships as there were 35,033 students in 2014 who qualify for Free and Reduced Lunch within the Portland area's four school districts. The bureau estimates that there is a potentially large unmet demand for scholarships in outer east Portland where income levels tend to be lowest.

CBO notes that the revenue loss from the scholarship program is currently built into the overall costs of services: program revenues and General Fund subsidy currently allows for 3,700 scholarship participants. The bureau estimates that an additional \$600,000 of revenues would have been received in FY 2013-14 if scholarship participants paid full price.

The bureau could continue the program without additional revenues and determine an amount of lost revenues that would be explicitly reserved for scholarship participants; however, this would result in fewer allowed scholarship participants because some scholarships are offered for programs with the relatively low marginal costs, specifically for programs that have achieved cost recovery. The requested funding would increase options for scholarship participants, as participants would not be excluded from joining courses that had not fully recovered costs.

CBO does not recommend funding for additional scholarships but does recommend \$100,000 for a limited-term FTE to implement the updated scholarship policy. Parks should study whether there is a budget mechanism that can be used to account for the amount of scholarship funding available within current resources.

CBO Recommendation: \$100,000, 1.0 FTE

Tree Code Amendments, PK_26, \$100,000, 1.0 FTE

The bureau requests \$100,000 in one-time General Fund resources to update portions of Title 11 – Tree Code in order to make regulations more effective and efficient.

CBO notes that Title 11, as implemented, has set a standard of service that cannot be met within current program resources. This is evidenced by the backlog in tree inspectors reviewing permits and the backlog of arborists servicing trees on both public and private property. Moreover, the City recently adopted the Climate Action Plan and is reviewing a final draft of the Comprehensive Plan, both of which call for maintaining and expanding the City’s tree canopy.

As part of the FY 2015-16 budget, 2.0 FTE were added to Parks’ budget to respond to inquiries, assist with permitting, assist with code revisions, and help facilitate the Urban Forestry Commission. These positions were funded with resources in the Urban Forestry Trust Fund in FY 2015-16 and then fee-supported using revenue from Title 11 permits beginning in FY 2016-17, eventually phasing out the use of the Urban Forestry Trust Fund. Based on current year estimates, fee revenues are likely to support these newly added positions, creating capacity to use the Urban Forestry Trust Fund to fund the requested limited-term position.

CBO recommends that Council continue to revisit the Tree Code now that it is in place to ensure that the level of regulation is appropriately scoped and cost-effective. CBO does not recommend General Fund resources, due to the limitation of available funds, but recommends that resources from the Urban Forestry Trust Fund be used to fund the requested position.

CBO Recommendation: \$100,000, 1.00 FTE

Community Center Equipment for Increased Security, PK_27, \$650,000

This package would provide \$650,000 in one-time General Fund resources to add closed-circuit cameras to recreation centers at 17 of the 34 sites and install lockdown mechanisms at community center exits. Areas that typically lack coverage are daycare rooms, front desk areas, and entry/exit doors. Security cameras are used for several purposes: security incident deterrence, loss prevention (due to theft/vandalism), and creation of records for liability protection in the event of a claim

Included below is the bureau’s prioritized list of sites needing cameras, the cost of implementation, and the number of security incidents per site (2015):

Proposed New or Upgrade Sites	Cost	Number of Incidents (2015)
Mt Scott Community Center	\$43,125	51
Multnomah Arts Center & Annexes	\$78,125	19
St John's Community Center	\$28,125	9
Southwest Community Center	\$28,125	35
Urban Forestry	\$23,125	6
Mt Tabor Yard	\$156,250	6
Columbia Pool	\$10,785	3
Pier Pool	\$10,785	3
Wilson Pool	\$9,330	7
Sellwood Pool	\$9,330	3
Hillside Community Center	\$10,785	2
NE Maintenance Office	\$6,250	2
West Service Zone (Downtown)	\$6,250	2
Creston Pool	\$9,330	1
South Maintenance Office	\$9,330	2
Grant Pool	\$9,330	0
Rice School	\$28,125	0
Total	\$476,505	151

The cost per lockdown mechanism are estimated at \$12,000 to \$15,000 per site. Currently, the bureau has budgeted \$50,000 per year for technology costs, which could be used toward the security cameras. However, the bureau typically has competing IT needs, limiting resources available for cameras.

CBO notes that funding of \$177,500 would immediately address the bureau's four highest need sites at community centers with the most number of incidents. However, due to the limitation of one-time resources, CBO does not recommend funding. CBO recommends that the bureau continue to make periodic investments in security cameras at the highest need sites.

CBO Recommendation: \$0

New Community Gardens for Vulnerable Populations, PK_28, \$125,000

This request would fund half of the capital construction costs of five new gardens in East Portland; Parks has received commitments from nonprofits, including Grow Portland, to fund the remaining capital costs. Parks would likely build these gardens on either property already owned by the bureau or on private land that is leased to Parks at no cost - most likely on school district properties. There are no expected acquisition costs associated with these projects.

Currently Parks operates 50 community gardens with a total of 2,200 garden plots, nine of which are located in East Portland where 72% of registered gardeners are from immigrant and refugee communities and 69% receive scholarship assistance. Total program costs are approximately \$400,000 and staffed by 4.0 FTEs; plot fees cover 56% of direct costs or 25% of total costs (including bureau overhead).

The average operations and maintenance costs of a community garden is \$10,000. Per City Financial Policy 2.03, in addition to the requested one-time costs of the five community garden sites, an additional \$50,000 of ongoing General Fund discretionary would be required.

Despite program benefits and demand for the program, CBO does not recommend the request in the budget environment of limited resources. Community gardens, relative to other Parks' services, benefit many fewer residents compared to other services more closely aligned with the bureau's core mission,

CBO Recommendation: \$0

Leverage State Funding to Renew Forest Park, PK_29, \$120,000, 1.00 FTE

This package would provide \$120,000 in General Fund one-time resources and 1.0 FTE to create a program manager for the Renew Forest Park Initiative. Parks included a similar request as part of the FY 2015-16 requested budget.

The Renew Forest Park initiative would be a significant endeavor for the bureau and the City, estimated at \$20 million over a 20-year period. Large portions of the initiative remain unfunded. The requested funding is for a limited-term position for one year; however, the Renew Forest Park initiative has long-term staffing needs, likely to include a project manager, a natural resource ecologist, botanic technician in addition to funding for a contract crew for two months per year.

Due to limitation of ongoing resources and the extensive need for a project manager for the Renew Forest Park Initiative, CBO does not recommend funding.

CBO Recommendation: \$0

Restore Summer Swims, PK_30, \$27,669

The bureau requests \$27,669 in General Fund one-time resources to restore hours on Sunday and holidays at Montavilla Pool and open all Parks pools on Independence Day. Funding for these pool hours were reduced as part of prior year budget cuts.

Independence Day Openings. This add package would add a 1-5pm play swim at six of the pools typically closed on the holiday. Currently there are seven Portland Parks & Recreation pools that are open on Independence Day; however, Independence Day has been a historically low attendance day for swimming pools. If pools were opened on Independence Day, the bureau estimates approximately 50-100 paid admissions.

Montavilla Sunday Hours. All other Parks' pools are open on Sunday (except Buckman). The closest alternatives are East Portland Community Center (1.9 miles), Grant (3.1 miles), Mt. Scott (5.0 miles), or Creston (5.1 miles). If hours were restored, the bureau estimates approximately 100 paid admissions per Sunday. Montavilla is the only outdoor pool in East Portland, limiting swimming options for these residents during periods of hot weather.

Given the relatively small amount of \$4,569 that is needed to open pools on Independence Day, CBO believes that funding for these hours is available within the bureau's current budget. However, because of the potential inequitable impact of not providing outdoor swimming opportunities in East Portland and minimal capacity with the Montavilla Community Center's budget to absorb these costs, CBO recommends funding of \$23,100 to restore Sunday hours at Montavilla Community Center.

CBO Recommendation: \$23,100

ADA-Mandated Inclusion Services, PK_31, \$200,000

The bureau requests \$200,000 in General Fund one-time resources to increase the budget of the Inclusion Services program so as to match prior-year actual expenses. Inclusion services consists of inclusion assistants, sign language interpreters, and equipment to modify activities and programs for youth, based on the Americans with Disabilities Act (ADA) directive that Parks provide reasonable accommodation for individuals with a disability to participate in the activities that are offered.

Costs for inclusion services, including personnel time of providing the service and associated materials, has been budgeted at \$200,000 per year, whereas actual costs are closer to \$400,000. In addition to the direct costs of these services, there are also costs of 3.0 FTE who coordinate accommodation and inclusion services within the bureau.

Providing reasonable accommodation to Portland residents with disabilities is both a legal requirement and a core function of the bureau. As such, the question is not whether this program should be funded but whether the bureau has sufficient resources to cover this program within its current budget. While the bureau has overspent this particular line item by an average of \$200,000, overall Recreation Services has remained within budgeted amounts over the past few years due to underspending in other areas. As such, CBO recommends that Parks reallocate budget in order to cover the full cost of inclusion services. If funds are not available in Recreation Services, other less core services should be reduced.

CBO Recommendation: \$0

Rx Play Continued Funding, PK_32, \$120,000

This package would add \$120,000 in one-time General Fund discretionary to continue the Rx Play program, which provides recreation services to youth based on medical advice. This program began in 2009 and was previously funded on a one-time basis through a grant from the National Parks and Recreation Association and more recently with resources from the Innovation Fund. Under this program, health care providers prescribe Parks recreation programming courses to children and families with health

issues related to physical inactivity. RxPlay participants receive one free course and then decreasing discounts for the second through fourth courses. Since this program began in 2012, it has received 833 prescriptions and yielded 274 registrations in Parks programs (33%).

As currently designed, RxPlay intends to reduce childhood obesity; however, concerns about HIPAA have discouraged Parks staff from collecting biomarkers that would quantify this impact. In terms of participation, Parks received 211 prescriptions from local health care providers in 2015. Follow-up calls by Parks staff yielded 84 registrations – 40% of the prescriptions - in Parks programs. Of the 84 registrants, only 28 re-registered for more than one Parks program. Of this pool of participants, 60% reported an increase in exercise after the program, 13% reported a decrease in exercise, and 26% reported that their exercise habits had not changed. Based on a small sample size of recent program participants, the cost per one-time participant is approximately \$1,400.

While clearly a well-intentioned program, this program serves relatively few residents compared to other programs at a substantially high General Fund subsidy rate. As such, CBO does recommend allocating resources to this request.

CBO Recommendation: \$0

Saturday Youth Basketball, PK_33, \$150,000, 0.00 FTE

Parks requests \$150,000 in General Fund one-time resources in order to cover the custodial costs of the Youth Basketball Program. Portland Public Schools has provided custodial services for many years without charging Parks. Over the past several years, Portland Public Schools District indicated that they intend to begin charging for these services, and recently the district notified Parks that these services would no longer be provided for free.

Direct program costs total approximately \$260,000, and the program is staffed by a portion of time of 2.0 FTE in addition to 25 casual referee/gym attendants; the cost recovery for the program is 50%. (Based on the most recently Council-adopted targets in 2004, the targeted cost recovery for youth is 42% for median and above household incomes, and 23% for low income households.) Currently team fees range from \$450 to \$585 (\$45 to \$58/participant), following an increase of \$25 in 2013. In 2014, Parks granted 270 scholarships for the youth basketball program for a total value of \$17,112.

The additional custodial costs of \$49/hour would increase program costs by \$150,000; incorporating custodial costs into team fees would increase registration by approximately \$500 per team (or \$50/participant) – approximately twice the current cost.

This is an example of a program that serves Portland children and has traditionally been subsidized by both the City of Portland and Portland Public Schools. To the extent that the district is looking to reduce its costs, it is important to convey how this decision will impact local youth. The City is struggling to fund its own priorities, and CBO recommends against the City picking up a cost that is being shifted to us by

another governmental entity without a more robust conversation about other programs, such as School Resource Officers in the Police Bureau, that achieve the goals of both governments.

CBO Recommendation: \$0

Emergency Preparedness/Employee Safety, PK_34, \$100,000, 1.00 FTE

This package would add \$100,000 in General Fund one-time and 1.0 limited-term FTE to review bureau compliance with safety guidelines and provide employee safety and emergency response trainings. Specifically, this position would be tasked with completing the bureau’s Continuity of Operations Plan, updating evacuation plans, developing safety trainings, and monitoring the bureau’s compliance with OSHA codes and investigations. The bureau cut this position as part of a prior-year budget reduction. Currently the program is staff by the Parks Security Manager, who also oversees the Parks Ranger program, and 1.0 FTE Safety Risk Officer I.

Due to limited availability of one-time resources, CBO does not recommend this request. To the degree that the responsibilities of this requested are more urgent than current needs within the Director’s Office, the bureau may consider realigning a position on a limited-term basis to complete the one-time, safety and emergency preparedness tasks.

CBO Recommendation: \$0

Close Funding Gap for Summer Free for All, PK_35, \$130,000

The bureau requests \$130,000 of General Fund one-time resources to support the Summer Free for All program.

Additional funding is requested due to a loss of sponsorship in the program, increased program costs, and growing demand for the program. Between 2007 through 2013, Daimler provided premier sponsorship focusing on Washington Parks Summer Festival and supporting the concerts program. Annual donations ranged from \$50,000 to \$175,000. Daimler did not provide funding in 2009, during which the Sondland Family and Nike provided premier sponsorship. The requested funding would replace the estimated loss of \$130,000 due to the discontinuation of Daimler’s sponsorship. Parks made a similar request as part of the FY 2015-16 budget, with the intent that external funding would be identified.

Of last year’s total program costs of \$663,000, the General Fund provides \$238,000. Additional resources were as follows in FY 2013-14:

General Fund resources	\$238,000
Corporate sponsors	190,000
Neighborhood contributions	210,000
Parks Memorial Fund - fees and charges	25,000
	<hr/>
	\$663,000

The attendance at last year’s Summer Concert Series is estimated at 50,000, including 10,000 for the Washington Park concert. The attendance for the Movies in the Park is estimated at 53,000 for 51 events.

If funding is not approved, certain events and services would be discontinued. The bureau’s tentative plan would be to reduce one more mobile program around the city and four lunch sites (two in outer east Portland and four in north Portland). Of the 43 days that Summer Free for All sites are in service, the bureau would reduce the number of service hours to 4-6 hours per day down from 6-8 hours at 11 sites. Participation in these programs is not tracked, and so quantifying the impact of reducing sites and hours is difficult. These impacts would begin in the summer of 2017.

CBO does not recommend allocating resources to this request in light of other City priorities. Given that these costs have been covered by private entities in the past few years, it seems appropriate to find additional sponsors who will cover the costs and avoid any program reductions.

CBO Recommendation: \$0

Oaks Bottom Wildlife Refuge Complex Management Plan, PK_36, 0.00 FTE \$250,000

The bureau requests \$250,000 in one-time General Fund resources to develop a management plan for the Oaks Bottom Wildlife Refuge Complex. This package would fund consultant services, including technical analysis, public involvement and plan development, to develop a management plan for the Oaks Bottom Wildlife Refuge in addition to Ross Island and Sellwood Riverfront Park. This management plan would identify potential education sites and access, safety improvements, and habitat improvements, viewing areas, trail improvements, wayfinding, and environmental interpretation.

Amongst the Natural Areas managed by Parks, the Oaks Bottom Complex was identified as a top priority for developing a management plan because, relative to other Parks natural areas, the high functional value of the natural resources at the site, ecological health, and equity score (based on proximity to households with proportionally more youth in the Free and Reduced Lunch program, households with incomes less than \$25,000, and households with non-white residents). This natural area is relatively close to the city and highly accessible, and currently, there is not been a formal management plan for the Oaks Bottom Complex and Ross Island.

Estimating the visitation numbers to the complex is difficult because of its proximity to the Springwater Trail; however, schools and other groups use the Oaks Bottom Complex for environmental education. Included below is school and volunteer participation amounts from the past two fiscal years.

	Environmental Education - Classroom visits	Environmental Education - Number of students	Environmental Education - School Group hours	Stewardship - Volunteers	Stewardship - Volunteer Hours
FY 2013-14	36	1907	6,319	195	917
FY 2014-15	17	538	1,644	398	1,633

A completed management plan will include an estimate of O&M costs to manage the complex; Parks has not received O&M funding for this site as part of the acquisition or as part of the construction process. The current estimate, based on rate of \$1,999 per acre, is estimated at \$340,000.

Managing this area to protect natural areas and increase accessibility are core functions for the bureau, however, in light of the identified Citywide reprioritization needs, CBO does not recommend allocating resources to this request.

CBO Recommendation: \$0

Automated Bathroom and Gate Lock-Up, PK_37, \$500,000

This package would provide \$500,000 one-time General Fund resources to install automated locking systems at bathrooms and gates in Portland parks. The proposed system would be connected to a central database through wireless connections, which would allow the bureau to monitor the effectiveness of the locks. The Portland Water Bureau uses a similar system.

Currently Park Rangers visit 52 locations around the city, locking up a set of 68 public restrooms as well as gates, in order to avoid vandalism, drug use and other illegal activities in the restrooms. Lock-up services are provided by three full-time rangers and up to five seasonal staff in the summer months. The estimated costs of providing lock-ups is \$250,000 annually in staff time. Implementation of the system would free-up approximately 3,000 hours of ranger time, which the bureau would reallocate to patrols in north and east Portland.

The costs of automated locks are approximately \$3,000 per two-door bathroom (single doors cost \$1,500). To the degree that one-time funding becomes available, the bureau has prioritized 25 primary bathrooms and the Pittock Mansion entrance. The total cost of this high-priority approach would cost \$125,000 and would yield approximately 1,500 of additional ranger hours.

This project is eligible for SDC resources. Given the current balance of these resources and the potential for operational efficiencies within the Ranger Program, CBO recommends that the high-priority locks, totaling \$125,000, be funded with SDCs. For the remaining locks, CBO recommends that the bureau consider how these needs compare to other potential SDC-funded projects.

CBO Recommendation: \$0

Interstate Firehouse Cultural Center Support, PK_38, \$100,000, 1.0 FTE

This package would provide \$100,000 in General Fund resources for 1.0 FTE to develop a programming plan for the Interstate Firehouse Cultural Center (IFCC) - a 99-seat theater, art gallery, and space for rehearsal or classes. Whereas previously the facility was managed by a nonprofit, IFCC, Inc. until May 2010 and then Ethos Music Center until recently, Parks now uses the facility for rentals and housing the 3.0 FTE Adaptive and Inclusion Recreation Services staff.

During the most recent RFP process, in which Ethos was selected, there were no other proposals that did not require General Fund subsidization. As such, Parks has not conducted another RFP to replace Ethos, believing that the facility will require a subsidy or a creative partnership. The purpose of this one-time request is to develop a funding and service model for the center space.

The IFCC is one the bureau's 19 unreinforced masonry buildings and is not seismically retrofitted. The bureau's Asset Management group notes that many of the facility's major systems are likely due for replacement and would cost approximately \$400,000 in addition to costs of the seismic retrofit. Regardless of whether the bureau is able to identify new funding sources and service delivery model, the major maintenance costs of the building will either limit its availability or will compete with other Parks' facilities for major maintenance funding.

Due to the forthcoming major maintenance needs and because this request would result in an expansion of services, CBO does not recommend funding at this time.

CBO Recommendation: \$0

Mt Scott Community Center Roof, PK_20, \$2,570,000

The bureau requests \$2,570,000 of General Fund one-time resources to replace the roof at Mt. Scott Community Center. The majority of the community center roof has exceeded its useful life, resulting in leaking in multiple locations. Currently, most of the leaking has been in the pool area, and as such, has not resulted in any service disruptions, but ongoing roof leaks will compromise the building structure over the long-term.

This project is eligible for bond proceeds but is not included in current plans for either bond issuance. Alternatively, the bureau's major maintenance allocation could be used to fund a portion of this project; however, as CBO has previously noted, major maintenance needs significantly exceed its current \$1.7 million allocation.

Mt. Scott Community Center receives approximately 471,000 visitors per year (based on 2013 estimates). The households in the service area for Mt. Scott Community Center serve a higher percentage of non-white and low-income residents than the City average. This project ranked fourth in the FY 2016-17 Infrastructure Project Ranking due to the potential financial impact of delayed maintenance, safety hazards, service disruption (greater than 10,000 customers). Because of these concerns and because this investment further reduces other long-term major maintenance needs by preserving critical, highly-used assets, CBO recommends funding.

CBO Recommendation: \$2,570,000

Halprin Sequence Restoration Project, PK_21, \$1,500,000

The bureau requests \$1,500,000 to fund a portion of costs to restore the Halprin Fountain Sequence (Keller Fountain, Pettygrove Park, Lovejoy Fountain, and the Source Fountain, and connecting pedestrian walkways). Total project cost is estimated to be \$4.2 million, and in addition to the requested funding, Parks also anticipates \$2.5 million resources from a planned voluntary LID and \$350,000 in private funding.

Within this space, there are sections of broken concrete, exposed electrical service, inoperable lighting, and failing fountain infrastructure. If not funded, aesthetic portions of the project will be completed with private funding; however, staff estimate that the fountains may need to be closed within 3-5 years if the infrastructure issues are not addressed due to expected safety concerns.

This project ranked fifth in the FY 2016-17 Infrastructure Project Ranking due to the potential financial impact of delayed maintenance, safety hazards, service disruption (greater than 10,000 customers). However, there is not enough one-time funding available to pay for these repairs.

CBO Recommendation: \$0

Washington Park Pipe Re-lining, PK_22, \$1,000,000

Parks requests \$1,000,000 of one-time General Fund resources to re-line sanitary and stormwater pipe at Washington Park. Over the past three years, there have been four incidents of leaking approximately 1,825 gallons of sewage into the park due to cracks in concrete piping. Bureau asset managers believe this heightened rate of failure is an indication of the deterioration of the pipes, and if not re-lined to extend their life, staff anticipate major cracking within the next two years. Re-lining the piping is expected to extend the life of the pipe up to 50 years, and is significantly less expensive than a full excavation to replace the pipe.

While Parks does not perform exact counts of how many people visit Washington Park annually, Parks and the Washington Park Transportation Management Association have previously estimated that there are approximately 2-3 million visits to Washington Park per year, and approximately 500,000 visits to the Rose Garden annually (not including the surrounding area and amenities).

This project is eligible for bond proceeds but it is not included in current plans for either issuance. This project could also be funded with Washington Park parking revenues, however, the bureau estimates that this funding source would require several years of replacement set-aside due to the size of project. Alternatively, the bureau's major allocation could be used to fund this project; however, as CBO has previously noted, major maintenance needs significantly exceed its current \$1.7 million allocation.

This project ranked second in the FY 2016-17 Infrastructure Project Ranking due to the potential financial impact of delayed maintenance, service disruption (greater than 10,000 customers), potential legal liabilities and environmental concerns of sewage leakage. Because of these concerns and because this investment further reduces other long-term major maintenance needs by preserving critical, highly used assets, CBO recommends funding.

CBO Recommendation: \$1,000,000

PK_23 Boiler Replacement Project

Parks requests one-time General Fund discretionary resources of \$750,000 to replace failing boilers at Mt. Scott Community Center, Columbia Pool, and Peninsula Park Community Center. Parks requested funding for these three boilers based on the lack of system redundancy at the three sites and the sites importance in terms of providing core services; however, the bureau has identified seven other boilers that are at high-risk for failure. New boilers are expected to reduce the amount of reactive maintenance, eliminate programming disruptions, and increase energy efficiency of these buildings. If replaced, the expected asset life of a boiler is 25 years.

Leaking in boilers at all three centers have caused disruptions to programming and increased reactive maintenance activities. Specifically, in the past year, there have been 71 disruptions at the Mt. Scott Community Center, nine disruptions at Columbia Pool, and four disruptions at Peninsula Park. Disruptions last for several hours or up to days, depending upon the complexity of repairs. The specific number of residents potentially impacted by boiler failures at these three sites cannot be estimated, however, based on 2013 visitation data, Mt Scott received 471,000 visitations, Columbia Pool had 134,000 visitations, and Peninsula Park had 84,000 visitations.

This project ranked eighth of 23 in the FY 2016-17 Infrastructure Project Ranking primarily due to the potential service disruption (greater than 10,000 customers) of not replacing the boiler. As noted in prior CBO analyses, boiler replacement for Parks facilities is an element of the list of unfunded, regularly scheduled major maintenance projects; boilers require replacement on a somewhat predictable basis such that replacement should be a stable and predictable part of the bureau's major maintenance budget. As such, and due to the limitation of one-time resources, CBO does not recommend funding.

CBO Recommendation: \$0

Operations and Maintenance Request for Future Park Developments, PK_39, \$220,954, 0.00 FTE.

The bureau requests \$220,954 of General Fund ongoing resources to support the estimated operations and maintenance costs of loos at Parklane Park and Wilkes Park, and splash pads at Fernhill and Colonel Summers Splashpad, in addition to nine local share acquisitions. The construction costs for these projects will be funded by the 2014 Parks Replacement Bond proceeds. Aside from the splash pad Colonel Summers Park, construction on these other projects will be completed early within the fiscal year. As such, operations and maintenance funding of \$43,289 is not needed within FY 2016-17. CBO recommends reducing this amount from the request on a one-time basis in FY 2016-17.

CBO Recommendation: \$177,305

Technical – Position Authority for new O&M, PK_40, \$0.00, 2.00 FTE.

The bureau requests position authority for 2.00 new FTE to be funded from prior year O&M increases. In total, the bureau will allocate \$177,720 for the creation of the positions from \$505,659 of funding that was approved by Council for the operations and maintenance of the newly developed parks and acquisitions last year. The function of these positions will address the highest operation and maintenance needs across the parks system – not just serving those parks for which the bureau received O&M.

CBO Recommendation: \$0, 2.00 FTE.

Reductions

Reduce Summer Free for All Program, PK_04, (1.00 FTE), \$(532,546)

This package would reduce \$197,545 of General Fund resources for the Summer Free for All program, and in effect, discontinue all of the Summer Playgrounds programs not affiliated with the free summer lunch and mobile recreation programs in East Portland. This package would also eliminate the Neighborhood Concerts, Movies in the Parks program and the Washington Park Music Festival. The bureau estimates that an additional \$225,000 in neighborhood fundraising, \$100,000 in corporate donations and \$1,000,000 in in-kind advertising would be lost as a result of the eliminating these programs.

Because this program provides core recreation services to a large number of Portland residents, CBO does not recommend this reduction.

CBO Recommendation: \$0, 0.00 FTE.

Reduce Teen Program, PK_05, (1.00), (\$100,000)

This package would reduce \$100,000 General Fund resources from the bureau's Teen Force program, effectively eliminating these services at Mt. Scott Community Center. This reduction was proposed because, relative to other centers, eliminating the program at Mt Scott is estimated to impact fewer teens.

Exact figures on the number of participants in the Teen Force program is unknown; however, staff estimate that there are approximately 100 participants at the open Teen Nights each week at Mt Scott and that an average of 60 teens use the open resource room each day. Participation at Charles Jordan Community Center, which serves proportionally more youth than other centers, and Montavilla, which is the dedicated teen center, have higher participation numbers. Specific demographic and background information of Teen Force participants is unknown; however, because referrals are provided by nonprofit organizations that receive grant funding through the program, it is believed that most participants are gang-impacted youth.

Program staff recently entered into an agreement with Portland State University to develop an evaluation model for different components of the program. The evaluation work with PSU will help to inform questions as to the program's effectiveness, but in the absence of data, the effectiveness of the program

wholly relies on the anecdotal evidence provided by program staff and nonprofit service providers. Based on program staff estimates, it may take three to five years to achieve measureable results.

Given the relative newness of the program, CBO believes that this reduction can be taken without seriously impacting its effectiveness.

CBO Recommendation: (\$100,000), 0.00 FTE.

Reduce Major Maintenance Allocation, PK_06, (\$250,000), (0.00 FTE)

This package would reduce \$250,000 from the bureau's major maintenance allocation of \$1.7 million. Parks received an additional \$250,000 of General Fund discretionary as part of the FY 2014-15 Adopted Budget; the requested reduction effectively reverses this decision.

The Asset Management group continues to refine the amount need for regular maintenance, acknowledging that this amount is likely substantially less than the industry standard of 2-4% of total replacement values; for Parks, the current replacement value of all assets is estimated at \$1.3 billion. The bureau largely depends upon its major maintenance allocation in addition to one-time General Fund allocations to address many of repair and rehabilitation project that cost less than \$400,000.

Due to the ongoing major maintenance needs of the bureau and the central importance of maintaining assets in terms of the bureau's long-term financial sustainability, CBO does not recommend the proposed reduction.

CBO Recommendation: \$0, 0.00 FTE.

Delay Hiring of Seasonal Workers, PK_07, 0.00 FTE, (\$200,047)

This reduction package would reduce the budget of seasonal maintenance workers by \$200,047, and in effect, delay the start of seasonal maintenance until June instead of March at all 200 developed parks. These seasonal maintenance worker positions assist with transitioning parks to summer use by de-winterizing restrooms, picking up litter, pressure washing court sports and picnic tables, tuning and minor repairs of irrigation systems, assisting horticulturalists with shrub beds and green infrastructure, and other types of activities.

Parks does not track the number of parks visitations, and so determining the approximate impact of how many Portlanders would be impacted by the delay of maintenance is not possible. In general, park use increases with temperature and the increase in daylight.

According to the Auditor's Community Survey, approximately 84% of Portlanders rate the quality of parks near their home as "very good" or "good" – a rating which has not changed in the past five years. In contrast, 76% of East Portland residents rate park quality as "very good" or "good". While survey results suggest that Portlanders are generally satisfied with park conditions, additional consideration may be warranted if deciding to reduce maintenance services to these parks.

Based on the relatively strong approval of park quality, CBO believes that a portion of the reduction can be taken by delaying the hiring of seasonal workers for most parks until May; however, due to the lower approval ratings, CBO does not recommend reducing services in East Portland.

CBO Recommendation: (\$102,658)

Reduce SUN Community School Program, PK_08, (\$287,146)

This package would reduce \$287,146 of General Fund resources to the SUN (Schools Uniting Neighborhoods) program, eliminating the SUN program at Beaumont Middle and Mt. Tabor Middle schools. These two sites were considered for reduction because they are situated in areas with fewer students who qualify for free and reduced lunch as compared to the other eight Parks-coordinated sites. However, the intent of the program is to provide services to students of color, students living in poverty, and other underrepresented communities of students which may cause them to be at a higher risk of academic failure. As such, this reduction may impact youth that could benefit from SUN school services.

Beaumont SUN program serves 123 students and Mt Tabor serves 174 students. At Beaumont, 41% of SUN participants are considered to be “at risk” and 67% qualify for free and reduced lunch. At Mt Tabor, 25% of SUN participants are considered to be “at risk” and 36% qualify for free and reduced lunch (67% vs 36% at Mt Tabor).

As part of the FY 2014-15 Adopted Budget, the City reached a comprehensive agreement with Multnomah County and Portland Public Schools on how the SUN program would be funded. Per this agreement, the City provided an additional \$740,000 in ongoing General Fund to restore the pre-FY 2013-14 level of funding for County-operated schools, restore ongoing funding of all Parks-operated schools, and provide additional resources to the County to help expand programming to all schools in the county that score in the 50th percentile on the SUN poverty index. Since the agreement, neither the County nor School District have reduced SUN services. Program staff are not aware of other service providers that would continue coordination of these two sites if the City were to discontinue support.

CBO does not recommend this reduction because of the potential inequitable impacts to underrepresented residents and youth.

CBO Recommendation: \$0, 0.00 FTE.

Reduce Aquatics Program, PK_09, (\$319,977), (5.00) FTE

This package would reduce \$319,977 of General Fund resources from the Aquatics Program, and in effect, close Buckman Pool at all times, close Columbia Pool on Sundays, close Matt Dishman, Mt. Scott, and East Portland Community Center pools during midday and reduce those sites' play swims from 7 days to 4 days per week. These sites and hours were selected in order to maximize savings by avoiding decreases to revenue-producing activities like swim lessons and peak use periods. Below are the estimated impacts:

Elimination of Buckman Pool. During 2014, the Buckman Pool received approximately 35,000 visits (approximately 95/day). This is lower than other pools in the Parks system. Should the pool cease to operate, options would include Matt Dishman (2.2 miles – 9-11 minutes driving – 27-42 minutes by transit – 16 minutes biking) or East Portland (5.1 miles – 18 minutes driving – 32-49 minutes by transit – 32-36 minutes biking). Several private pool providers are in the area; however, prices may vary significantly from Parks’ rates. Buckman Pool is the only site to offer gender-specific swims. These currently accommodate an average of five women and girls during each weekly session and two men and boys during each weekly session. There would be no alternatives for the gender-specific swim. In FY 2014-15, fees covered 17% of total costs and the General Fund subsidized \$335,000. Pier Park Pool, a service area that is more diverse than Buckman Pool, is the only pool with a lower recovery rate at 16%.

