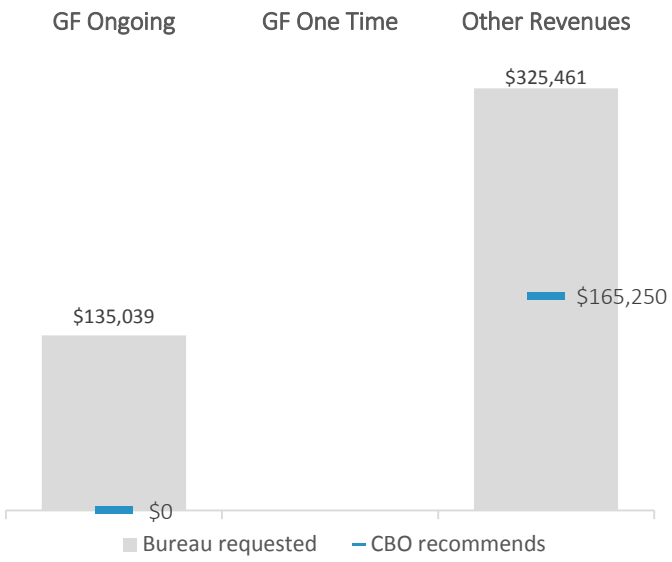
Analysis by: Jessica Eden

City Attorney

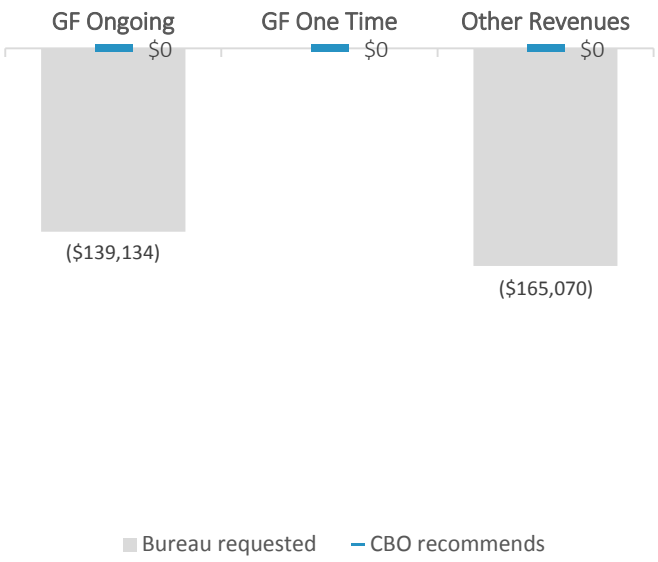
The City Attorney has offered up two reductions that would greatly impact level of service; the office has also requested multiple new positions to handle increased workload. Two of the three additional staff requests pertain to the Department of Justice Settlement agreement. The City Attorney's software systems are failing and will need replacing over the next several years.

Adds



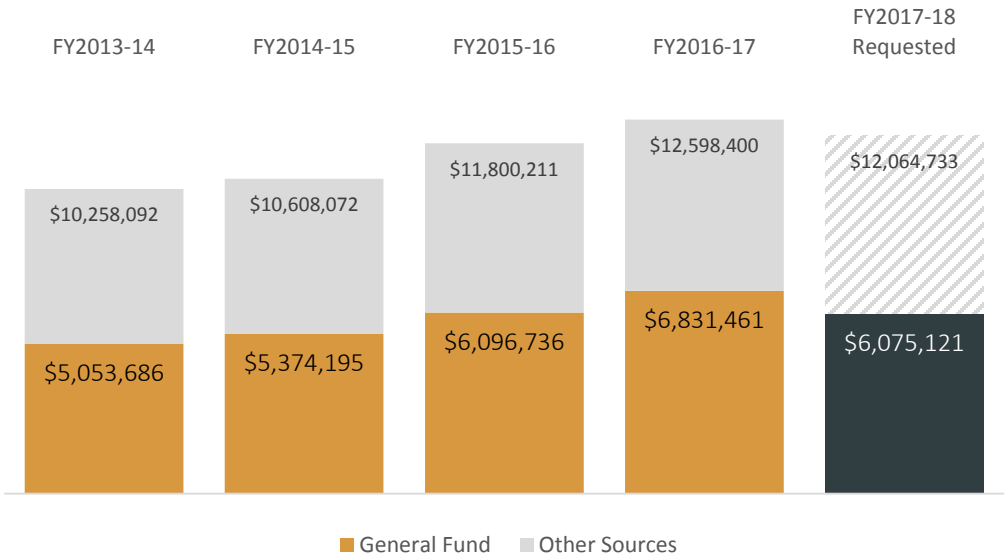
3.00 FTE Requested 1.00 FTE Recommended

Reductions

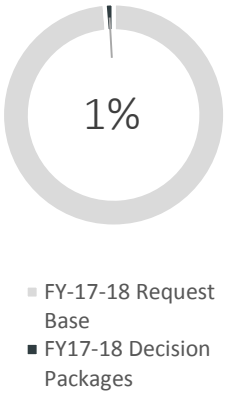


(1.00) FTE Requested (0.00) FTE Recommended

Adopted Budget 5-Year look back



Decision Packages & Requested Budget



Key Issues

Staffing Composition

Staff composition is a key issue for the City Attorney. As noted in previous reviews, the bureau has grown significantly in the last decade; however, the growth is primarily in attorney positions, and support or administrative staff has not grown commensurately.

Currently, the City Attorney is fully staffed with paralegals. The conclusion of the Anderson Case will provide more flexibility among the paralegal staff. Additionally, savings from a vacant attorney position has allowed the office to hire a temporary paralegal; another ongoing paralegal position was added in FY 2016-17.

Conversely, to meet budget guidance for FY 2016-2017 the bureau eliminated a technology support staff position funded through an interagency agreement with BTS. The elimination of this position has meant that existing administrative resources have had to redistribute work, and the current staff is struggling to keep up. Crucial administrative tasks are being completed; yet, less pressing administrative tasks that would benefit the efficiency and effectiveness of the office are not undertaken. For example, the office does not have capacity to track data as thoroughly as they would like to report on the office's equity plan and strategies, revamp their website to provide more information of interest to the public, or provide more information on available legal resources for low income and historically disadvantaged members of the community.

The City Attorney is relatively flat, organizationally. The City Attorney believes that the flat structure allows her to use experienced attorneys where there is the most demand for legal services. The City effectively has 27 separate businesses (bureaus), and the City Attorney must provide legal counsel and advice to each one. Specialization and flexibility help ensure more work is performed in-house leading to lower outside counsel costs, consistency, and increased quality. That said, there is a need for more junior attorneys who would move up as more senior positions retire. In 2014, the Attorney's office realigned resources to develop two Honors Attorney[1] positions to help advance equity goals and cultivate more junior attorneys with succession planning in mind. For FY 2017-18 a chief deputy attorney will be retiring, and this is providing an opportunity for the City Attorney to re-organize resources.

Affirmative Litigation

The workload for the City Attorney is often difficult to predict and, as outlined in City Charter 3.10.030, the majority of their work is not optional. All obligations must be performed in-house at approximately $148 per hour, or by outside counsel at $375 per hour. Moreover, it should be

[1] "The Honors Attorney Program is a two-year program for recent law school graduates, newly admitted lawyers and judicial clerks who are committed to public service…The Program actively seeks to recruit, hire, promote and retain a diverse class of Honors Attorneys every two years. https://www.portlandoregon.gov/attorney/article/498264. Accessed 2/27/2017

noted that the City Attorney recently added a performance measure for cases favorably solved and is exceeding their goal of 85%. This may be a result of in-house attorneys having an in-depth knowledge and understanding of the City.

The only work performed in-house that is not a core service and could be eliminated without reducing level of service to the City is affirmative litigation, where the City is the plaintiff. Unlike other activities, affirmative litigation generates revenue for the City. Examples include: foreclosures (see AT_05), collections, forfeitures, and Revenue Bureau business licenses.

The equivalent of one and a half full time positions work on affirmative litigation each year. The City Attorney was unable to provide exact revenue numbers for the affirmative litigation cases as this was not currently tracked in detail until FY 2016-17 when the City Attorney added a performance metric for cases favorably resolved. However, the City Attorney was able to provide data indicating since FY 2013-14 a minimum revenue of $2.91 million was attributed to affirmative litigation. The results of a very basic cost benefit analysis demonstrate the positive return on investment from this activity.[2]

Affirmative Litigation Revenues*	$	2,910,785
Cost for 1.5 attorneys from FY14-FY17	$	991,500
Affirmative Litigation NET	$	1,919,285

*excludes foreclosure and forfeitures

The figures above do not include affirmative litigation related to home foreclosures as this is discussed more in depth in AT_05.

Decision Package Analysis & Recommendations

Materials and Services 1% Reduction, AT_01&02, ($60,841), 0.00 FTE

The City Attorney has taken reductions to materials and services five out of the last eight years. The bureau opted to specify two discrete decision packages, each totaling 0.5% that could be cut. The first decision package, AT_01, reduces external materials and services for office supplies and miscellaneous expenses by $30,420. The second decision package, AT_02, reduces external materials and services for education, travel, legal publications and technology upgrades. The City Attorney is in dire need of software upgrades for Practice Manager (PM)

[2] In relation to the cost of one and a half attorneys at mid-range ($165,250) over the same length of time, the net for the City is $1.48 million. This is not an exact science as some litigation cases span years, for example the Expedia case which brought in $1.9 million in revenue in 2016 but was started years before.

software as well as Summation and Visionary, the office's litigation management software programs. Since the City implemented Office 365, PM can no longer communicate with Outlook. Moreover, Summation is failing and Visionary is unsupported and will need to be replaced as soon as possible. Initial estimates to upgrade Summation are $277,000, $161,000 of which are ongoing annual costs. Currently, Summation costs the City Attorney $10,000 annually. In light of this difference in maintenance cost, the bureau has sought alternative solutions. At this time, the Project Manager has identified an alternative solution that would require acquisition and implementation of three separate software programs. This is not best practice and could mean higher transaction costs than upgrading the current software. On average, the City Attorney underspends its external materials and services budget by approximately $100,000 per year. The City Budget Office recommends these cuts not be taken and that the City Attorney request to carryover unspent funds to seed a software replacement fund.

CBO Recommendation: $0, 0.00 FTE

Chief Deputy City Attorney Position 4% Reduction, AT_03, ($243,363), 1.00 FTE

The City Attorney has proposed eliminating a Chief Deputy City Attorney to comply with the 5% reduction budget guidance. As noted in the key findings section of this review, this position is currently filled but the incumbent is retiring. When considering how and where to take budget reductions, the bureau considered eliminating two Honors Attorney positions in lieu of one Chief Deputy position. This would eliminate the Honors Program entirely and has a negative equity impact. The bureau also considered eliminating a Deputy City Attorney position that works on collections (affirmative litigation). This reduction does not fulfill the 5% reduction budget guidance, and as discussed in key findings, brings revenue into The City.

This particular Chief Deputy Attorney works in the areas of Land Use, Infrastructure and Natural Resources. If this position is cut, there is a direct impact to housing. Land use issues are presented involving zoning for and siting shelters and affordable housing. The City Attorney anticipates the work load for this specialization to be particularly heavy in the coming year due to the work regarding the Comprehensive Plan and Department of Land Conservation and Development (DLCD) and Land Use Board of Appeals (LUBA), and continued emphasis on the housing emergency.