Closing Columbia Pool on Sundays. During 2014, Columbia Pool received approximately 130,000 visitations; however, the bureau does not track average attendance on Sundays, and so the number of those potentially impacted due to the proposed closure is unknown. Columbia Pool is the most frequented pool in the system. As an alternative, Matt Dishman Community Center would be closest pool available to North Portland residents on Sundays, which is 4.1 miles south (10 minutes driving, 30-40 minutes by transit, 25 minutes by bike). In FY 2014-15, fees covered 25% of total costs and the pool received \$730,000 in General Fund resources.

Reducing Midday Swim Times. The bureau does not track average midday attendance and so the number of visitors potentially impacted by midday closures is unknown. The bureau notes, however, that anecdotally midday swims are most frequented by seniors and families. Included below is the attendance, recovery rate, and General Fund subsidy for each of the sites.

	Matt Dishman Community Center Pool	Mt Scott Community Center Pool	East Portland Community Center Pool
<i>Annual Attendance (2014)</i>	26,920	56,845	64,373
<i>Subsidy Rate per Visit</i>	\$32	\$18	\$20
<i>Recovery Rate</i>	31%	44%	41%
<i>General Fund Subsidy</i>	\$870,000	\$1,000,000	\$1,300,000

To achieve the reductions, 4.0 FTE Recreation Leader positions, created as a result of Phase 1 of the Local 483 arbitration settlement, would be eliminated and the responsibilities would be transferred to Recreation Coordinator I/II positions and upgrading four seasonal positions during summer months.

Given the current budget constraints, CBO recommends reductions at the two pools with lowest attendance: closing Buckman Pool and eliminating midday swimming opportunities at Matt Dishman Community Center.

CBO Recommendation: (\$141,689), (1.00 FTE)

Sellwood Community Center, PK_10, (\$554,469), (2.00 FTE)

This reduction would eliminate the \$81,083 in General Fund resources for Sellwood Community Center, and in effect, eliminate the preschool program after school programs, youth camps, and all rental opportunities. Currently, this program receives \$81,083 in General Fund resources and receives \$473,386 in fee revenues. Due to the preschool program, an additional \$154,000 of General Fund discretionary resources will be allocated to Sellwood Community Center if funding for the arbitration settlement is approved by Council. Sellwood was proposed for closure based on a lower visitor count than most of the smaller community centers (48,471 in 2014), the relative affluence of the neighborhood compared to that of other smaller centers, and the physical nature of the space which is not ideally suited for Parks' current program delivery.

Cost recovery at Sellwood is also relatively high compared to other small centers at 56% (total recovery); only Fulton (60%) and Hillside (58%) have slightly higher recovery rates. All of these rates exceed the Council-adopted target recovery rate of 53% for non-low income service area and a mix of age groups. (Low income service areas are defined as 51% or more of households have income at 80% or less of median family income.) Across the board increase of fees by 20% could generate sufficient revenues to keep Sellwood open, however, fee increases would further increase cost recovery rates to a point that may be contrary to the intended policy intent of recreation centers. Additionally, if all Parks' preschool programs are eliminated, as proposed by the CBO, this may impact Sellwood's ability to generate additional revenue.

CBO also notes that there is an estimated \$1.0 million or more in major maintenance needs for Sellwood Community Center, including costs related to seismic retrofitting. These costs are not currently budgeted.

Given the proportionally low General Fund subsidy to the program, CBO recommends reducing the General Fund of \$81,083 as proposed; however, CBO also recommends that the bureau consider fee increases, discontinuing services with low recovery rates, and to the degree necessary, reallocating General Fund resources from other centers to keep Sellwood open.

CBO Recommendation: \$81,083,

Elimination of Dutch Elm Disease Treatment, PK_11, (\$184,846), (1.00 FTE)

This package would reduce funding for the Urban Forestry divisions' Dutch Elm Disease program, eliminating one year-round FTE Arborist I, funding for two seasonal maintenance workers that assist with the program, and approximately \$50,000 for the costs of the inoculants.

Inoculations occur ongoing on a three-year cycle; in order to preserve the trees, each is inoculated once every three years. Primarily larger, significant trees or stands of American elms are inoculated; not all American elms on City properties are inoculated. Inoculation allows trees to live for up to 30 years, whereas untreated trees are likely to become a hazard and die after three years. The total count of trees inoculated on city property through the program over the most recent three year period (2013-2015) was

403; an additional number of trees were inoculated by neighborhood groups. Last year 65 trees were removed due to infection, of which 33 were in the public right-of-way, 5 were in parks, and 2 were on other city property, while 25 were on private property. The American elms are primarily found in the Park Blocks trees, East Moreland's and Ladd's Addition, in addition to areas throughout the city.

Per Title 11, the City's tree regulations, the adjacent property owner is responsible for street tree maintenance and removal when necessary, however the City has provided this service for property owners with infected American elms adjacent to their property. Eliminating the program will require property owners that are adjacent to infected trees within the right-of-way to pay for removal once the tree dies, become hazardous, or is identified as diseased, costing the owner \$500 to \$6,000 for removal, depending upon the size and location of the tree. Property owners who do not have the trees removed within the required time frames would be subject to the City's nuisance abatement procedures.

Due to the risk of spreading and the quick deterioration of the trees, Title 11- Tree Code requires that elms need to be removed once identified as being infected. By discontinuing the program, bureau staff estimate that approximately one-third of these trees, 215 in total, would be susceptible to DED in the first year, of which 134 would be on City property and 81 would be the responsibility of adjacent property owners. Tree removal on City property would be performed by current staff and result in realigning approximately 2,144 hours for removal that would otherwise be used for other Urban Forestry needs. Urban Forestry staff estimate cost for this removal would be \$1.1 million based on the average cost of \$8,000 per tree removal in FY 2016-17, and \$3.2 million over the next five years.

The reduction of Arborist I position that works on the Dutch Elm Disease program will also impact other parts Urban Forestry functions. Tree removals, maintenance, planting, and emergency response to clear City rights of-way of fallen trees are performed by this position and others when not working on the Dutch Elm Disease program. Current workload and staffing levels place Urban Forestry in the position of being primarily reactive to tree maintenance on City property, and as such, this division has limited capacity for absorbing additional work. As an alternative to the proposed reduction, Council could reduce the program by a lesser amount of \$110,000 instead of the proposed \$180,000. This would allow the bureau to maintain the 1.0 FTE that has other year-round responsibilities. Elms on public property would not be inoculated, thereby resulting in immediate removal of approximately 134 trees over the next year.

Due to substantial costs of having to remove the trees if not inoculated, CBO does not recommend the proposed reduction.

CBO Recommendation: \$0

Natural Areas Reduction, PK_12, (\$65,000)

The bureau requests to reduce the Natural Areas budget by \$65,000, which would eliminate approximately one seasonal maintenance worker, 1,400 hours of service, and \$25,000 in materials and services costs. Eliminating the seasonal maintenance worker would decrease the number of hours for

debris pick-up, graffiti removal and vegetation clearing. All paved and soft surface trails would receive less care, but particularly, the Springwater and the Peninsula Crossing Trails.

Natural Areas only underspent its personal services budget of \$1.1 million in FY 2014-15 by \$50,000. Depending upon spending needs throughout the year, the Natural Areas division may be able to hire a seasonal maintenance worker for lesser hours with budget savings.

In light of the identified Citywide reprioritization needs, CBO recommends this reduction with the understanding that such a reduction will likely have the abovementioned service impacts.

CBO Recommendation: (\$65,000)

Reduce Administrative Support for Director's Office, PK_13, (\$89,124), (1.00 FTE)

The bureau requests to reduce \$89,124 and 1.0 FTE vacant administrative support position within the Director's Office; this Office will continue to be supported by the Director's executive assistant. This position serves as the liaison to Government Relations and reviews possible state legislation, provides calendar support to the Assistant Director, and completes various administrative tasks. This position is also tasked with facilitating the bureau's Strategic Plan update, the bureau's Continuity of Operations Plan, updating data for the Parks Ranger program and the employee safety program.

These functions will be shifted to other, albeit more expensive, positions within the Director's Office, which may also decrease time available for more complicated assignments. The bureau hopes to mitigate the need for data entry in the Ranger Program by implementing electronic tracking in contrast to having rangers produce daily written reports and then transcribing this information into a database.

To the degree that Parks services expand due to newly created parks or additional services, there will be a corresponding increase in the need for administrative support. CBO recommends this reduction; however, CBO also notes that this position may need to be restored in future budgets.

CBO Recommendation: (\$89,124), (1.00 FTE)

Reduce Central Services Staffing, PK_14, (\$252,372), (3.00 FTE)

This package would reduce General Fund resources by \$252,372 and eliminate three, currently vacant Central Services staff positions.

These positions were selected for reductions not because their responsibilities or tasks were least valued within Central Services, but because these positions are currently vacant. Automotive Equipment Operator has been vacant since March 2014, the Maintenance Mechanic has been vacant since July 2015, and the Turf Maintenance Tech has been vacant since July 2014.

Overall, the Central Services group aims to have 50% of all work done by the group be regularly scheduled maintenance. As recently as FY 2010-11, 58% of work was scheduled. That figure declined to 40% in FY

2013-14 and recently returned to 50% in FY 2014-15. Moreover, a key finding of the 2013 audit of Parks' maintenance identified the need for preventative maintenance; the elimination of three central services staffing positions would further limit the bureau's ability to efficiently maintain parks.

Because the maintenance of parks is a core function for the bureau and because Central Services play a critical role in maximizing the life of bureau assets, CBO does not recommend this reduction.

CBO Recommendation: \$0, 0.00 FTE

Reduce Customer Service Staffing, PK_15, (\$75,295), (1.00 FTE)

This package would reduce 1.0 FTE recently created, vacant Administrative Supervisor position within the Customer Service division. Customer Service is currently staffed 16.0 FTE who are overseen by 1.0 FTE supervisor position, and no direct administrative support.

The Administrative Supervisor position in Customer Services was created in September 2015 but the bureau has kept the position vacant in anticipation of possible reductions and also while tracking program revenues. Eliminating this position would not immediately impact current service levels. However, this position was created in order to respond to an increase in workload due to an increase in the number of calls and transactions, the implementation of ActiveNet registration system and also serving as the central dispatch for the Parks Rangers program.

This position was created based on the assumption that an increase in the collection of fee and permit revenues would provide sufficient funding. To the degree that permit and fee revenues both achieves the estimated amount but also exceeds reduction amount of \$75,000, the bureau plans to create the Administrative Supervisor as a limited-term position. Based on revenue collections through the first half of FY 2015-16, the bureau anticipates having sufficient revenues to fund this position through the increase in revenues.

CBO recommends the proposed reduction in General Fund resources in Customer Service, in anticipation that increased revenues will provide sufficient resources in order to hire the Administrative Supervisor position and meet current service demands.

CBO Recommendation: (\$75,295), 0.00 FTE

Shift Interactive and Decorative Fountains to IA, PK_16, (\$603,210)

This package would shift the resource for operating and maintaining the 18 decorative fountains from General Fund discretionary to an interagency agreement with the Water Bureau; the funding source for the interagency agreement would be residential water rates. This proposal follows Judge Bushong's recent ruling that it was allowable for the Water Bureau to operate and maintain decorative fountains with rate funding. If Council does not approve the interagency agreement, Parks has proposed that operations and maintenance be discontinued. CBO notes that a third option would be to transfer the operations of the fountains back to the Water Bureau.

If funding is not approved, Parks would continue to operate splashpads but turn off six interactive fountains that are used for recreation, including Salmon Street Springs Fountain (SW Salmon and Naito), Jamison Square Fountain, Holladay Park Fountain, McCoy Park Fountain, Bill Naito Legacy Fountain in Waterfront Park, Teachers Fountain in Director Park, and the Ira Keller Fountain. Although the number of visitors to the fountains is unknown, due to their central locations within the City it is reasonable to assume that a large number of residents would be impacted if the fountains were to be shut-off.

Transferring the fountains back to the Water Bureau would result in some transactional costs. First, the SCADA (supervisory control and data acquisition) system, which monitors the pressures and treatment of the fountains, was replaced when Parks began operating the fountains in FY 2013-14. If fountain operations were returned to the Water Bureau, then the SCADA system would again need to be updated and transferred back to the Water Bureau. The estimated costs of transferring back the eight fountains monitored by the SCADA system is \$40,000 for both equipment and personnel costs. Additionally, Parks has also had to hire additional staff members in order to properly operate the fountains. These positions would be eliminated if transferred to the Water Bureau; the Water Bureau would then rehire operating engineers – the classification that previously operated and maintained the fountains – to resume operations.

Determining which bureau should operate the fountains is also a function of which bureau has the operational and financial capacity to maintain these assets. As Water Bureau assets, the bureau's Asset Management Team developed a long-term plan that outlined how the fountains could be most efficiently and effectively maintained. Based on the Fountain Asset Management Plan, the Water Bureau previously budgeted \$150,000 per year in capital work; the average amount needed in FY 2016-17 is likely closer to \$200,000 after inflationary factors.

Because the fountains remain Water Bureau assets, and in light of the recent ruling, CBO recommends that the operations and maintenance of the fountains be transferred back to the Water Bureau and that Parks' General Fund resources be reduced by \$603,210.

CBO Recommendation: (\$603,210)

Reduce Bureau Unemployment Reserve, PK_17, 0.00 FTE, (\$100,000)

This reduction would reduce the bureau's unemployment claims reserve from \$300,000 to \$200,000. On average, this amount should be sufficient; however, to the degree that budget reductions result in position eliminations and layoffs, the bureau may need to reallocate funds in order to cover increased costs.

CBO Recommendation: (\$100,000)

Revenue – Pursue Lease and Licensing Opportunities, PK_18, (\$100,000)

The bureau is currently considering opportunities to lease portions of Parks properties, such as running cable or optic wire under parks. The bureau is reasonably confident that they will be able to achieve the \$100,000 annual target.

CBO Recommendation: (\$100,000)

Revenue – Increase Parking Rates, PK_19, (\$100,000)

This package would increase parking rates at the parking lot owned by Parks at 1720 SW Naito near Waterfront Park to match Portland Bureau of Transportation’s proposed fee of \$2.00 per hour. The bureau has conducted an equity assessment on this package and has concluded that there are no negative impacts on underrepresented communities, communities of color, or vulnerable communities.

CBO Recommendation: (\$100,000)

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Parks & Recreation											
<u>Adds</u>											
PK_01 - Recreation Arbitration	01	101.25	4,385,199	0	0	4,385,199	85.00	3,512,614	0	0	3,512,614
PK_02 - Parks for New Portlanders	02	2.00	300,000	0	0	300,000	0.00	0	0	0	0
PK_03 - Ranger Expansion to Address Homelessness	03	8.00	615,716	0	0	615,716	0.00	0	0	0	0
PK_24 - ADA Barrier Removal & Transition Plan Imple	04	0.00	0	500,000	0	500,000	0.00	0	500,000	0	500,000
PK_25 - Equitable Access for Low-Income Portlanders	05	1.00	0	300,000	(200,000)	100,000	1.00	0	100,000	0	100,000
PK_26 - Tree Code Amendments	06	1.00	0	100,000	0	100,000	1.00	0	0	0	0
PK_27 - Community Center Equip for Increased Secur	07	0.00	0	650,000	0	650,000	0.00	0	0	0	0
PK_28 - New Community Gardens for Vulnerable Popu	08	0.00	0	125,000	0	125,000	0.00	0	0	0	0
PK_29 - Leverage State Funding for Renew Forest Pa	09	1.00	0	120,000	0	120,000	0.00	0	0	0	0
PK_30 - Restore Summer Swims	10	0.00	0	27,669	0	27,669	0.00	23,100	0	0	23,100
PK_31 - ADA-Mandated Inclusion Services	11	0.00	0	200,000	0	200,000	0.00	0	0	0	0
PK_32 - Rx Play Continued Funding	12	0.00	0	120,000	(120,000)	0	0.00	0	0	0	0
PK_33 - Saturday Youth Basketball	13	0.00	0	150,000	0	150,000	0.00	0	0	0	0
PK_34 - Emergency Preparedness/Employee Safety	14	1.00	0	100,000	0	100,000	0.00	0	0	0	0
PK_35 - Close Funding Gap for Summer Free for All	15	0.00	0	130,000	(130,000)	0	0.00	0	0	0	0
PK_36 - Oaks Bottom Wildlife Refuge Complex Mgmt	16	0.00	0	250,000	0	250,000	0.00	0	0	0	0
PK_37 - Automated Bathroom & Gate Lock-up	17	0.00	0	500,000	0	500,000	0.00	0	0	0	0
PK_38 - Interstate Firehouse Cultural Center Support	18	1.00	0	100,000	0	100,000	0.00	0	0	0	0
PK_20 - Mt. Scott Community Center Roof Repair	19	0.00	0	2,570,000	0	2,570,000	0.00	0	2,570,000	0	2,570,000
PK_21 - Halprin Sequence Restoration Partnership	20	0.00	0	1,500,000	0	1,500,000	0.00	0	0	0	0
PK_22 - Washington Park Pipe Re-lining	21	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
PK_23 - Boiler Replacement Package	22	0.00	0	750,000	87,600	837,600	0.00	0	0	0	0
PK_39 - O&M Funds for New Parks & Acquisitions	23	0.00	220,954	0	0	220,954	0.00	220,954	(43,289)	0	177,665
PK_40 - Position Authority for New Operations & Maint	24	2.00	0	0	0	0	2.00	0	0	0	0
Total Adds		118.25	5,521,869	9,192,669	(362,400)	14,352,138	89.00	3,756,668	4,126,711	0	7,883,379
<u>Reductions</u>											
PK_04 - Reduce Summer Free for All Program	01	(1.00)	(197,546)	0	(335,000)	(532,546)	0.00	0	0	0	0
PK_05 - Reduce Teen Program	02	(1.00)	(100,000)	0	0	(100,000)	(1.00)	(100,000)	0	0	(100,000)
PK_06 - Reduce Major Maintenance Allocation	03	0.00	(250,000)	0	0	(250,000)	0.00	0	0	0	0

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested				CBO Analyst Recommendations					
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Parks & Recreation											
<i>Reductions</i>											
PK_07 - Delay Hiring Seasonal Maint Workers until Ju	04	0.00	(200,047)	0	0	(200,047)	0.00	(97,389)	0	0	(97,389)
PK_08 - Reduce SUN Community School Program	05	(2.00)	(206,716)	0	(80,430)	(287,146)	0.00	0	0	0	0
PK_09 - Reduce Aquatics Program	06	(5.00)	(277,648)	0	(42,329)	(319,977)	(1.00)	(99,360)	0	(42,329)	(141,689)
PK_10 - Eliminate Support for Sellwood Community C	07	(2.00)	(81,083)	0	(473,386)	(554,469)	(2.00)	(81,083)	0	(473,386)	(554,469)
PK_11 - Elimination of Dutch Elm Disease Treatment	08	(1.00)	(184,846)	0	0	(184,846)	0.00	0	0	0	0
PK_12 - Natural Areas Reduction	09	0.00	(65,000)	0	0	(65,000)	0.00	(65,000)	0	0	(65,000)
PK_13 - Reduce Admin Support for Director's Office	10	(1.00)	(89,124)	0	0	(89,124)	(1.00)	(89,124)	0	0	(89,124)
PK_14 - Reduce Central Services Staffing	11	(3.00)	(252,372)	0	0	(252,372)	0.00	0	0	0	0
PK_15 - Reduce Customer Service Center Staffing	12	(1.00)	(75,295)	0	0	(75,295)	0.00	(75,295)	0	75,295	0
PK_16 - Shift Interactive & Decorative Fountains to IA	13	0.00	(603,210)	0	603,210	0	0.00	(603,210)	0	603,210	0
PK_17 - Reduce Bureau Unemployment Reserve	14	0.00	(100,000)	0	0	(100,000)	0.00	(100,000)	0	0	(100,000)
PK_18 - Revenue - Pursue Lease & Licensing Opport	15	0.00	(100,000)	0	100,000	0	0.00	(100,000)	0	100,000	0
PK_19 - Revenue - Increase Parking Rates	16	0.00	(100,000)	0	100,000	0	0.00	(100,000)	0	100,000	0
<i>Total Reductions</i>		(17.00)	(2,882,887)	0	(127,935)	(3,010,822)	(5.00)	(1,510,461)	0	362,790	(1,147,671)
Total Portland Parks & Recreation		101.25	2,638,982	9,192,669	(490,335)	11,341,316	84.00	2,246,207	4,126,711	362,790	6,735,708

Analysis By: Josh Harwood
Katie Shifley

PORTLAND DEVELOPMENT COMMISSION

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
General Fund Discretionary	5,389,110	5,524,308	861,271	6,385,579	18.5%
Total Resources	\$5,389,110	\$5,524,308	\$861,271	\$6,385,579	18.5%
Expenditures					
External Materials and Services	5,389,110	5,524,308	861,271	6,385,579	18.5%
Total Requirements	\$5,389,110	\$5,524,308	\$861,271	\$6,385,579	18.5%
Total Bureau FTE	0.00	0.00	0.00	0.00	N/A

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Long-run Decline in TIF programming dollars/Increased Housing Set-aside

PDC has long known and taken action to deal with declining tax increment financing (TIF) funds in the urban renewal areas (URA) that it oversees. City Council’s recent action to increase the TIF set-aside for housing from 30% to 45% impacts the six URAs that have not yet reached maximum indebtedness. The result is that approximately \$74.6 million will be put toward housing that would otherwise have supported PDC programs. The URAs with the largest impacts are Interstate and River District. In the Interstate URA, roughly \$30 million that would have been spent on PDC programs will instead go to housing. Though this spending in PDC was un-programmed, PDC staff believe it would have likely been used for development loans in the commercial corridors. In the River District approximately \$20 million of PDC’s programming funds will move toward housing, with \$13 million of those funds being used toward affordable housing as part of the redevelopment of the Post Office site (see below).

Impact to PDC of Increasing Housing Set Aside to 45% (Through expiration of each URA)¹

URA	Prior Set Aside Model	Amended Set Aside Model	Change
Lents	\$70,893,766	\$62,271,917	(\$8,621,849)
Interstate	\$87,551,951	\$49,859,569	(\$37,692,381)
Gateway	\$39,024,428	\$35,737,505	(\$3,286,923)
North Macadam	\$87,326,570	\$82,326,570	(\$5,000,000)
River District	\$127,049,164	\$107,049,164	(\$20,000,000)
Total PDC	\$434,061,832	\$359,460,679	(\$74,601,153)

¹ Note: The above figures show a comparison of how the new set aside target of 45% of new TIF resources increased new TIF Resources set aside for Housing (PHB) and decreased new TIF resources available to PDC as currently forecast in each URA through FY 2023-24. The above summary does not include existing cash or estimated program income in PHB or PDC’s respective URA budgets. Residual Housing Set Aside and PDC resources in older, Option 3 Districts not included (OCC, Downtown Waterfront, South Park Blocks).

PDC effectively pulled money forward from years six through eight of their forecasted financial plan rather than suspend or discontinue some current programs. While this allows the agency to maintain its current operations, it brings the expiration of those funds nearer. PDC is trying to move to a more diverse funding model primarily through property management. The window for increasing other revenue sources in order to maintain operations is now smaller.

Post Office Redevelopment

This fiscal year, PDC entered into an agreement to purchase the U.S. Post Office building near the north park blocks. This agreement requires a unique financing structure because the River District URA does not have the resources on hand to complete the purchase. In order to meet cash flow needs, PDC has been authorized to enter into an agreement with the City to use the full faith and credit of the City's General Fund, to sell bonds to cover the temporary shortfall. The IGA provides the City with a first claim on proceeds from the sale of the post office property, as well as PDC program income from River District activities and any excess reserves from tax increment revenues above what is projected, to repay the bonds.

As was stated in the impact statement related to the IGA, "Ultimately, the Bonds are an obligation of the City's General Fund. If the sale of the Post Office Property is delayed or if proceeds are not sufficient to repay the obligation when due, General Fund resources may be required to repay the Bonds." If General Fund resources are used at any time to pay debt owed on the bonds related to this project, PDC would be required to pay it back as soon as practical.

This a large, potentially catalytic project in a part of the City that could see dramatic change over the next decade. However, its success is sensitive to underlying economic conditions and could expose the General Fund to additional costs in the short-term should the sale of land be delayed or the price suppressed. While CBO generally believes that this is the type of project URAs were created to achieve, given the unique financing structure the City should, and is expected to, play an outsized role with respect to this project as compared to typical PDC operations. The draft IGA accompanying the project specifies quarterly meeting between the agency and OMF financial staff to discuss project progress.

Rate of Spending on Lines of Credit

Because of the manner in which PDC spends funds from urban renewal areas, the City often borrows money using lines of credit to initially fund urban renewal projects. These are administered by the Office of Management and Finance (OMF). PDC requests funds and, provided that the tax increment revenues of the urban renewal area produce sufficient debt service coverage, OMF secures the funding. PDC pays interest on funds actually borrowed and may also pay fees on funds that are committed by the bank but have not yet been drawn. In FY 2014-15, these costs amounted to approximately \$22,000. The latter is of some concern because PDC is paying fees for funds that it is not using. In some cases the nature of PDC's business (e.g., projects with multiple partners all moving at different speeds toward a projects inception) requires flexibility; however, a closer look at spending patterns in order to more closely tie access to

credit markets to the time when funds are needed may provide the agency with some savings over the long-term.

Decision Package Analysis & Recommendations

Powell/Division BRT Local Action Plan, ZD_01, \$400,000

PDC is requesting one-time General Fund resources to provide support for businesses potentially impacted by a proposed bus rapid transit project along See Powell Blvd. and SE Division St. According to Metro, the earliest this project would be completed is in 2020 and there is some uncertainty at this time whether or not the project will move forward. Staff at Jade and Division Midway Alliance Neighborhood Prosperity Initiatives report an increase in public interest in the potential project, but given the timeline, there appears to be little urgency related to PDC's involvement. PDC should continue to monitor its progress. Should the project materialize, and to the extent PDC can clearly define a critical need for services that it can fulfill, PDC should request funding at that time. Any future request for funding should define the anticipated impact of the BRT project on community businesses (e.g. a negative impact on businesses that PDC hopes to mitigate, or a positive impact that creates an opportunity for timely business assistance). CBO does not recommend funding in FY 2016-17.

CBO Recommendation: \$0

Small Business Increase Project, ZD_02, \$200,000

This package requests ongoing General Fund resources to fund a curriculum-based program aimed at creating wealth for small business owners. The *Streetwise MBA* curriculum is provided by Boston-based nonprofit Interise² and comprises a nine-month course that offers to help established small business owners grow their businesses. PDC is currently running an in-house pilot program out of its current General Fund allocation with 12 small businesses. This funding would allow them to serve up to 40 businesses per year, possibly by contracting this program out.

The program appears to have had success in some places where it has been adopted, and the request comes with good, measureable outcomes, such as the number of businesses that hire additional employees within a year after completion. The program is often offered through a local university, and PDC could pursue such a partnership to defray costs or incorporate local experts. PDC currently has 12 enrollees in its pilot and CBO recommends tracking outcomes for enrollees to inform and determine the impact of a General Fund supported decision package in the future. Given limited General Fund resources, CBO does not recommend funding at this time.

CBO Recommendation: \$0

² <https://www.interise.org/>

Portland Benefit Corporation (B Corp) Program, ZD_03, \$350,000

This package requests ongoing General Fund resources to fund a program manager, establish a “Best for Portland” campaign to encourage companies to get certified as a B Corp, and collaborate with B Lab to develop a company assessment tool. From the nonprofit B Lab, “B Corps are for-profit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.” Portland currently has the third most certified B Corps of any city in the world.

CBO’s primary concern with this package is that B Corp certification is generally something that mature companies can use as a marketing tool. As was highlighted in discussions with PDC’s Neighborhood Economic Development Committee, PDC’s business development programs typically work with very small businesses working towards profitability and growth. The committee felt strongly that the City should fully fund all of PDC’s cut packages before considering adding this package because B Corp certification was something reserved for larger companies that could take advantage of the marketing of such certification. The Commission Chair thought some state funding may be available toward this effort. Finally, Portland’s relatively large numbers of B Corps suggests that there may not be a meaningful role for the City to play in expanding the program. As a result, CBO does not recommend funding for this package.

CBO Recommendation: \$0

Old Town/China Town Action Plan District Management, ZD_04, \$30,000

This package requests one-time General Fund resources to fund the second of a three-part grant to help achieve goals articulated in the City’s Old Town/China Town Action Plan. The first year was funded out of a one-time request in the FY 2014-15 budget. It requires the local community association to match the grant in order for it to be executed. The first year of funding is currently being used to develop metrics and define deliverables. PDC expects the focus of the second year of funding to increase the profile of the community organization through neighborhood events, public outreach and developing partnerships with local businesses and organizations, such as the University of Oregon and Pacific Northwest College of Art. Council has stated through their endorsement of the action plan that this part of the City is a priority. Furthermore, this investment has a close nexus to PDC’s investment in the post office project and ultimately could help shape what is ultimately developed at the site. Therefore, CBO recommends funding this package.

CBO Recommendation: \$30,000

Healthcare Cluster, ZD_05, \$150,000

PDC currently funds four industry cluster initiatives to help certain industries coordinate efforts and grow in Portland. This ongoing General Fund proposal would make the Healthcare Cluster the fifth. PDC hopes

to take advantage of the growing health care industry and the catalytic investment to be made as part of OHSU's Knight Cancer Challenge. The proposal, as currently described, does not contain specific goals or outcomes. PDC staff are unsure what PDC's value-add could be as it relates to the healthcare sector, but believe that their business expertise could be helpful. Until there are clearer objectives, and given limited General Fund resources, CBO does not recommend funding at this time.

CBO Recommendation: \$0

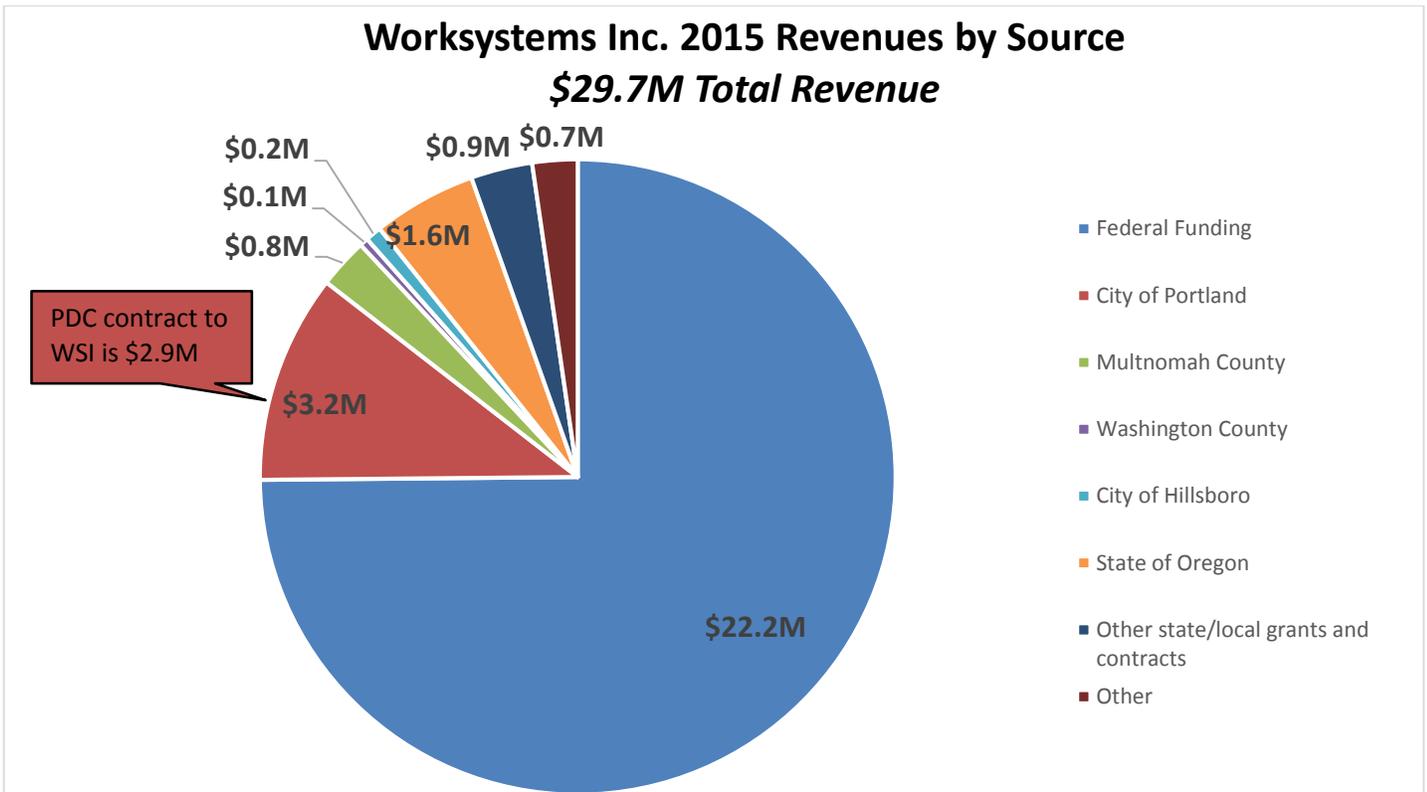
Small and Microenterprise Business Development, ZD_06, (\$35,133)

Adult/Youth Workforce Realignment, ZD_11, (\$20,239)

This reduction is put forward in combination with projected cuts to both Community Block Development Grants and Enterprise Zone program funds (\$60,000), and an internal realignment of resources to the Adult and Youth Workforce Development program. The anticipated result of the combined cuts is the loss of one of 10 grantees from the SMBD program. The reduction of a grantee contract is expected to eliminate one-on-one business advising services to 30 businesses. Should this \$35,133 cut not be taken, PDC believes that they would choose to reduce funding to all service providers by a small amount (equal to the cuts from non-General Funds) rather than eliminating a service provider. In preparation for Council budget decisions, CBO recommends that PDC use their defined performance metrics to identify which provider would be cut should this package be accepted, or specify the impact of only realizing the EZ and CDBG cuts.

Alternatively, CBO encourages PDC to consider less direct cuts to more robustly funded programming. The Small and Microenterprise Business Development grant contracts are managed by directly by PDC, and elimination of a contract will result in a clear service reduction as well as disrupt a long-standing relationship with a community economic development provider. However, a cut to PDC's Youth and Adult Workforce Development program may achieve the same budget reduction without an appreciable impact on services. As discussed at the PDC Board's budget work session, 98% of the \$2.9 million PDC budgeted for Adult and Youth Workforce development is contracted to Worksystems, Inc., a distinct entity with multiple robust funding streams that manages workforce development programs on behalf of many jurisdictions. Federal resources cover 75% of WSI's \$29.7 million budget, and the City of Portland's portion provides the lion's share of non-federal funding at 42%. A 1-2% reduction in the contract PDC has to WSI may be more easily absorbed, and result in less service reduction, compared to the elimination of a SMBD contract.

Both of these programs provide funding to community organizations that target underserved populations, and some organizations receive funding from both programs (e.g. Immigrant and Refugee Community Organization). However, from an equity perspective, it is likely that the elimination of a SMBD contract would have a more direct impact on a specific underserved population than a 1-2% reduction of PDC's contract to WSI.



Source: [Worksystems, Inc. PY 15 Resource Plan](#)

CBO Recommendation: (\$35,133)

Small Business Working Capital, ZD_07, (\$111,923)

The Small Business Working Capital program, in conjunction with other community resources, provides small loans (\$15,000 on average) to businesses. PDC’s Neighborhood Economic Development Committee strongly felt that this was a reasonable cut, but stressed that they believed the program should not be eliminated entirely. The compromise PDC reached was to reduce the ongoing funding for this program to \$50,000. As a result of the reduction, PDC estimates that they will participate in roughly 10 loans, down from 30 in the current year. This program is part of a revolving loan fund that has a balance of approximately \$600,000. If PDC requests this funding be restored in future years, additional information about the program’s various loan products, target loan volume, and average default rate will be necessary to evaluate the need. Given the other needs in the City and limited resources, CBO recommends the reduction.

CBO Recommendation: (\$111,923)

SE Works Youth Transition Program, ZD_08, (\$40,956)

The SE Works Youth Transition Program assists youth as they pursue a GED, providing both educational and support services. This funding supports a full time social worker. SE Works applied for a competitive grant through PDC’s workforce development program in FY 2013-14, but was not awarded a grant.

Subsequently, Council chose to provide a special appropriation to SE Works as part of the FY 2013-14 budget process, and ongoing funds were subsequently added to PDC's budget. Given the recent audit highlighting the need for competitive grant authorization, CBO recommends that this cut be accepted. To the extent which Council wishes to restore this cut, CBO recommends that the funds be added to PDC's workforce development grants and that SE Works compete for the funds.

CBO Recommendation: (\$40,956)

Voz, ZD_09, (\$30,717)

Voz is a labor support organization that connects day laborers and immigrants with hourly work, skills development, and support services. This funding – the entirety of the City's support to Voz – provides approximately 40% of Voz's operations expenditures at their Martin Luther King, Jr. Worker Center day laborer center. PDC also provides the land on which the center operates for a nominal lease amount. The discontinuance or reduction of services provided by the Worker Center may exacerbate the housing and homelessness crisis the City is experiencing, as Voz employees estimate that as many as 50% of the day laborers they served in FY 2014-15 were homeless or housing insecure. The services provided at the center are also important components in stated equity goals of the City. CBO does not recommend the package. Furthermore, because it is a pass-through grant, CBO recommends that this package move to the Office of Equity and Human Rights or a newly formed special appropriations office for administration and oversight.

CBO Recommendation: \$0

Greater Portland Inc., ZD_10, (\$50,000)

Greater Portland Inc. (GPI) is a public-private partnership organization that acts as a chamber of commerce for the Portland metro area. This cut would halve PDC's contribution to GPI's operation. Potentially, this cut could eliminate one of the City's two appointed positions on GPI's board. Though CBO recognizes the value in regional partnerships, PDC's contribution would remain significant even after this cut. Therefore, given the City's internal needs, CBO recommends accepting this cut.

CBO Recommendation: (\$50,000)

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Development Commission											
<u>Adds</u>											
ZD_01 - Powell/Division BRT Local Action Plan	01	0.00	0	400,000	0	400,000	0.00	0	0	0	0
ZD_02 - Small Business Increase Project	02	0.00	200,000	0	0	200,000	0.00	0	0	0	0
ZD_03 - Portland Benefit Corporation (B Corp) Program	03	0.00	350,000	0	0	350,000	0.00	0	0	0	0
ZD_04 - OT/CT Action Plan District Management	04	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
ZD_05 - Healthcare Cluster	05	0.00	150,000	0	0	150,000	0.00	0	0	0	0
<i>Total Adds</i>		<i>0.00</i>	<i>700,000</i>	<i>430,000</i>	<i>0</i>	<i>1,130,000</i>	<i>0.00</i>	<i>0</i>	<i>30,000</i>	<i>0</i>	<i>30,000</i>
<u>Reductions</u>											
ZD_06 - Small and Microenterprise Business Development	01	0.00	(35,133)	0	0	(35,133)	0.00	(35,133)	0	0	(35,133)
ZD_07 - Small Business Working Capital	02	0.00	(111,923)	0	0	(111,923)	0.00	(111,923)	0	0	(111,923)
ZD_08 - SE Works Youth Transition Program	03	0.00	(40,956)	0	0	(40,956)	0.00	(40,956)	0	0	(40,956)
ZD_09 - Voz	04	0.00	(30,717)	0	0	(30,717)	0.00	0	0	0	0
ZD_10 - Greater Portland	05	0.00	(50,000)	0	0	(50,000)	0.00	(50,000)	0	0	(50,000)
<i>Total Reductions</i>		<i>0.00</i>	<i>(268,729)</i>	<i>0</i>	<i>0</i>	<i>(268,729)</i>	<i>0.00</i>	<i>(238,012)</i>	<i>0</i>	<i>0</i>	<i>(238,012)</i>
<u>Realignments</u>											
ZD_11 - Adult/Youth Workforce realignment	01	0.00	0	0	0	0	0.00	0	0	0	0
ZD_12 - Cluster/Entrepreneurship Support Realignment	02	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Portland Development Commission		0.00	431,271	430,000	0	861,271	0.00	(238,012)	30,000	0	(208,012)

Analysis By: Jessica Kinard

BUREAU OF PLANNING AND SUSTAINABILITY

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Beginning Fund Balance	\$2,678,687	\$2,773,911	\$0	\$2,773,911	3.6%
Licenses & Permits	2,903,916	2,957,729	0	2,957,729	1.9%
Charges for Services	2,252,975	2,426,264	380,020	2,806,284	24.6%
Intergovernmental Revenues	973,404	1,791,732	0	1,791,732	84.1%
Interagency Revenue	417,500	364,450	0	364,450	-12.7%
Miscellaneous Sources	60,989	83,313	0	83,313	36.6%
General Fund Discretionary	8,587,407	7,418,368	0	7,418,368	-13.6%
General Fund Overhead	783,723	794,790	0	794,790	1.4%
Total Resources	\$18,658,601	\$18,610,557	\$380,020	\$18,990,577	1.8%
Expenditures					
Personnel Services	\$11,226,945	\$11,039,387	\$284,132	\$11,323,519	0.9%
External Materials and Services	2,411,787	2,428,022	205,000	2,633,022	9.2%
Internal Materials and Services	2,388,659	2,238,638	150,000	2,388,638	0.0%
Debt Service	57,742	62,016	0	62,016	7.4%
Fund Transfers - Expense	177,643	189,396	0	189,396	6.6%
Contingency	2,395,825	83,661	0	83,661	-96.5%
Unappropriated Fund Balance	0	2,569,437	140,020	2,709,457	NA
Total Requirements	\$18,658,601	\$18,610,557	\$779,152	\$19,389,709	3.9%
Total Bureau FTE	97.40	90.65	2.70	93.35	-4.2%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Public Involvement and Planning

In urban planning, community involvement is frequently a requirement for the development of plans and codes, and also provides a key tool for successful plan implementation. According to the American Planning Association, “[c]ommunity engagement can bring vibrancy and innovation to planning practice by strengthening the degree of public commitment to planning processes and making more perspectives available to decision makers.”¹ The type and scope of community involvement performed by planning departments varies greatly depending on the time, place, and type of changes that are being discussed. At the most basic level, planning bureaus disseminate information to stakeholder groups and respond to public inquiries after required public notices. More involved practices include running or staffing public engagement processes and public hearings, and tracking and following up with the public on their concerns.

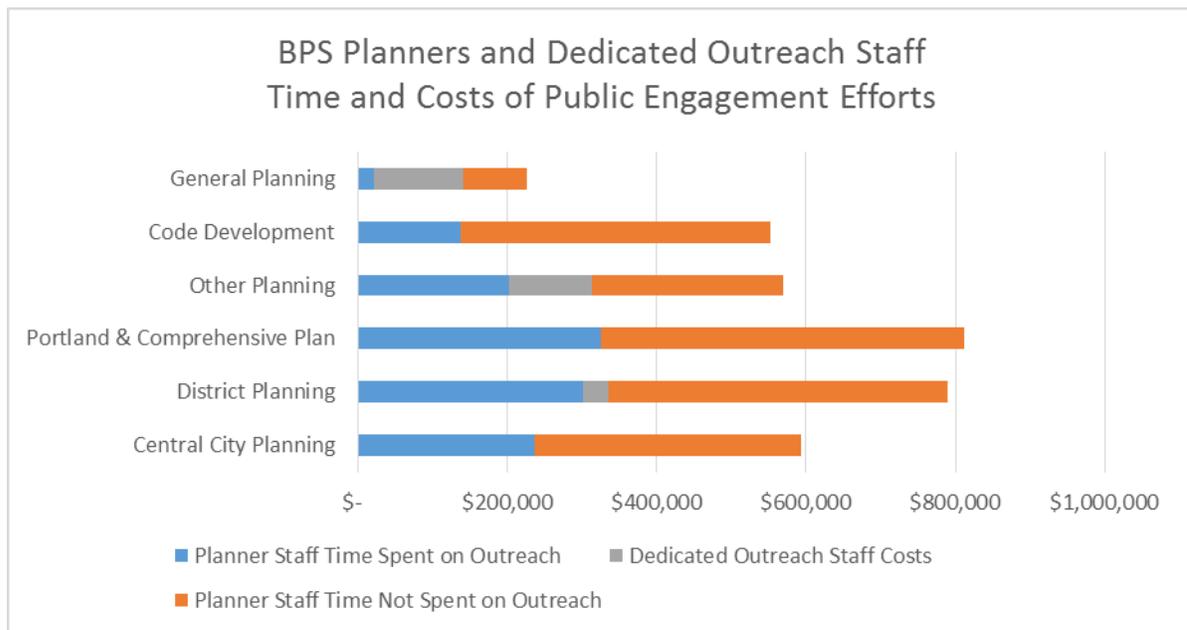
The Bureau of Planning and Sustainability (BPS) states that with large projects such as the Comprehensive Plan, the Central City 2035 Plan, and the Portland Plan, the bureau’s public involvement practices take the form of a large campaign since the bureau is attempting to reach large audiences. As a result, the bureau

¹ *Community Engagement: How arts and cultural strategies enhance community engagement and participation.* American Planning Association. Accessed online at <https://www.planning.org/research/arts/briefingpapers/pdf/engagement.pdf> on 2/25/16

has hired dedicated staff for public outreach and communications around these projects while also committing significant amounts of planner time towards outreach.

Over the past several years, the bureau has committed significant resources to the completion of these three large projects. Recently, timelines for completion of the Central City 2035 and the Comprehensive Plans were extended in part due to a desire for more time for community review and engagement. These decisions around the scope and type of public engagement come with costs.

As the results of public involvement efforts actively inform planning work, there is a need for a feedback loop between the public and planners. At BPS, this is accomplished by having the planners themselves spend significant amounts of their time on public involvement. When BPS creates project work plans, they estimate that District and Central City planners will dedicate 40% of their time, and a project planner will average up to 20% of their time, to meet demands associated with public involvement during the planning phase of the project. Once the bureau has published the public review drafts of changes to code, a project planner will spend over 25% of their time on public engagement.



The total estimated Planning division staff costs of conducting outreach and engagement is \$1.5 million. This estimate does not include costs for the development, printing, and mailing of public notices and outreach materials; the cost of administrative support; or the cost of staffing a call center with temporary or limited term employees to respond to public inquiries. In the bureau’s FY 2016-17 base budget, Planner classifications total 31.30 FTE and approximately \$3.8 million in staffing costs. Based on the estimates of planner time spent on outreach discussed above, CBO estimates that a total of 9.84 FTE in the Planner classification is spent on conducting outreach. In addition, the bureau has 2.00 FTE dedicated to Planning-related outreach and an additional 4.00 FTE dedicated to Sustainability-related outreach. Two bureau packages in the FY 2016-17 budget – related to the Comprehensive Plan and the Single Dwelling Development Code Project – also include requests for a total of \$120,664 in additional General Fund resources to assist with public involvement.

The internet and advances in technology provide opportunities to engage and harness the collective intellect of a wide range of people,² and potentially provide more cost effective options for public engagement than traditional face-to-face outreach. The bureau has utilized technology in outreach efforts: with the Comprehensive Plan, the bureau launched the MapApp that enabled the public to easily interact with proposed zoning changes and provide feedback electronically to the bureau and to other members of the community. This application provided not just an opportunity to disseminate public information, but also created a user-friendly public forum where individuals could present their thoughts on proposed zoning changes at any time and from any location with an internet-equipped device. Thus, the bureau created a platform to reach more people while decreasing the amount of staff time required to plan and conduct public meetings. CBO recommends that the bureau continue investigating these types of opportunities and use them not only as a way to effectively engage people but to also as a strategy to save staff time and resources.

As recent BPS planning efforts have required relatively more outreach than typical plans, staff time spent on outreach may decline in ensuing years. However, the amount and type of outreach conducted by the bureau is also decided by bureau leaders and elected officials. CBO recommends that the bureau make Council aware of the costs of changes in project scope – particularly with regards to the public involvement costs – at the point that decisions are being made to expand or change a given project.

Some level of public involvement is critical to successful urban planning. The question for decision makers must be, given known costs related to engagement and outreach, how much and what types of public involvement is necessary or desired, and what are the financial tradeoffs of those investments? This information should continue to be made available to Council as they establish their funding priorities and the bureau enters into the final stages of the Comprehensive Plan and the Central City 2035 Plan.

Decision Package Analysis & Recommendations

Complete Single-Dwelling Development Code Project, PN_01, \$361,380, 2.40 FTE

With this request, the bureau is seeking \$361,360 in one-time General Fund support to continue the project in FY 2016-17. This includes \$246,380 for 2.40 FTE, \$75,000 to print and distribute public notices to 155,000 properties, \$20,000 in professional services for consulting work, and \$20,000 for ½ an intern to staff the public information call center. As in the current year, the bureau plans to continue to dedicate 2.00 existing FTE to this work for most of the year, for a total of 4.40 FTE assigned to the project.

This is the continuation of a project funded by Council in FY 2015-16 related to residential infill. According to bureau projections, by 2035 there will be approximately 260,000 more people in Portland in 123,000 new households. The bureau estimates that 20 percent of the new housing will be single-dwelling attached or detached units, and demand is increasing for alternative housing options that accommodate

² Brabham, Daren C. *Crowdsourcing the Public Participation Process for Planning Projects*. *Planning Theory*; 2014 Journal Citation Reports.

additional housing units within a typical single-dwelling building form. The project scope includes evaluating Portland's single-dwelling development standards to ensure that new or remodeled houses are well integrated and complement the fabric of neighborhoods, while also focusing on three topics: scale of houses, narrow lot development, and alternative housing options.

Originally, the project was estimated to take roughly 18 months at an estimated total cost of \$811,956. In the FY 2015-16 adopted budget, BPS received a total of \$482,212 for this project. At the time of the requested budget, BPS anticipated seeking \$100,000 in General Fund support in the FY 2016-17 budget. The original project schedule held that the research and education phase, as well as the development of initial code concepts, be completed by January 2016. However, due to the volume of issues surrounding this project, the bureau was required to hold two Council work sessions instead of one, which were not completed until February. According to the bureau, the Mayor also requested a change of approach that will require two sets of City Council hearings – one for the regulatory concept (scheduled for December 2016) and one for specific code changes (scheduled for December 2017).

CBO did not recommend funding this project in the FY 2015-16 budget; however, since the first year of the project was funded, CBO recommends it be completed within the original scope, which includes an additional \$103,498 in General Fund one-time support. To the extent that decisions were made to increase project scope and costs without formally going to Council for additional resources, the bureau will need to absorb those additional costs through internal offsets from other programs if Council does not allocate additional funding in the FY 2016-17 budget. CBO notes that the bureau is also requesting \$50,000 in one-time General Fund resources to support interns for the call center through PN_02, which CBO is recommending for funding.

CBO Recommendation: \$103,498, 0.70 FTE

Completion of New Comprehensive Plan, PN_02, \$175,664, 0.55 FTE

The bureau is requesting one-time General Fund resources in the amount of \$125,000 for materials and services and \$50,664 to support a portion of a Community Outreach and Information Representative to complete work on the Comprehensive Plan.

In spring 2016, the bureau will send the new Comprehensive Plan to the State for approval. In fall 2016, the bureau will need to mail required state notices of zoning changes to all affected properties. The language of these notices are mandated by the state and can be confusing to building owners; the result of which is high call volumes with follow up questions. The bureau is requesting one-time funds in the amount of \$50,000 to send the notices and \$50,000 to staff a call center to field questions related to these notices. The request also includes \$25,000 for the Portland Bureau of Transportation (PBOT) to complete a traffic and transportation impact analysis related to the Task 5 code projects as well as any changes made by City Council during the final stages of adopting the plan. According to the bureau, PBOT work cannot be funded through the bureau's Gas Tax Revenues.

In addition, this request includes \$50,664 in one-time General Fund support to continue funding 0.55 FTE of an expiring limited-term Community Outreach and Information Representative. As mentioned in the major issues discussion, bureau staff spend a significant amount of their time conducting outreach and engagement. Currently no bureau-wide strategy or training exists for staff on effective strategies for public involvement in planning. In addition to providing targeted outreach around the Comprehensive Plan, this position would work on developing outreach tools for all staff.

CBO recommends this package with the exception of General Fund support for the Community Outreach and Information Representative. This position was formerly funded on an ongoing basis, but the bureau decided to reallocate the ongoing funds to other priority positions in FY 2015-16, as they believed the Comprehensive Plan work would be completed by FY 2016-17. CBO agrees that the bureau should develop and implement core strategies and training for staff around public involvement practices, particularly since on average 32% of planner staff time is spent on public involvement. CBO recommends the bureau prioritize this function with existing resources – including the existing 2.00 FTE Community Outreach and Information Representatives dedicated to planning outreach – to reflect the priority of completing the Comprehensive Plan in relation to other projects.

CBO Recommendation: \$125,000, 0.00 FTE

Design Overlay Zone Assessment, PN_03, \$115,110, 1.25 FTE

The bureau is requesting \$115,110 to start work on an estimated 18-month project related to improving the Bureau of Development Services' (BDS') design review process. In the current fiscal year, BPS and BDS hired an independent consultant to undertake an assessment of the City design review system. The assessment is expected to be completed in December of 2016.

This request highlights the need for three distinct areas of work by BPS: 1) to the extent that the contracted assessment recommends changes to the design review process and commission structure, BPS will need to legislate changes and update the Zoning Code; 2) the bureau has identified a need to update the community design standards as a core tool of the design review process; and 3) the bureau and BDS have identified a critical need to update the Central City Fundamental Guidelines. These three projects have been identified as key actions to implement the City's Comprehensive and Central City 2035 Plans.

Portland is expected to grow by roughly 123,000 households by 2035, which will spur new development and reshape the Central City and our neighborhood main streets and centers. According to the bureau, poor design can increase public backlash against new development, result in appeals and delays, increase development costs, discourage investment, and impact livability and economic performance. The current design review process is significantly outdated and unprepared to handle the level and type of new projects anticipated by the bureau in ensuing years.

In addition, improving design review could help the affordable housing crisis. In fall 2015, the Mayor and Commissioner Saltzman convened a Government Accountability, Transparency, and Results (GATR) session on affordable housing development. GATR sessions are data-driven executive level management

meetings focused on specific policy or programmatic areas of interest to the Mayor. As a result of this session, staff identified bottlenecks and opportunities for improvement that may speed up the timelines for certain types of housing development projects by several months. Faster design review may generate both private and public cost savings and could also impact the bureau's Key Performance Measures *Percentage of Portlanders living in complete neighborhoods* and *Percentage of new housing units in the four-county region that are within the City of Portland*.

While there will be additional costs beyond FY 2016-17 to fully complete the project, the bureau has not yet identified what those costs may be. CBO agrees with the importance of reviewing and improving the design review process; however, CBO needs to better understand the findings and recommendations of the currently commissioned assessment, and understand the full project cost before recommending limited General Fund resources. As a result, CBO does not recommend the package at this time. If the proposal goes forward, CBO recommends that Council consider utilizing BDS fee revenue where possible in lieu of General Fund resources.

CBO Recommendation: \$0

Transit Corridor Development and CC 2035 Planning, PN_04, (\$209,232), (2.00) FTE

The bureau submitted this package as part of its mandatory 5% General Fund reduction proposal. This reduction would eliminate \$15,000 in professional services and two positions: a Planner I and a Program Coordinator. Both of these positions are currently vacant; thus this package will not result in layoffs.

The Planner I position is part of a five-planner team working on the Central City 2035 Plan (CC2035) which is anticipated to be completed in FY 2016-17. The bureau states that the loss of this position may impact their ability to complete required work on time. In the long term, once CC2035 is complete, this position would be returned to the Code division where they would be assisting with Comprehensive Plan implementation as well as special projects such as recent requests around zoning codes for emergency shelter.

The Program Coordinator position was slated to be the bureau's new dedicated lead for coordination around land use, development, transportation, and transit planning. Specifically, this position would coordinate work between planning, PBOT, Metro, PDC, and other partners as relevant on major projects such as the SW Barbur and Powell/Division projects, as well as redevelopment along civic corridors such as 82nd Avenue.

The bureau states that only in the past few years have they been able to obtain necessary ongoing staffing to provide core functions and reduce bureau reliability on serial one-time funds. There is concern that accepting reductions in ongoing staff would once again make the bureau reliant on serial one-time funding to operate. The bureau is requesting one-time funds for priority projects in PN_01 and PN_02, and CBO is recommending \$228,498 towards these priority requests. CBO believes that the bureau may be able to absorb these reductions with minimal short-term impact, assuming the bureau prioritizes existing staff and resources for the most immediate and core needs. However, CBO is concerned about

the long-term impact of these reductions on the bureau's reliance on serial one-time funding requests. Due to limited General Fund resources, CBO recommends that this package be accepted on a one-time basis to fund bureau priorities such as PN_01 and PN_02 as well as other priorities across the City, but recommends that the funds be restored as ongoing in the bureau's FY 2017-18 base to protect against the need for serial one-time funding requests.

CBO Recommendation: (\$209,232), (2.00) FTE

Demographic and Housing Research, PN_04, (\$120,658), (1.00) FTE

The bureau submitted this package as part of its mandatory 5% General Fund reduction proposal. This cut would eliminate a Management Analyst position that has been the bureau lead for demographic and housing related research. Without this position, the bureau would rely more on basic data and demographic skills of planning staff. Accepting this package would result in a layoff.

The types of analyses that have been supported by this position include: housing impact, gentrification vulnerability, Title VI Limited English Proficiency analysis, development permit reporting to Census and PSU Population Research Center, and several projects related to getting accurate counts for Portland in the 2020 census.

CBO does not recommend this reduction, and further recommends that this function be prioritized as a core function in the bureau as it provides a critical role in informing and ensuring development and service provision plans are equitable. As evidenced by bureau budget service maps, there are critical issues and disparities related to service delivery, livability, and equity in Portland neighborhoods. Understanding the demographic backgrounds and analysis behind current and future service delivery – through the work of this current position – is critical to the City's ability to effectively reduce disparities through planning and policymaking.

CBO Recommendation: \$0, 0.00 FTE

Sustainability, PN_06, (\$64,132), (0.5) FTE

The bureau submitted this package as part of its mandatory 5% General Fund reduction proposal. This package would reduce staffing for BPS sustainability programs by decreasing the full-time equivalent (FTE) values of two existing staff members. These staff are not currently working on a full-time basis, and the reduction would not reduce the hours currently being worked. However, the reduction does reduce the bureau's ability to adapt to changes in staffing or program needs. The biggest reduction is in relation to implementing the Climate Action Plan, as the majority of the reduction package (\$47,544) will come from the Policy and Planning division of the sustainability arm of BPS. This may mean that certain action items of the Climate Action Plan will be implemented later than originally planned.

CBO recommends this reduction. Implementation of the Climate Action Plan is largely integrated into bureau staff work; however, in cases where the bureau is responsible for completing a project related to an action item, they do have more dedicated staff. While the bureau highlights that this reduction may

delay timelines on action item projects such as electric vehicle strategy, the reduction reflects the actual FTE of the individuals filling those positions currently. Acceptance of this package would not decrease the current work being done by the bureau.

CBO Recommendation: (\$64,132), (0.50) FTE

Smart Cities, PN_07, \$140,000, 1.00 FTE

This request is for \$140,000 in one-time General Fund resources to fund a Program Coordinator and \$40,000 in external materials and services to coordinate and improve the use of smart cities technology across the city. Smart cities initiatives – where the use of technology and large sets of data are used in collaboration with government to improve the life of citizens – is an emerging, popular field in public private partnership. City bureaus have been approached in recent years by private (mostly technology-centered) vendors that are interested in partnering with the City to use current technology and tools in various City projects. BPS has identified a need for the City to be more coordinated and intentional in the use of these smart city tools to solve public policy challenges, and has specifically identified the planned Powell/Division Rapid Transit development project where the bureau could coordinate the use of transportation, air quality, and demographic data to inform and improve the project.

CBO does not recommend funding this package. The planning division is working on completing several large, multi-year projects directly related to their core mission, while also continuing work on other mission-critical projects such as code updates, and CBO believes resources and staff time should be prioritized towards successfully completing these efforts. While the City would benefit from coordination around Smart Cities, it is not clear that this function should be provided by BPS.

CBO Recommendation: \$0, 0.00 FTE

PN_08: Public Trash Can Expansion, PN_08, \$380,020, 1.00 FTE

Through this request, the bureau would add approximately 825 public trash cans across the City over five years, with a one-time cost of purchasing and installing the trash cans of \$500,000 and an estimated ongoing operational cost of \$1.1 million. Currently, BPS provides public garbage collection for 600 garbage cans in seven business districts at a cost of \$400,000. The Comprehensive Plan identifies a total of 31 Regional Centers, Town Centers, and Neighborhood Corridors and proposes expanding the program to all 31 Centers and Corridors to provide equitable service across the City. The program is funded out of the Solid Waste Management Fund. To pay for this increased service, the bureau is proposing a commercial tonnage fee increase of \$1.30 during the first year of the expansion in FY 2016-17 and an additional \$1.30 increase during the last year of the expansion.

BPS currently charges a commercial tonnage fee of \$8.30 per ton; the proposed changes would raise the fee to \$9.60 per ton in FY 2016-17 and \$10.90 per ton in FY 2019-20. While this is a substantial increase in the fee BPS charges (16%), it is only a 1% increase in the total commercial tonnage fee of \$103 leveraged by Metro and BPS together, and this disposal fee is estimated to be something under half of the total cost of garbage collection that haulers charge to businesses.

BPS has noted that in order for the program to be successful and help achieve livability goals, it is critical that business owners in these districts exert ownership over the cans and the collection program. CBO recommends that BPS explore cost sharing options with districts to ensure buy-in and alleviate the cost burden of fee increases on all commercial clients including those outside of the corridors receiving this new service.

CBO agrees that there should be equitable public garbage collection throughout the City. In the context of the Comprehensive Plan, where many neighborhoods and business districts are expected to be absorbing more density, it also makes sense to ensure the City's and bureau's livability goals are achieved through some level of public garbage collection in highly used corridors. As a result, CBO recommends that the bureau begin work on this project. However, CBO recommends that the bureau develop relationships with the new business districts and hone the estimate of required new trash cans before implementing fee increases. Therefore, CBO recommends that the bureau hire the proposed new FTE as a limited term position using one-time available reserve funds from the Solid Waste Management Fund. Once the plan is complete, and business districts are in agreement on critical aspects, the bureau should request additional funds and necessary fee increases to pay for purchasing, installing, and servicing new cans.

CBO Recommendation: \$0, 1.00 FTE

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Planning & Sustainability											
<u>Adds</u>											
PN_02 - Completion of New Comprehensive Plan	01	0.55	0	175,664	0	175,664	0.00	0	125,000	0	125,000
PN_01 - Complete Single-Dwelling Development Code	02	2.40	0	361,380	0	361,380	0.70	0	103,498	0	103,498
PN_07 - Smart Cities	03	1.00	0	140,000	0	140,000	0.00	0	0	0	0
PN_03 - Design Overlay Zone Assessment — Impleme	04	1.25	0	115,110	0	115,110	0.00	0	0	0	0
PN_08 - Public Trash Can Expansion	05	1.00	0	0	380,020	380,020	1.00	0	0	80,000	80,000
<i>Total Adds</i>		<i>6.20</i>	<i>0</i>	<i>792,154</i>	<i>380,020</i>	<i>1,172,174</i>	<i>1.70</i>	<i>0</i>	<i>228,498</i>	<i>80,000</i>	<i>308,498</i>
<u>Reductions</u>											
PN_06 - Sustainability	01	(0.50)	(63,132)	0	0	(63,132)	(0.50)	(63,132)	0	0	(63,132)
PN_05 - Demographic and Housing Research	02	(1.00)	(120,658)	0	0	(120,658)	0.00	0	0	0	0
PN_04 - Transit Corridor Development and CC2035 PI	03	(2.00)	(209,232)	0	0	(209,232)	(2.00)	0	(209,232)	0	(209,232)
<i>Total Reductions</i>		<i>(3.50)</i>	<i>(393,022)</i>	<i>0</i>	<i>0</i>	<i>(393,022)</i>	<i>(2.50)</i>	<i>(63,132)</i>	<i>(209,232)</i>	<i>0</i>	<i>(272,364)</i>
Total Bureau of Planning & Sustainability		2.70	(393,022)	792,154	380,020	779,152	(0.80)	(63,132)	19,266	80,000	36,134

Analysis By: Christy Owen

PORTLAND POLICE BUREAU

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Beginning Fund Balance	\$2,825,811	\$3,146,694	\$0	\$3,146,694	11.4%
Licenses & Permits	1,881,000	1,481,000	0	1,481,000	-21.3%
Charges for Services	2,149,000	2,212,000	174,336	2,386,336	11.0%
Intergovernmental Revenues	8,582,381	9,729,958	(1,500,000)	8,229,958	-4.1%
Interagency Revenue	4,920,600	5,704,870	(930,324)	4,774,546	-3.0%
Fund Transfers - Revenue	2,776	0	0	0	-100.0%
Miscellaneous Sources	602,596	834,550		834,550	38.5%
General Fund Discretionary	169,169,113	171,181,840	(2,426,693)	168,755,147	-0.2%
Total Resources	\$190,133,277	\$194,290,912	(\$4,682,681)	\$189,608,231	-0.3%
Expenditures					
Personnel Services	\$138,202,678	\$142,937,424	(\$3,890,739)	\$139,046,685	0.6%
External Materials and Services	19,014,802	18,675,017	(1,549,336)	17,125,681	-9.9%
Internal Materials and Services	32,765,797	32,309,471	154,719	32,464,190	-0.9%
Capital Outlay	0	362,000	602,675	964,675	0.0%
Contingency	150,000	7,000	0	7,000	-95.3%
Unappropriated Fund Balance	0	0	0	0	0.0%
Total Requirements	\$190,133,277	\$194,290,912	(\$4,682,681)	\$189,608,231	-0.3%
Total Bureau FTE	1,187.75	1,194.00	(47.00)	1147.00	-3.4%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

Portland Police Bureau's (PPB) base budget consists of 1,187.75 authorized regular ongoing and limited term FTE, where 80% serve in a sworn capacity and 20% are non-sworn civilian positions. In order to adhere to the Mayor's budget guidance to identify 5% General Fund ongoing reductions, the PPB submitted packages which would reduce 84.0 positions totaling \$8.3 million. The majority of the position reductions would be sworn personnel, and this impact is reviewed within the decision package analysis. Bureau requests for new funding totals \$4.9 million in ongoing resources supporting 37.0 positions. Instead of reducing various existing functions the bureau focused the 5% reductions on the least-core patrol and investigation divisions in efforts to preserve the level of support for responding to calls for service, conducting major investigations, and maintaining dedicated resources for required or obligated functions. The major issues discussed in this budget review are the following: succession planning and staffing constraints for policing services, and compliance with the United States Department of Justice (DOJ) settlement agreement.