The bureau estimates that reducing the Chief Attorney Position will increase outside counsel costs by approximately $600,000. Although the bureau could divert resources from affirmative litigation, as discussed above this would have a negative impact on the City's finances. In light of the mounting land use workload, the financial benefit of affirmative litigation, and the cost-savings associated with using in-house counsel, CBO does not recommend this reduction.

CBO Recommendation: $0

Legal Services to PPB for DOJ work, AT_04, $165,250, 1.00 FTE

This decision package is for an additional attorney to work with the Portland Police Bureau on Department of Justice settlement policies. The Portland Police Bureau will fund the position one-time through an interagency agreement. The DOJ settlement is a three step process. The City has set an aspirational goal to complete the first step, policy adoption, by the end of October 2017. The DOJ settlement has distinct categories of actions that need to be taken: the use of force, training, community-based mental health services, crisis intervention, employee information system, office accountability, and community engagement.[3] There are approximately 120 tasks related to these categories that will, as identified by the DOJ, impact 47 City policies. The City has been working to review these 47 policies by category. To date, the DOJ has reviewed and approved only 7 of the 47 policies that are intended to be complete by the end of 2017.

By Fall of 2016, PPB recognized that additional assistance from the City Attorney was necessary and a limited term attorney was funded via an interagency agreement. This request extends the position for another year. General risk management principles and national best practices inform the decision to include an attorney in the process as there is a large volume of constitutional and statutory laws that apply to police operations. Including an attorney in the process increases efficiency by eliminating an iterative process. Given the impending time frame, the importance of this work, the desire of the customer bureau to fund with existing resources, and temporary nature of the DOJ Settlement, the City Budget Office recommends this decision package.

CBO Recommendation: $165,250 one-time, 1.00 FTE

Vacant/Abandoned Houses Attorney Support, AT_05, $165,250, 1.00 FTE

In FY 2016-17, one-time General Fund resources were approved for an attorney to address vacant and abandoned houses in Portland. This decision package converts the limited term position to an ongoing position.

Portland has traditionally not pursued foreclosures, and in the first year of work, a foreclosure process has been created and implemented by the limited term attorney. This work required amending City Code 5.30, working with multiple bureaus to disseminate and advise them on the foreclosure process, developing a Vacant Property Registration ordinance, and collaborating with other stakeholders and experts to develop techniques to address community livability.

[3] United States of America v. City of Portland, Settlement Agreement, 4. Accessed February 11, 2017, https://www.portlandoregon.gov/police/article/506328

To date, nine properties have been approved by Council for foreclosure. Of these nine, two liens have been paid off, three are being monitored due to active foreclosure from outside parties, and the remaining four are targeted for foreclosure proceedings to begin this year.

The two paid liens totaled $79,471 and the remaining seven total $505,664. The potential revenue from these proceedings would exceed the cost of this position for two years by over $250,000. Vacant and abandoned homes impact neighborhood livability and compound problems during a homelessness crisis.

CBO recognizes that this is a form of affirmative litigation and thus, is not a core service. While initial estimates suggest that funding this position will result in net positive revenues for the City and increase neighborhood livability,[4] due to limited resources CBO does not recommend funding at this time. CBO would like to see this work completed by the City Attorney through reprioritizing other activities with the understanding that response time and level of service might be lowered. CBO recommends that the City Attorney consider working with the bureaus who are most often the direct beneficiaries of paid liens. The properties on the current approved foreclosure list had liens that were code violations related only; therefore, the Bureau of Development Services (BDS) and the LID fund are directly positively impacted.

CBO Recommendation: $0

DOJ/Community Engagement/Accountability Policy, AT 06, $130,000, 1.00 FTE

The City Attorney is requesting funding for an ongoing Senior Policy Advisor that will work in the Mayor's Office and will interact with all elected officials to manage the DOJ settlement. This position will work closely with the Portland Police Bureau (PPB) and the City Attorney to facilitate timely compliance with the DOJ settlement agreement. Currently, there are positions within each bureau that manage activity related to the DOJ settlement agreement, but there is no single manager of the process across the city. Managing compliance with the DOJ settlement agreement is costing the City valuable time and resources, and it is in the City's best interest to reach compliance as soon as possible. This position fills an important role related to the DOJ agreement and helps the City's efforts to achieve complete compliance.

In FY 2016-17, this deficit was identified and in order to respond as quickly as possible, the position was filled and funded through vacancy savings from the City Attorney; however, these vacancy savings will not continue in FY 2017-18 and therefore can no longer fund the position.

The City Budget Office recommends that the ongoing funding for the Compliance Officer Community Liaison and Community Oversight Advisory Board (COCL/COAB) be reduced by $130,000 (one time) and using those to support this position. Currently, the COCL/COAB is being restructured and funding requirements are unknown, but CBO believes that a $130,000 reduction in the $800,000 budget would leave ample funding for the COCL contract ($355,000)

[4] Example of vacant home/zombie home story, Accessed February 10, 2017, http://www.kgw.com/news/local/zombie-house-in-n-portland-brought-to-life-now-for-sale/405438190

and other necessary costs. Finally, CBO recommends the funding and the position be included in the Mayor's budget since the position will be under the guidance of the Mayor.

CBO Recommendation: $0, 0.00 FTE

Bureau Budget Summary – Request and Recommendations

Below is a summary of The City Attorney's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Charges for Services	$ 106,000	$ 30,000	$ -	$ -	$ 30,000
Interagency Revenue	5,660,939	5,794,362	165,250	-	5,959,612
General Fund Discretionary	3,037,182	2,782,654	(4,095)	4,095	2,782,654
General Fund Overhead	3,524,279	3,301,421	(4,859)	4,859	3,301,421
Total Resources	**$12,328,400**	**$11,908,437**	**$156,296**	**8,954**	**$12,073,687**
Requirements					
Personnel Services	$ 10,396,979	$ 10,397,451	$ 203,300	$ (49,622)	$ 10,551,129
External Materials and Services	848,205	488,798	(47,004)	58,576	500,370
Internal Materials and Services	1,083,216	1,022,188	-	-	1,022,188
Total Requirements	**$12,328,400**	**$11,908,437**	**$156,296**	**$ 8,954**	**$12,073,687**

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
Office of the City Attorney											
Adds											
AT_04 - Legal Services to PPB for DOJ work	01	1.00	0	0	165,250	165,250	1.00	0	0	165,250	165,250
AT_05 - Vacant/Abandoned Houses Attorney Support	02	1.00	75,581	0	89,669	165,250	0.00	0	0	0	0
AT_06 - DOJ/Community Engagement/Accountability F	03	0.00	59,458	0	70,542	130,000	0.00	0	0	0	0
Total Adds		*2.00*	*135,039*	*0*	*325,461*	*460,500*	*1.00*	*0*	*0*	*165,250*	*165,250*
Reductions											
AT_01 - Materials and Services Reduction 0.5%	01	0.00	(13,913)	0	(16,507)	(30,420)	0.00	0	0	0	0
AT_02 - Materials and Services Reduction 0.5%	02	0.00	(13,914)	0	(16,507)	(30,421)	0.00	0	0	0	0
AT_03 - Chief Deputy City Attorney Position Reduction	03	(1.00)	(111,307)	0	(132,056)	(243,363)	0.00	0	0	0	0
Total Reductions		*(1.00)*	*(139,134)*	*0*	*(165,070)*	*(304,204)*	*0.00*	*0*	*0*	*0*	*0*
Total Office of the City Attorney		**1.00**	**(4,095)**	**0**	**160,391**	**156,296**	**1.00**	**0**	**0**	**165,250**	**165,250**

Analysis by: Jessica Eden

Office of the Auditor

The Auditor's Office has proposed an amendment to the City Charter that would establish a degree of independence from the City. There have been no outstanding shifts in responsibilities or level of service with the exception of an increasing workload for Independent Police Review.

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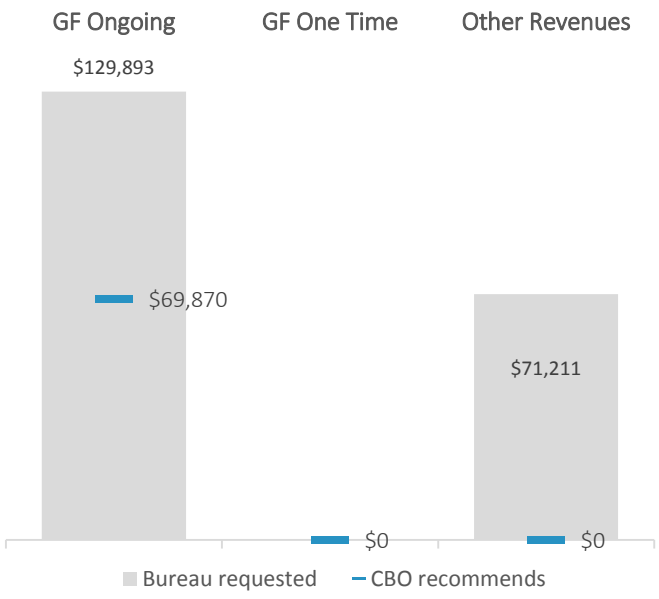

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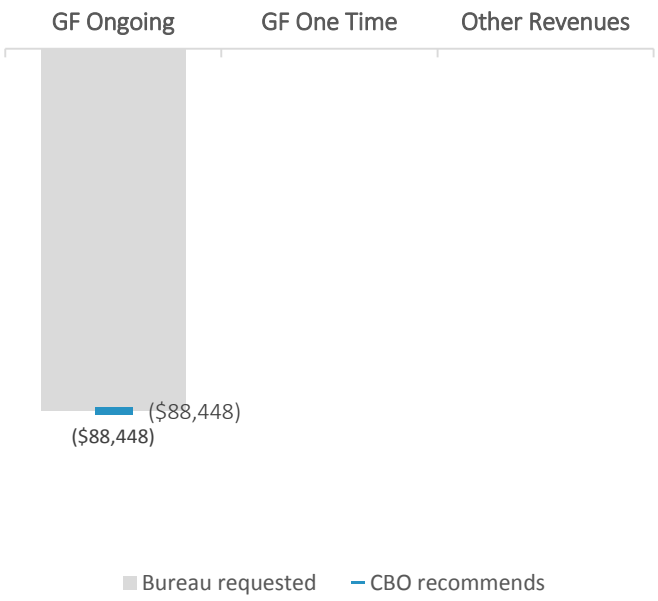
Reductions