Bureau Goals for Staffing for 21st Century Policing

Staffing in the Portland Police Bureau continues to be the most significant issue going into the FY 2016-17 budget process. Council will need to grapple with the total number of authorized positions needed to meet Citywide policing goals, how to address current and prospective vacancies, and what solutions are

available to mitigate the impacts of vacancies. The chart below highlights the current authorized regular positions and current vacancies by classification. In the past five years the number of sworn positions was reduced by 3.7%, with the majority of the reductions in the officer classification. Over the past 10 years the number of officer positions has been reduced by 63.0 FTE, which equates to 8.8%. There have been 22.0 FTE added in support of the City's effort to gain compliance with the DOJ settlement agreement, the majority of which were added in FY 2012-13.

Portland Police Regular Ongoing Positions	FY2011-12 Revised	FY2012-13 Revised*	FY2013-14 Revised	FY 2014-15 Revised	FY 2015-16 Adopted	5 Year FTE Change	Current Vacancies (2/1/2016)	Percent Vacant	% Change in Positions Over 5 years
Sworn									
Chief	1	1	1	1	1	-	-	0.0%	0.0%
Assistant Chief	2	3	3	4	4	2	-	0.0%	100.0%
Commander	5	5	5	5	5	-	-	0.0%	0.0%
Captain	13	13	13	13	13	-	-	0.0%	0.0%
Lieutenant	29	29	31	30	30	1	1	3.3%	3.4%
Sergeant	119	134	134	134	135	16	7	5.2%	13.4%
Criminalist	17	17	15	15	15	(2)	-	0.0%	-11.8%
Detective	93	93	88	88	88	(5)	3	3.4%	-5.4%
Officer	699	684	647	647	651	(48)	32	4.9%	-6.9%
Subtotal Sworn	978	979	937	937	942	(36)	43	4.6%	-3.7%
FTE Change	3	1	(42)	0	5				
% Change	0.3%	0.1%	-4.3%	0.0%	0.5%	-3.7%			
Non Sworn	231	220	224	225	237	6	27	11.4%	2.6%
FTE Changes	(17)	(11)	4	1	12				
% Change	-6.8%	-4.8%	1.8%	0.4%	5.3%	2.6%			
Total Personnel	1,209	1,199	1,161	1,162	1,179	(30)	70	5.9%	-2.5%
FTE Change Per Year	(14)	(10)	(38)	1	17				
% Change	-1.1%	-0.8%	-3.2%	0.1%	1.5%	-2.5%			

In preparation for the elimination of 55.0 positions in FY 2013-14 the bureau significantly curtailed the recruitment process for officers in order to manage reductions through attrition, therefore avoiding layoffs of recently hired officers. The FY 2013-14 Adopted Budget included a Budget Note instructing the bureau to hire an outside consultant to provide a level of service staffing report, which was finalized and presented to the City Council in April 2015. This report assessed staffing levels and workload data as of August 2014 and made recommendations to the City as to where policing resources should be allocated. A copy of this report and recommendations is available here (<http://efiles.portlandoregon.gov/Record/7462915/>) throughout this analysis the report will be referred to as the Matrix Consulting report.

Overall, the consultants have recommended that the City add 27.5 FTE (20.0 as sworn classifications) to the PPB, mostly through the creation of new specialty units and no reductions to patrol operations under the current three-precinct model. Prospective outcomes for these investments were not the primary focus of the Matrix Consulting report, and so before making investments in new work units, CBO recommends additional analysis that would look at desired performance outcomes in order to determine future funding for any additional divisions.

The Matrix report included the following conclusions and recommendations regarding core precinct patrol and investigation services:

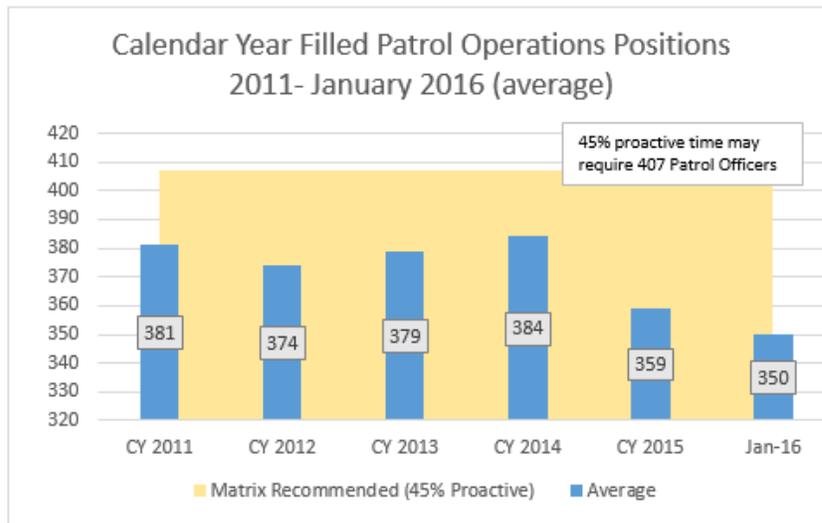
- Workload analysis concluded that patrol operations was adequately staffed, assuming positions are filled, to achieve a desirable mix of proactive and reactive time for officers assigned to precincts.
- Recommended the bureau formally adopt and track the percentage of officer time dedicated to proactive community policing and recommended 45% as the target figure, which requires 407.0 officers in the Patrol Operations Branch. The bureau currently has 350 officers assigned to patrol operations.
- Recommended some positions in the bureau could be civilianized as there is no requirement for officers to be conducting the work the position requires. Recommends continued focus as to where positions can be civilianized, potentially allowing the bureau to re-assign internal sworn staff to augment other work groups.
- Use of data analytics could further assist in investigations and patrol operations and this should be increased, potentially through assigning additional Crime Analysts to precincts and investigations.
- The caseloads for detectives in the Sex Crimes Unit are currently too high when compared to recommended practices for law enforcement case management.
- Recommended the reallocation of internal investigation units to staff auto theft task force and to add new resources to form a cyber-crimes unit.

The underlying assumptions which Matrix Consulting used for recommending the bureau's current sworn position authorization are relatively consistent with methodologies for service-oriented staffing by the International City County Managers Associationⁱ, the Police Executive Research Forum, and the Community Oriented Policing (COPS) officeⁱⁱ. Further, the recently released President's Task Force for 21st Century Policing places considerable value on having officer resources available for community engagement in the course of providing law enforcement services. This includes having resources for dedicated walking beats, attending community neighborhood meetings, and using analytics for focused enforcements, among other policy recommendationsⁱⁱⁱ. While there appears to be a significant body of research supporting the need to staff patrol at an amount which allows for community policing, there does not appear to be a consistent way to calculate or determine what this mix of officer time should be, thereby leaving the decision on how to achieve the goals of community policing to individual jurisdictions.

Much of the primary bureau staffing data for this report was compiled at a point prior to when the US DOJ settlement agreement was finalized and when the bureau was experiencing a very low vacancy rate in sworn classifications. In the past 18 months the staffing landscape has shifted as attrition through retirements and other separations has increased faster than the bureau can get newly sworn officers hired, trained, and patrolling independently.

Currently the bureau estimates that at the end of FY 2015-16 there will be 90 sworn members eligible to retire. While every eligible sworn member is not likely to retire, the number of vacancies will almost certainly increase. Detailed analysis of the bureaus strategies to accelerate the hiring process and enhance recruitment incentives are discussed in packages PL_01 and PL_02.

The current patrol staffing model allocates 370 positions to be available to cover shifts at the City's three patrol precincts. The chart illustrates the average of filled patrol operation positions for past calendar years as compared to the recommendation of 407 patrol positions provided in the Matrix report.



At present, the PPB reports operating the precinct patrol at 350 officers while making concerted efforts to reduce the use of overtime shifts in order to reach the desired patrol level of 370. In early FY 2015-16 it was determined that using overtime for shift coverage would not be fiscally or operationally sustainable and the bureau either has or will institute the following changes to continue to have resources available to respond to calls for service at precincts:

- Reallocate staffing by ten positions and redirected these resources to cover patrol shifts. Units impacted include: Fiscal Services Division, Strategic Services Division, Drugs and Vice Division, and certain dedicated precinct positions.
- Change from a three-shift rotation to a five-shift rotation where staffing will be based on peak call volume times and days in order to staff for the anticipated dispatched call workload beginning in February 2016.
- Reduce potential required overtime through shifting bureau-wide training schedules in order to mitigate overtime costs.

One of the more notable indicators of having fewer patrol officers in the past five years is the change in the number of self-initiated calls for service as compared to dispatched calls for service. Over the past five years there is a pattern of reduced self-initiated work with the more noticeable decline occurring in the past two years. Since FY 2011-12 there has been a 15.5% decrease in officer-initiated calls and an 18% increase in dispatched calls for service. In the absence of the ability for officers to code their time as spent in either a proactive or reactive mode, this data represents a proxy for determining how reactionary the PPB is with the current staffing levels.

Portland Police Bureau Calls for Service by Fiscal Year and Type

Call Type	Trend FY1112-FY1415	FY 1112	FY 1213	FY1314	FY1415	FY1516*
		Jul '11-Jun '12	Jul '12-Jun '13	Jul '13-Jun '14	Jul '14-Jun '15	Jul '15-*Dec'15
Dispatched Calls		201,951	206,005	220,988	238,279	128,709
▪ High Priority (1, 2, 3)		65,745	76,175	74,595	76,949	40,641
▪ Medium Priority (4)		57,695	59,385	67,935	73,326	37,406
▪ Lower Priority (5,6,7)		78,511	70,445	78,458	88,004	50,662
Self-Initiated Calls		164,376	162,423	149,741	138,767	59,801
Directed Patrol Calls		0	0	0	6,562	2,801
ALL CALLS		366,327	368,428	370,729	383,608	191,311

Another way to look at the availability of resources is to look at the amount of time dispatched calls are waiting, or stacking, before officers are able to go to less emergent calls. Data from the Bureau of

Emergency Communications was reviewed for a comparison of call stacking times between October 2011 and October 2015. The resulting snapshot further illustrates the increase of time due to not having officer resources available for dispatch as there is an increase in call stacking times for all priority types:

Dispatch Priority Level	Number of Calls		Average Stacking Time (In Minutes)		% Increase
	Oct-11	Oct-15	Oct-11	Oct-15	
High Priority (1,2,3)	5,274	6,844	2.71	2.94	8.5%
Medium Priority (4)	4,681	6,537	6.89	10.44	51.5%
Lower Priority (5,6,7)	6,490	8,716	28.38	32.09	13.1%
Total Calls	16,445	22,097			

Relationships between staffing levels, perception of crime, and goals of community policing

As crime has decreased significantly over the last 25 years both nationally and locally, questions have been raised about the appropriate levels of police staffing. Although crime is down dramatically, the perception of crime has not necessarily fallen to a commensurate degree. The City Auditor conducts an annual survey where residents are asked if they feel safe walking in their neighborhoods at night. Relatedly, part I person crimes per 1,000 have remained relatively static in the last few years, varying between 4.93 and 5.0 crimes per 1,000. The perception of safety across the city has remained relatively consistent at 60-62% in the past three years as well. The survey does show that over time the perception of crime and safety in areas of east Portland is significantly lower than the City as a whole^{iv}.

The bureau must meet its obligation to the community as the provider of police services. In the near-term, the likelihood of filling existing sworn vacancies, much less adding new officer positions and filling those positions, is not feasible due to the significant amount of time required for recruiting and onboarding new officers.

Prior to the current state of staffing at the bureau, there was the potential to engage in more focused community policing. The following demonstrate the effectiveness of community policing, realized only when the bureau is able to combine data analytics with appropriate staffing levels:

- One of the goals of the walking beats was to decrease Part I and Part II crimes. Consistent with this, the bureau observed a 16% decrease in Part I crimes and 26% decrease in Part II crimes. There was a reported 12% increase in respondents feeling safe walking at night and 33% of respondents felt the police presence was positive.
- Walking beats in downtown report an 8% increase in respondents who report feeling safe walking at night. Part 1 crimes during this time period did increase 11%, but Part II crimes decreased 32% over the same time period.
- The Community Engagement in Gang Impacted Areas used walking beats which emphasized relationship building over enforcement tactics in five areas that had a history of high levels of gang activity. The post-intervention analysis shows these areas had one-third of the increase in incident calls for service as compared to the increases throughout the rest of the city.
- Walking beats in Lloyd Center and Holiday Park report a 15.5% decrease of theft calls over a three month time period when compared to the three-month time period prior to the patrols.

These findings demonstrate the effectiveness of data analytics in informing policing strategies, and also suggest that there are additional ways to address crime that are not solely reliant on adding sworn positions. Given the two-year timeframe and significant costs associated with hiring and training new officers, the bureau should consider additional investment in crime analytics as a way to focus deployment of limited resources within precincts.

CBO believes the bureau should be commended for its decision to manage staffing through peak workload models and the reallocation of specialty units to cover patrol functions. However, further attrition and a lack of available new hires will continue to threaten the bureau's ability to engage in proactive community policing. In the short term, the bureau may be able to mitigate some of this impact by expanding the use of data analytics to inform how and where officers are deployed.

United States Department of Justice Agreement Status

In the previous fiscal year the City and the United States Department of Justice (DOJ) entered into a finalized settlement agreement. The terms of the agreement set forth guidance and deadlines for the City to hire a Compliance Officer/ Community Liaison (COCL) and seat the Community Oversight Advisory Board (COAB) to begin the process of assessing the City and the Police Bureau and recommending to the DOJ when the City has reached the substantial compliance with the agreement. Portland's DOJ agreement is unique in comparison with other agreements in that instead of an appointed Court Monitor there is a separate COCL team working with the PPB, the COAB, and community members to evaluate outcomes, provide recommendations for policies and procedures, and ultimately make recommendations as to the status of compliance.

Additional analytical resources were approved in the FY 2015-16 Budget to support the Strategic Services (SSD) and Internal Affairs (IAD) Divisions. The COCL reports to the CBO that this investment made by the City has been instrumental in their work in assessing the bureau's progress on meeting the agreement's guidelines. There is no set deadline as to when the City must be in compliance and there are no firm estimates as to when this is likely to be achieved. However, the most recent high-level report card shows the City is mostly "partial compliant, mixed compliant, or non-compliant with initial steps taken." In order to determine if true changes have been made to the bureau's operating norm, the COCL and COAB will continually assess the bureau's force data, training materials, Behavioral Health Unit data, and community engagement progress over time in order to make a final determination on compliance. Two Bureau Key Performance Measures (KPMs) assess outcomes from the DOJ agreement: the number of arrests involving force and the percent compliant as determined by the COCL. In FY 2016-17 the overall use of force data is trending favorably as force incidents continue to decline. There is one request for ongoing funding in support of data analysis as related to the US DOJ agreement; the detailed analysis is included in PL_004.

Decision Package Analysis & Recommendations

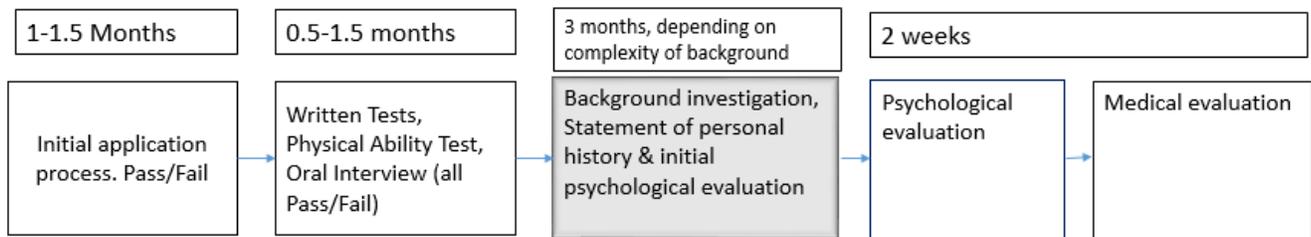
Recruitment Hiring and Staffing, PL_01, \$1,835,122, 16.0 FTE

The request for additional background investigators is the bureau's highest priority request. Ongoing resources would add 15.0 FTE non-sworn background investigators and 1.0 Sergeant Supervisor, bringing the bureau's total number of investigators and supervisors to 22.0 FTE. Included within this request is

\$32,500 in one-time resources to provide the initial office technology set-up associated with adding new staff. The FY 2011-12 Budget reduced the number of non-sworn background investigators by 12.0 positions, and the work is currently being performed by 8.0 Officers and 3.0 non-sworn FTE. Funding this request would enable the bureau to shift 5.0 officers from background investigator roles to policing services. If this request is approved in full, this new background investigator workgroup would consist of:

- 16.0 non-sworn Assistant Program Specialists
- 3.0 Officers, which includes one recruiter
- 2.0 Sergeants

Offers of employment for all positions at the Police Bureau are dependent upon the candidates' ability to pass the background check. There are three levels of backgrounds: Level 1 for contractors or vendors, Level 2 for non-sworn employees, and Level 3 for newly hired sworn positions. In FY 2014-15 there were 513 Level 1 and Level 2 backgrounds completed, and the Level 2 checks are more in-depth, taking approximately two to four months to complete. There were 170 Level 3 backgrounds, which represent one part of the process for hiring new sworn personnel. The overall hiring process, including approximate time for completing thorough background investigations, is broken out in these primary steps:



The overall process can take six months or longer to complete and there are a reasonable number of candidates who do not pass the background process. Of the total candidates in the initial applicant pool for the past two recruitments, only 25% remain as candidates for the background investigation. Due to the limited capacity of background investigation staff, very few candidates have been offered positions. Individuals are often waiting three to six months to be assigned an investigator.

Steps in Hiring Sworn Positions	Mar-15	Aug-15
Number Applicants	402	514
Failures prior to Written Exam	-26	-48
No-show for written exam	-150	-207
<i>Subtotal</i>	226	259
Fail written exam	-21	-30
No-show for oral exam	-52	-88
Fail oral exam	-22	-45
Subtotal ready for background	131	96
Pass Background/ Backgrounds are still in progress	4 to date	In progress
Hires to date	4 to date	NA

One potential result of this lengthy process is that the bureau loses candidates to other police agencies. Out of the March 2015 recruitment class, eight prospective recruits were offered and accepted positions at other agencies while these individuals were either waiting for the background investigation or were in the actual investigation process.

While the bureau's requested budget includes a request for more background investigators, it does not include increased resources for focused recruitments, outreach, or other marketing to gain additional

candidates --- including women or candidates from communities of color. Recruiting efforts could be enhanced with one-time resources to set forth a long term recruitment plan.

CBO recommends ongoing resources for 7.0 non-sworn background investigators, 1.0 non-sworn recruiter, and funding for 1.0 non-sworn Program Manager to supervise the unit. We are not recommending the supervisor position at the Sergeant classification as a program manager should be able to supervise the new positions and sworn work can be handled by the existing sworn resources in the division.

CBO also recommends \$250,000 in one-time General Fund resources for enhanced recruitment and marketing initiatives as there will be significant local and national recruiting efforts in the next fiscal year. It is further recommended that the bureau look at vacancy savings to internally fund limited-term background investigators for the near-term hiring goals until the workload stabilizes. A Budget Note is also recommended instructing the PPB to present to Council an updated status of succession planning, and evaluation of recruitment efforts to determine what is working in order to account for this significant investment in bureau hiring efforts.

CBO Recommendation: \$1,247,056, 9.0 FTE

Sworn Officer Recruitment Incentives, PL_02, \$321,686, 0.00 FTE

There are two financial recruitment incentives included in this request, both of which aim to bolster the number of PPB recruits that meet qualifications. The first request is to increase the base officer pay from \$49,338 to \$60,237 (approximately 22%). This decision package does not request to change the top of the officer salary range. The second request is to provide for one-time financial incentives for new officers at three points in their initial employment with the bureau. Additional financial bonuses would also be available to current PPB sworn members who refer a successful candidate. All of these proposals require collective bargaining prior to implementation.

In order to raise the initial hiring salary, the bureau has requested \$221,686 in ongoing General Fund resources, assuming that 40 vacant positions will be filled at the increased rate each year. Currently, newly hired officers start at the lower salary of \$49,338 for the first six months and then increase by \$10,899 to a salary of \$60,237 at the first year. In order to evaluate this request, CBO collected entry salary rates for the Police Officer classification from comparable police department websites. This is not a holistic analysis of all pay practices, including premiums, and a full compensation review would need to be done in order to draw any final conclusions about officer pay in Portland.

Departments	Current Starting Salary Comparison	PPB Proposed Adjustment	Current Top Salary Comparison
<i>Portland Police Bureau</i>	\$ 49,338	\$ 60,237	\$ 80,829
Beaverton	\$ 55,680	\$ 55,680	\$ 74,604
Tigard	\$ 56,309	\$ 56,309	\$ 70,161
Lake Oswego	\$ 55,868	\$ 55,868	\$ 71,302
Salem	\$ 55,910	\$ 55,910	\$ 71,261
Tacoma, WA	\$ 58,593	\$ 58,593	\$ 80,974
Seattle, WA	\$ 69,240	\$ 69,240	\$ 90,672
Sacramento, CA	\$ 63,099	\$ 63,099	\$ 76,698
Denver, CO	\$ 55,299	\$ 55,299	\$ 82,432
Phoenix, AZ	\$ 51,480	\$ 51,480	\$ 72,426
Median	\$ 55,910	\$ 55,910	\$ 74,604
Average	\$ 57,739	\$ 57,739	\$ 76,513
Portland Compared to median	\$ (6,572)	\$ 4,327	\$ 6,225

However, on the surface PPB's entry-level officer pay scale is lower than comparable cities. At present, the bureau is approximately 12% below the median posted entry rates of these selected cities. With the adjustment, the PPB would appear to be more in line with the median and average starting wages for other jurisdictions.

The second part of this request is \$100,000 to fund one-time hiring incentives. The bureau would offer an applicant a hiring bonus at the time of his/her swearing in, followed by another bonus when the officer completes the 18-month probationary period, which would be followed by an additional bonus when the officer reaches the three-year anniversary. In addition, the proposal would provide a financial incentive for current PPB members who recruit successful applicants by paying a one-time amount for any recruit who completes the initial training and probation period. Based upon the planned number of recruitments, the PPB has forecasted a need for recruitment incentives continuing to grow to \$480,000 in FY 2019-20.

Incentive Program Package			
FY 2016-17	Amount at Swear-in	Amount at the End of Probation	After 3-Year Mark
New Officer	\$ 1,000	\$ 1,000	\$ 3,000
Finder Fee	\$ -	\$ 1,000	\$ -
Lateral Officer	\$ 2,000	\$ 2,000	\$ 6,000
Finder Fee	\$ 1,000	\$ 1,000	\$ -

It is not uncommon for public or private sector employers to offer hiring and recruitment incentives, either through signing bonuses or through retention incentives. The 2006 Police Chiefs magazine highlighted recruiting issues and cited multiple law enforcement agencies that use this tool for recruiting^y. CBO does recommend \$221,686 of ongoing General Fund resources to support an increase in officer entry pay and \$100,000 in General Fund one-time resources for the bonus incentives. PPB shall track and refine the recruitment incentive request when it is further determined the extent of the actual costs of the program that would be of an ongoing nature.

CBO Recommendation: \$321,686

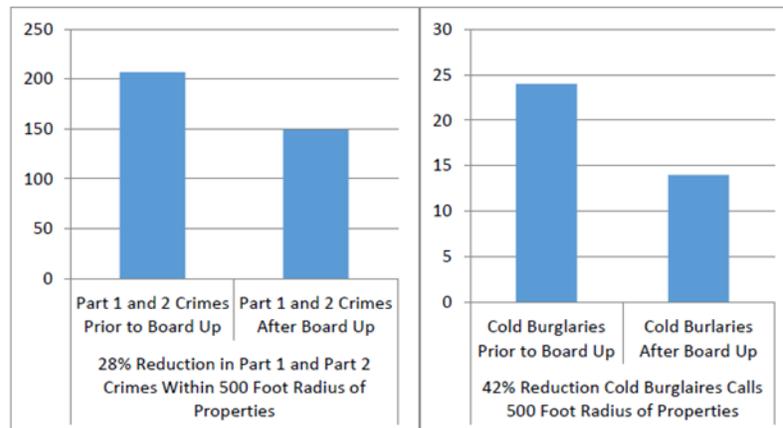
Neighborhood Response Team Staffing, PL_03, \$755,898, 6.00 FTE

In response to the increased number of Gang Enforcement Team (GET) call-outs in FY 2014-15, the Police Bureau redirected 6.0 officers from the Precinct Neighborhood Response Team (NRT). This request would add new ongoing resources to support 6.0 officers to be assigned to the existing NRT teams. One-time resources are included to fund the addition of one more patrol sedan for NRT to backfill the patrol sedan resources being reallocated to GET with the officer positions. At present there are three NRT teams, one at each precinct, and the current configuration is 4.0 officers per precinct; additional resources would return 2.0 Officers per precinct NRTs.

The NRT officers are part of the bureau's overall strategy for community policing with enhanced focus on neighborhood livability issues, such as: chronic nuisance allegations, drug houses, OLCC violations, transient camps, staffing in the Old Town's entertainment district, and street level drug activity. The areas of interest will vary by precinct and emergent crime trends requiring intervention by the NRT officers. Officers work with community partners through direct communication on specific issues, attend

community meetings with business associations and on an ad hoc basis with ONI neighborhood associations.

Much of the workload of NRT officers is not of a high enough priority to escalate into a full case or investigation; however it is chronic in nature and requires a problem-solving approach. NRT officers neither receive traditional dispatch calls for service nor are NRT officers conducting self-initiated patrol reports in the same manner as patrol officers. However, there are data points collected by the NRTs that illustrate the nature of the work and where quantifiable outcomes are attributed to their role in precinct patrol. Examples provided by the bureau show where NRT actions have resulted in reduced reported crime, particularly in east Portland in the past fiscal year.



The NRT model provides dedicated resources to be available for policing services outside of the traditional dispatch or officer-initiated models. Further, the Matrix staffing analysis conducted in FY 2014-15 found that the NRT model is effective because the dedicated resources for lower-level livability issues frees up precinct patrol officer time for dispatch and self-initiated work.

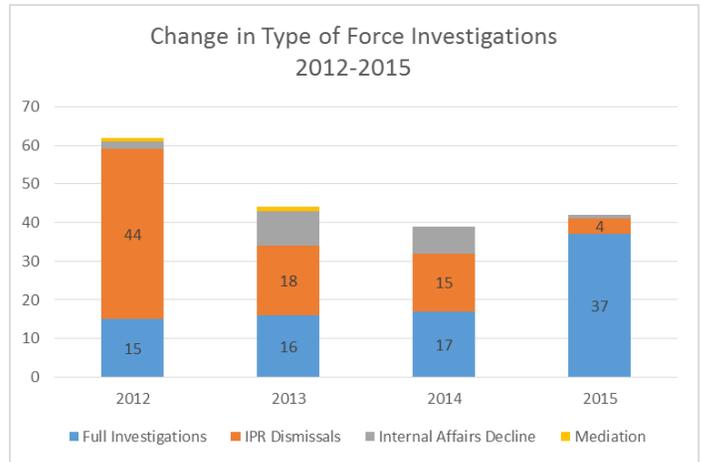
New ongoing General Fund resources are not recommended for restoring the 6.0 NRT Officers in FY 2016-17. Historically, CBO has recommended funding for the NRT officers, including during the recent recession when the General Fund had significant shortfalls requiring cuts to other areas of the bureaus operations. However, CBO has recommended funding for 5.0 non-sworn positions in PL_01, which returns sworn personnel to staff either core patrol or investigation services. If the bureau operations and precinct staffing models can support dedicating these new internal resources to NRT, then this should be considered by bureau management as an option.

CBO Recommendation: \$0, 0.00 FTE

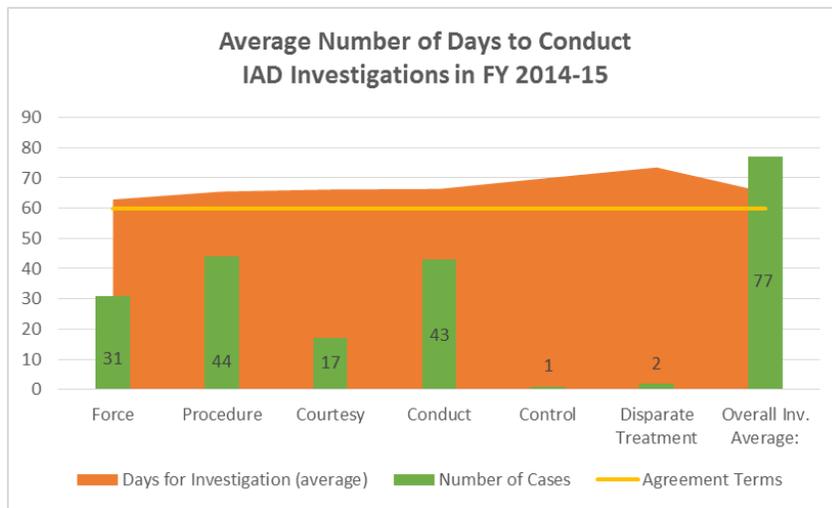
Internal Affairs Investigators and Admin Support, PL_04, \$324,612, 3.00 FTE

The Internal Affairs Division (IAD) conducts the internal investigations of allegations of misconduct, use of force, and officer involved shootings. IAD is tasked with the internal responsibility to promote organizational accountability throughout the bureau, in part through conducting unbiased investigations into allegations of misconduct. The settlement agreement with the United States Department of Justice set new guidelines for the bureau for the internal management of both the documentation of incidents involving force and subsequent investigations by IAD.

With respect to force investigations, in the fall of 2015 the DOJ did not rate the bureau as compliant with the intention of the terms for providing complete investigations on cases where there was an alleged use of force outside of bureau policy. The DOJ recently provided instruction to the City that the only way to dismiss an allegation is if there is “clear and convincing evidence that there is no basis of fact for the allegation”. This is beyond the previous threshold and establishes clear expectations that the City will conduct complete force review on all cases received by IPR.



IAD reports that 42 allegations of excessive use of force cases were investigated last year and currently there are 7.0 investigators in the division. Of these 42 cases, only four were dismissed by IPR and one was declined by IAD. The remaining 37 cases received full investigations. The internal investigation timeline for IAD is 60 days from receipt, and this does not include administrative time. For Officer Involved Shootings, the timeline for completion is 42 days. The data below illustrates the volume of claims for investigation, and approximate time to complete the investigation by type. On average, the City exceeds the mandated timeline of 60 days for completion of investigations by 17 days.



Due to this item being a major component for the City to be substantially compliant with the terms of the agreement, CBO is recommending funding for these positions.

CBO Recommendation: \$324,612, 3.00 FTE

Sex Assault Team Staffing, PL_05, \$395,211, 3.00 FTE

The Sex Crimes Unit (SCU) currently consists of 9.0 Detectives, one Sergeant, and 2.0 Victims’ Advocates within the Detectives Division. This request would add 2.0 Detectives and 1.0 Victims’ Advocate. PPB

recently received a federal grant to submit sex assault kits (SAKs) for DNA testing where previous policy did not require all SAKs be submitted to the state labs. Under the previous practice approximately half of the SAKs were submitted, and at the time of the grant award, there were approximately 1,700 untested kits in the bureau's possession. This grant funding will not cover the potential for opening new investigations if the tests result in probable criminal suspects.