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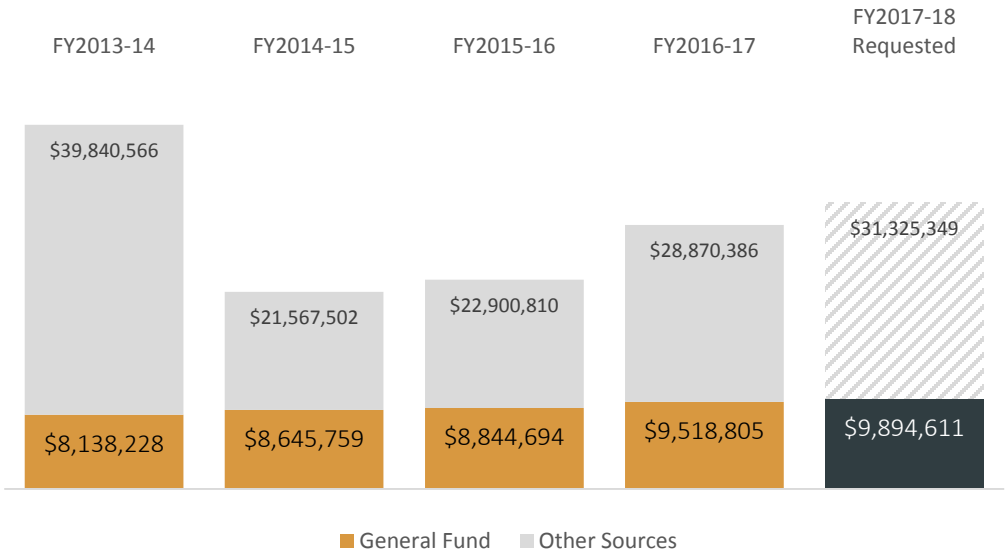
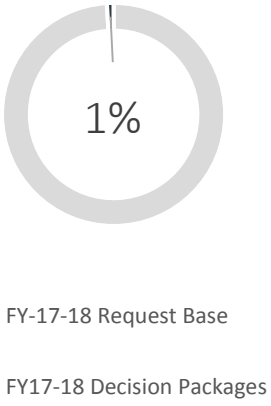
Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



Key Issues

Audit Services Performance

During FY 2016-17, the Auditor offered cuts to the Audit Services Division to comply with the 5% reduction budget guidance given by the Mayor. At the time, the number of and cost per audit was briefly discussed. CBO now has additional industry benchmarking and best practices data published by the Association of Local Government Auditors (ALGA)[1] to help provide context. Access to this data is limited to member organizations, and the Auditor's Office provided the most recently published ALGA benchmarking report to CBO. While no two audits are exactly the same, all of the respondents in the ALGA benchmarking report use the same guidelines set forth in the Yellow Book. The scope, and therefore depth, of an audit is determined by the Auditor's Office.

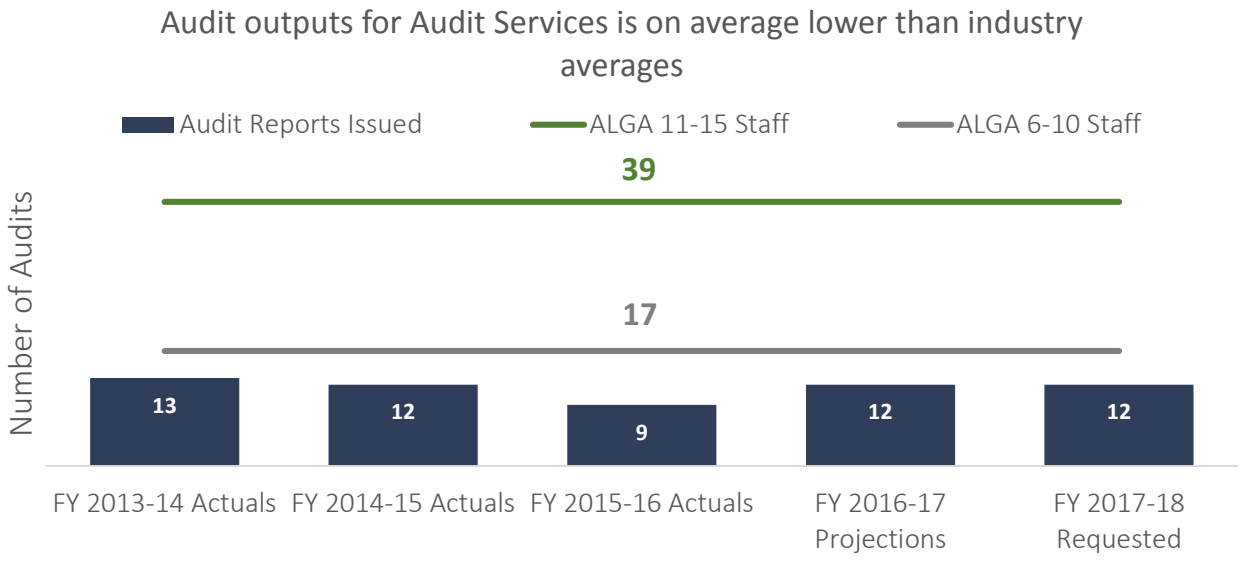
The Audit Services Division has had just over 11 FTE since FY 2013-14; however, there was staff turnover during FY 2015-16 that decreased the number of audits produced and increased costs. The Auditor's Office currently has 9.2 FTE Auditors. There is a Community Outreach and Information Specialist and a Director of Audit Services. During FY2016-17, the Community Outreach and Information Specialist position was considered for elimination and the Office stated that eliminating the position would reduce the number of audits released from 12 to 10 per year. The director assists in scoping audits as well as the review process. Taking this into consideration, CBO reports ALGA data below for audit departments with 11-15 and 6-10 staff.

- The average number of audits produced from FY 2013-14 to FY 2017-18 (projected) by The Auditor's Office is 11.5.
- Cost per audit has fluctuated from $121,769 to $157,843.[2]

[1] The ALGA surveys represent 104 audit departments ranging in size from 1-2 staff to 16+; of the 104, 13 have 11-15 staff and 30 had 6-10 staff. Respondents from the ALGA report stated that audit activities account for just under two thirds of staff time.

[2] This methodology differs from FY2016-17 methodology. This review removes the direct cost of the external financial audit as well as 75% of the total cost of the managing auditor.

ALGA reports that audit departments with 11-15 audit staff complete on average 39 audits per year in addition to 5 non-audit outputs (reports), and audit departments with 6-10 audit staff complete on average 17 audits per year and 6 additional outputs.



Even though no two audits are the same, the number of audits produced is an industry (ALGA) accepted performance metric as well as a performance metric reported by the Auditor's Office. The ALGA Benchmarking and Best Practices report states that "…slightly more than three quarters of respondents indicated their audit department used performance measures…(and) 85% agree that the performance measures have been successfully integrated into ongoing management of the audit shop". The data indicates the Auditor's Office is producing less than one third of an audit department with 11-16 staff and approximately two thirds of what an audit department with 6-10 staff produce. CBO recognizes that the number of audits issued is not a perfect measure due to variation in scope. However, CBO strongly encourages audit services to review its performance against its peers and use performance management to ensure it is providing the highest quality services at the lowest possible cost.

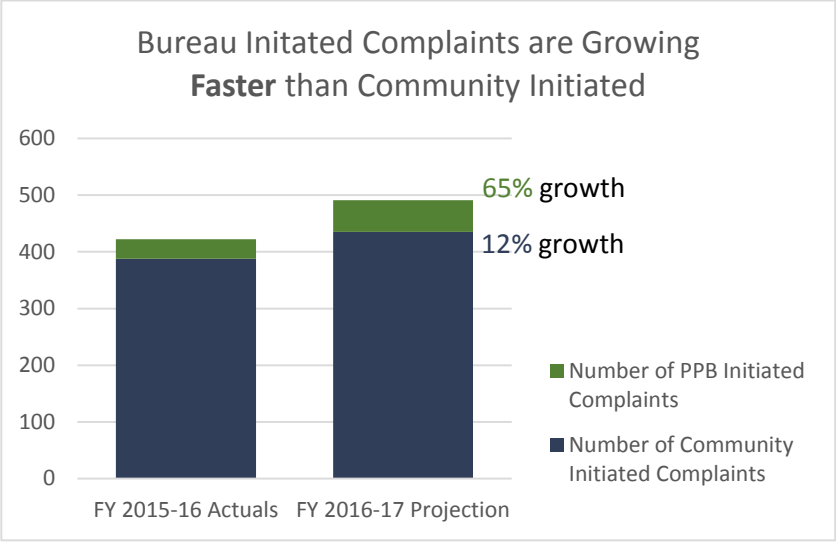
Decision Package Analysis & Recommendations

IPR Asst. Program Manager to Full Time, AU_01, $69,870, 0.5 FTE

This package requests that the current IPR Assistant Program Manager transition from 0.5 FTE to 1.0 FTE. This request addresses requirements set forth by the state in House Bill 2002 and by the U.S. Department of Justice (DOJ) settlement agreement. A key element of the DOJ settlement is that all investigations be complete within 180 days. To meet this, IPR must complete their portion within a 60-day time frame. IPR strives to complete 45% of cases in a 60-day time frame. The percent of (estimated) cases that are projected to meet that goal in FY 2016-17 fell 5 percentage points from 29% in FY 2015-16 down to 24% in FY 2016-17. These

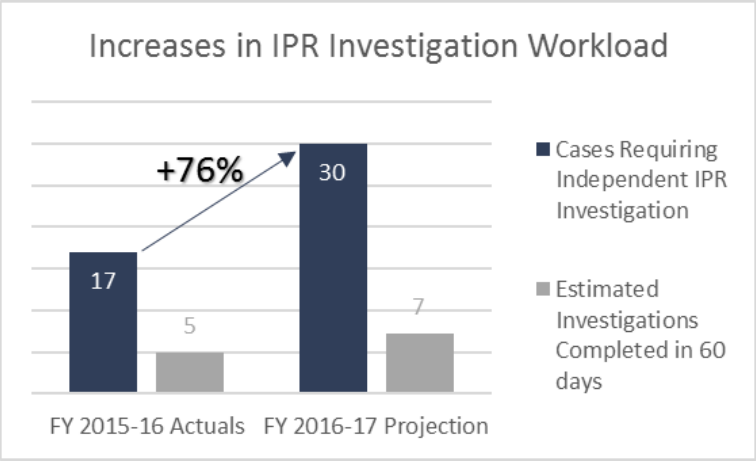
percentages are misleading as they do not adequately reflect changes in workload. Among other things, increased workload and process inefficiencies pose challenges to IPR achieving their goal.

As expected, there has been an increase in the total volume of complaints. There are two kinds of complaints: community initiated and Portland Police Bureau (PPB) initiated complaints. Each complaint requires some measure of intake and analysis from the IPR team.



- The composition of complaints is important because community-initiated complaints often involve force, and the majority of these are referred for investigation either by internal affairs or IPR.
- Bureau-initiated complaints grew 65% in the last year while community initiated complaints grew 12%.
- Currently, the assistant manager is responsible for reviewing the majority of bureau initiated complaints, which are more time intensive because they include: officer involved shootings, in-custody deaths, and interpersonal workplace conflicts.

To offset the additional workload, Council approved two additional investigators in FY 2016-17 bringing the total number of investigators to seven; however, until recently, only six of the seven positions were filled.



- Legislation that took effect in January 2016 changed criteria such that a significantly higher portion of cases are investigated.
- The number of cases referred requiring investigation grew 76% in the last year.
- City Code 3.21.070 gives IPR broad authority to independently investigate cases. DOJ guided IPR to specify what types of cases IPR investigates; specific criteria includes complaints pertaining to protests. With the

current political climate, IPR anticipates further increasing workload from this type of complaint.

Process improvement analysis conducted by a workgroup comprised of City bureaus and community members identified multiple inefficiencies in the complaint process. To fully implement these changes, various sections of City Code need to be changed and are going before Council in March 2017.

Due to the impending October 2017 deadline and clear increase in IPR workload, CBO recommends adding $69,870 to increase the Assistant Program Manager from part-time to full-time.

CBO Recommendation: $69,870 ongoing, 0.50 FTE

Senior Staff Attorney, AU 02, $131,234, 1.00 FTE

This decision package adds one attorney to the Auditor's Office. The Auditor's Office intends to realign $50,000 to offset the full $170,490 cost of a senior staff attorney. The Auditor's Office will still seek advice from the City Attorney when the Auditor's Office is not in conflict with the City's position on matters such as employment and labor, Council operations, litigation defense, and other matters. The Auditor's Office believes this position is critical to ensuring independence of the Auditor's Office. There is currently a charter change proposed that will ensure the Auditor's independence and ability to retain or employ independent legal counsel.

CBO requested information from the Auditor's Office regarding hours of legal services they have received over the last three years. The Auditor's Office reported that they have received advice regarding employment, labor, and council operations from the City Attorney but that the City Attorney does not keep track of exact hours. The Office also stated that they sought the City Attorney's advice less often because of unresolved independence concerns.

Additionally, the Auditor's Office contracted for between 80-100 hours of outside counsel in 2016[3] but did not report contracting with independent legal counsel in other years. The Auditor's Office feels this in no way reflects unmet demand for independent legal counsel and states using independent counsel for all remaining legal needs is cost-prohibitive.

No exact estimates of unmet legal demand were provided to CBO. To the degree that the Auditor's Office can help quantify this further, CBO can determine if it is cost beneficial to add in-house legal counsel. CBO currently has no way to evaluate the true demand. Cost of outside counsel is roughly $375 per hour. At 100 hours per year, this would cost $37,500. Since the Auditor has identified $50,000 that can be realigned to pay for this position, CBO believes it is

[3] Auditor's Office reported to CBO 2016 cost of independent legal counsel was $31,272

more cost-effective to continue using outside counsel, and in the context of limited ongoing resources does not recommend funding this request.

CBO Recommendation: $0, 0.00 FTE

Auditor's Office 1% Reduction, AU 03, ($88,448)

The package reduces ongoing General Fund resources allocated to support external materials and services expenses across the office and represents a 1% reduction. This reduction primarily impacts three areas: The financial audit contract, the Community Survey, and miscellaneous office needs.

The Auditor's Office keeps a cushion available for price fluctuations in the financial audit contract of approximately $100,000. This year, the contract is out for bid and so the price of the new contract is unknown. The office has stated that it will be a competitive process but cannot currently provide market rates for similar contracts as these are best captured in RFP responses and that process is not yet complete. Although fixed price auditing contracts are available, the Auditor's office stated that they will not enter into a fixed price contract because it eliminates the possibility of the City paying less if the financial audit takes fewer hours.

The Auditor's Office has performed the Annual Community Survey for the last 25+ years; it is used widely by City Bureaus and is a consistent source of data reflecting how citizens of Portland perceive their city and government. The Auditor's Office has stated that reducing materials and services will render them unable to produce the Annual Community Survey ($24,500), but reclaimed staff time will allow them to produce one additional audit. As illustrated in the key issues section of this review, the City Budget Office believes that it is possible for Audit Services to have higher output concurrent with the production of the Annual Community Survey.

Demonstrated in the table below, the Auditor's Office consistently underspends external materials and services funds on average by $364,774. The table excludes the Assessments, Finance, and Foreclosure program since underspending in this program does not impact General Fund savings. CBO recognizes that external materials and services was reduced last year by $83,954 and has incorporated this reduction into the analysis. Year-to-date EMS spending for the Auditor's Office for FY 2016-17 is closely following FY 2015-16. CBO projects external materials and services spending will be approximately $840,033. As such, the Auditor's Office is on track to underspend the external materials and services budget.

EMS Spending	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Revised Budget	1,430,796	1,299,630	1,456,193	969,264	1,076,550	1,209,966	1,287,534
Actual Expenditures	917,599	961,416	1,021,210	717,545	800,434	835,552	840,033
Difference	513,197	338,214	434,983	251,719	276,116	374,414	447,501
Percent Underspent	*35.9%*	*26.0%*	*29.9%*	*26.0%*	*25.6%*	*30.9%*	*34.8%*

The Auditor's office believes they need a large cushion in order to avoid having to ask Council for additional funds during the year, which they argue threatens their ability to independently audit City services. However, budgeting unneeded resources to a program keeps those resources from being used for other City priorities.

Although further reductions to the external materials and services budget will reduce flexibility, the City Budget Office believes that the reduction can be taken with minimal impact to level of service. It is the intent of the Auditor's Office to cut the Annual Community Survey if this reduction is taken; however, CBO believes there is sufficient underspending in external materials and services and the cost of the Annual Community Survey can be absorbed.

CBO Recommendation: ($88,448)

Bureau Budget Summary – Request and Recommendations

Below is a summary of Auditor's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 16,688,763	$ 16,691,143	$ -	$ -	$ 16,691,143
Charges for Services	1,171,045	1,139,417	-	-	1,139,417
Interagency Revenue	165,000	158,904	-	-	158,904
Fund Transfers - Revenue	500,000	-	-	-	-
Bond and Note	9,027,599	13,629,814	-	-	13,629,814
Miscellaneous	8,487,937	6,502,603	-	-	6,502,603
General Fund Discretionary	4,334,984	5,504,036	41,445	(60,023)	5,447,544
General Fund Overhead	5,183,821	4,277,919	71,211	(71,211)	4,315,833
Total Resources	**$45,559,149**	**$47,903,836**	**$112,656**	**$ (131,234)**	**$47,885,258**
Requirements					
Personnel Services	$ 6,239,753	$ 6,440,265	$ 240,360	$ (170,490)	$ 6,510,135
External Materials and Services	1,523,032	1,664,307	(117,448)	50,000	1,596,859
Internal Materials and Services	3,415,436	3,404,397	(10,256)	(10,744)	3,383,397
Bond Expenses	12,375,028	11,173,693	-	-	11,173,693
Fund Transfers - Expense	5,487,264	7,855,574	-	-	7,855,574
Contingency	2,886,682	2,511,683	-	-	2,511,683
Unappropriated Fund Balance	13,631,954	14,853,917	-	-	14,853,917
Total Requirements	**$45,559,149**	**$47,903,836**	**$112,656**	**$ (131,234)**	**$47,885,258**

City of Portland

Decision Package Recommendations

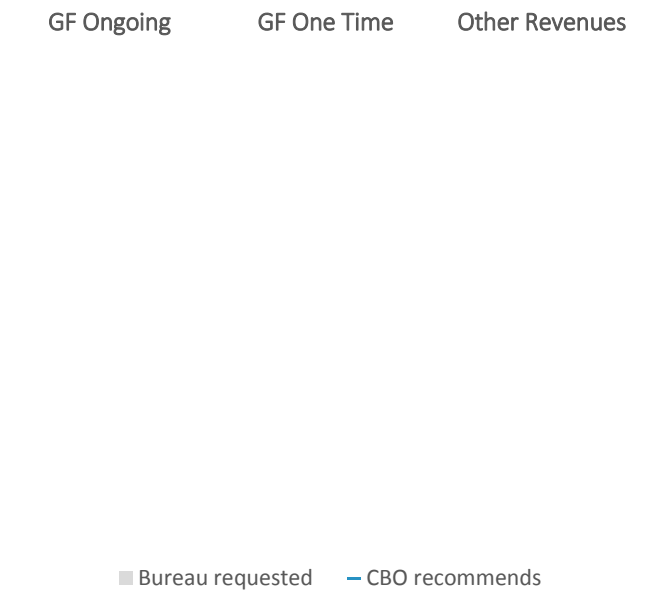
(Includes Contingency and Ending Balance)

		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
Office of the City Auditor											
Adds											
AU_01 - IPR Asst Program Manager to Full-Time	01	0.50	69,870	0	0	69,870	0.50	69,870	0	0	69,870
AU_02 - Add Sr Staff Attorney (partial realignment)	02	1.00	60,023	0	71,211	131,234	0.00	0	0	0	0
Total Adds		*1.50*	*129,893*	*0*	*71,211*	*201,104*	*0.50*	*69,870*	*0*	*0*	*69,870*
Reductions											
AU_03 - Auditor's Office 1 Percent Cut	01	0.00	(88,448)	0	0	(88,448)	0.00	(88,448)	0	0	(88,448)
Total Reductions		*0.00*	*(88,448)*	*0*	*0*	*(88,448)*	*0.00*	*(88,448)*	*0*	*0*	*(88,448)*
Total Office of the City Auditor		**1.50**	**41,445**	**0**	**71,211**	**112,656**	**0.50**	**(18,578)**	**0**	**0**	**(18,578)**

Analysis by: Andrew Scott

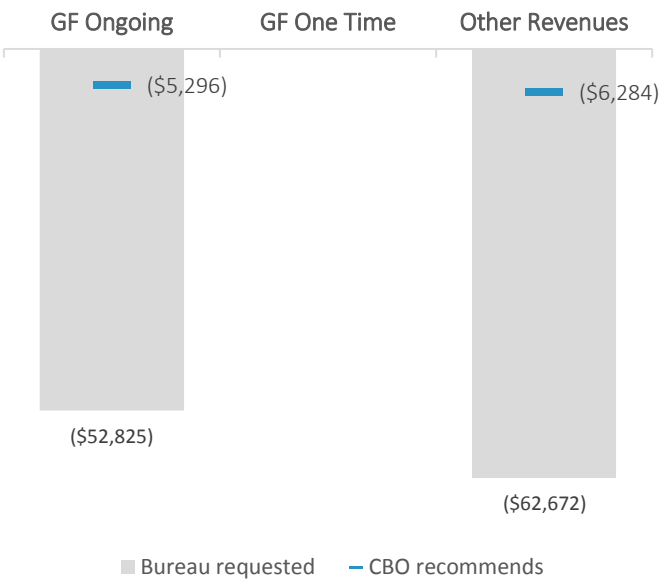
City Budget Office

Adds



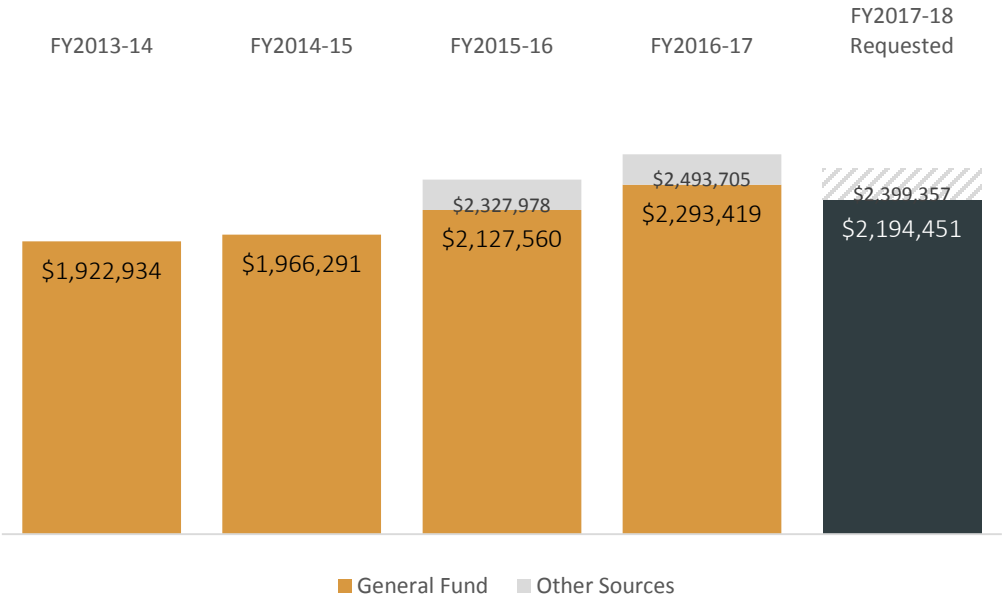
0.00 FTE Requested 0.00 FTE Recommended

Reductions

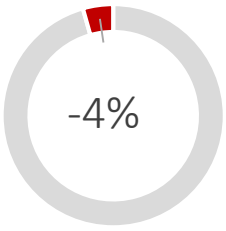


(1.00) FTE Requested (0.00) FTE Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



Key Issues

BRASS Replacement

In FY 2016-17, CBO received $1.0 million in infrastructure funding to replace its aging BRASS budget preparation and monitoring software. The software is not supported for Windows 10, the upcoming City standard. Moreover, the most recent upgrade that was performed in order to support Microsoft SQL Server 2008 does not support the reporting software. Consequently, the reports library has become corrupted and will cause increasing inefficiencies in budget production.