CBO recommends this request. The addition of two Detectives and one Victims' Advocate coupled with the 100% compliance policy for testing kits, is likely to result in better investigatory procedures with more complete sex assault investigations than is possible with the current staffing structure. CBO also recommends the bureau research the appropriate caseload for the advocate position, as this is a valuable resource for supporting victims, and give consideration to either realigning existing discretionary resources or requesting new funds should workload indicators show the potential to yield better case outcomes.

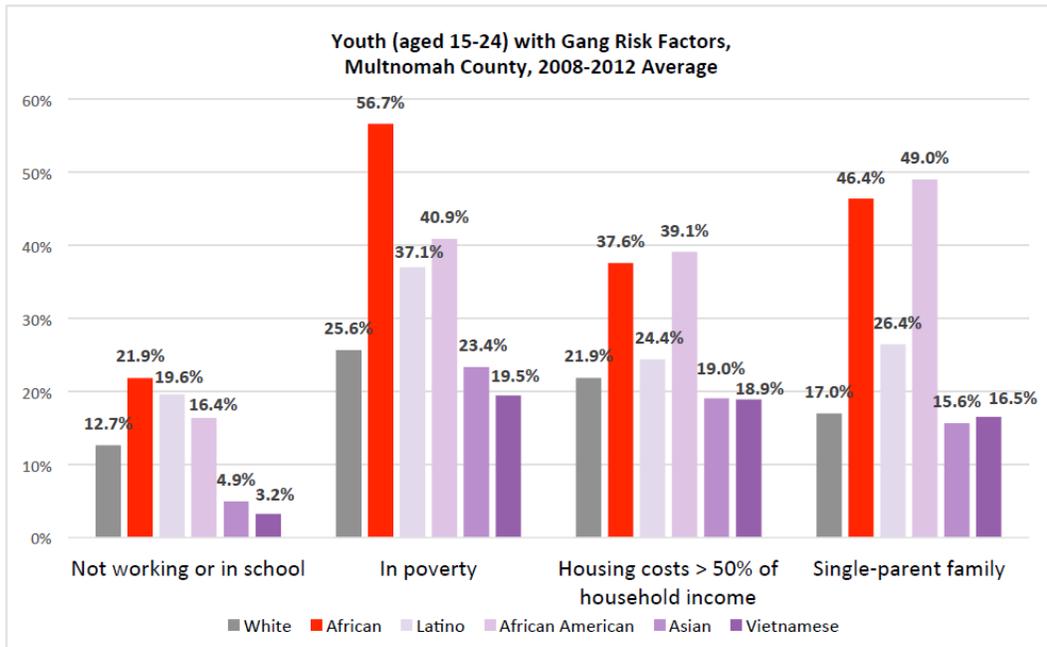
CBO Recommendation: \$395,211, 3.00 FTE

Refugee Community Engagement Program, PL_07, \$116,262, 1.00 FTE

This request represents the beginning of the bureau's future plans to have a more long-term Refugee Community Engagement Program in Portland. The Somali community has been identified as the first potential community to pilot this model of engagement and would be staffed with 1.0 FTE as a Community Liaison between the Somali immigrant and refugee community and the Police Bureau. The initial primary focus will be centered on youth engagement aiming to prevent gang involvement and to educate the Somali community about their civil rights with respect to law enforcement. In Multnomah County, the number of refugees from East Africa, and Somalia in particular has grown through primary and now secondary migrations. Official population counts for this community are difficult, but the approximate size of the population has increased from 4,459 to 11,703 (162% increase) between 2000 and 2011. ^{vi}

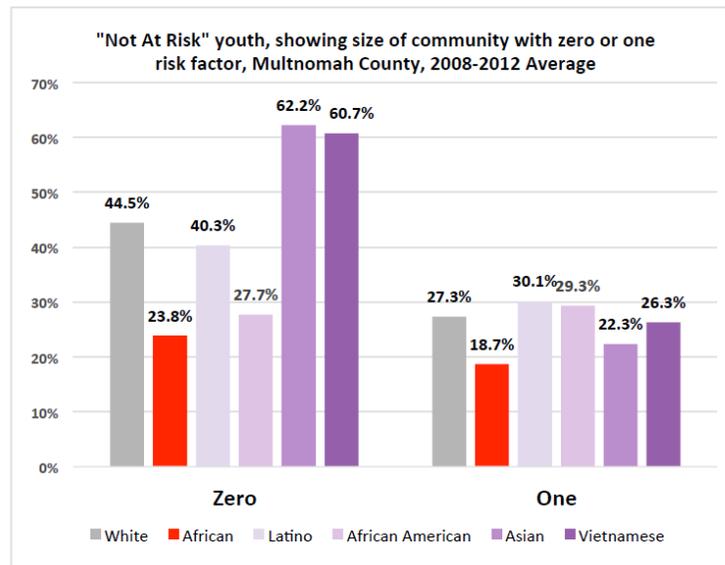
A recent report from the Center to Advance Racial Equity at Portland State University assessed the factors that place this community at risk for recruitment into gangs in Portland:

- 55% live in poverty, and 70% live in poverty when there is a female single-parent household. Almost 50% of African youths live in single parent households.
- Two out of three youths have moved within one year.
- 62% do not meet academic expectations.
- The unemployment rate is 17% (more than double the rate for whites) and underemployment is estimated at 45%.



Source: Custom runs of American Community Survey, 2008-2012, provided by ECONorthwest.

These risks are magnified for newcomer communities, as the youth are more likely to not have meaningful connections to schooling or employment, therefore being more socially isolated and vulnerable. The next table compares other immigrant and refugee communities in Multnomah County across same factors: the Somali and East African communities indicate the most vulnerability.



Source: Custom runs of American Community Survey, 2008-2012, provided by ECONorthwest.

For the past several years the PPB has been informally partnering with the Somali American Council in efforts to prevent youths from engaging in criminal activities, to prevent victimization, and to build trust with the community. While the City has programs dedicated to assisting new Portlanders, there are no specific positions for bridging the cultural gaps between law enforcement and the Somali Community.

The model that PPB is seeking to replicate in Portland is similar to the structure in Minneapolis, Minnesota^{vii} and Toronto, Canada. Minneapolis first implemented a dedicated Somali community outreach program which has received national recognition and has been replicated in Toronto. Outcomes

cited by Hennepin County Sherriff include a reduction in crime in areas with a large percent of East African immigrants while increasing community trust in the police department. ^{viii}

CBO recommends this request as this program has promise in building communities of trust among Portland's most vulnerable youth and intervening prior to the commission of crimes. As this is a pilot program, CBO also recommends that PPB evaluate and present findings to Council at the one-year and three-year mark to determine if the program has achieved its intended goals.

CBO Recommendation: \$116,262, 1.00 FTE

Public Records Staff Request, PL_07, \$174,336, 2.00 FTE

The Records Division requests to add two fee-supported Records Specialists to the work unit. In FY 2015-16 the fees charged by the Records Division were raised for the first time in approximately 20 years. Both the volume and the complexity of public records requests, mostly from media outlets; the volume increased by 5% from 16,937 in FY 2012-13 to 17,826 in FY 2014-15.

This trend is projected to continue due to the implementation of the City's GovQA website. The Records Division's target is to respond to requests within 21 working days, and this target was achievable prior to transitioning to the RegJIN records system. Currently, the bureau is taking significantly longer to provide the appropriate responses which is due in part to the complex nature of the requests, the volume of requests, and the challenges of using a new data system. Many records require review by the City Attorney's Office and this further contributes to the delay in providing the requests timely.

CBO recommends this request and in addition, the bureau has since determined and CBO concurs that there is justification for an additional 2.0 Records Specialists to be funded by outside resources. The Police Bureau Records Division continues to see increased workload demand and must meet both legal and customer service deadlines to provide the records to the public. CBO recommends that as part of the fee study submission that fees for records are included and potentially increase with inflation.

CBO Recommendation: \$348,672, 4.00 FTE

Equity and Diversity Program Specialist, PL_08, \$121,407, 1.00 FTE

The FY 2014-15 Budget approved new ongoing resources for the Police Bureau to hire an internal Equity Manager that would provide policy review and recommendations over all areas of the bureau's operations. This position was filled in January 2015 and in the past year the incumbent has overseen many projects and initiatives including: equity training material development for officers, assessments and internal mappings for the bureau's Strategic Equity Plan, and project management for the Community Oriented Policing Services (COPS) office grant to fully develop a bureau-wide strategic equity plan. In order to further the goals identified by bureau leadership for expanding equity initiatives, the bureau has requested \$121,407 and one Program Specialist be added to the Chief's Office, reporting to the current Equity Manager.

The bureau's strategic equity plan is in final review and will be publically released in spring of 2016. Currently there are two bureau Key Performance Measures (KPM's) related to equity and diversity in the recruitment process for sworn and non-sworn employees. In conjunction with the approval of additional background investigators, the bureau anticipates that the number of recruits from communities of color and the number of female recruits will increase from past recruitments by at least 10%. Given the projected number of vacancies and the current desire to further community engagement with law enforcement it would appear that this is an opportune time for the bureau to be investing in additional workforce equity and diversity initiatives. The bureau's Equity Manager anticipates that not funding this position would significantly delay the desired outcomes as the internal capacity for moving on the identified goals will become fragmented, and therefore less effective overall.

CBO recommends the position authority and that the bureau internally reallocate funds for this position due to the limited General Fund resources. Areas where the bureau may identify these resources include capacity from interagency agreements being less than inflation, potential underspending in EMS for outside legal and consulting services, or through the conversion of existing vacant non-sworn personnel.

CBO Recommendation: \$0, 1.00 FTE

Non-sworn Fleet Coordinator, PL_09, \$118,086, 1.00 FTE

As part of the FY 2011-12 Budget the Police Bureau's non-sworn Fleet Coordinator position was eliminated and the workload was re-assigned to a sworn officer. The FY 2016-17 Requested Budget includes ongoing resources to add one non-sworn Management Analyst to be assigned as the Fleet Coordinator and this will return one officer position to core patrol services.

The Portland Police Bureau has an inventory of 729 vehicles and equipment, of which 161 are in the patrol sedan vehicle classification. Every year the bureau replaces approximately one fifth of the patrol fleet in accordance with the equipment's scheduled life cycle replacement. The bureau equipment coordinator works directly with CityFleet and the Bureau of Technology Services in building the specifications for the new patrol vehicles and outfitting the radio and communications components. In addition, the bureau has other equipment and projects throughout the year that require a level of coordination between CityFleet and bureau staff.

This position is one of the few positions that the Matrix Staffing Analysis identified as a candidate for filling with a civilian as opposed to a sworn member. Reasons for this recommendation center around the body of work being more in line with the work assigned to program or project analysts as opposed to sworn officers. CBO agrees with this approach and the reduction in FY 2011-12 did not reduce the body of work required to manage the bureau's inventory of vehicles in a cost-effective manner. Without the position CityFleet maintains that there will be a significant slow-down in the process of procuring and managing equipment.

Due to limited ongoing General Fund resources CBO is recommending PPB reclassify the officer position to the requested non-sworn Management Analyst in order to return an officer position to patrol services.

The bureau projects to have vacant officer positions, and when staffing levels are closer to authorized level, the bureau can request additional sworn officer positions at that point in time.

CBO Recommendation: \$0

Body-worn Camera Program, PL_10, \$1,067,897, 2.00 FTE

The Portland Police Bureau has \$834,619 in one-time dedicated resources to begin the implementation of an officer-worn camera program. This program would outfit patrol officers and sergeants with cameras to be used to record interactions throughout the course of a shift. At the end of the shift the recordings would be uploaded to secure storage, tagged, and coded to comply with the retention policies for recorded incidents. The bureau previously requested ongoing resources, however CBO did not recommend funding in order to allow state law to be modified around the issue of body-worn cameras, which were enacted with HB2571.

Recent analyses of the efficacy of officer-worn camera systems have been completed in the City of Phoenix, AZ and in the City of Orlando, FL. The following results were reported^{ix}:

Outcomes for accountability:

- 49% decline in the proportion of complaints involving excessive force against camera wearing officers.
- 23% decline in officially recorded complaints (unfounded & founded) against camera wearing officers
- 53% reduction in complaints being founded for camera wearing officers, and a 57% reduction for officers without cameras. This may indicate that the camera was not the sole reason for a change in officer behavior.
- 35% decline in verbal misconduct complaints for camera wearing officers, and a 69% decline for officers without cameras. This may indicate that the camera was not the sole reason for a change in officer behavior.

Outcomes specific to domestic violence cases with officer-worn camera evidence

- Prosecutors are more likely to initiate cases when camera evidence is available.
- Prosecutors are more likely to charge defendants when camera evidence is available. It is five times more likely that the defendant is found guilty.
- Reduction in the number of days to process domestic violence cases through completion declined from an average of 95.8 days to 78.1 days

In the report for implementation of the 21st Century Policing Model, which the White House Task Force completed in May 2015, there was a strong recommendation for law enforcement to adopt officer-worn cameras. Additionally, the Cities of Denver, San Francisco, Los Angeles, San Diego, Seattle, and New York are either conducting large scale pilot projects or have fully committed to outfitting officers within the coming years. Costs for each city are different, with much of this difference dependent on the retention of records policies, cloud or server storage, and the specific contract with the camera manufacturer. Each of

these cities has recognized the need to add staff in support of records, information technology, and program management and oversight. The cost estimate provided by PPB in the Requested Budget should be considered preliminary and may increase after final vendor selection is complete.

The Council has expressed its intent to implement this program by approving the initial funds for an officer-worn camera system on three separate occasions. There will be significant ongoing costs that are mostly identified, but not known with full certainty at this point in time. CBO does not recommend ongoing funding due to limited General Fund resources in FY 2016-17. If it is Council's intent to continue to pursue an officer-worn camera program in Portland then CBO would recommend Council gives specific guidance directing the bureau to either identify an internal programmatic off-set or the Council should dedicate new ongoing General Fund resources for FY 2017-18. Without this guidance it is not recommended the bureau continue with the procurement process in FY 2016-17 in the event that there is no ongoing funding available to support the program.

CBO Recommendation: \$0

Non-sworn Complaint Signers, PL_11, \$217,068, 2.00 FTE

The bureau requests to create two FTE as non-sworn complaint signers in the Investigations Division. Currently, the work of the complaint signer is assigned to officers working in limited-duty capacity, however it is not necessary to perform the function through continued use of sworn personnel. The body of work produced by the complaint signers is relatively consistent throughout the year and required as part of formally charging individuals in court. Workload data for one complaint signer is in excess of 6,000 misdemeanor custody and citation cases per year. With this current volume the addition of two non-sworn positions in conjunction with the one remaining sworn position will allow the bureau to meet its obligations while returning sworn positions to more critical functions.

Given the number of officer vacancies and the bureau's need to increase the number of officers available for precinct patrol operations, CBO recommends the bureau reclassify two officer positions into non-sworn positions and move the two sworn personnel into patrol operations. The bureau projects to have vacant officer positions, and when staffing levels are closer to authorized level, the bureau can request additional sworn officer positions at that point in time.

CBO Recommendation: \$0

Justice Center Elevators, PL_15, \$602,675

The three non-custody elevators in the Justice Center are at or near the end of their useful life and the bureau requests \$602,675 in General Fund one-time resources in order to proceed with the replacement of the control panels. PPB reports that the elevators are frequently out of service and at one point Portland Fire & Rescue was called to extract an individual stuck in a Justice Center elevator. Due to the age of the elevators, the vendor now considers them obsolete, making parts replacement more challenging as there are only refurbished parts available. CBO agrees that the elevators are a priority as

there is both a risk to persons using the elevators and, in the event the elevators are no longer in use, there would be a significant ADA compliance issue.

The Office of Management and Finance (OMF) Bureau of Internal Business Services (BIBS) manages the Police Bureau's facilities. This project is not in the current list of either funded or unfunded major maintenance projects for the Justice Center within the next five years. When urgent projects are unfunded on the major maintenance list, there is the opportunity for OMF to re-prioritize the major maintenance reserves and delay some projects in order to address the more pressing concern. As major maintenance funding was reduced in previous budget actions, this flexibility has diminished. The Police Bureau has used their operating External Materials and Services budget to fund facility and technology projects when other resources are not available through interagency reserve accounts. Examples of this include funding the purchase of the Kelly Building, procurement of a Crisis Negotiation Team mobile center, in-car printers, and smart phones for officers. CBO recommends this request first be considered a potential major maintenance project by OMF. Alternatively, partial funding from internal PPB resources could be allocated to this project with the remainder coming from the major maintenance reserve.

CBO Recommendation: \$0

Family Services Reduction, PL_12 (\$2,292,053), (19.00) FTE

The Family Services Division (FSD) operates in partnership with Multnomah County and local non-profits to provide investigation, and advocacy for victims and survivors of domestic violence, elder abuse, and child abuse. Included in FSD are the bureau's three Strength Programs aimed at preventing crime through community and volunteer-based instruction. The proposed reduction in FSD would eliminate 19.0 FTE and \$2.2 million supporting the following services:

- Womenstrength, GirlsStrength, and BoysStrength
- The Elder Crimes and Vulnerable Adult Unit
- The Domestic Violence Unit
- Reassign the Child Abuse Team to the Detectives Division

The most significant impact of this package would be the impacts to the Domestic Violence Unit and there is greater potential for victimization of domestic violence victims without the dedicated victims' support services. Caseloads by officers vary, and the bureau reports most officers managing 120-150 cases per year, with the Domestic Violence Enhanced Response Team cases representing the most complex cases for assignment. Over the past five years the number of cases has ranged from 10,000 to 10,621. Approximately 25% of cases end in arrest.

In FY 2014-15 there were 3.0 FTE added to form the Gun Dispossession Program. This team provides dedicated resources to follow-up on high-risk restraining orders to ensure that there are no firearms in the possession of an offender where there is a restraining order prohibiting the ownership of firearms. It is too early to determine if the desired impact of removing firearms from individuals with restraining orders has occurred, and the bureau has the following data available since this group was formed:

- 76 firearms were recovered
- 156 Gun Dispossession cases have been closed
- 302 Violent Restraining Order cases have been completed.

Eliminating the dedicated team for domestic violence cases would impact organizations outside of the City. The City partners with many charities who provide resources for victims in the form of eight victims' advocates, and two FTE from the Multnomah County Sheriff's Office assigned to support the Domestic Violence Reduction Unit (DVRU). There are independent intergovernmental agreements with these providers and the County that would be terminated, potentially costing the City dependent on the cancellation clauses in each of these contracts.

Without the DVRU team, the bureau would assign domestic violence cases to either patrol operations or the Detectives Division for follow-up and case management. By eliminating a dedicated specialty domestic violence crimes units, the City would lose the in-house expertise as the DVRU team conducts training at the Advanced Academy and additional community based trainings. CBO does not recommend this reduction given the potential for a significant service impact of reducing this specialty unit and then diverting the work to other less-specialized units.

Elder Crimes and Vulnerable Adults Unit Reduction

This reduction would eliminate five positions dedicated to investigating crimes against individuals over the age of 65, vulnerable adults (defined as being intellectually/ developmentally delayed or having physical disabilities), and cases where there is felony domestic violence and sex assault with intimate partners. The previous data system did not separate these cases limiting the quality of the data, and it is anticipated that the RegJIN system will provide more detailed reporting on these crimes.

	2011	2012	2013	2014
Number of Cases	142	188	189	251
Percent Change		32.4%	0.5%	32.8%

Data for 2015 is not available due to the conversion of data with the RegJIN system. There are many reported person and property crimes which this unit investigates including: criminal mistreatment, identify theft, forgery, assaults, sex assaults, criminally negligent homicide (when criminal mistreatment results in death), and caregivers stealing controlled substances. CBO does not recommend this reduction as there is clearly an increase in the number of cases, which is likely to correspond with the aging demographic in Portland.

Strength Programs

The mission of the bureau's Strength Programs is to provide the local community with three different programs managed by 2.5 FTE. All programs leverage internal staff resources with volunteer hours, and there has never been a charge for participation. There are approximately 1,536 volunteer instructor hours on an annual basis for WomenStrength. There are two full time program specialists for the strength programs, which would be eliminated with approval of this decision package.

GirlStrength began in FY 2008-09 and reports approximately 1,500 volunteer hours supporting training for girls (ages 10-14) in how to be aware of their surroundings, bullying, victimization of sexual exploitation and trafficking, and overall personal safety of young girls. The BoyStrength program started in FY 2013-14 with the goals to educate young boys to increase their capacity to be allies in ending violence against girls and women, to understand social connections and healthy relationships, and to explore healthier and safer choices to prevent violence.

CBO does not recommend either eliminating or reducing the Strength Programs in the Police Bureau as the programs support and foster community engagement and are likely to contribute to an individual's perception of safety and awareness of their surroundings. The programs operate with limited cost to the bureau operations, and the volunteer hours, donated facilities, and valuable relationships with nonprofits, churches, and schools would be lost.

CBO Recommendation: \$0

Youth Services Division Reduction, PL_13, (\$2,170,893), (21.00) FTE

The Youth Services Division is part of the Community Services branch of the Police Bureau and provides School Resource Officers (SRO's) to fourteen schools in the Portland Public Schools system. This package also reduces the Gang Resistance Education and Training program, the Runaway Juvenile Investigations, and the support for summer camp programs for 500 low-income youth ages 8-14. This request totals \$2.2 million in ongoing General Fund resources and if approved would eliminate 20.0 sworn positions and 1.0 non-sworn administrative support position.

The majority of the positions are in the SRO program, which includes Officers and Sergeants assigned to 14 high schools, the majority of which are located within the Portland Public School District (PPS). The mission of SRO's is to support crime prevention and build relationships within the local high schools and to be a trusted resource for youth to report concerns for potential crimes or victimization. It is reported that each SRO receives 8-10 incident reports per day, and the majority of the officer's workload stems from self-initiated or follow-up requests for services. In some respects the SRO program follows the model of community policing where relationships are formed and used as a crime prevention tactic as opposed to more traditional enforcement. If the unit is eliminated, the call load would represent an increase of approximately 6,000 calls for service for patrol officers. Approximately 40-50% of the incidents are reported as having a component of responding to violent crime, including threats of fighting; bringing weapons to school; and strong arm thefts. SRO's attend numerous community and school events outside of the traditional school day including: school board meetings, dances, sporting events, graduations etc. Time spent on each event is not tracked, however the officer presence is reported by parents as positive.

It has been almost fifteen years since the City took on the role of providing policing services at no cost to PPS when the school district could not afford the service. PPS has made operational funding choices that have not included funding for SRO's, a service which directly benefits PPS at the cost of providing patrol services to other areas within the City.

CBO recommends the bureau, in working with its commissioner in charge, negotiate with the school districts to determine an appropriate cost-sharing agreement. If outside resources are available to cover the costs of SRO's, those General Fund resources could be invested in other patrol support functions.

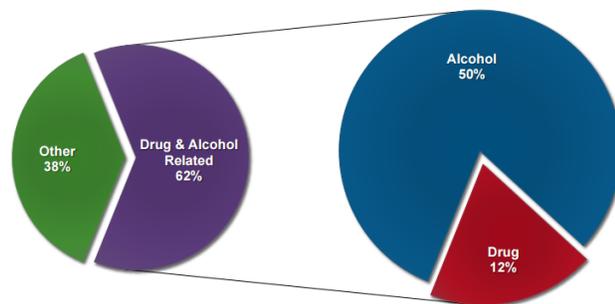
CBO Recommendation: \$0

Traffic Division Reduction, PL_14, (\$6,269,995), -44.00 FTE

The Traffic Division consists of 44.0 FTE which conducts proactive traffic enforcement, manages conditional use permit reviews and staffing, has dedicated resources for the City's Major Crash Team which responds to all traffic fatalities and accidents with serious injuries that may result in a fatality. This request represents a complete reduction of the division. In addition to providing response to major accidents, it is estimated that Traffic Division officers issue 60% of the bureau's total traffic citations as enforcement of traffic laws is a core service of this division.

Enforcement of traffic rules and regulations is intended to yield safer roadways for all users. The division reports that primary accident causation is from the driver following too close/or distracted drivers. Of the more significant crashes, 62% of fatalities involve drugs or alcohol, and speeding is present in most fatal crashes. This data is summarized by the Vision Zero task force in their December 2015 report^x.

Percentage of Fatal Crashes Involving Drugs or Alcohol (All Modes)



This reduction will impact the bureau's receipt of grant resources for enhanced enforcement, primarily for Driving Under the Influence of Intoxicants (DUII) and speed zone enforcement. Since 2010 the bureau has received \$1.8 million in grant resources for the Traffic Division. Outcomes of the FY 2014-15 DUII Grant Oregon enhanced enforcement resulted in 435 DUII's and 1,650 additional citations. Traffic Officers have received additional training for recognizing drugged driving in addition to expertise gained in evidence collection for DUII cases. Without the Traffic Division the bureau would become more reliant on patrol officers to enforce traffic regulations and conduct DUII investigations.

CBO does not recommend the elimination of the Traffic Division. Traffic officers are not normally dispatched to 911 calls for service, but will take the calls if available to Major Crash Team call-outs and DUII incidents if in close proximity. While additional resources in patrol would be available as responders for major traffic accidents and be able to issue citations for DUII and other infractions, this would likely be a secondary body of work as patrol officers are first responding to calls for service before conducting focused traffic enforcement.

CBO Recommendation: \$0

End Notes

ⁱ http://icma.org/en/icma/knowledge_network/documents/kn/Document/305747/How_many_officers_do_you_really_need

ⁱⁱ WILSON, J., WEISS, M. A., Michigan State University, School of Criminal Justice, & United States of America. (2013). *A performance-based approach to police staffing and allocation*. ISBN 978-1-932582-60-4. Michigan, Michigan State University, 2012.

http://a-capp.msu.edu/sites/default/files/files/041218461_Performance_Based_Approach_Police_Staffing_FINAL100112.pdf

ⁱⁱⁱ President's Task Force on 21st Century Policing. 2015. *Final Report of the President's Task Force on 21st Century Policing*. Washington, DC: Office of Community Oriented Policing Services.

^{iv} <https://www.portlandoregon.gov/auditservices/article/551383>

^v http://www.policechiefmagazine.org/magazine/index.cfm?fuseaction=display&article_id=1020&issue_id=102006

^{vi} Curry-Stevens, A. & Coalition of Communities of Color (2013). *The African Immigrant and Refugee Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University.

^{vii} <http://www.justice.gov/usao-mn/file/642121/download>

^{viii} <http://www.startribune.com/mps-police-outreach-to-somalis-offers-national-model/268749491/>

^{ix ix} Katz et.al, (2014). "Evaluating the Impact of Officer Worn Body Cameras in the Phoenix Police Department"

^{xx} <https://www.portlandoregon.gov/transportation/index.cfm?&a=555816>

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Police Bureau											
<u>Adds</u>											
PL_01 - Recruitment Hiring & Staffing	01	16.00	1,802,622	32,500	0	1,835,122	9.00	1,028,775	279,000	0	1,307,775
PL_08 - Equity & Diversity Program Specialist	02	1.00	115,407	6,000	0	121,407	1.00	0	0	0	0
PL_02 - Sworn Officer Recruitment Incentives	03	0.00	321,686	0	0	321,686	0.00	221,686	100,000	0	321,686
PL_04 - Internal Affairs Investigators and Admin Suppc	04	3.00	321,312	3,300	0	324,612	3.00	321,312	3,300	0	324,612
PL_09 - Non-sworn Fleet Coordinator	05	1.00	118,086	0	0	118,086	0.00	0	0	0	0
PL_05 - Sexual Assault Team Staffing	06	3.00	381,911	13,300	0	395,211	3.00	381,911	13,300	0	395,211
PL_06 - Refugee Community Engagement Program	07	1.00	115,162	1,100	0	116,262	1.00	115,162	1,100	0	116,262
PL_03 - Neighborhood Response Team Staffing	08	6.00	710,898	45,000	0	755,898	0.00	0	0	0	0
PL_11 - Non-sworn Complaint Signers	09	2.00	217,068	0	0	217,068	0.00	0	0	0	0
PL_07 - Public Records Request Staff	10	2.00	0	0	174,336	174,336	4.00	0	0	348,672	348,672
PL_10 - Body-worn Camera Program	11	2.00	879,165	188,732	0	1,067,897	0.00	0	0	0	0
PL_15 - CIP: Justice Center Elevators	12	0.00	0	602,675	0	602,675	0.00	0	0	0	0
Total Adds		37.00	4,983,317	892,607	174,336	6,050,260	21.00	2,068,846	396,700	348,672	2,814,218
<u>Reductions</u>											
PL_13 - Youth Services Division Reduction	01	(21.00)	(1,936,809)	0	(234,084)	(2,170,893)	0.00	(1,936,809)	0	1,840,515	(96,294)
PL_14 - Traffic Division Reduction	02	(44.00)	(4,291,255)	0	(1,978,740)	(6,269,995)	0.00	0	0	0	0
PL_12 - Family Services Reduction	03	(19.00)	(2,074,553)	0	(217,500)	(2,292,053)	0.00	0	0	0	0
Total Reductions		(84.00)	(8,302,617)	0	(2,430,324)	(10,732,941)	0.00	(1,936,809)	0	1,840,515	(96,294)
Total Portland Police Bureau		(47.00)	(3,319,300)	892,607	(2,255,988)	(4,682,681)	21.00	132,037	396,700	2,189,187	2,717,924

Analysis By: Doug Le

SPECIAL APPROPRIATIONS

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Intergovernmental Revenues	\$0	\$65,024	\$0	\$65,024	N/A
Interagency Revenue	133,493	134,572	0	134,572	0.8%
General Fund Discretionary	11,365,866	8,284,648	5,804,447	14,089,095	24.0%
General Fund Overhead	173,235	180,157	(9,008)	171,149	-1.2%
Total Resources	\$11,672,594	\$8,664,401	\$5,795,439	\$14,459,840	23.9%
Expenditures					
Personnel Services	\$226,412	\$277,184	\$75,854	\$353,038	55.9%
External Materials and Services	11,339,371	8,285,640	5,719,585	14,005,225	23.5%
Internal Materials and Services	106,811	101,577	0	101,577	-4.9%
Total Requirements	\$11,672,594	\$8,664,401	\$5,795,439	\$14,459,840	23.9%
Total Bureau FTE	2.00	2.00	1.00	3.00	50.0%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Decision Package Analysis & Recommendations

Columbia River Levee Ready Project, SA_06, \$1,688,435

The levee system along the Columbia River extends from Sauvie Island to Troutdale and is currently under the federal recertification process. The current certification will expire in 2017. The levees must be re-certified to the new US Army Corps of Engineer standards or the property owners will face de-accreditation by the Federal Emergency Management Agency (FEMA). The Levee Ready Columbia group was established in FY 2014-15 with a multi-jurisdictional partnership to determine the current status of the levee system and eventually identify any construction requirements required to recertify to new FEMA standards. The City is a property holder and one of the many partner agencies in this long-term recertification project.

CBO Recommendation: \$1,688,435

Council Transition Costs, SA_17, \$84,979

This package requests funding for potential transition costs due to upcoming elections. Funds may be used to refresh facilities and technology in Council office space. Funds may also be used to cover the cost of a transition team consisting of Chief of Staff and Commissioner's Staff Representative for two months.

CBO Recommendation: \$84,979

CUB Bill Inserts, SA_19, \$6,672

Twice a year, the City includes a bill insert describing its partnership with the Citizen Utility Board (CUB) and encouraging Portlanders to learn more about the organization's work. These mailers are part of the set up to monitor the utility bureaus. The cost covers printing and mailing costs for the CUB mailers.

CBO Recommendation: \$6,672

CBO does not recommend funding for the following requests due to the lack of funding:

OYVP – Street Level Gang Outreach, SA_01, \$52,000

This request is for \$52,000 in ongoing General Fund resources to support of the needs of the emerging refugee population of Portland. In the current budget year, the Office of Youth Violence Prevention (OYVP), through a contract with the Immigrant Refugee Community Organization (IRCO), is supplying funding for two part-time Street Level Gang Outreach (SLGO) worker positions. Due to the rate of growth of Portland's refugee population, there is a need to change these positions to full time (FTE). All other SLGO positions are funded at full time. Due to the dramatic increase in the amount of gang violence experienced nationally as well as locally, shifting current resources for the purpose of funding the part time positions at full time would be detrimental to the other gang impacted populations currently served through the Street Level Gang Outreach Grant Program.