Since receiving the funding, CBO has convened stakeholders from throughout the City to identify key functionality that will be needed in any new system. CBO also scheduled in-person demonstrations from current vendors (BRASS and SAP) on their available successor systems and invited bureau budget staff to attend.

There is a moratorium on technology projects and procurements through June 2017 due to the Portland Building reconstruction and data center move. As a result, progress on replacing BRASS will begin in summer 2017. In the meantime, CBO is moving forward with developing business requirements for a new system. There is significant risk of failure of the current system over the next 18 months, which would directly impact bureau financial staff Citywide, and the timeline for replacement is also pushing up against the system's scheduled end of life in 2020. As an enterprise-wide technology system, this project should be viewed as a high priority once the current moratorium is lifted.

Decision Package Analysis & Recommendations

The City Budget Office includes recommendations on its own decision packages below, but acknowledges the inherent conflict of interest when making recommendations on our own budget. We welcome any questions about the packages.

Travel and Salary Savings, BO_01, ($11,580)

The package eliminates $5,553 of salary savings budgeted by the bureau for unforeseen benefit and/or salary increases expected during the year due to turnover or other events. It also reduces the bureau's external materials and services budget by $6,027, primarily through a 14% reduction in travel and training.

Elimination of the salary savings makes it more likely that the bureau will need to request compensation set-side during the fiscal year in order to remain within budget. In addition, as with most small offices a change in benefit elections of an individual employee can have a large impact on the personnel services expenditures in a given year. The reduction in travel and training will eliminate two to three opportunities per year for analysts to continue their education in budgeting and finance.

CBO recommends this reduction in order to comply with the Mayor's goals around fiscal resiliency. Although the impacts will be felt by staff, we believe that it is important for the City to look for ways to reduce costs now, in order to prepare for the inevitable economic slowdown.

CBO Recommendation: ($11,580)

Eliminate a Limited Term Assistant Financial Analyst, BO 02, ($103,917), (1.00) FTE

The package eliminates a limited term Assistant Financial Analyst position and related materials and services in order to comply with the 5% reduction guidance. The position is currently filled and is assigned a portfolio of bureaus and various special projects. If the position is eliminated, the work will need to be shifted to other analysts within CBO, significantly reducing the amount of time available for 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 4.4 to 4.3 on a 5-point scale.

The City Budget Office does not recommend this reduction. CBO has expanded its focus on performance management and process improvement, and has taken the lead on diverse projects such as Bloomberg Philanthropies' *What Works Cities* program, the creation and monitoring of performance dashboards, and a collaboration with Denver's *Peak Academy* to train City staff on process improvement. As a result, analysts are diving more deeply into bureau budgets and operations, and the loss of the limited term position will significantly impact the level of analysis that CBO is able to provide to the Mayor, Council, and the public.

In addition, CBO is planning to use the limited term position to assist with implementation of new budgeting software (noted in Key Issues above). If the position is eliminated, CBO may need to request additional funding for assistance with the project, negating any short-term savings.

CBO Recommendation: $0, (0.00) FTE

Bureau Budget Summary – Request and Recommendations

Below is a summary of the City Budget Office's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Interagency Revenue	$ 200,286	$ 204,906	$ -	$ -	$ 204,906
General Fund Discretionary	1,044,452	1,056,493	(52,825)	47,529	1,051,197
General Fund Overhead	1,248,967	1,253,455	(62,672)	56,388	1,247,171
Total Resources	**$2,493,705**	**$2,514,854**	**($115,497)**	**103,917**	**$2,503,274**
Requirements					
Personnel Services	$ 2,099,333	$ 2,079,215	$ (107,759)	$ 102,206	$ 2,073,662
External Materials and Services	192,260	204,200	(6,027)	-	198,173
Internal Materials and Services	202,112	231,439	(1,711)	1,711	231,439
Total Requirements	**$2,493,705**	**$2,514,854**	**($115,497)**	**$ 103,917**	**$2,503,274**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

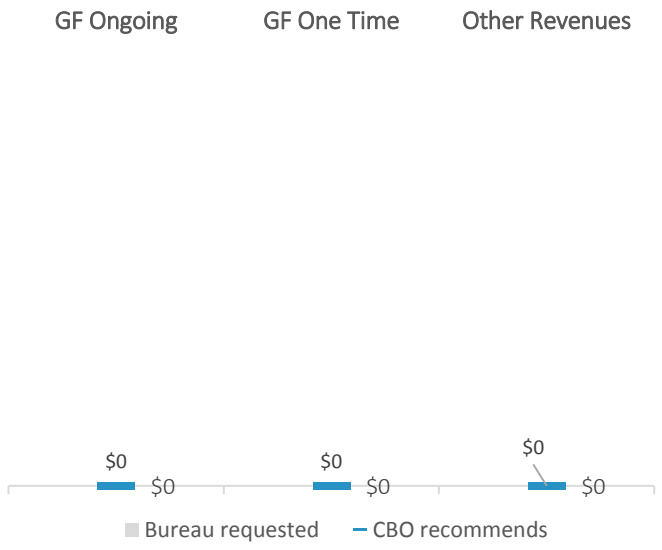
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
City Budget Office											
Reductions											
BO_01 - Travel and Salary Savings	01	0.00	(5,296)	0	(6,284)	(11,580)	0.00	(5,296)	0	(6,284)	(11,580)
BO_02 - Eliminate LT Asst. Financial Analyst	02	(1.00)	(47,529)	0	(56,388)	(103,917)	0.00	0	0	0	0
Total Reductions		*(1.00)*	*(52,825)*	*0*	*(62,672)*	*(115,497)*	*0.00*	*(5,296)*	*0*	*(6,284)*	*(11,580)*
Total City Budget Office		**(1.00)**	**(52,825)**	**0**	**(62,672)**	**(115,497)**	**0.00**	**(5,296)**	**0**	**(6,284)**	**(11,580)**

Analysis by: Doug Le

Bureau of Development Services

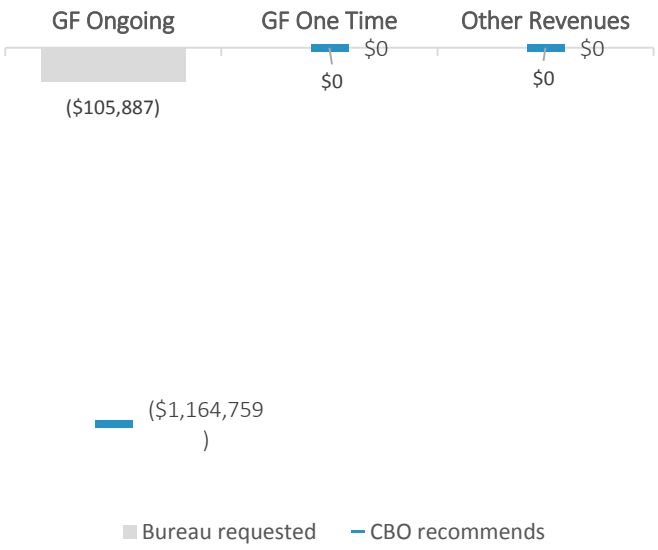
The Bureau of Development Services (BDS) has experienced significant growth over the last few years due to the robust construction environment in Portland. Approximately 98% of the bureau's revenues come from permit fees and assessments; the remaining 2% comes from General Fund to support Land Use Services (LUS) and Neighborhood Inspections Program (NIP). The bureau's programmatic reserves far exceed targeted levels; as such CBO believes that the General Fund subsidy for the Land Use Services program is no longer necessary and recommends those resources be redirected to other City priorities.

Adds



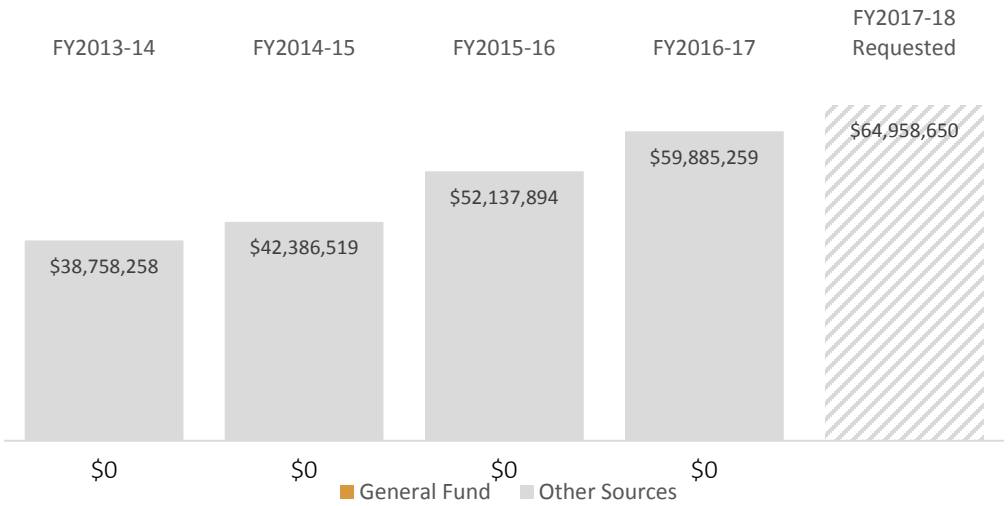
0.00 FTE Requested **0.00 FTE** Recommended

Reductions

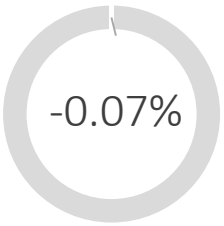


(0.00) FTE Requested **(0.00) FTE** Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



FY-17-18 Request Base

FY17-18 Decision Packages

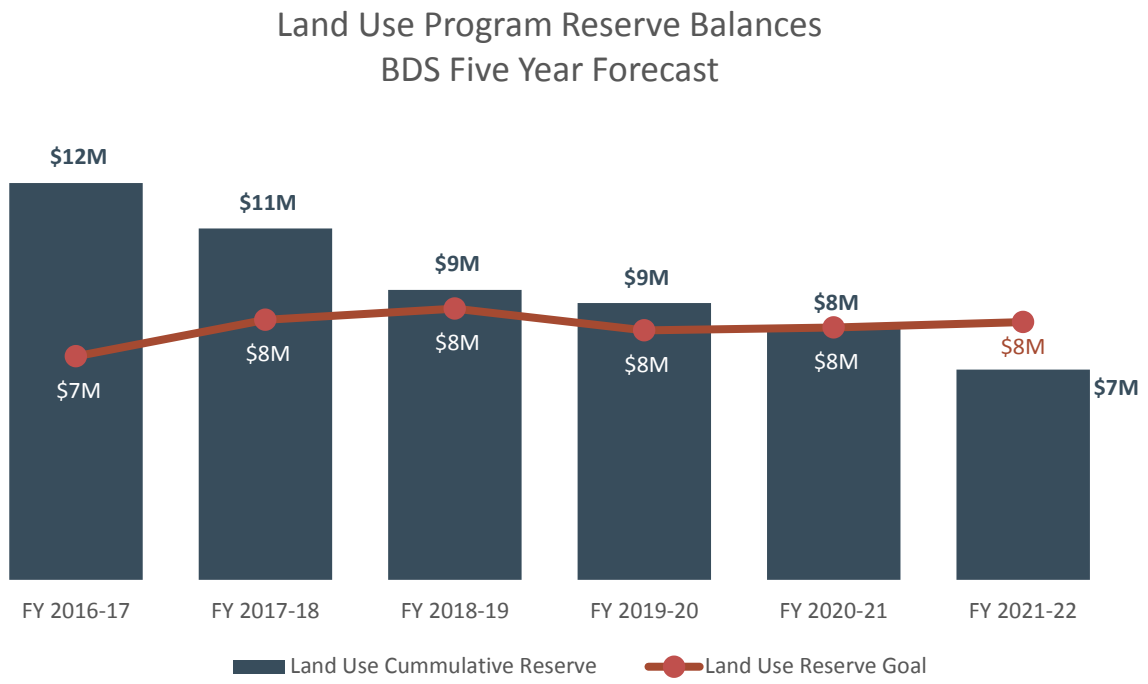
Key Issues

Land Use Services Reserves and General Fund Support

The Land Use Services (LUS) program administers Title 33 of the City Code, which implements the goals and policies of the City's Comprehensive Plan. The program's estimated FY 2017-18 costs are projected to be $16,231,459; of this amount, 85% is funded by program revenues, 7% is funded by the General Fund, and the remaining 9% is drawn from program excess reserve.

Land use fees are governed by Oregon Revised Statute 227.175 and the development services fee was adopted by Council via Ordinance # 178953 in 2004. The development services fee was created to assist BDS in solving critical funding issues in LUS. General Fund resources have also been allocated to LUS since FY 1999-00 to assist in addressing a program deficit and to render land use fees more affordable to developers. There has not been a program deficit in the last five fiscal years, nor is one forecasted in the current year or in the immediate future; yet the program continues to receive a General Fund subsidy of over $1 million.

While LUS suffered significant funding deficits in prior years due to the decline in construction activities, the economy has rebounded, and LUS has experienced unprecedented growth. The program last increased fees in FY 2013-14, and no fee increase is projected in the next five years. In FY 2016-17, BDS increased the program reserve goal to 50% of estimated total costs, and is projected to exceed that goal by $5.4 million. Excess reserve is reduced to $2.8 million in FY 2017-18, as the bureau forecasts total costs to increase by 16.4% as a result of new positions and work on the Portland Online Permitting System (POPS). Program revenues are anticipated to decrease by 2.9% as a result of the Inclusionary Zoning (IZ) policy adopted by Council in 2017. The forecasted level of reserve is 18 percentage points above the 50% reserve goal. Based on the latest five-year financial plan, LUS is fully reserved at 50% of estimated total costs well into the near future.



If the General Fund subsidy is eliminated and all other program costs and revenues stay the same, program reserve balance would equal 61% of costs in FY 2017-18 but decline over the ensuing four years to 9% of costs in FY 2021-22. The needed level of reserves is premised on the projected required expenses.

A Financial Advisory Committee (FAC) has met annually since 2010 to review the bureau's financial projection; however, for FY 2017-18 as in previous years, the committee only reviewed the bureau's projected revenues and did not address projected expenses. Additionally, the IZ laws are new and their long-term impact on the bureau's revenues and expenditures are unknown. And finally, the estimated cost of POPS in FY 2017-18 and FY 2018-19 is also unknown at this time as the project is still in a discovery stage until June 2017.

Based on the above findings, and the City's financial policy (FIN 2.06) that directs bureaus to strive for cost recovery where possible, CBO offers the following recommendations:

1. The General Fund allocation of $1,058,872 in LUS should be returned to the General Fund, because the program is now fully reserved with no significant risk to its fiscal stability in the immediate future. This decision would allow Council to use this resource to address other more urgent and pressing needs in the City.
2. Council should direct the Financial Advisory Committee to review the projected revenues and expenditures of all programs, along with the assumptions used in the forecast, so that the committee can issue its opinion on the entire BDS five-year financial plan document. This effort would lend a much higher degree of credibility to the bureau's financial plan, allowing Council to make financial and programmatic decisions related to BDS with a higher level of confidence.

Performance Measures and Government Accountability, Transparency, and Results Findings

BDS continues to experience dramatic workload increases and is challenged to keep pace with demand: while the bureau has been able to increase performance in a number of its workload performance measures, the bureau did not meet targets in any of its Key Performance Measures in FY 2015-16. BDS has requested and received authorization to hire nearly 100 new FTE in the last two fiscal years, but has experienced difficulty staffing up quickly due to challenges with recruiting qualified personnel, long recruitment times, and long training processes.

On January 19, 2017, Mayor Wheeler convened a Government Accountability, Transparency, and Results (GATR) session with BDS, the Housing Bureau, and other development review bureaus to discuss ways to accelerate the housing development process and reduce costs to meet the City's goals for increased housing supply. The session highlighted and sought to address challenges that the City faces with regards to meeting land use and permitting review timelines. Data covered in the session showed that certain permit review types meet the state-mandated 20-day target for first review less than 50% of the time. Potential process improvements to create a greater framework of accountability between development customers and City service providers might build upon strategies that have successfully sped land use and permitting review for City-financed affordable projects.

BDS, in partnership with the Bureau of Planning and Sustainability, is in the process of releasing a report detailing recommended improvements to the design review process (a component of land use review). As a follow-up to the GATR session, the Mayor has tasked CBO and the Office of Management and Finance (OMF) to work with development bureaus to identify ways to reduce development costs and timelines – specifically by looking at reducing review fees and by implementing potential short- and medium-term process improvement strategies suggested by the bureaus. CBO, OMF, BDS and its partner bureaus (including Transportation, Environmental Services, the Water bureau, Fire & Rescue, Parks & Recreation, and the Housing bureau) will provide recommendations to the Mayor and Council by April 7, 2017.

Information Technology Advancement Project (ITAP)/Portland Online Permitting System (POPS)

BDS continues its efforts to replace the current and outdated permitting system (TRACS). The bureau began efforts with the Information Technology Advancement Project (ITAP) in 2010. The total ITAP project budget was estimated at $11,840,828 and the timeline for completion was originally planned for December 2015.

The project experienced multiple delays during its initial stages and in June 2016 BDS officially parted with the project contractor and made several changes to the project management structure. In October 2016, BDS and the Bureau of Technology Services (BTS) retained the consulting firm Virtue Information Executives (VIE) to provide an evaluation of the current state

of ITAP and to recommend the next steps towards the successful implementation of the project.

VIE recommended an immediate stop to the current project activities and the commencement of a discovery phase to re-assess the project scope and timeline. The consultant also recommended major changes in several key areas such as: Project Leadership and Governance, Project Management, Vendor Management, and Enterprise IT Governance.

BDS and BTS have begun implementing these recommendations. By the time ITAP was stopped, the bureau has spent $9,782,611 or 83% of the project budget. BDS started the new discovery phase in January 2017 funded by the remaining balance of the ITAP project.

As part of the efforts to implement the changes recommended by the consultant, a new project, Portland Online Permitting System (POPS), has been launched. The ITAP project was financed by BDS internal reserves; future costs to implement POPS will also be funded in a similar fashion.

Neighborhood Inspections Program

The Neighborhood Inspections Program (NIP) supports the Citywide goals to protect and enhance natural and built environment and to maintain and improve neighborhood livability. In FY 2017-18, the program costs are estimated at $4,927,767; 70% of the costs are funded by program revenues, 19% are funded by General Fund and the remaining is funded by program reserve. BDS has offered to take the required 5% General Fund reduction, $105,887, in the NIP by reducing funding for the nuisance abatement program by 25%. Also in FY 2017-18, the bureau projects a program excess reserve of $1,042,302 and no fee increase projected in the next five years.

A budget note in FY 2016-17 directs BDS to make a one-time General Fund transfer of $664,710 from LUS to NIP to fund five Housing Inspector positions. These are ongoing positions, two are assigned to the Extremely Distressed Properties Enforcement Program (EDPEP) and the remaining three are assigned to the Enhanced Rental Inspection Program.

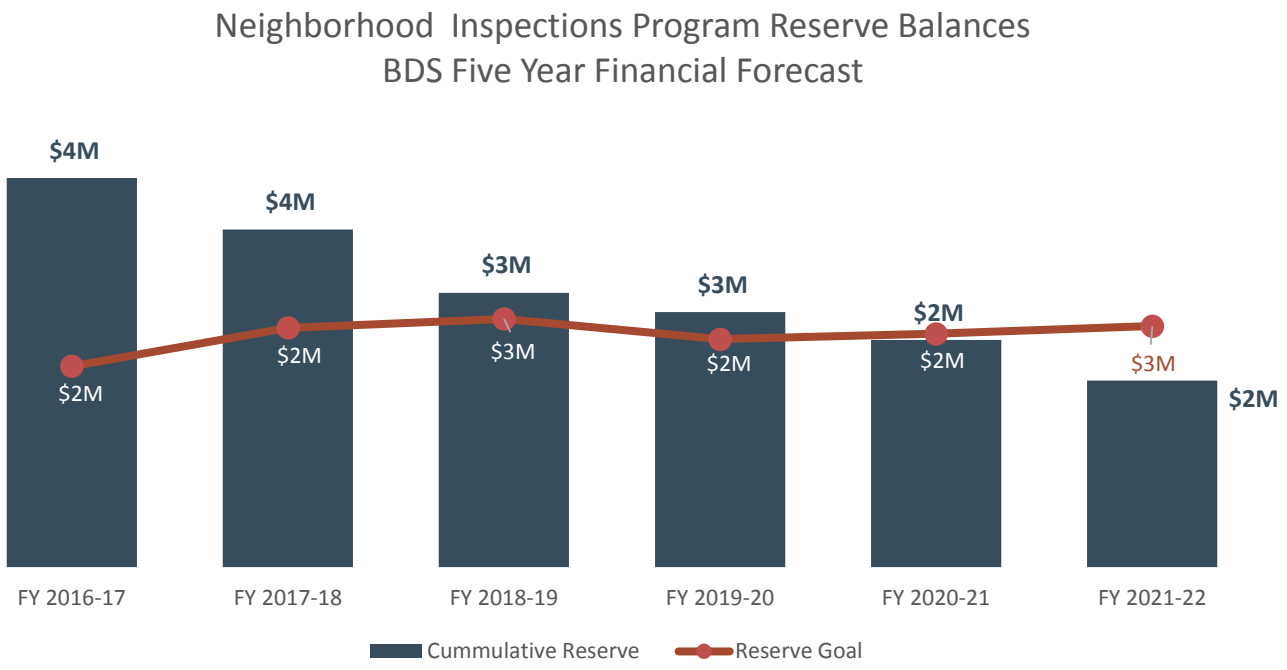
BDS has informed CBO that starting in FY 2017-18, the above five positions will be absorbed in the bureau's five-year financial plan with ongoing funding in NIP. CBO supports this decision.