CBO Recommendation: \$0

COCL/COAB Add OSS II, SA_19, \$68,590

This request is for \$68,590 in ongoing General Fund resources to fund a full-time Office Support Specialist II (OSSII) position. This new position would be responsible for all Community Oversight Advisory Board (COAB) and subcommittee meeting logistics, including but not limited to; scheduling space and ADA accommodation needs, providing public notice of meetings via the COCL-COAB website and social media channels, coordinating with Portland Community Media to broadcast full COAB meetings, ordering refreshments, and set up and break down meeting spaces. In addition, the OSSII would provide logistical support for quarterly Compliance Officer and Community Liaison (COCL) Town Hall meetings, answer phones and greet the public at the COCL-COAB office, and provide general administrative support for the COCL and COAB, including but not limited to; assembling agenda packets and meeting materials, maintaining office supplies, processing contract timesheets, travel reimbursements, and invoices for service contracts. Currently, COCL members themselves are doing some of this administrative work, which is not the highest and best use of their time, nor is it reflective of the intent of the Settlement Agreement. According to the Settlement Agreement, "the City shall provide administrative support so that the Compliance Officer/Community Liaison can perform the duties and responsibilities identified in this Agreement."

There is currently an Assistant Program Specialist dedicated to COCL/COAB support charged with these same duties. It is not clear based on the information provided how this Office Support Specialist's role

would differ, or how the workload has changed to spur the need for a second support position. Based on historical spending patterns, CBO recommends that this position be absorbed by existing program funds.

CBO Recommendation: \$0

Labor Education & Research Center, SA_15, \$25,000

The Equity in the Economy Initiative will seek to understand the schedules and hours of low-wage workers in a range of occupations, including: retail, health care and social assistance, leisure and hospitality (food and hotel accommodations), office temporary work, janitorial and maintenance, and childcare. The Initiative will examine how schedules and scheduling practices affect income and housing stability, as well as the stability of childcare and family life.

CBO Recommendation: \$0

RACC Add, SA_16, \$3,000,000

RACC requests \$3 million ongoing to fully realize the goals of the City's voter-approved Arts Education & Access Fund. The additional fund will be used as follows:

- \$1.6 million to bring city funding for General Operating Support organizations to 5% of annual eligible income
- \$1.4 million to provide Project Grants and Arts Equity Grants to smaller and emerging nonprofit organizations that are making arts and culture more accessible to every Portland resident

CBO Recommendation: \$0

SW Corridor Plan – Year 3, SA_18, \$420,000

The Southwest Corridor (SWC) Plan is a regional effort led by Metro in partnership with TriMet, Washington County, and the cities of Portland, Tigard, Tualatin, and others to achieve community visions through integrated land use and transportation planning. There are a number of overarching objectives for the Plan from the City of Portland's perspective. They include: give people ability to use fast, reliable high capacity transit when traveling throughout the corridor as a solution to current and anticipated future traffic congestion problems; create vibrant station areas surrounded by businesses, housing and services that serve local residents; provide a new range of housing choices in SW Portland for people wanting nearby transit access; improve access to key places in SW Corridor neighborhoods by strengthening connectivity for pedestrians and cyclists; and expand opportunities for employment in the corridor by linking and improving access to education and medical campuses and related businesses as well as other commercial establishments along SW Barbur Blvd. Additionally the City is seeking to improve access to and between higher education campuses within the corridor and throughout the region, provide opportunities to reconnect inner south Portland neighborhoods by reconfiguring travel patterns for regional traffic, and transform SW Barbur Blvd from a highway remnant into a people-friendly street.

This is the third year of Special Appropriation requests to support the preparation of a Draft Environmental Impact Statement (DEIS) and selection of a Locally Preferred Alternative (LPA) for the

Southwest Corridor Plan. In FY 2014-15, City Council provided \$650,000 of General Fund support for the effort with \$500,000 that went to Metro and \$150,000 available to fund City staff work on the plan. Council authorized a similar level of funding support in FY 2015-16, with \$550,000 to go to Metro and \$150,000 available to fund City staff work for an overall total of \$1.35 million. During FY 2016-17 the request will fund a larger number of City staff from multiple bureaus (PBOT, BPS, BES, PWB, and Parks) involved in the technical analyses that will be performed for the DEIS, which will lead to its completion and selection of an LPA in FY 2017-18. There is no additional match funding to Metro in this request. CBO does not recommend this request. For details, see CBO review of PBOT's requested budget.

CBO Recommendation: \$0

Village Market, SA_20, \$65,000

The Village Market was designed to meet a basic community-defined need: the lack of access to a local corner grocery store where fresh, healthy, culturally appropriate food can be purchased at a reasonable price. In a neighborhood with the nearest grocery store is nearly two miles away, and 33% of households are without vehicles, the New Columbia and Tamaracks community now have a store offering fresh healthy produce, culturally appropriate meats, whole grains, low and non-fat dairy products and other household items found at a full-scale grocery store.

CBO Recommendation: \$0

Salmon Safe City Project, SA_21, \$48,000

Salmon-Safe is a nonprofit organization based in Portland whose mission is to transform land management practices so Pacific salmon can thrive in West Coast watersheds. Salmon-Safe has become one of the region's leading ecolabels with more than 95,000 acres of farm and urban lands certified in Oregon, Washington, California, and British Columbia. The Salmon-Safe retail campaign has been featured in 300 supermarkets and natural food stores, delivering important marketplace benefits to participating landowners.

In 2004, Portland Parks & Recreation became the first parks organization in the country to earn the Salmon-Safe certification, and Parks was recertified in 2012. In 2013, in his address at World Environment Day, Mayor Hales challenged all City operations to obtain Salmon-Safe certification, making Portland the nation's first Salmon-Safe certified city.

CBO Recommendation: \$0

COCL/COAB Transfer, SA_04, \$725,182, 1.00 FTE

This decision package transfers funding for costs related to the Compliance Officer/Community Liaison (COCL) and Community Oversight Advisory Board (COAB) from the offices of the Mayor (\$634,316) and Equity & Human Rights (\$90,866, 1.00 FTE) to Special Appropriations. There is no fiscal impact to the General Fund.

CBO Recommendation: \$725,182, 1.00 FTE

5% Reductions to Ongoing Special Appropriations

The following decision packages are submitted to comply with the budget guidance to propose a 5% budget reductions:

Innovation Fund 5% Reduction, SA_02, (\$50,000)

This special appropriation includes \$1,000,000 in ongoing base funding to be awarded to bureau directors who find creative ways to provide City services more effectively or with less money.

CBO Recommendation: (\$50,000)

OYVP 5% Reduction, SA_05, (\$39,927)

The Office of Youth Violence Prevention (OYVP) assists in building a more family friendly city and increases public safety through community problem solving efforts. The office has a budget of \$798,534 in FY 2016-17.

CBO Recommendation: (\$39,927)

RACC 5% Reduction, SA_07, (\$204,864)

This decision package would reduce the ongoing funding for the Regional Arts and Culture Council by \$204,864. The agency has a budget of \$4,097,276 in FY 2016-17.

CBO Recommendation: (\$204,864)

Future Connect 5% Reduction, SA_08, (\$28,719)

This special appropriation provides \$574,381 to fund the Future Connect Scholarship. This program is designed to create a pathway to an associate's degree by helping youth with the financial burden of attending college.

CBO Recommendation: (\$28,719)

Mt Hood Regulatory 5% Reduction, SA_09, (\$15,175)

This program provides \$303,505 to fund cable regulatory and consumer protection services countywide.

CBO Recommendation: (\$15,715)

All Hands Raised 5% Reduction, SA_10, (\$10,000)

This special appropriation provides \$200,000 to support improved efficiency, alignment, and ultimately outcomes among local students.

CBO Recommendation: (\$10,000)

City Memberships 5% Reduction, SA_11, (\$16,541)

This special appropriation provides \$330,814 to fund the costs related to the City memberships in various organizations to which the City subscribes as a municipality.

CBO Recommendation: (\$16,541)

Specified Animals 5% Reduction, SA_12, (\$3,176)

This program provides \$877,311 to support specific animal control and nuisance complaints in the City.

CBO Recommendation: (\$3,176)

CASH Oregon 5% Reduction, SA_13, (\$3,839)

This program provides \$75,000 to support free tax preparation services to low income and disadvantaged individuals in Portland and Multnomah County.

CBO Recommendation: (\$3,839)

Clean & Safe 5% Reduction, SA_14, (\$1,166)

This program provides \$23,314 to support the City's share of the downtown Business Improvement District.

CBO Recommendation: (\$1,166)

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Special Appropriations											
<u>Adds</u>											
SA_01 - OYVP - Street Level Gang Outreach (SLGO)	NA	0.00	52,000	0	0	52,000	0.00	0	0	0	0
SA_03 - COCL/COAB Add OSS II	NA	0.00	68,590	0	0	68,590	0.00	0	0	0	0
SA_06 - Columbia River Levee Ready Project	NA	0.00	0	1,688,435	0	1,688,435	0.00	0	1,688,435	0	1,688,435
SA_15 - Labor Education & Research Center	NA	0.00	0	25,000	0	25,000	0.00	0	0	0	0
SA_16 - RACC - Add	NA	0.00	3,000,000	0	0	3,000,000	0.00	0	0	0	0
SA_17 - Council Transition Costs	NA	0.00	0	84,979	0	84,979	0.00	0	84,979	0	84,979
SA_18 - SW Corridor Plan - Year 3	NA	0.00	0	420,000	0	420,000	0.00	0	0	0	0
SA_19 - CUB Bill Inserts	NA	0.00	0	6,672	0	6,672	0.00	0	6,672	0	6,672
SA_20 - Village Market	NA	0.00	0	65,000	0	65,000	0.00	0	0	0	0
SA_21 - Salmon-Safe City Project	NA	0.00	0	48,000	0	48,000	0.00	0	0	0	0
<i>Total Adds</i>		<i>0.00</i>	<i>3,120,590</i>	<i>2,338,086</i>	<i>0</i>	<i>5,458,676</i>	<i>0.00</i>	<i>0</i>	<i>1,780,086</i>	<i>0</i>	<i>1,780,086</i>
<u>Reductions</u>											
SA_02 - Innovation Fund 5% Reductions	NA	0.00	(50,000)	0	0	(50,000)	0.00	(50,000)	0	0	(50,000)
SA_05 - OYVP - 5% Cut	NA	0.00	(39,927)	0	0	(39,927)	0.00	(39,927)	0	0	(39,927)
SA_07 - RACC 5% Reduction	NA	0.00	(204,864)	0	0	(204,864)	0.00	(204,864)	0	0	(204,864)
SA_08 - Future Connect 5% Reduction	NA	0.00	(28,719)	0	0	(28,719)	0.00	(28,719)	0	0	(28,719)
SA_09 - Mt Hood Regulatory 5% Reduction	NA	0.00	(15,175)	0	0	(15,175)	0.00	(15,175)	0	0	(15,175)
SA_10 - All Hands Raised 5% Reduction	NA	0.00	(10,000)	0	0	(10,000)	0.00	(10,000)	0	0	(10,000)
SA_11 - City Memberships 5% Reduction	NA	0.00	(7,533)	0	(9,008)	(16,541)	0.00	(7,533)	0	(9,008)	(16,541)
SA_12 - Specified Animals 5% Reduction	NA	0.00	(3,176)	0	0	(3,176)	0.00	(3,176)	0	0	(3,176)
SA_13 - CASH Oregon 5% Reduction	NA	0.00	(3,839)	0	0	(3,839)	0.00	(3,839)	0	0	(3,839)
SA_14 - Clean & Safe 5% Reduction	NA	0.00	(1,166)	0	0	(1,166)	0.00	(1,166)	0	0	(1,166)
<i>Total Reductions</i>		<i>0.00</i>	<i>(364,399)</i>	<i>0</i>	<i>(9,008)</i>	<i>(373,407)</i>	<i>0.00</i>	<i>(364,399)</i>	<i>0</i>	<i>(9,008)</i>	<i>(373,407)</i>
<u>Realignments</u>											
SA_04 - COCL/COAB Transfer	NA	1.00	710,170	0	0	710,170	1.00	725,182	0	0	725,182
SA_22 - OMF Fund Administration Charge	NA	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		<i>1.00</i>	<i>710,170</i>	<i>0</i>	<i>0</i>	<i>710,170</i>	<i>1.00</i>	<i>725,182</i>	<i>0</i>	<i>0</i>	<i>725,182</i>
Total Special Appropriations		1.00	3,466,361	2,338,086	(9,008)	5,795,439	1.00	360,783	1,780,086	(9,008)	2,131,861

Analysis By: Yung Ouyang

PORTLAND BUREAU OF TRANSPORTATION

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$61,255,957	\$90,315,974	\$0	\$90,315,974	47.4%
Licenses & Permits	3,276,500	4,842,200	300,000	5,142,200	56.9%
Charges for Services	67,523,779	83,472,198	436,100	83,908,298	24.3%
Intergovernmental Revenues	97,203,939	100,603,756	140,000	100,743,756	3.6%
Interagency Revenue	30,632,978	31,905,016	0	31,905,016	4.2%
Fund Transfers - Revenue	38,896,613	18,296,431	37,348,161	55,644,592	43.1%
Bond and Note Proceeds	24,840,000	21,500,000	0	21,500,000	-13.4%
Miscellaneous Sources	2,359,204	4,173,430	0	4,173,430	76.9%
Total Resources	\$325,988,970	\$355,109,005	\$38,224,261	\$393,333,266	20.7%
Expenditures					
Personnel Services	\$83,990,899	\$89,012,237	\$6,448,676	\$95,460,913	13.7%
External Materials and Services	66,855,289	66,515,996	3,887,424	70,403,420	5.3%
Internal Materials and Services	31,022,974	32,309,292	0	32,309,292	4.1%
Capital Outlay	39,794,494	42,377,348	27,888,161	70,265,509	76.6%
Debt Service	17,550,908	18,476,425	0	18,476,425	5.3%
Fund Transfers - Expense	14,128,029	13,085,916	0	13,085,916	-7.4%
Contingency	70,963,916	91,658,744	0	91,658,744	29.2%
Unappropriated Fund Balance	1,682,461	1,673,047	0	1,673,047	-0.6%
Total Requirements	\$325,988,970	\$355,109,005	\$38,224,261	\$393,333,266	20.7%
Total Bureau FTE	785.70	798.37	8.00	806.37	2.6%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

PBOT's Five-Year Financial Forecast

PBOT's primary source of discretionary operating revenue or General Transportation Revenue (GTR) is the State Highway Trust Fund ("gas tax"). Because none of its components is indexed to inflation, and with vehicles becoming more fuel efficient and the lingering effects of the 2008 recession, PBOT projects discretionary revenues to grow slowly in future years despite the recent economic recovery, at about 2.0% per year over the five-year forecast.

Nearly all of the bureau's discretionary funding sources - the gas tax and parking revenues - rely on the city's continued dependence on automobile travel. Due to the steady increase in fuel efficiency, drivers pay less in gas taxes per vehicle mile traveled than in the past. In stable economic times, the variance in the growth of GTR compared to requirements creates an annual deficit of almost \$2.0 million. As these costs outpace revenue growth, PBOT had previously been forced to make reductions to balance its budget and is not able to deliver the same level of services compared to prior years.

Recently, gas prices have been low, creating an expectation of an increase in gas consumption. Moreover, as the overall population in the city grows, the number of vehicles has also grown. However, in the

Portland area, this is offset with increasing density which results in a shift from vehicle travel towards transit, biking, and walking. As a result, PBOT notes that the growth reflected in the forecast is constrained.

In addition, population growth has led to increased demand for capital investments to expand the system. And as the system expands, operating and maintenance costs increase, creating further fiscal pressures on discretionary revenue. Existing resources are inadequate to maintain and operate the system, and maintenance backlogs grow annually under current funding levels. Last year, the bureau concluded that additional investments of \$178-\$191 million per year are required to halt the decline in system condition, improve the current condition of the assets, and allow PBOT to spend less to keep them in that condition. In order to meet the bureau's goal for the condition of street pavement, an investment of \$119 million per year for a 10-year period is needed. \$50 million alone are needed to maintain the current condition of the pavement and prevent further deterioration. This is in contrast to the \$12.2 million of GTR the bureau is able to invest for street maintenance in FY 2016-17.

By managing bureau resources and increasing parking revenues, PBOT's FY 2016-21 financial forecast is balanced and does not require reductions from the current year level. Council approved an increase to parking rates for the Downtown Meter District, from \$1.60 per hour to \$2.00 per hour, effective in January 2016. The rate increase will generate an estimated \$4.0 million in additional parking revenue annually. Furthermore, the bureau will also be implementing paid parking in the Northwest Parking District in February 2016 which will generate an estimated \$3.0 million in new parking revenue annually.

In its FY 2016-17 Requested Budget, PBOT is adding an additional eight FTE and converting 19.0 FTE from limited term to ongoing. The positions are not funded by discretionary revenues but are mostly paid for through program specific cost recovery.

Potential New Gas Tax

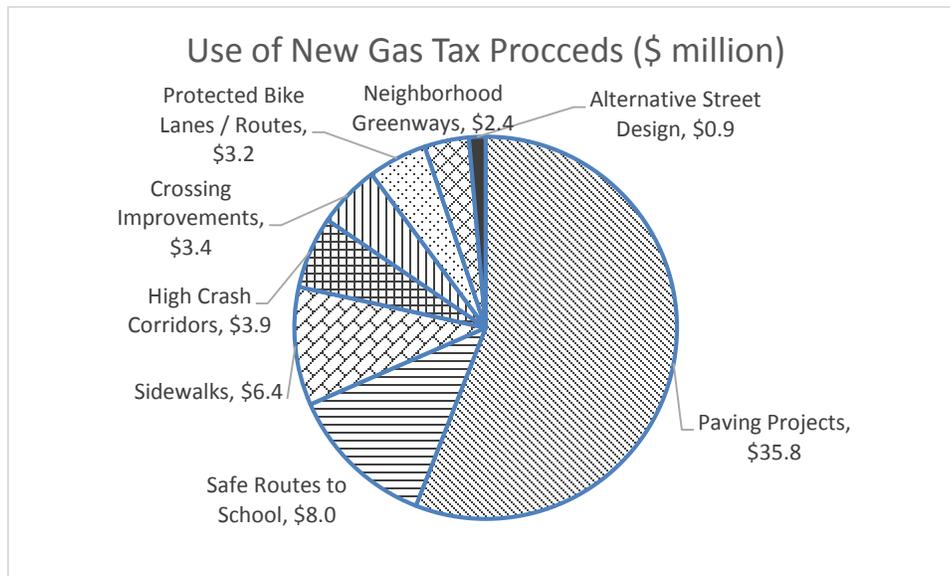
Recently, City Council passed a resolution to refer a measure to voters for the May 2016 election authorizing the implementation of an additional, temporary, ten-cents per gallon tax on motor vehicle fuels for vehicles not subject to weight-mile tax. If passed by the voters, the tax will be collected no earlier than September 2016 and will expire four years after collection begins.

PBOT has conservatively, with moderate confidence, estimated the tax to generate net revenues of \$16 million per year, or \$64 million total, after factoring in elasticity effects, loss through lack of compliance, and administrative costs. The bureau's calculations begin with actual gas tax revenues from Multnomah County over the course of three years and then factor in the following assumptions from the Oregon Department of Transportation (ODOT): 10% for the percent of motor fuels revenue that comes from diesel, a 95% rate of compliance, and 3% of gross revenues for administration. In addition, working with ODOT and the City Economist for both a state and local perspective, PBOT assumed an elasticity factor of 92%; that is, there would be a conservative 8% reduction in the purchase of fuels in the city as a result of the new ten-cents per gallon tax.

If the tax is implemented, PBOT intends to create seven to eight full-time equivalent (FTE) positions for supporting the maintenance work and three to four FTE for project/contract management. The positions

supporting the maintenance work would be doing mostly pavement base repairs. However, a majority of the maintenance work would be contracted out, with the work that is not contracted out projected to be about \$8 million over the four years of the tax.

If 56% of the net proceeds from the new tax is spent on maintenance and 44% is spent on safety, the split would result in \$35.8 million for maintenance projects and \$28.2 million for safety projects. The bureau has submitted an approved list of projects that the proceeds from the new tax would be spent on. The following chart summarizes the amounts dedicated to various categories of projects, with Paving Projects comprising the maintenance component and all other categories making up the safety component:



As mentioned above, PBOT has estimated that it needs \$119 million per year for a 10-year period in order to meet the bureau's goal for the condition of street pavement, not including other transportation assets such as bridges and traffic signals, and \$50 million per year alone are needed to maintain the current condition of the pavement and prevent further deterioration. With the new tax projected to generate roughly \$16 million each year for four years, and only 56% of the new revenue going towards maintenance, CBO continues to recommend that the bureau explore a variety of new sources of local revenues and advocate at the state level for legislation that generates more resources for local governments to spend on asset maintenance.

Moreover, CBO recommends Council consider revisiting whether General Transportation Revenue should continue to pay for non-core transportation services such as: subsidization of the costs of street lighting (most of which is paid for by the General Fund), special events such as the Rose Festival, and others. If Council determines that these are not goal uses of GTR, the revenues can be redirected to the maintenance of pavement and other transportation infrastructure.

Transportation System Development Charges Balance

By the end of FY 2014-15, PBOT had accumulated a balance of \$39.0 million in Transportation System Development Charges (TSDCs) that it has not been able to spend due to the lack of matching funds, which include discretionary revenues (General Transportation Revenue) and grant funds. The bureau estimates

that only about \$18.8 million of TSDC funds will be spent on projects in its Five-Year Capital Improvement Plan starting in FY 2016-17.

Currently, the three sources or documents that determine the context and process of authorized expenditure of PBOT's TSDCs are: Oregon Revised Statutes (ORS); Portland City Code & Charter; and the Update of the Transportation SDCs report which was issued in July 2007. ORS states that the charges may be used only for capital improvements - specifically capacity increasing capital improvements - and that local governments shall prepare a plan that includes a list of the capital improvements that they intend to fund. In the City's case, this is the Transportation Systems Plan (TSP). Portland City Code & Charter states that the fees do not represent a means to fund the maintenance of existing roads or the elimination of existing deficiencies. Moreover, "the City specifically recognizes that the entire project list will likely not receive full funding from the proceeds of this SDC, and it is unlikely that every one of the projects listed will be constructed." City policy also states that it shall expend the revenues within ten years of receipt.

The 2007 report lays out in detail the processes the City should adopt to determine and spend the fees, including two screenings of projects in the TSP to determine if the projects meet certain criteria. One of the lower level criteria to determine if a project should be eligible for TSDC funding is "strong potential leverage," i.e., the amount and likelihood of potential funding from other sources which can pay for the non-capacity increasing aspects of the project. The report details the methodology and steps to calculate the growth or capacity increasing portions of a project, which are eligible to be funded by TSDCs, and the portions addressing maintenance and existing deficiencies, which must be paid for by other sources of revenue. The report limits the calculation of TSDCs by assuming that other revenues already found for the final projects on the list are spent first. Thus, in the case where the amount of the unfunded portion is less than the amount of the portion that is capacity increasing, TSDCs would not be used to pay for the entire capacity increasing portions. Finally, the report relates how a Citizens Advisory Committee reduced the number of projects on the list in an attempt to achieve geographic and modal equity.

When the methodology and process mentioned above were determined for the current ten-year cycle, the City was not aware of how wide the gap between the City's transportation maintenance needs and its discretionary revenues would eventually grow. For example, while gas tax revenues have grown steadily over the years, the City's transportation maintenance needs have grown at an even higher rate. Currently, any "extra" discretionary revenues are used to match grant funds, leaving a bare minimum for maintenance needs and very little to match TSDCs to spend on the portions of the projects on the TSDC list that address maintenance or deficiencies.

As the current ten-year cycle is coming to an end in 2017, there is not much that can be done for the current TSDC project list beyond examining individual projects to review the split between the capacity increasing portion and the maintenance/deficiency portion to determine if more aspects of the project can be TSDC eligible than previously determined. Portland State University (PSU) has also produced a critique of the current process, and PBOT will soon be issuing an RFP to engage a consultant to work on developing the process for the next ten-year cycle. CBO recommends that the consultant be tasked with incorporating the lessons learned from the current cycle to ensure that PBOT will be able to maximize the utilization of its TSDCs in conjunction with other limited revenues. Possible changes include ensuring that

better measures for “deficiency” are utilized and developing ways to make the process more flexible over the ten-year cycle.

Debt Service

Discretionary transportation revenues pay the debt service on gas tax revenue bonds, some limited tax revenue bonds, and a portion of the City’s pension obligation bonds. Debt payments increased each year from FY 2008-09 up to FY 2014-15, as the bureau took on payments for bonds related to the Portland-Milwaukie Light Rail and the Sellwood Bridge Replacement projects. PBOT estimates that an average of \$9.0 million will be spent each year on debt service for these two projects over the life of the debts. It should be noted, however, that the PMLR debt service is intended to be funded by SDC revenues, primarily from the North Macadam and Innovative Quadrant SDC overlay districts. However, with the recession period starting 2008, SDC funds from these quadrants were insufficient to fully service the PMLR debt, and GTR made up the difference. With the economy rebounding, SDC revenues have been contributing to the debt service. The current financial forecast assumes an average of \$0.5 million each year in SDC offset over the forecast. It is expected that SDC revenues will fund the full amount of the PMLR debt over time.

The amount of ongoing GTR dedicated for debt totals \$15.9 million in FY 2016-17, with the largest percentage (33%) allocated to the bureau’s portion of the City’s pension debt. Other large, specifically transportation-related debt service items include:

- \$3.8 million for the match payment for Sellwood Bridge replacement;
- \$2.5 million for the match payment for the Portland-Milwaukie Light Rail Project;
- \$2.1 million for the match payment for the Transit Mall Revitalization Project; and
- \$1.7 million for multiple GTR capital projects.

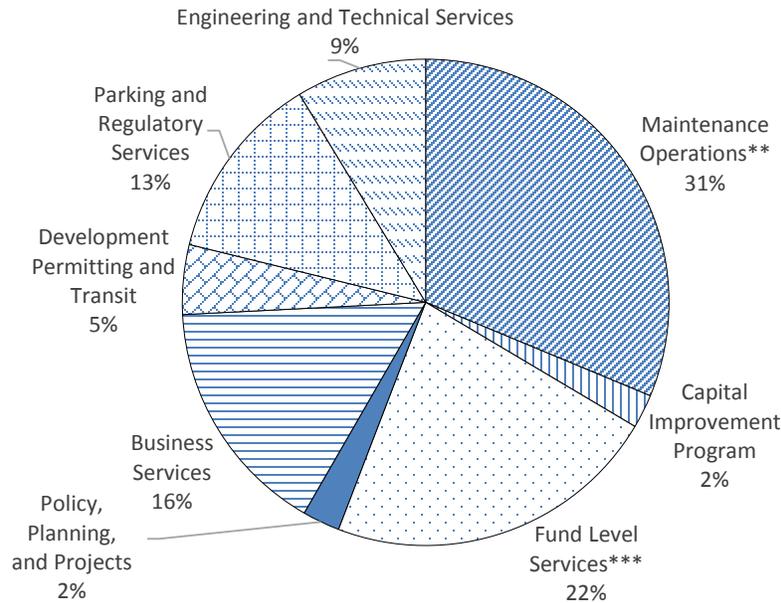
The bureau’s total GTR-funded debt service in FY 2016-17 is 3% less than FY 2015-16, mostly due to not having to make payments for the gas tax revenue bonds related to Oregon Arena & Lloyd District transportation improvements. Note that the figures presented in this section are from mid-January and may not represent the actual amounts in the bureau’s Requested Budget.

Debt service in FY 2016-17 also comprises a substantial percentage (15%) of discretionary revenue. The pie chart below illustrates the breakdown of how the bureau projects to spend GTR in FY 2016-17. The City does not have a formal debt limit for debt paid by PBOT resources, but OMF-Debt Management has indicated that PBOT is well above its minimum debt coverage target of annual revenues equal to or greater than three times annual debt service. Debt service payments after FY 2016-17 will drop somewhat because the bureau is making its last payment for the Transit Mall Revitalization Project in that year.

Debt obligations limit the bureau’s financial flexibility for near and medium-term discretionary projects. CBO recommends PBOT and City Council continue to be mindful of the trade-offs between bond financing versus the pay-as-you-go approach to project financing, as well as committing the bureau to large, non-core projects that would dedicate GTR to debt service payments for many years. The FY 2016-17 Requested Budget includes a request for \$420,000 of General Fund resources for the third year of work

on the Southwest Corridor High Capacity Transit Project–Draft Environmental Impact Statement. At this point, it is too early to know what may come out of the effort, but light rail may be a possibility, and with the uncertainty of future federal funds for transportation infrastructure, local governments may have to come up with the resources to build the scoped project should the region decide to move forward.

**FY 2016-17 Expenses Backed by Ongoing General Transportation Revenues (GTR)
Totaling \$121.7 Million* (January 19, 2016)**



*The amount of ongoing GTR revenues needed is actually \$15.1 million lower (or about \$106.5 million) due to overhead recovery

** Includes \$12.2 million for street maintenance

***Includes the \$15.9 million in debt service discussed above

Decision Package Analysis & Recommendations

Major Maintenance & Infrastructure Replacement, TR_01, \$35,948,232

In accordance with the City policy to dedicate at least one-half of one-time discretionary resources to infrastructure maintenance or replacement projects, PBOT submitted requests totaling \$35.9 million for 15 maintenance projects classified as: paving preservation; bridges and overpasses; signals and streetlights; parking garage; and attenuator replacements. Along with projects submitted by other bureaus, PBOT’s projects were ranked based on overall risk to the City. CBO recommends funding those projects that received high rankings, while also considering the limited amount of funds available during this budget development process. The bureau submitted one new project, with the other 14 having previously been considered and ranked either during last year’s budget development process or during the recent Fall 2015 Supplemental Budget process.

Two of PBOT’s Key Performance Measures (KPMs) are impacted by this request:

- Percentage of PBOT-owned bridges in non-distressed condition – If both of the bridge projects are funded, 86% of the bridges would be considered non-distressed, up from 85% if neither is funded. The estimated year-end percentage for FY 2015-16 is 84%.
- Percentage of “busy” (collector/arterial) streets in fair or better condition – If all seven pavement projects are funded, 61% of such streets would be in fair or better condition, up from 57% if none are funded. CBO notes that pavement projects tend not to score high in the ranking process because of the relatively low level of risk associated with failure of the pavement. The year-end estimate for FY 2015-16 is 56% considered to be in fair or better condition.

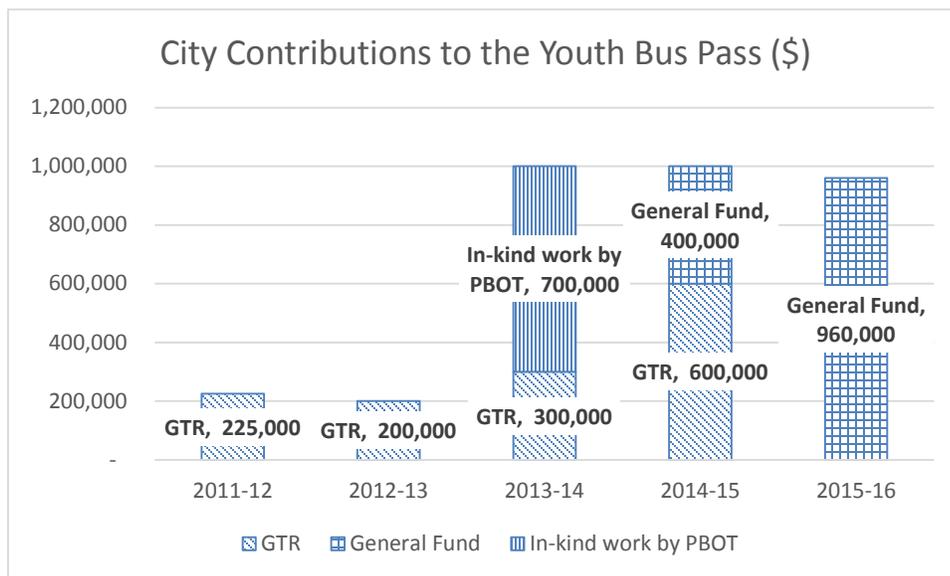
The recommended list contains two PBOT projects that ranked first and third for overall risk, totaling \$1.84 million. The PBOT projects recommended to be funded are:

- The repair, rebuilding, or replacement of up to five traffic signals subject to failure; and
- The replacement of a seismically deficient bridge, located alongside a jet fuel pipeline, that has serious scouring issues.

CBO Recommendation: \$1,840,000

Youth Bus Pass, TR_02, \$1,000,000

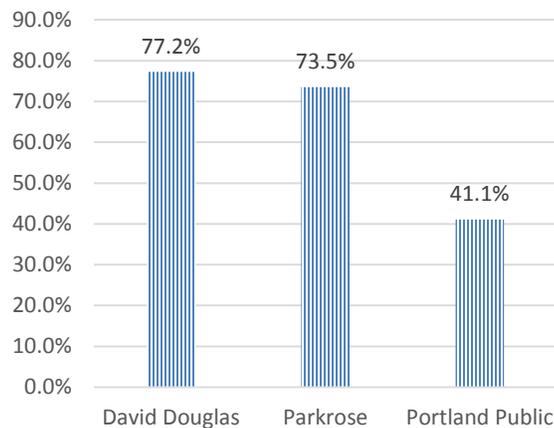
The City has been funding a portion of the costs of the Youth Bus Pass program for high school students in the Portland Public School (PPS) district since FY 2011-12 (see the following chart below for amounts and sources of funding). As with last year, PBOT is requesting that the FY 2016-17 contribution of \$1.0 million come from the General Fund. Prior to FY 2011-12, the passes were funded by Oregon State’s Business Energy Tax Credit program and Portland Public Schools. The \$1.0 million contribution is one-third of the costs of the entire program as designated by TriMet, with the school district and TriMet each also paying for a third of the costs. PBOT states that despite repeated requests, TriMet has not provided an explanation of how it calculated the \$3.0 million figure for the total cost of the program.