Rental Inspections Fee

In FY 2015-16, BDS requested ongoing General Fund resources to fund three inspector positions in the Enhanced Rental Inspection Program within the Neighborhood Inspections Program. Instead, Council approved the use of one-time program reserve as a funding bridge for these positions and directed BDS to work with Portland Housing Bureau (PHB) 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 outreach. The note specified that BDS and PHB should present a recommendation to Council for consideration by January 2016; as part of the FY 2016-17 Fall

Budget Monitoring Process (BMP), BDS reported that the two bureaus are still working on the above fee and will present a joint comprehensive recommendation to Council. No timeframe for the above recommendation was presented in the BMP report.

The Neighborhood Inspections Program is fully reserved at 50% of estimated total costs well into the foreseeable future, FY 2020-21, as shown in the table below.



Decision Package Analysis & Recommendations

Mandatory 5% General Fund Cut, Dec Pkg #DS-01 ($105,887)

BDS proposed to take the 5% General Fund reduction, $105,887, by reducing the nuisance abatement services in the Neighborhood Inspections Program. The reduction will result in 52 fewer nuisance abatements completed in FY 2017-18; this is approximately 28% of total nuisance abatements performed in FY 2015-16. Nuisance abatements are typically necessary in low income neighborhoods with communities of color, immigrant, and/or refugees who are unable or unwilling to maintain their properties in compliance with nuisance standards.

In FY 2017-18, the bureau projects a program excess reserve of $1,042,302 (19 percentage points over the 50% reserve goal) and no fee increase is projected in the next five years. Following the assumptions in the five-year financial plan, the bureau could use reserves to backfill this general fund reduction for the next four years before falling below the bureau reserve goal by 8 percentage points. Given the financial strength of the Neighborhood Inspections Program, CBO recommends that the reduction should be taken; but recommends that BDS use the program reserve to backfill the cut to avoid the negative impacts to the public

in the short term, and the bureau re-evaluate program needs once excess reserves are diminished.

CBO Recommendation: ($105,887)

Eliminate GF Subsidy for Land Use Services, Dec Pkg #DS-02, $0

Land Use Services program is funded by Land Use fees and Development Services fee. Council started allocating General Fund resources to the program in FY 1999-00 to provide financial assistance while it was experiencing funding deficit. While the program suffered significant deficits in prior years due to the decline in construction activities, the economy has rebounded, and LUS has experienced unprecedented growth. There has not been a program deficit in the last five fiscal years, nor is one forecasted in the current year or in the immediate future; yet the program continues to receive a General Fund subsidy of over $1 million.

As a result, CBO recommends that the General Fund allocation of $1,058,872 in LUS should be returned to the General Fund, because the program is now fully reserved with no significant risk to its fiscal stability in the immediate future.

CBO Recommendation: ($1,058,872)

Bureau Budget Summary – Request and Recommendations

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 62,159,090	$ 80,291,247			$ 80,291,247
Licenses & Permits	37,282,949	41,005,193			41,005,193
Charges for Services	15,909,098	17,007,502			17,007,502
Interagency Revenue	1,116,021	1,256,424			1,256,424
Fund Transfers - Revenue	2,117,744	2,117,744	(105,887)	(1,058,872)	952,985
Miscellaneous Sources	3,459,447	3,677,674			3,677,674
Total Resources	**$122,044,349**	**$145,355,784**	**($105,887)**	**($1,058,872)**	**$144,191,025**
Requirements					
Personnel Services	$ 39,220,130	$ 42,509,184			$ 42,509,184
External Materials and Services	2,887,657	5,057,895	(105,887)		4,952,008
Internal Materials and Services	10,030,231	11,450,369			11,450,369
Capital Outlay	1,611,117				
Debt Service	1,165,052	1,270,656			1,270,656
Fund Transfers - Expense	1,734,257	1,908,947			1,908,947
Contingency	25,395,905	33,158,733		(1,058,872)	32,099,861
Unappropriated Fund Balance	40,000,000	50,000,000		-	50,000,000
Total Requirements	**$122,044,349**	**$145,355,784**	**($105,887)**	**($1,058,872)**	**$144,191,025**

The Beginning Fund Balance shows a sharp increase from FY 2016-17 Adopted Budget to FY 2017-18 Base reflects the large estimated reserve accumulated at the end of the fiscal year. The increase in revenues from Licenses & Permits and Charges for Services is due to the robust economy, particularly in the construction industry. The increase in Personnel Services and External Materials & Services is due to additional resources needed to address workload increase caused by the uptick in the economy. There is no capital outlay budgeted for FY 2017-18 due to the stopping of the Information Technology Advancement Project (ITAP) discussed above. The Fund transfers – Revenue and Contingency are reduced by $1,058,872 due to budget reduction package DS_02 to eliminate the General Fund allocation to LUS as discussed above.

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

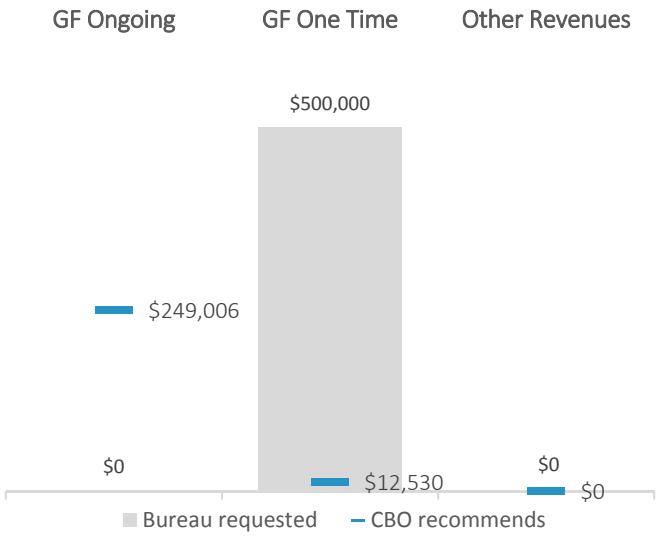
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Development Services											
Reductions											
DS_01 - Mandatory 5% General Fund Cut	01	0.00	(105,887)	0	0	(105,887)	0.00	(105,887)	0	0	(105,887)
DS_02 - Eliminate GF Subsidy of Land Use Program	NA	0.00	0	0	0	0	0.00	(1,058,872)	0	0	(1,058,872)
Total Reductions		*0.00*	*(105,887)*	*0*	*0*	*(105,887)*	*0.00*	*(1,164,759)*	*0*	*0*	*(1,164,759)*
Total Bureau of Development Services		**0.00**	**(105,887)**	**0**	**0**	**(105,887)**	**0.00**	**(1,164,759)**	**0**	**0**	**(1,164,759)**

Analysis by: Doug Le

Bureau of Emergency Communications

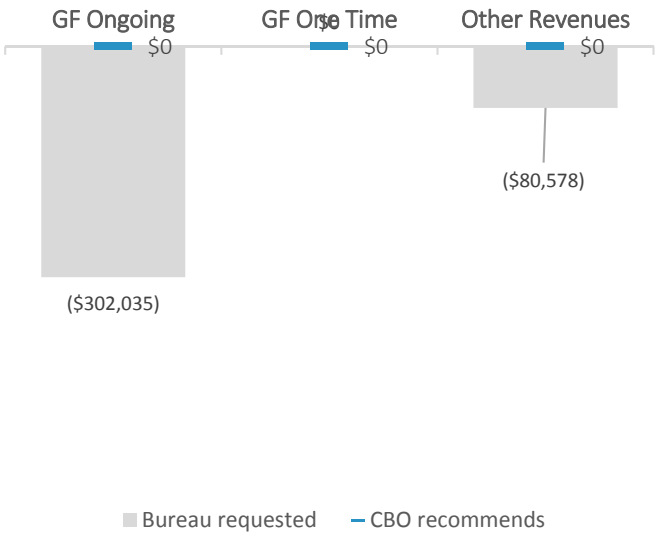
The Bureau of Emergency Communications (BOEC) submitted a base budget of $24,789,778, including 176 authorized positions, 142 full-time and 34 limited-term positions. The FY 2017-18 Requested Budget includes a proposal for a 2% General Fund reduction along with add packages for 13 certified positions and $500,000 for the project management and implementation planning of the 3-1-1 system.

Adds



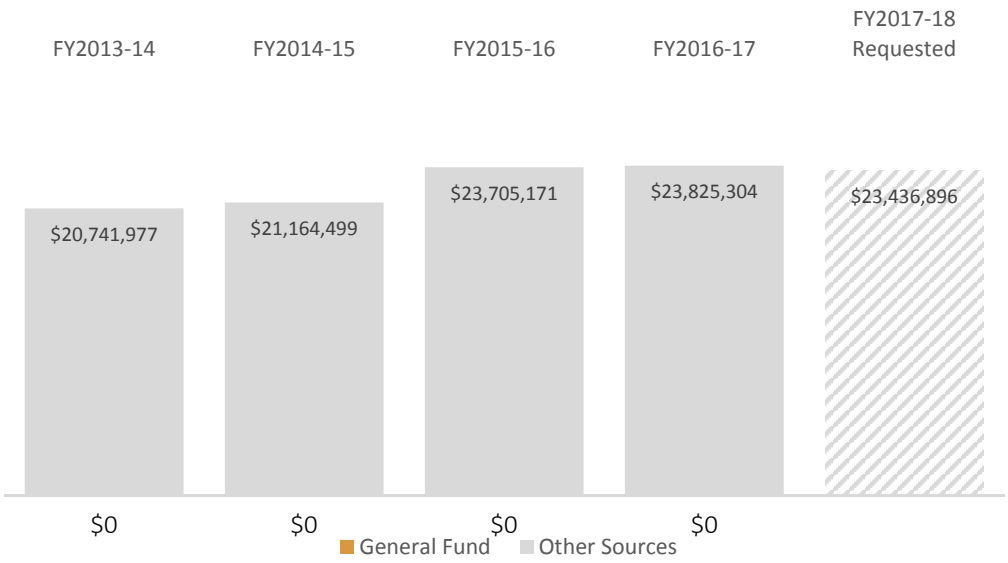
13.00 FTE Requested **0.00 FTE** Recommended

Reductions

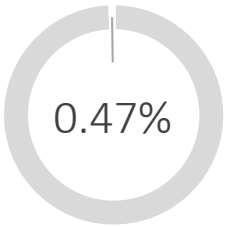


(0.00) FTE Requested **(0.00) FTE** Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



- FY-17-18 Request Base
- FY17-18 Decision Packages

Key Issues

Staffing Issues

As in previous years, staffing remains the key issue for BOEC. The bureau currently has 77 filled certified positions out of 107 authorized. BOEC continues to face challenges in hiring and retaining an adequate number of certified operators for its operations. The bureau estimates that it loses 12 call takers/dispatchers per year due to retirements and departures. Long-running scheduling practices, including rigid seniority rules, could be contributing to the bureau's staff retention challenges.