Last year, TriMet sought a solution to this issue from the State with the City’s support. There was a proposal to modify the school funding allocation to provide funds to districts that do not have a yellow bus system for high school students, but the effort did not result in a resolution. No action is being taken during the current short legislative session.

CBO does not recommend committing any City funds, either from the General Fund or General Transportation Revenue, to the Youth Bus Pass. If the City once again funds one-third of the costs of the program, either with General Fund resources or General Transportation Revenues, it may be perpetuating an inequity since David Douglas and Parkrose School District students generally experience a higher level of poverty (see chart below). Instead, CBO recommends that the City encourage PPS to financially prioritize the transportation needs of its students. The City should also encourage PPS to address whatever imbalances may exist within the district’s finances so that the district can fulfill its responsibilities to provide for the transportation and other needs of its students.

Percent of students eligible for free or reduced lunches (FY 2014-15)*



*Source: Oregon Department of Education

CBO Recommendation: \$0

Safety and Education (Vision Zero), TR_03, \$500,000

PBOT requests \$500,000 in one-time General Fund resources to implement infrastructure and public education efforts to make progress on its Vision Zero safety goals. The request consists of three components, two education related (\$100,000 for Dangerous Behaviors and \$100,000 for Young Portlanders/Safe Routes to School) and one focused on design and infrastructure (\$300,000 for Safer Crossings). The bureau has provided CBO with a cost breakdown of each of the nine projects in the two educational components, as well as the costs of the three projects in the Safer Crossings component. One of the bureau’s Key Performance Measures is the total number of serious, incapacitating traffic injuries and fatalities citywide. PBOT estimates the number to be 240 this fiscal year at year-end and has indicated

that the figure would drop down to 220 next year if its requests for additional resources are granted. Even without additional funding, the number of injuries and fatalities is estimated to decline slightly to 230.

CBO recommends the \$300,000 of funding for Safer Crossings because these are engineering and infrastructure efforts, while not recommending the two components focused on education. CBO notes that Vision Zero, as it was originally conceived and has successfully been implemented in places such as Sweden, seeks to achieve its safety goals through engineering, infrastructure design, technology, and enforcement, and not through education. Vision Zero assumes that people will make mistakes but seeks to minimize the negative effects of those mistakes. In addition, CBO believes that in order for public education to be successful in producing changes in behavior, an ongoing effort is needed requiring ongoing funding, and that one-time efforts will reach a small number of people and have limited impact. While the bureau cites the example of how a one-time investment in an educational campaign has led to Oregon having one of the highest seat belt compliance rates in the country, in its “How States Achieve High Seat Belt Use Rates” report issued in August 2008, the National Highway Traffic Safety Administration notes that Oregon’s success is due to continuous law enforcement and publicity campaigns that are ongoing, and not one-time (pages C-53 to C-60).

The Safer Crossings component seeks to install rapid flashing beacons at two intersections in East Portland, an area of the city which has traditionally been underserved. PBOT uses data to determine which locations of the city have the highest number of accidents involving pedestrians. As noted by the bureau, the beacons have been proven to be effective in improving safety. The average cost of installing a beacon at a pedestrian crossing with an existing median refuge island, which both of the proposed locations already feature, is \$75,000. In addition, PBOT seeks to implement a crossing strategy involving a cohesive evaluation of a series of existing marked crossings on NE MLK Blvd. Expecting to cost \$150,000, this effort involves traffic engineering and an assessment of existing conditions and community priorities. While PBOT’s request for General Fund resources for Safer Crossings is one-time, CBO is recommending an ongoing allocation dedicated to pedestrian safety infrastructure due to the scale of the problem and the high costs of maintaining the rapid flashing beacons.

CBO Recommendation: \$300,000

SW Corridor Plan – Year 3, SA_18, \$420,000

PBOT is requesting \$420,000 in one-time General Fund resources to continue developing a plan for high capacity transit on the Southwest Corridor. The bureau had already received a total of \$1.35 million in FY 2014-15 and FY 2015-16 for the effort, with \$1.05 million (or 78%) of that amount transferred to Metro as match payments. Because Metro has committed to not requesting additional funds from the City beyond the \$1.05 million already dedicated, none of the funds for FY 2016-17 would be utilized as a match payment but would instead be completely applied to City staff and paid consultants, with 58% of the amount to be spent on PBOT staff, 13% for other City staff, and 29% to be paid to consultants.

The efforts in FY 2015-16 are leading into a technical Draft Environmental Impact Statement (EIS) analysis in FY 2016-17 that is required as a part of the evaluation of the impacts of the various alternatives. A

status report from Metro on project activities summarizing accomplishments is due in March of 2016, including a number of technical reports evaluating 11 alignment options leading to their elimination and six alignment options that have received further study. Outreach has been performed to several dozen community and advocacy groups and hundreds of individuals over the course of two years. The status update from Metro will include information on budget drawdown and accomplishments. PBOT believes that about 60% of Metro's total \$9 million budget remains and that technical analyses performed to date are a part of the Draft EIS effort, so the matching funds were spent in accordance with funding intention.

PBOT states that the work plan through FY 2017-18 would include completion of the Draft EIS and confirmation of the Locally Preferred Alternative (LPA) by all of the SW Corridor Plan's regional partners. The bureau states that all of the project partners are actively working to identify alternative sources to fund the EIS/LPA work, and if funding is not found, it is possible that there would be another request for General Fund resources for FY 2017-18 to pay for City staff time to complete their work. A part of the requested funds for consulting work in FY 2016-17 would be spent on a funding strategist to secure additional financial planning expertise.

In regards to future construction costs, sources for the entirety of the City's share of local match for the project are unknown at this time. Historically, the City has utilized GTR and TSDCs, tax increment financing from the Portland Development Commission, funding from Local Improvement Districts, and in-kind property for its local match contribution. As noted above, this special appropriation request includes budget to hire a funding strategist to develop alternatives. Additionally, PBOT anticipates evaluating the SW Corridor Plan for elements that could be eligible for specific funding as part of the future TSDC update.

Due to the limited amount of discretionary funds and the need to address other important and urgent priorities such as the housing and homelessness crisis, CBO does not recommend additional General Fund resources for the SW Corridor effort for FY 2016-17 but recommends that PBOT reprioritize spending with the bureau's existing resources if it is a priority for the bureau to continue work on the plan. The bureau is continuing to utilize GTR to pay more than \$2.5 million each year until 2033 (or an additional \$42.6 million above the amount already paid up to FY 2015-16) to service debt resulting from the Portland Milwaukie Light Rail Project (PMLRP). If the City's experience with PMLRP is any indication of the financial arrangements it may end up committing to as a result of the SW Corridor Plan, devoting GTR to pay for work on the plan would begin to prepare the bureau for the reduced service levels it may have to provide if it needs to service additional debt. Council should also keep in mind that in addition to the possibility of servicing new debt resulting in less resources for maintenance, utilization of high capacity transit would result in less driving and hence, less discretionary revenues (less gas tax, less meter revenue) for the bureau. Moreover, if the resulting high capacity transit mode is bus instead of rail, PBOT would also need to spend more to maintain the pavement due to the disproportionate amount of damage buses do to the roads compared to automobiles. Thus, the benefits of a high capacity transit project may not accrue to the bureau, while many of the costs would.

CBO Recommendation: \$0

Street Plan Connectivity in Growing Centers, TR_04, \$150,000

Seeking to develop a future access/circulation plan for two Comprehensive Plan designated centers in East Portland to serve as the model for improving connectivity in centers citywide, PBOT requests \$150,000 in one-time General Fund resources. The bureau notes that the project will set the stage for anticipated growth by determining the alignment of future street connections within centers as well as safe routes to the centers from adjacent neighborhoods to facilitate necessary improvements as development occurs.

CBO notes that the plan has an equity component as East Portland has traditionally been underserved, and the plan seeks to create more equitable service levels where street connectivity is deficient. In addition, one of the effort's tasks is to assess the potential of sites or parcels to redevelop and result in new street or pathway connections based on various factors, including parcel relationship to gaps in the street grid, location of existing built structures, and the degree to which the blocks do not meet street and pathway spacing standards. If funded, one of the bureau's plans with the effort is to assess the redevelopment potential of the two centers in general, and case parcels specifically, that are either vacant or underdeveloped relative to their potential (e.g. existing uses are of a lower density than allowed, existing buildings which have passed or still have economic life). Furthermore, to address potential gentrification in East Portland, a Public Involvement Plan would be developed for the East Portland focus area to identify all impacted stakeholders, to understand the full range of impacts (both positive and negative), and to locate the primary destinations for all residents, particularly communities of color and immigrant and refugee communities.

While CBO believes that this project has many merits, including a focus on an underserved area of the city and a strategy that seeks to address redevelopment potential and gentrification, it does not recommend funding in FY 2016-17 due to the need to focus on other important and urgent priorities such as the housing and homelessness crisis. If the project is of significant priority to PBOT, CBO recommends that the bureau either reprioritize spending with its existing resources or request the funding again during the next budget development cycle.

CBO Recommendation: \$0

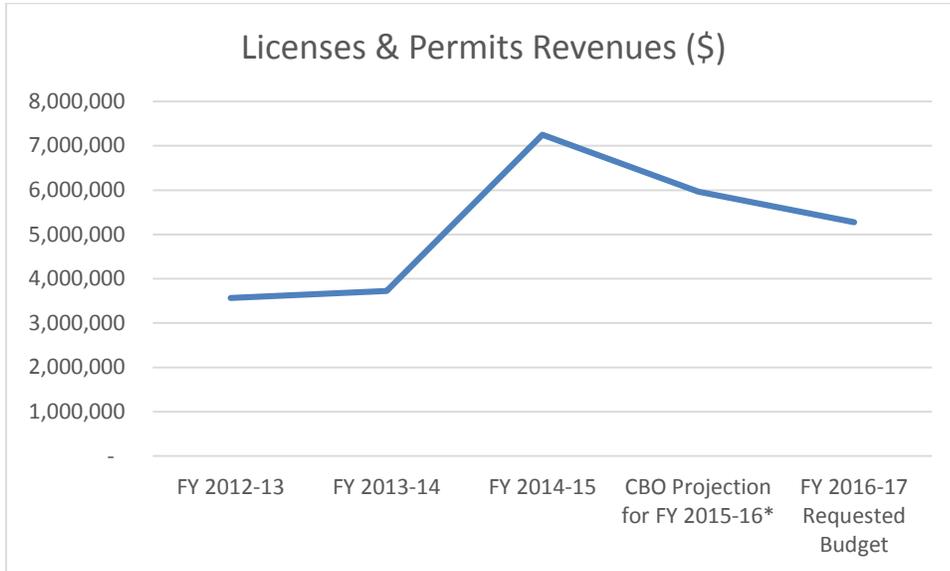
Development Review – Add Position, TR_05, \$116,300, 1.00 FTE

CBO recommends the addition of an Engineering Associate position funded by development fees to assist in the review of development applications, building plan reviews, traffic studies, and occasional assistance for public works permits to ensure timely response and good customer service. CBO notes that the economy has been improving over the last several years resulting in an increase in development fee revenues. Recent CBO projections for year-end collection of Charges for Services revenues indicate that the bureau may end FY 2015-16 at \$8.6 million (or 16%) above budget in the Transportation Operating Fund. However, about 87% of the budget for Charges for Services is made up of parking fees, parking fines, and SDCS, with only a small portion consisting of development fees.

CBO Recommendation: \$116,300, 1.00 FTE

Utility Construction and Inspection – Add Positions, TR_06, \$136,000, 1.00 FTE

CBO recommends the addition of a Development Supervisor position funded by utility permits to implement an inspection process utilizing mobile and technology solutions, serve as the point person for two IT projects, and act as the supervisor for Public Works Inspectors. CBO notes that the economy has been improving over the last several years resulting in an increase in license and permit revenues, which PBOT has traditionally under-budgeted due to conservative budgeting. CBO projections for year-end collection of license and permit revenues indicate that the bureau may end FY 2015-16 at 82% above budget. The graph below shows the actual amounts collected for the last three years, CBO’s conservative projection for this year, and the bureau’s Requested Budget amount for FY 2016-17. Permit fees are priced for cost recovery and do not contribute to the bureau’s discretionary resources.



*Conservatively projected using the prior year pattern and the actual amount collected as of AP 6. PBOT’s Revised Budget for this category is currently almost \$3.3 million.

CBO Recommendation: \$136,000, 1.00 FTE

Regulatory Operations – Add Positions, TR_07, \$300,000, 3.00 FTE

In the current year, PBOT added several limited-term positions in response to an increased workload in the Regulatory Operations program, particularly in regards to private-for-hire vehicles, and the bureau is requesting to convert these four positions (equivalent to 3.00 FTE) to ongoing in FY 2016-17. Earlier this fiscal year, Council passed an ordinance to replace the code pertaining to private-for-hire transportation services. With the code update, fees for companies operating limousines and shuttles remained the same, while taxi companies and Transportation Network Companies (TNCs) are being charged \$0.50 per ride. PBOT estimates the program to cost \$2.2 million a year, which includes materials & services costs and the costs of nine FTEs, with seven of the positions doing a set number of field inspections regardless of the total number of actual taxi/TNC rides. The \$0.50 per ride fee is used to help recover the costs of the program and is derived from the estimated number of total taxi/TNC rides (3.6 million) after the fees from companies operating limousines and shuttles are taken into account. PBOT may adjust the estimated costs and the associated fees in the future after some experience operating under this structure.

CBO Recommendation: \$300,000, 3.00 FTE

Photo Radar – Add Position, TR_08, \$100,000, 1.00 FTE

CBO recommends the addition of a Program Manager position funded by traffic fines to provide oversight, outreach and public involvement, and intergovernmental coordination for the Photo Radar Program. The program results from a 2015 update to Oregon Revised States which allows fixed cameras in high-crash corridors. PBOT plans to pilot the program in July of 2016 by placing two cameras on two roads. An RFP with the City's existing vendor will be amended, and PBOT plans to present an MOU with the Police Bureau before the Council in the spring of 2016. As part of the MOU, the parties have agreed that all revenue will be directed to the High Crash Corridor Program at PBOT. At this time, PBOT is projecting approximately \$1.5 million in total traffic fines. In the first several years, the amount will cover the cost of administration, with capital costs higher in the first few years. The bureau also expects increased litigation in the first couple of years. Depending on how often it moves the cameras, in year three, the bureau may realize \$500,000 to \$1.0 million in revenues going to the High Crash Corridor program.

CBO Recommendation: \$100,000, 1.00 FTE

Capital Program – Add Position, TR_09, \$140,000, 1.00 FTE

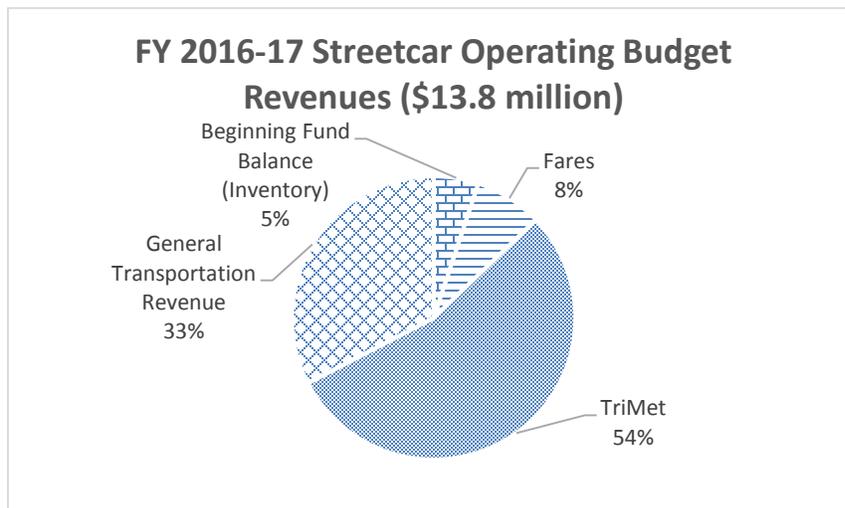
CBO recommends the addition of a Capital Program Manager position funded by grant revenues in anticipation of the bureau receiving \$10 million in federal grants for transportation safety improvements over the next five years. The bureau states that it is working aggressively to coordinate and prioritize the safety projects to be funded by the temporary gas tax (if authorized by voters) which are geared primarily towards concrete/asphalt projects, with the federally funded safety projects which are geared more towards signal projects. Even though the federal program is for five years, the bureau is requesting to create an ongoing position in anticipation of the renewal of the program in the future. In a Status and Condition Report issued in 2014, PBOT estimates that \$2.0 billion are needed to bring the transportation system network up to a safe and efficient standard, as described in the current update of the TSP.

CBO Recommendation: \$140,000, 1.00 FTE

Streetcar – Add Position, TR_10, \$83,800, 1.00 FTE

CBO recommends the addition of a Utility Worker position to clean platforms and vehicles for the Streetcar system due to an increase in service. The FY 2016-17 budget for the system is primarily financed by revenues from TriMet (54.5%) and GTR (32.6%), with fare revenues budgeted at 7.7%. The change in total budgeted revenues from FY 2015-16 to FY 2016-17 is only \$107,390 or less than 1%. CBO notes that the percentage of budgeted revenues coming from GTR is increasing by 3% from FY 2015-16 to FY 2016-17, while the percentage coming from fares is declining by about 2%.

One of the bureau's KPMs is annual streetcar ridership, which is estimated to be 5.0 million in FY 2016-17, up 19% from the FY 2015-16 year-end estimate of 4.2 million. Actual ridership in FY 2014-15 was more than 4.6 million but declined in the current year due to a seven-week closure across the Broadway Bridge for repainting purposes and other construction leading up to the opening of Tilikum Crossing.



CBO Recommendation: \$83,800, 1.00 FTE

Out of the Mud, TR_11, (\$250,071)

In the FY 2015-16 Adopted Budget, PBOT received \$1.2 million in ongoing General Fund resources to work on unpaved or unimproved streets (“Out of the Mud”). In response to the directive to bureaus to submit proposals reducing their ongoing General Fund appropriation by 5%, PBOT proposes to reduce its Out of the Mud allocation by \$250,071. The bureau’s total allocation of ongoing General Fund resources for FY 2016-17 is \$10,326,349, and a 5% reduction would be \$516,318. However, the bureau received a \$266,247 credit for the amount it is paying to OMF-Facilities for coordinated cleanup at the homeless campsite located on PBOT property. If the reduction is approved, the bureau’s ongoing appropriation for Out of the Mud would be reduced by 21%, down to \$952,664.

Currently, at a cost of \$421,000, PBOT is working on a test project on SW 19th Ave, testing a street design with the Bureau of Environmental Services (BES), with construction scheduled for May to August of 2016. The new design is estimated to cost about \$25,000 per property, in contrast to the traditional standard which ranges in cost between \$40,000 and \$80,000 per property, depending on the property’s storm water needs. Even with the lower cost of the new street design, the \$25,000 charge may still be beyond the ability of most affected homeowners to afford.

In addition to the SW 19th Ave project, the bureau held discussions with the Errol Heights community regarding a demonstration project and a larger Local Improvement District (LID) in that neighborhood. Design on that project is scheduled for March of 2016 to March of 2017, with construction in FY 2017-18. Total costs for the Errol Heights project is estimated to be about \$4.5 million. PBOT and BES plan to directly subsidize the LID by writing down the cost utilizing existing funding. While LID projects often rely on public subsidies to make projects affordable to the benefiting property owners, there is currently no other funding available to subsidize new LIDs. Additionally, PBOT intends to offer a deferral to property owners who are lower income or on a fixed income, in which the lien is assessed but not paid until the sale of the home. To do this, PBOT will bond a portion of the General Fund allocation and will be reimbursed as the payments come in. The bureau anticipates bonding by the end of this fiscal year.

Potential future projects which the bureau is currently preparing packages of improvements for this year include areas in inner NE Cully and outer SE Division-Midway. PBOT states that if the reduction is realized, it would not have the resources to move forward with one of these projects in FY 2016-17. The bureau's current estimate for the cost of each of these projects is about \$3.5 million. PBOT has also identified a number of other projects that would not move forward until funding is identified and secured. The bureau believes that the reduction would disproportionately impact lower income census tracts with higher percentages of minority residents. CBO notes that at 2.9% of its streets being unpaved, East Portland is only slightly above the citywide average of 2.8%.

While the reduction would slow down and scale back the work that PBOT has planned to address this longstanding problem, CBO recommends the reduction because of the need to secure resources to address other important and urgent priorities such as the housing and homelessness crisis.

CBO Recommendation: (\$250,071)

Realignment Packages Converting Positions to Permanent, TR_13-19, \$0

CBO recommends PBOT's seven realignment packages to convert 19.0 FTE positions to permanent status because the various revenue sources funding the positions will continue to be robust in the near future and the needs are ongoing.

- 1) A GIS Technician to support ongoing mapping and data editing functions due to increased permitting activity, work orders, and construction activities (\$86,784);
- 2) Four positions to provide engineering and technical support to provide quicker turn-around review time for customers due to increases in utility and development permitting (\$630,648);
- 3) Six positions to maintain and operate additional street lights as a part of the LED conversion which added an additional 44,000 street lights to the system (\$262,338);
- 4) Two positions to manage the parking meter shop and support paystation operations (\$222,426);
- 5) Three positions (a Program Manager and two Transportation Demand Assistants) to support the Safe Routes to School, SmartTrips, and Sunday Parkways programs (\$261,348);
- 6) Three positions in Transportation Planning to provide planning services and help meet the goals set out in various City plans (\$285,618).

CBO Recommendation: \$0

Other Realignment Packages, TR_12, TR_20, TR_21, \$0

CBO recommends PBOT's three realignment packages affecting various positions:

- 1) Adding a Program Manager Analyst to increase staff capacity for safety and training and to perform emergency management functions (\$132,756);
- 2) Eliminating a Parking Paystation Technician position that has never been filled and moving the funding to the budget for paystation bankcard processing (-\$77,424);
- 3) Converting two part-time Parking Code Enforcement Officers into one full-time position to enable the bureau to meet scheduling needs (\$66,192).

CBO Recommendation: \$0

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Bureau of Transportation											
<u>Adds</u>											
TR_01 - Major Maintenance and Infrastructure Replac	01	0.00	0	35,948,232	0	35,948,232	0.00	0	1,840,000	0	1,840,000
TR_02 - Youth Bus Pass	02	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
TR_03 - Safety and Education (Vision Zero)	03	0.00	0	500,000	0	500,000	0.00	300,000	0	0	300,000
TR_04 - Streetplan Connectivity in Growing Centers	04	0.00	0	150,000	0	150,000	0.00	0	0	0	0
TR_05 - Development Review - Add Position	05	1.00	0	0	116,300	116,300	1.00	0	0	116,300	116,300
TR_06 - Utility Construction & Inspection - Add Position	06	1.00	0	0	136,000	136,000	1.00	0	0	136,000	136,000
TR_07 - Regulatory Operations - Add Positions	07	3.00	0	0	300,000	300,000	3.00	0	0	300,000	300,000
TR_08 - Photo Radar - Add Position	08	1.00	0	0	100,000	100,000	1.00	0	0	100,000	100,000
TR_09 - Capital Program - Add Position	09	1.00	0	0	140,000	140,000	1.00	0	0	140,000	140,000
TR_10 - Streetcar - Add Position	10	1.00	0	0	83,800	83,800	1.00	0	0	83,800	83,800
<i>Total Adds</i>		<i>8.00</i>	<i>0</i>	<i>37,598,232</i>	<i>876,100</i>	<i>38,474,332</i>	<i>8.00</i>	<i>300,000</i>	<i>1,840,000</i>	<i>876,100</i>	<i>3,016,100</i>
<u>Reductions</u>											
TR_11 - Out of the Mud	01	0.00	(250,071)	0	0	(250,071)	0.00	(250,071)	0	0	(250,071)
<i>Total Reductions</i>		<i>0.00</i>	<i>(250,071)</i>	<i>0</i>	<i>0</i>	<i>(250,071)</i>	<i>0.00</i>	<i>(250,071)</i>	<i>0</i>	<i>0</i>	<i>(250,071)</i>
<u>Realignments</u>											
TR_12 - Safety and Training - Add Position	01	1.00	0	0	0	0	1.00	0	0	0	0
TR_13 - Business Technology - Convert LT to Permanent	02	0.00	0	0	0	0	0.00	0	0	0	0
TR_14 - Utility Constr&Inspec - Convert LT to Permanent	03	0.00	0	0	0	0	0.00	0	0	0	0
TR_15 - Signals&Streetlighting - Convert LT to Permanent	04	0.00	0	0	0	0	0.00	0	0	0	0
TR_16 - Electrical Maintenance - Convert LT to Permanent	05	0.00	0	0	0	0	0.00	0	0	0	0
TR_17 - Parking Operations - Convert LT to Permanent	06	0.00	0	0	0	0	0.00	0	0	0	0
TR_18 - Active Transportation - Convert LT to Permanent	07	0.00	0	0	0	0	0.00	0	0	0	0
TR_19 - TransportationPlanning - Convert LT to Permanent	08	0.00	0	0	0	0	0.00	0	0	0	0
TR_20 - Parking Operations - Cut Position & Add M&S	09	(1.00)	0	0	0	0	(1.00)	0	0	0	0
TR_21 - Parking Enforcement - Convert PT to FT	10	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Portland Bureau of Transportation		8.00	(250,071)	37,598,232	876,100	38,224,261	8.00	49,929	1,840,000	876,100	2,766,029

Analysis By: Ryan Kinsella

PORTLAND WATER BUREAU

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$202,066,434	\$163,347,033	\$0	\$163,347,033	-19.2%
Charges for Services	157,197,680	165,735,167	1,263,200	166,998,367	6.2%
Intergovernmental Revenues	526,000	555,000	0	555,000	5.5%
Interagency Revenue	3,097,620	3,571,582	0	3,571,582	15.3%
Fund Transfers - Revenue	168,376,265	178,771,555	750,000	179,521,555	6.6%
Bond and Note Proceeds	0	91,840,000	0	91,840,000	NA
Miscellaneous Sources	2,998,545	3,425,941	0	3,425,941	14.3%
Total Resources	\$534,262,544	\$607,246,278	\$2,013,200	\$609,259,478	14.0%
Expenditures					
Personnel Services	\$64,220,153	\$66,370,426	\$1,081,246	\$67,451,672	5.0%
External Materials and Services	30,060,201	28,834,132	931,954	29,766,086	-1.0%
Internal Materials and Services	19,800,461	20,238,172	0	20,238,172	2.2%
Capital Outlay	39,163,000	55,882,000	0	55,882,000	42.7%
Debt Service	56,631,137	60,696,893	0	60,696,893	7.2%
Fund Transfers - Expense	174,738,294	185,377,804	0	185,377,804	6.1%
Contingency	89,908,886	94,396,389	0	94,396,389	5.0%
Unappropriated Fund Balance	59,740,412	95,450,462	0	95,450,462	59.8%
Total Requirements	\$534,262,544	\$607,246,278	\$2,013,200	\$609,259,478	14.0%
Total Bureau FTE	567.45	568.05	10.50	578.55	2.0%

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues**FY 2016-17 Budget and Rates**

The Portland Water Bureau has requested, as part of their FY 2016-17 budget, a rate increase of 7.00% for the typical single family household. This amounts to an increase of roughly \$2.22 on the monthly bill for the typical household, totaling \$33.83. Combined with the Bureau of Environmental Services requested rate increase, the typical family would experience a 4.58% increase on their bill, or an additional \$4.55 per month for a combined total bill of \$103.76.

Outlined below are the forecasted rate increases and expected typical monthly bill for the next 5 years as projected at the time the requested budget was submitted.

TABLE 1: Forecasted Rate Increases	FY 2016- 17	FY 2017- 18	FY 2018- 19	FY 2019- 20	FY 2020- 21
Escalation Factors	2.9%	3.5%	3.0%	3.8%	3.1%
FY 2014-15 Year End Balances	-1.7%				
Wholesale & Other Revenues Updates	2.3%	-0.2%	-0.1%		-0.4%
Operating Budget Additions	0.7%				
Portland Building Renovation				2.6%	
Capital Program	7.3%	5.8%	9.7%	11.0%	10.3%
Rate Stabilization Account	-4.5%	-0.7%	-4.3%	-6.7%	-4.9%
FY 2016-17 Forecasted Rates	7.0%	8.4%	8.3%	10.7%	8.1%
Forecasted Typical Retail Water Bill (per month; 5 ccf/month)	\$33.83	\$36.67	\$39.72	\$43.97	\$47.53

As indicated in the table, the bureau forecasts continued rate increases over the next five years, resulting in a 40.5% increase over this period. At forecasted rates, the typical retail customer will pay \$47.53/month in FY 2020-21 for the water portion of their utility bill. Rate increases are primarily driven by six factors:

- **Capital Program.** The bureau’s capital plan continues to be the primary driver of rate increases through FY 2020-21. Regular bond issuances are scheduled every 12-18 months to cover capital costs; debt service for the bonds are financed through rate increases.
- **Escalation factors.** To provide the same level of service, escalation factors require a rate increase of 2.9% in FY 2016-17. These escalation factors include a melded inflation (materials and other utility cost increases) in addition to increases in personnel costs (PERS and health costs), and changes to interest earnings.
- **Portland Building.** The forecasted rates also assume that facilities costs will increase with the estimated \$195 million renovation of the Portland Building. Depending upon whether the bureau continues to occupy its current space under a similar agreement, the costs range from \$3.1 million to \$4.2 million annually, resulting in an approximate 2.6% rate increase in FY 2019-20. The bureau is still evaluating options, however, for future space needs.
- **Wholesale contracts.** The bureau does not project significant changes to wholesale revenues, except for in FY 2016-17, when the City of Tigard contract expires in June 30, 2016. This will result in a retail rate increase of 1.8% in FY 2016-17.
- **Rate Stabilization Account.** To smooth rate increases, the bureau draws upon a rate stabilization account, established in FY 2006-07, which currently has \$34.7 million available. The bureau will draw upon this balance over the next five years so as to lessen the forecasted increases.
- **Other adjustments.** Prior year operating savings and underspending on projects will provide a 1.7% rate benefit in FY 2016-17.

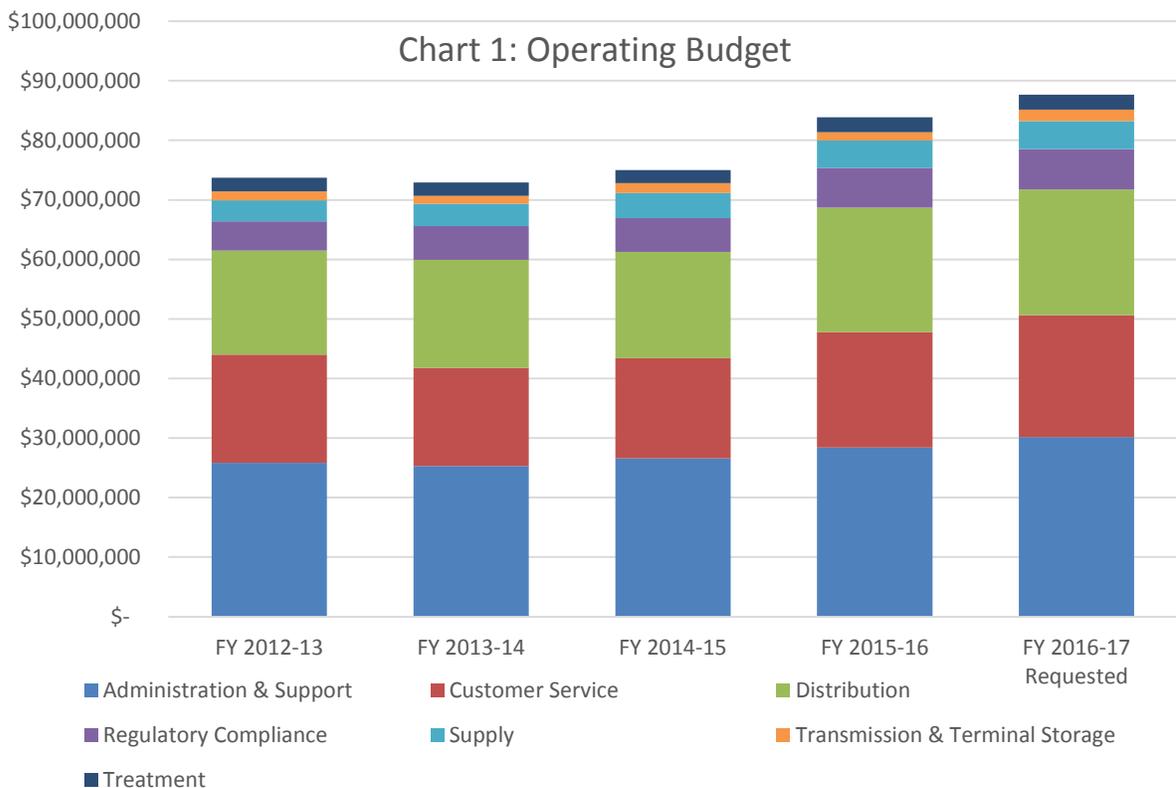
Adjustments to the assumed bond interest rate have resulted in a retail rate benefit of 2-3% in recent years. The bureau's five-year financial plan assumes a 5.0% interest rate for the next bond sale and 6.0% for subsequent sales whereas recent bond sales have been at 3.19% true interest cost (TIC) in 2014 for a first lien bond of \$85.0 million.

As is the case in previous years, forecasted rates do not assume any significant changes to the bureau's General Fund overhead costs, though requests from other city bureaus could affect water rates. For example, in the FY 2016-17 Requested Budget, the Office of Management and Finance has requested \$10 million for the relocation of the City's data center. Depending upon how this project is financed and how those costs are allocated, the Water Bureau's portion of these costs may result in a reallocation of resources or an increase in rates because this cost is not factored into current rate forecasts.

Changes to Operating Budget

Portland Water Bureau's operating budget is estimated to increase by 4.5% in FY 2016-17 from \$83.8 million to \$87.6 million, in addition to operational costs of any approved decision packages. Increases in the operating budget are due to general inflationary costs and the increased personnel costs (health costs and PERS). Over the past three years, the operating base has increased by an average of 5.3% per year. Included below are several notable changes, and the chart below illustrates changes to the bureau's operating budget across the eight divisions.

- Customer Services costs increase by \$1.0 million due to \$300,000 increase in bank card fees and \$517,000 increase to labor and materials associated with PCI compliance in addition to 2.5 FTE limited-term positions to assist with increased call volume.
- Bank fees also increased in Development Services by \$100,000 due to an increase in the number of building permits processed via credit card transactions.



Current Five-Year Capital Improvement Plan

The bureau forecasts \$582.1 million in capital expenditures (including bureau overhead costs) over the next five years, including \$473.7 million in direct capital project spending. The bureau estimates that 27% of the FY 2016-21 CIP will be funded through cash resources, whereas approximately 63% will be funded through bond proceeds and 10% from capital revenues. Table 2: Capital Financing (below) outlines forecasted capital requirements (including both direct and indirect capital costs), the corresponding rate increase, and the type of resources used to finance the capital plan.

- **Debt.** Approximately 63% of the capital plan will be financed through debt by the issuance of first and second lien bonds. The proceeds from the bonds are generally used to cover costs for 12-18 months of capital requirements. The repayment of these bonds are typically financed over a 25 year period.
- **Cash.** Cash available to finance capital comes from three primary sources: water sales revenues (retail and wholesale), fund balance and interest on fund balances.
- **Capital Revenues.** The bureau also collects capital revenues via system development charges, new services/mains, IA revenues and asset sales. New services account for approximately 55% of capital revenues.

TABLE 2: Capital Financing	FY 2016- 17	FY 2017- 18	FY 2018- 19	FY 2019- 20	FY 2020- 21	Total
Total Forecasted Capital Spending	\$96.2	\$129.5	\$139.5	\$114.0	\$102.8	\$582.1
Rate Impact of Capital Spending	7.3%	5.8%	9.7%	11.0%	10.3%	

Capital Financing (millions)

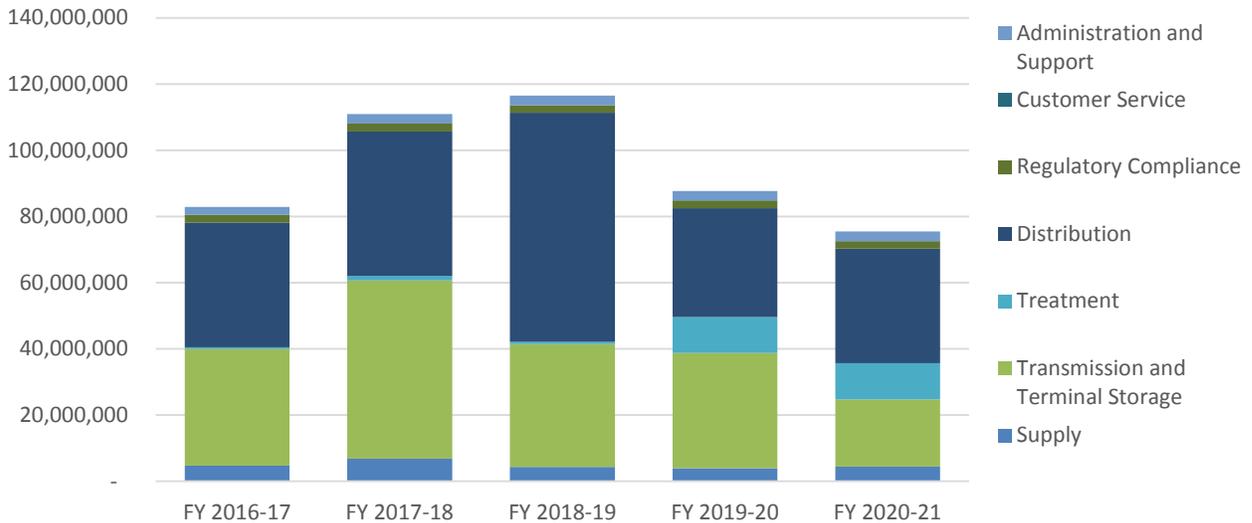
Capital Revenues	\$10.6	\$10.7	\$10.9	\$11.4	\$11.7	\$55.3
Debt	65.1	92.4	96.5	64.2	48.9	367.1
Cash and Interest	20.6	26.5	32.1	38.4	42.2	159.8
Total	\$96.2	\$129.5	\$139.5	\$114.0	\$102.8	\$582.1

To illustrate the bureau’s capital plan, Chart 2 shows the allocation of capital spending across programs. The chart illustrates five key points of the bureau’s planned capital spending:

- Overall increase in Transmission and Terminal Storage is due to beginning the Washington Park Reservoir construction project and increasing conduit rehabilitation work.
- Within the Distribution program, there is an overall decrease in pump station expenditures due to the scheduled completion of the Fulton Pump Station in FY 2016-17.
- Increases in the Distribution program in FY 2018-19 are due to the scheduled construction of the Willamette River Pipe Crossing.
- Distribution program costs will continue to be the largest capital expense in future years, as the FY 2016-21 CIP invests in pipes, pump stations, storage tanks, hydrants, meters, and valves that make up the City’s water distribution system – the bureau’s primary “aging infrastructure.” The Distribution program’s five-year capital costs are expected to be \$218.1 million including the \$57

million Willamette River Pipe Crossing project. Over the next five years, 46% of capital spending will be in Distribution.

**Chart 2: Direct Capital Expenditures (\$473.7 million)
- FY 2016-17 through FY 2020-21**



Comparing the four common years of the FY 2015-20 CIP to the FY 2016-21 CIP, the bureau has made a number of adjustments totaling \$75.8 million, as outlined in the table below:

TABLE 3: Changes in CIP FY 2015-20 to FY 2016-21

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	4-Year Total
Supply	1,308,000	4,197,000	(514,000)	165,000	5,156,000
Transmission and Terminal Storage	14,229,000	26,197,000	17,056,000	13,640,000	71,122,000
Treatment	87,000	402,000	23,000	452,000	964,000
Distribution	(8,071,000)	(24,938,000)	30,956,000	146,000	(1,907,000)
Regulatory Compliance	180,000	194,000	94,000	94,000	562,000
Customer Service	3,000	3,000	3,000	3,000	12,000
Administration and Support	(452,000)	118,000	118,000	118,000	(98,000)
Total	7,284,000	6,173,000	47,736,000	14,618,000	75,811,000

As shown in Table 3, there are several notable changes to the capital plan when comparing the two most recent plans.

- Due to changes in the Washington Park project costs, from an original estimate of \$61.1 million to a revised estimate of \$170.0 million at the 90% design estimate with a low-moderate confidence rating, the Transmission and Terminal Storage capital program has increased by \$71.1 million over the next four years. The increased cost of the project was primarily driven by changes to geotechnical requirements.

- The timing of the construction contract for the Willamette River Pipe Crossing will result in construction costs being incurred in FY 2018-19 rather than FY 2016-17. This resulted in decreased planned expenses in the Distribution Program in FY 2016-17 and increased expenses in FY 2017-18 through FY 2019-20.
- Net increase in the Treatment program of \$964,000 results from the addition of two new projects: the chlorine scrubber at the Headworks facility (\$485,000) and the remaining additional costs of the Headworks Generator (\$1,670,000).
- Net increase in the Supply program costs of \$5.1 million due to the addition of the needle valve replacement at Bull Run Dam 1 (\$3.3 million), the Microwave Communications System (\$2.1 million), and the Headworks Septic system Replacement (\$475,000). Supply program costs of \$1.7 million were shifted into later years.
- Additional costs for the Water Quality Lab Remodel increase the Regulatory Compliance program's capital costs by \$450,000.
- Additionally, the following projects were added to the capital plan: Vista Ave Main (\$866,000), Penridge Mains (\$2.5 million), Willamette Blvd. Bridge Replacement (\$4.5 million), and Gresham Conduit 2 Trestle Upgrades (\$1.1 million)

Capital Plan Approval

By adopting the bureau's FY 2016-17 budget, Council would approve both operating and capital expenses as budgeted in the first year of the CIP, totaling \$82.9 million. Although included as part of its requested budget, Council is not approving all five years of the bureau's CIP, totaling \$473.7 million. Due to interconnectedness of the capital budget, however, approval of the first year of the CIP implicitly approves aspects of the 5-year CIP.

As such, Council provides the most effective direction when large projects and capital programs are first introduced in the CIP. Providing direction prior to project spending avoids the possibility of sunk costs and having to re-approve projects during approval of bond issuances or project contracts. Therefore it is critical that Council understand what would be approved in this year's capital budget and how these decisions will impact future budgets. Council should anticipate hearing ordinances to approve contracts for the following projects in FY 2015-16:

- Gresham Conduit 2 Trestle Upgrades
- Dam 1 Needle Valve Replacement
- Headworks Septic System Replacement
- Chlorine Scrubber Replacement
- Headworks Generator Improvements
- Lusted Hill Generator and Room Remodel
- Road 10H MP 10.95 - 12.56
- SW Flower Terrace at Dosch
- N Jantzen Ave west of Pavilion
- Water Quality Lab Remodel
- Council Crest Tank Roof Replacement
- SW Vista Ave from Spring St to Laurel St

- Greenleaf Pump Station
- Washington Park Reservoir Improvements

Correspondingly, Council should also anticipate a bond sale of approximately \$91.8 million in fall of 2016 that will provide portions of funding for the FY 2016-17 and FY 2017-18 CIPs.

In addition to ongoing capital programs, included in the CIP's first year are several new projects, which also have planned spending over the next few fiscal years. These projects have been highlighted above. For larger projects, first year costs are likely small amounts, relative to the annual capital budget and relative to the project total. Projects without any prior spending can be eliminated or delayed without negative financial impacts. Through the planning and design phases of projects, it becomes increasingly difficult for Council to change direction on projects without incurring sunk costs. Notably, some projects may be delayed without negative financial consequences, but only if there are no contract provisions that result in penalties and if already-completed work will be useable at a later date.

Though reductions to new projects and ongoing capital programs are possible, it is not expected that Council would reduce or eliminate the budget for a partially completed construction project. In effect, as amounts are appropriated towards larger projects during the first year of the CIP, the opportunity to change direction, without risk of negative financial consequences, becomes limited.

Hydroelectric Power Project

In August 2017 the power sales agreement with PGE for the Portland Hydroelectric Project (PHP) will end and all remaining project debt will be retired, potentially impacting program operations and transfers from Hydropower to the General Fund. The current agreement provides for guaranteed revenues to cover the project's debt service (previously up to \$2.6 million annually), operational costs (\$470,000 annually), and repair and replacement costs. Additionally, Hydropower also receives a profit payment as a portion of its power sales from PGE. This has allowed Hydropower to make transfers to the General Fund in the range of from \$250,000 to \$400,000 per year. Over the history of the project, profits transferred from the project to the General Fund have totaled \$12.9 million.

Depending upon the structure of the new agreement and methodology for calculating the City's share of the power sales, revenues may be less predictable. Due to decreased natural gas prices, which reduce the cost of energy produced from gas fired power plants, the wholesale price paid for power has dropped significantly throughout the U.S. At worst, the volatility of sales may result in insufficient resources to operate the program. At best, the new agreement could result in excess revenues that exceed operating requirements, resulting in an annual transfer to the General Fund on the order of \$200,000.

In anticipation of these changes, the Water Bureau has hired someone to work on developing new agreements for both power sales and project operation & maintenance.

There are several notable factors that will need to be considered in preparation for the new power sales agreement and operations contract.

- **Identify Project Operator.** PGE has indicated that they are no longer interested in maintaining and operating the Portland Hydropower Project. Based on preliminary considerations, the bureau believes that there are companies willing to provide the service but PGE would have been the best fit, due to their familiarity with the project and proximity (currently in Estacada). Currently the bureau is unaware of any local firms that would be willing to bid on the operations and maintenance contract.
- **Identify Power Purchaser.** PGE has expressed an interest in purchasing the power; however, revenues of future power sales (after the current agreement ends in August 2017) are uncertain due to the volatile energy market in which there are a variety of other alternative sources.
- **Plan for Asset Liabilities.** Per the current sales agreement, outside consultants have routinely assessed the assets and made recommendations on needed repairs and replacements. As a result of this routine maintenance, the hydro assets are not in need of any major repairs in the immediate future but capital reinvestment will need to be programmed into the project for the next five to ten years. Hydropower does not anticipate having a large cash balance available once the current contract ends – possibly in the range of \$1.5 to 2 million – which will be applied to establish a new renewal and replacement fund.

As a long-term liability, the City will eventually need to address the repair and renewal of the assets. Key components of both Powerhouse 1 and 2 will be entering into the final years of their projected lifespan usages and will need to be refitted or replaced in the next five to ten years. In the near term, the project administrator has noted that there is 2.0 miles of high voltage transmission line from the former PGE-owned Bull Run Project powerhouse to the Dunn’s Corner substation that will need to be purchased or leased from PGE.

To the degree that this current balance and future revenues are insufficient for the major maintenance needs of the hydroelectric power assets, the City will need to address costs using other resources, including the General Fund. At some point in the future, if a business case evaluation shows a long term trend of costs exceeding benefits, then the City may also need to consider decommissioning the Portland Hydroelectric Power Project’s assets.

Decision Package Analysis & Recommendations

Regulatory Monitoring, WA_01, \$360,900, 2.00 FTE

Since being granted a variance by the Oregon Health Authority to the source water treatment requirements of the Environmental Protection Agency’s (EPA) Long term 2 Enhanced Surface Water Treatment Rule (LT2), the Water Bureau has complied with the regular testing requirements by contracting with labs around the country to conduct testing for *Cryptosporidium*. Sampling and testing typically occurs at least twice per week, but can occur more frequently, depending upon certain water characteristics. In order for the tests to be accurate, testing must be completed within 96 hours; delayed testing nullifies the results.

The bureau is requesting one-time, rate-funded resources to develop an in-house *Cryptosporidium* testing lab, including two positions and operating supplies in FY 2016-17. Beginning in FY 2017-18, the bureau would use savings from the current *Cryptosporidium* contracts to fund the ongoing costs of the *Cryptosporidium* lab.

There are two key issues that drive the need for this request. First, any delays on either sampling, shipping, or the testing process could result in being out of compliance with the City's variance. For example, during 2015 approximately one third of the samples were delayed, resulting in some invalidated samples and requiring rapid re-sampling. To date, Oregon Health Authority has not found the City to be out of compliance with test requirements. Second, the nation-wide demand for *Cryptosporidium* laboratory testing is expected to decrease in the next few years. Currently utilities are conducting the required second round of *Cryptosporidium* monitoring required by the LT2 Rule. Once utilities complete their second round of monitoring, the labs currently providing testing services are expected to decrease as all jurisdictions will be in compliance with the LT2 rule through the use of treatment techniques such as filtration or ultraviolet light. Portland is the sole jurisdiction with a source water variance without a *Cryptosporidium* treatment system, therefore, we will have an ongoing need to test for *Cryptosporidium*.

Notably, the bureau's capital plan includes \$450,000 for the remodel of the water quality lab, specifically to create the lab space for the *Cryptosporidium* testing. If this package is not approved, that project will be removed from the capital plan.

CBO finds that there is a sufficient need for building in-house capacity for testing. Seeing that the primary purpose of the Water Bureau is to deliver safe, healthy water, investing in necessary lab testing is warranted. Moreover, there are considerable financial risks if the City is found to be out of compliance, the most costly of which would be building a UV treatment plant, estimated at approximately \$100 million (based on estimates initially developed in 2008).

CBO Recommendation: \$360,900, 2.0 FTE

Community Information, WA_02, \$243,200, 2.00 FTE

The bureau requests to add two positions to their current communications team. There are several reasons for this request. First, the Commissioner-in-Charge's Office has provided direction that they would like outreach on all capital projects, whereas currently outreach has been focused on major projects and projects with significant service disruptions. The bureau is beginning construction of two larger capital projects that will continue to increase public outreach needs: the Washington Park project and the Willamette River Crossing project. Second, outreach on several equity-related fronts has been minimal. Currently there is no specific plan around outreach to underserved populations, resulting in equity issues in terms of language translation of key materials, equitable outreach of the bureau's Administrative Review Committee, and outreach on capital projects. Surveys conducted in 2005, 2007, and the annual Auditor's Community Survey all indicate that the additional outreach is needed for underserved populations. Over the next year, the bureau will be conducting a customer survey, in addition to developing a revised communication plan, an update to its strategic plan, and the bureau's Equity Roadmap, all of which are likely to identify specific communication tasks. Lastly, the current

workload of communications staff has also increased due to under-use of the monthly billing program and the recent limitations of automatic payment.

One of the requested positions would specifically assist with outreach for the Low-Income Discount program. Following the 2015 Low-Income Discount Report, the bureau is working to increase program participation from the current number of 8,000 low-income, single family households to the budgeted goal of 10,000 low-income, single family households. The bureau has decided to not explore expanding the program to multi-family units in the near term, in part based on concerns raised by the Portland Utility Board.

Water's Public Information and Involvement team is currently staffed by 4.0 FTE, down from 7.0 FTE in FY 2008-09. Due to pressure to minimize rate increases and reduce operating costs, positions with the Public Information and Involvement team have been eliminated. This is less than other city bureaus with similar needs: the Bureau of Environmental Services has 12.0 FTE within its communications division, and the Portland Bureau of Transportation has 6.0 FTE communications and public involvement staff. Tualatin Valley Water District has three communications staff for its service size of 217,000 customers; less than a quarter of the number of customers that the Water Bureau serves.

The vote on Measure 26-156, the creation of the Portland Utility Board, and in general, the public's perennial concern of raising water rates, all suggest that more effective communication may be necessary. However, compared to other requests, additional communication staff is least urgent. To the degree that rate increases are held at 7.0%, based on the Commissioner-in-Charge's direction, and assuming that there are no other cost increases to the bureau's budget, CBO recommends the requested two positions.

CBO Recommendation: \$243,200, 2.00 FTE

Infrastructure Maintenance, WA_03, \$292,600, 3.50 FTE

The bureau requests 3.5 FTE positions: an Engineering Tech II to assist with hydraulic network, a Horticulturalist within the Facilities Maintenance group, an electrician within Operations, and a security position to be located at Interstate Facility.

Hydraulic Network Analysis

Included in this package is a request for 0.5 FTE Engineering Tech II position who would directly support updates and maintenance of the hydraulic network system. As assets are added or replaced within the system, the model needs to be updated in order to reflect water pressure and flows. Recently, the completion of Kelly Butte Reservoir, Powell Butte Reservoir 2 and Improvements, and Hannah Mason Pump Station have resulted in an increased need for system updates; however, regular changes to main sizes with the distribution system also require updates.

Increasing model accuracy allows the bureau to more effectively maintain assets, plan for appropriate capacity needs, and correctly allocate capital costs to wholesale customers. Data currently informing the model is outdated, creating a backlog of updates; moreover, the current capital plan will continue to network changes that require accurate modeling.

Facilities Maintenance

Included in this package is a request for 1.0 FTE Horticulturist. As part of prior budget cuts, the Water Bureau eliminated 2.0 FTE horticulturalist positions and 1.0 FTE Utility Worker that were part of the Grounds Crew. Since these reductions, there have been several notable changes to maintenance workload: first, the bureau has completed projects with large open spaces that have increased landscaping needs with annual permit monitoring requirements, including Powell Butte, Kelly Butte, and the Interstate Facility (which includes an ecoroof.) Second, the City implemented Title 11 – Tree Code, which changed the permitting requirement for trees on public land, and additionally, the City committed to achieving Safe Salmon Certification. The completion of these projects and these policy changes have increased the bureau's horticultural needs.

Currently the grounds crew is staffed by 5.0 FTE Park Techs, 1.0 FTE Sr. Utility Worker, 1.0 FTE Utility Worker, two seasonal maintenance workers, and 1.0 FTE supervisor position. The current staffing allows the crew to address basic maintenance at bureau sites, such as mowing, light trimming, leaf pick-up. Through current contracts with Parks, other landscaping needs, such as large scale tree management, are met. However, a horticulturalist would allow the bureau to meet more complicated environmental maintenance needs, and based on bureau workload estimates, there is more than sufficient work for an additional full-time FTE solely focused on Water Bureau properties.

Reliability Centered Maintenance

The bureau requests 1.0 FTE electrician position. Currently the Electrical Shop includes 5.0 FTE electricians in addition to a supervisor, who service all electrical needs of the water system from Headworks Facility through distribution. These positions tend to be highly-specialized and trained to specifically work on the voltage size of system components within State regulation, while also typically holding specialized certifications in high-risk environments such as high-climbing on water towers and tanks, and confined spaces.

In FY 2012-13, an electrician was eliminated due to budget cuts, decreasing the number of electrician positions from six to five. Over the past three years, facilities have been added to Headworks and several other large assets have been completed and are now operational (Powell Butte, Kelly Butte), increasing the workload for system electricians. Current staffing has resulted in a backlog of electrical preventative maintenance, increasing the risk of unexpected equipment failures and ultimately the potential for increased service disruptions.

Given the current workload, the relatively small size of the electrical shop, and highly-specialized training needed to work as an electrician in the Water Bureau, any changes to staffing has significant impact.

Security

The bureau requests 1.0 FTE that would provide security functions at the newly updated Interstate Facility. Currently there is no full-time security presence at the facility; however, for several reasons, this site has had sustained security issues. Maintenance supplies, including brass and copper materials, and tools are housed at the Interstate Facility, which tend to be targets for theft. The Interstate Facility is also in a location where foot traffic is infrequent after work hours, creating conditions that are prone to vandalism and theft. This position would follow-up on security breaches in addition to coordinating site

enhancements to minimize risk, providing key lock-up for vehicles, coordinating site access, and also monitoring parking lots for employees parking at satellite lots. This position would also respond to alarms at nearby Water Bureau sites.

Following the FY 2013-14 budget process, the Security was reduced from 23.0 FTE to 9.0 FTE. In FY 2014-15 Fall BMP a Security position was added to be dedicated to Bull Run. The current staff of 10.0 FTE provides security response, and minimal patrol, at 200 bureau sites from the Bull Run watershed to tanks, pump stations, reservoirs and hydro parks. The 10.0 FTE include 2.0 FTE Bull Run positions, 1.0 FTE night shift, 1.0 FTE weekend positions, 1.0 FTE supervisor, and 5.0 FTE for dispatch and patrol. The positions are represented by ASCFME, limiting the possibility of contracting out similar type of work within the bureau.

Since the reduction in security positions, there are two factors that have increased security needs across all properties, and thus, decreasing time for security issues at the Interstate Facility. First, Powell Butte and Kelley Butte are now accessible to the public, increasing the need for regular monitoring and responding to incidents at these sites. These sites include forested sections where homeless camps have been established. Second, the recent direction to allow overnight camping on public properties have corresponded to an increase in homelessness at many Water Bureau properties, including Powell Butte and Kelley Butte, but also hydro parks, water tanks, and pump station sites. Water Bureau Security personnel, like Park Rangers, are trained in providing referrals for homeless services; however, this direction has also increased the workload of security.

Until recently, the Security Program has not prioritized reporting and tracking incidents, limiting the quality of data. The bureau currently responds to 37% of intrusion alarms during day shifts. In 2015, there were at least 24 recorded incidents (theft, criminal mischief, and vandalism) at Interstate in addition to 181 instances of unlocked doors, however, program staff estimate the number of incidents to be two to three times higher.

Position additions must be taken in consideration with other position needs and vacancies across the bureau, asking the question of whether the bureau is appropriately sized. This question is not easily answered through single budget requests, and ultimately, as stewards of ratepayer dollars, it is incumbent upon bureau management to staff the number of positions that most efficiently deliver core services, based on current number of vacancies, increases in system capacity, and overall trends in personnel. Unlike other bureaus, such as Parks which increases operation and maintenance costs as new assets are brought online, Water does not increase operations and maintenance with the completion of new assets for several reasons. Many projects in the bureau's CIP are the replacement of old assets, and thus there is no corresponding increase in operating and maintenance services for projects that simply replace a current asset. Similarly, the replacement of some assets result in fewer service and maintenance needs, particularly in instances when the current asset requires significantly more time as it nears failure and the new asset requires only minimal servicing. Periodically, however, additions are needed to properly support the overall needs of operating and maintaining the system due to additional capacity or complexity of operations.

CBO recommends these positions, noting that periodically the water system requires additional operation and maintenance personnel as the system adapts to overall needs.

CBO Recommendation: \$292,600, 3.50 FTE

Information Processing, WA_04, \$366,500, 3.0 FTE

Included within this request are three positions: 2.0 FTE to assist with bureau's Development Service staff, and 1.0 FTE management analyst to assist with records management.

Development Services

The bureau request 2.0 FTE including an Engineering Tech II and Tech III, to address workload in the bureau's Development Services office. Several factors have contributed to increased workloads, the primary driver of which is the recent economic recovery that has caused permits and system development charges to spike across all bureaus. Compared to FY 2011-12, the workload has increased by 49% in terms of the number of reviews (residential, commercial, public works) processed and fee statements prepared. Additionally, the challenges of Bureau of Development Services' ITAP project have resulted in additional demands on Water Bureau staff time, estimated at approximately 0.5 FTE workload. Title 11 Tree Code has also added a layer of review and coordination with Parks' Urban Forestry staff, and generally, coordination across public works bureaus has increased due to the increasingly limited-space in permitted projects in the right-of-way. The bureau has attempted to mitigate the workload increase through overtime but have found this approach to be unsustainable within the current staff. The bureau has also raised concerns about using limited term staff to address the workload because these functions require an extensive familiarity with Water Bureau services and often take one to two years in order to properly train. If approved, the bureau would consider an internal recruitment in order to meet the immediate need.

As the case with all positions funded with revenues that track with the economic development cycle, position reductions are possible if resources are not sufficient when permit revenues decrease during slower economic periods. The bureau will need to closely monitor whether funding remains sufficient to cover personnel costs in future years. CBO recommends these positions.

Records Management

This request for a position solely focused on records management is driven by two factors. First, although records management has been defined as an essential responsibility of individual employees, employees require ongoing guidance to meet Bureau, city and state records management requirements. There is a significant backlog of records that have not been organized, purged and archived. In addition, retention schedules need to be updated, adopted and maintained for all Bureau records. There has been a staff member dedicated to updating retention schedules and processing the historical backlog of project records in Engineering, but the position was eliminated in FY 12-13 due to budget reductions. This request is intended to restore that position, but be more broadly focused to provide records management support for the entire Bureau. Second, over the past five years, the City has increased focus on records retention through the adoption of TRIM as the City's primary archival system and through the recent updates to processing records requests, led by the Attorney's Office.

Aside from State requirements and the City's record retention schedules, there is no unique, urgent need for increased management of Water Bureau records. However, without updated retention schedules and direction from bureau management to more actively manage records, the backlog of unmanaged records

will increase. Both retention schedule updating and training staff in records retention practices will require the reallocation or addition of resources.

Relative to other urgent, core service needs within the bureau and the continued pressure to minimize rate increases, CBO recommends the Development Services positions but does not recommend the records management position.

CBO Recommendation: \$249,600, 2.00 FTE

Tabor Preservation Project, WA_05, \$750,000

Analysis by Melissa Merrell

On July 15, 2015, City Council approved resolution No. 37146 making financial obligations and other commitments for work at Mount Tabor, including a provision that the City shall allocate at least \$4 million over the next four years to the maintenance, repair, and preservation work identified in the 2009 Mount Tabor Reservoirs Historic Structures Report. The resolution did not specify the funding source. The Water Bureau requests \$750,000 of one-time General Fund resources for FY 2016-17 to fund the first year's activities to fulfill this obligation.

The \$750,000 request includes about \$400,000 to hiring a preservationist, \$200,000 for internal costs, and \$150,000 for planning and permitting.

There are several unresolved issues as to the full scope of the work to be completed at the site and who will be financially responsible for those costs. The Water Bureau has updated the cost estimates for the list of project components to account for inflation and to add project design and management costs that were not included in the initial estimates in 2009. These initial estimates indicate that total preservation costs could amount to more than \$12.0 million. Roughly eighty percent of those costs are to repair and replace lighting and to replace the lining of two reservoirs. Resolution No. 37146 requires the Council to consider an additional \$1.5 million at some time in the future for the lighting work. The Water Bureau believes that the linings of the reservoirs, especially Reservoirs 1 and 6 will need to be replaced but that work was not included in the \$4.0 million offered in the Resolution. Reservoir 1 is in the most need of repair and has no lining or underdrain system to monitor how much it leaks. Installing new liners in Reservoir 1 and 6 would cost several million dollars per reservoir.

The remaining projects, totaling an estimated cost of about \$4.0 million, include cleaning and repairing concrete, metalwork, and structures, and removing non-historic components. Some of the work could be done in the next year, but much of the work will require land use reviews and permits with additional planning needs and could not be completed in the next year. In addition, the bureau will incur on-going costs to maintain the facilities. While some of that work will be done in the normal course of draining, cleaning, and filling the reservoirs as agreed to in the land use agreement, other work would require additional costs to the Water Bureau. Whether ongoing preservation work will be paid for from the initial \$4.0 million commitment remains unresolved.

Finally, as part of the Mount Tabor land use review that the City Council approved in August 2015, the City is required, within 5 years of approval, to develop an interpretive program related to the Mount Tabor Reservoirs Historic District. The Council resolution directed the Water Bureau to collaborate with the neighborhood association to develop the interpretive program. The resolution does not include a monetary commitment for these activities and they are not part of the initial \$4.0 million allocation for preservation work. The Water Bureau has estimated, based on its work at Powell Butte and Washington Park, that an interpretive program could cost up to \$800,000.

While Council committed to these historic improvements via Resolution No. 37146 and the Tabor land use approval, CBO notes that there are other, more urgent major maintenance needs that compete for one-time General Fund resources. Regardless, in order to comply with the Council Resolution, CBO recommends funding this request.

CBO Recommendation: \$750,000

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Requested					CBO Analyst Recommendations					
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Water Bureau											
<i>Adds</i>											
WA_01 - Regulatory Monitoring	01	2.00	0	0	360,900	360,900	2.00	0	0	360,900	360,900
WA_02 - Community Information and Outreach	02	2.00	0	0	243,200	243,200	2.00	0	0	243,200	243,200
WA_03 - Infrastructure Maintenance	03	3.50	0	0	292,600	292,600	3.50	0	0	292,600	292,600
WA_04 - Information Processing	04	3.00	0	0	366,500	366,500	2.00	0	0	249,612	249,612
WA_05 - Tabor Preservation Project	05	0.00	0	750,000	0	750,000	0.00	0	750,000	0	750,000
<i>Total Adds</i>		<i>10.50</i>	<i>0</i>	<i>750,000</i>	<i>1,263,200</i>	<i>2,013,200</i>	<i>9.50</i>	<i>0</i>	<i>750,000</i>	<i>1,146,312</i>	<i>1,896,312</i>
Total Portland Water Bureau		10.50	0	750,000	1,263,200	2,013,200	9.50	0	750,000	1,146,312	1,896,312