In FY 2016-17, BOEC has implemented several new strategies to increase the number of recruits for its certified operators. The bureau has added a third trainee academy, with the goal of hiring ten trainees per academy and eventually certifying an additional four to seven call takers/dispatchers. Another strategy is to certify trainees first as call takers and then assign them to work for six months on the operations floor before moving them on to police dispatch training. These two strategies have been recently implemented; it is too early to assess their effectiveness in filling staff vacancies.

The FY 2016-17 Adopted Budget includes a budget note directing BOEC to comprehensively review its long term staffing requirements as well as operations set-up. BOEC has retained a consultant for this study and the findings are expected to be released in March 2017.

Performance Measures

In FY 2015-16, BOEC exceeded its annual target in "percentage of emergency 9-1-1 calls answered within 20 seconds," answering 99.6% of calls within 20 seconds, and averaging just one second to answer emergency 9-1-1 calls. This is consistent with bureau performance in the previous two fiscal years. The Bureau of Technology Services (BTS) recently implemented technology upgrades which have generated data that indicate that 9-1-1 call hold times may be, on average, longer than previously reported. Comprehensive revised information about call hold times is not currently available. BTS is developing an automated method that will allow BOEC to receive the new information about hold times.

Also in FY 2015-16, BOEC did not meet the annual targets for the remaining three KPMs pertaining to dispatch time; the bureau cited under-staffing as the cause. Comparing performance measures between FY 2014-15 and FY 2015-16, the staffing needs are evidenced in other bureau performance measures: the number of bureau calls per operator increased by 6% to 7,937 calls/year, and the number of overtime hours increased by 66% to 18,182. The total number of calls increased slightly, with emergency calls increasing by 1% and non-emergency calls increasing by 7%. BOEC continues to face challenges in hiring and retaining an adequate number of certified operators to perform call answering and dispatching duties. The bureau has lowered the original FY 2016-17 targets as well as the targets for FY 2017-18 for all four KPMs to reflect these staffing challenges.

Decision Package Analysis & Recommendations

BOEC 2% GF Reduction Parts 1 and 2, EC_01 and EC_02, ($382,613)

These two decision packages comply with the budget guidance to propose a 2% General Fund reduction for public safety bureaus. For BOEC, this reduction equates to $382,613. Of this amount $302,035 is General Fund and $80,578 is from partner jurisdictions in Multnomah County.

This reduction would impact the overtime account and would reduce its budget by 23% in FY 2017-18. As BOEC continues to face challenges in hiring and retaining an adequate number of certified operators to perform call answering and dispatching duties as explained above, the bureau is using an increasing amount of overtime to enhance staff availability. In FY 2015-16, overtime was overspent by $432,576 by year end. Savings from vacant positions provided the necessary funding to cover overtime costs. Similarly, in FY 2016-17, $640,278 was budgeted for overtime, and CBO currently projects overspending by approximately an additional $541,335. BOEC will continue to fund these overtime costs by using savings from vacant positions and additional funding for the 13 positions requested for this fiscal year to cover overtime costs. Based on the above findings, CBO believes that reducing the budget for overtime in FY 2017-18 would negatively impact BOEC operations; therefore, CBO does not recommend the 2% General Fund reduction as proposed.

CBO Recommendation: $0

Create Ongoing Positions with Existing Funding, EC_03, 13.00 FTE

This decision package would add 13 Emergency Communications Dispatch positions to BOEC funded by existing resources. In FY 2016-17, BOEC requested ongoing funding to add the above positions to its budget. The impact on the General Fund was $858,527 and the remaining was funded by BOEC partners, for a total of $1,091,376.

Council approved the funding, but not the positions because the bureau still carried several vacancies at the time. As discussed in Key Issues, Council directed BOEC to embark on a study to comprehensively review its long-term staffing requirements as well as operations set-up, including training, scheduling, ongoing education, and quality control. CBO does not recommend the creation of additional positions at this time. CBO recommends delaying this decision pending the completion of the study.

CBO Recommendation: 0.00 FTE

3-1-1 Project Management and Implementation Plan, EC_04, $500,000

BOEC requests $500,000 in one-time General Fund resources to fund the project management and implementation plan of the 3-1-1 system. This would be a Portland-only project, so there will be no participation from partner jurisdictions in Multnomah County.

A study assessing the feasibility of implementing a 3-1-1 system in the City was accepted by Council in November 2014. This report recommended that Portland create a call center to streamline handling of non-emergency calls and access to government services and information. Approximately 25-35% of 9-1-1 calls to BOEC are non-emergency, so implementation of a 3-1-1 system would likely result in reduced workload for BOEC operations staff. Detail on the scope of this project is not yet defined and CBO recommends waiting for information on the project scope before consideration of funding. As more information becomes available during the budget process, CBO will review it and make recommendations regarding funding.

CBO Recommendation: $0

BOEC Bargaining Agreement, EC_05, $261,536

The City is currently in labor negotiations with the American Federation of State, County and Municipal Employees Council 75 Local 189-2. At the time of CBO recommendations, bargaining has gone to arbitration. The City's offer will cost an additional $249,006 in ongoing resources and $12,530 in one-time resources for FY 2017-18. If the arbiter sides with the Union's last best offer, the total ongoing cost of the labor agreement will ramp up to $1,015,443 by FY 2018-19. This would require the City to budget or relocate an additional $407,363 in FY 2017-18 and additional $346,545 in FY 2018-19. This package reflects the City's last best offer.

CBO Recommendation: $261,536

Bureau Budget Summary – Request and Recommendations

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 1,085,886	$ 1,470,269			$ 1,470,269
Charges for Services	349,000	375,749			375,749
Intergovernmental Revenues	7,784,545	7,852,805	(80,578)	80,578	7,852,805
Fund Transfers - Revenue	15,681,759	15,080,955	197,965	63,571	15,342,491
Miscellaneous Sources	10,000	10,000			10,000
Total Resources	**$24,911,190**	**$24,789,778**	**$117,387**	**$144,149**	**$25,051,314**
Requirements					
Personnel Services	$ 16,222,467	$ 16,441,774	$ (382,613)	$ 644,149	$ 16,703,310
External Materials and Services	819,511	869,818	500,000	(500,000)	869,818
Internal Materials and Services	4,498,227	4,909,389			4,909,389
Debt Service	1,412,541	232,141			232,141
Fund Transfers - Expense	882,708	859,391			859,391
Contingency	1,075,736	1,477,265			1,477,265
Total Requirements	**$24,911,190**	**$24,789,778**	**$117,387**	**$144,149**	**$25,051,314**

BOEC funds its operations primarily by General Fund resources (80%) and through contributions from partner jurisdictions in Multnomah County (20%). Overall the FY 2017-18 Requested Budget is consistent with the bureau's budgets in previous years. The Debt Service allocation drops significantly due to the completion of the Computer Aided Dispatch system debt service. The final payment was made in FY 2016-17. CBO does not recommend the bureau's proposal for the 2% General Fund reductions, nor requests for additional positions or funding for the 3-1-1 system. A decision package for the bargaining assumption was added by CBO for budgetary purpose. Please see the section Decision Package Analysis & Recommendations above for discussion of these items.

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

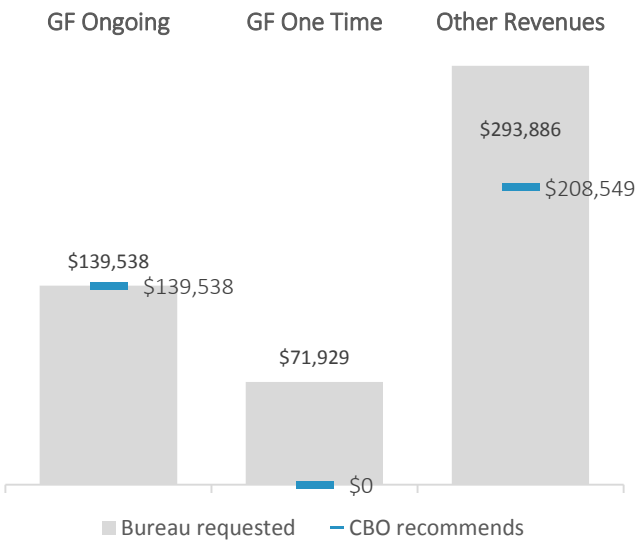
	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Emergency Communications											
Adds											
EC_03 - Create ongoing positions with existing funding	01	13.00	0	0	0	0	0.00	0	0	0	0
EC_04 - 3-1-1 Project Mgmt and Implementation Planr	02	0.00	0	500,000	0	500,000	0.00	0	0	0	0
EC_05 - BOEC Barganing Agreement	NA	0.00	0	0	0	0	0.00	249,006	12,530	0	261,536
Total Adds		*13.00*	*0*	*500,000*	*0*	*500,000*	*0.00*	*249,006*	*12,530*	*0*	*261,536*
Reductions											
EC_01 - BOEC 2% GF Reduction Part 1 at 1%	01	0.00	(151,018)	0	(40,289)	(191,307)	0.00	0	0	0	0
EC_02 - BOEC 2% GF Reduction Part 2 at 1%	02	0.00	(151,017)	0	(40,289)	(191,306)	0.00	0	0	0	0
Total Reductions		*0.00*	*(302,035)*	*0*	*(80,578)*	*(382,613)*	*0.00*	*0*	*0*	*0*	*0*
Total Bureau of Emergency Communications		**13.00**	**(302,035)**	**500,000**	**(80,578)**	**117,387**	**0.00**	**249,006**	**12,530**	**0**	**261,536**

Analysis by: Jessica Kinard

Portland Bureau of Emergency Management

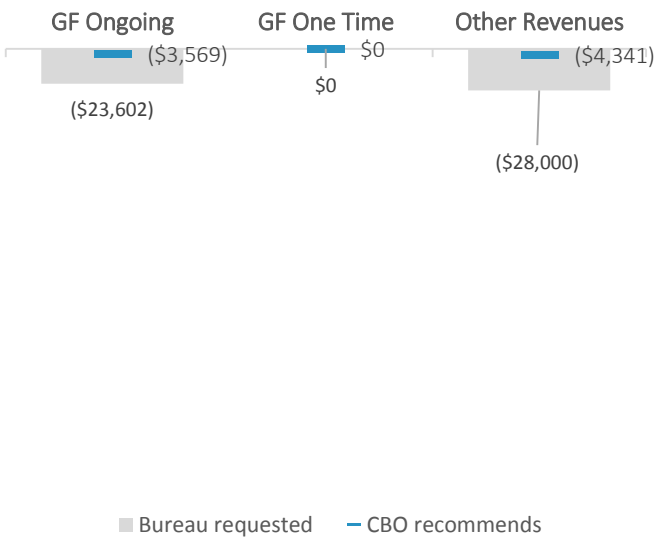
The Portland Bureau of Emergency Management (PBEM) has increasingly relied on the federal Emergency Management Performance Grant (EMPG) to support ongoing operations as fixed costs, workloads, and service expectations have increased. With declining and uncertain award levels, the bureau requests sufficient General Fund discretionary and Overhead support to cover existing service levels without EMPG assistance.

Adds



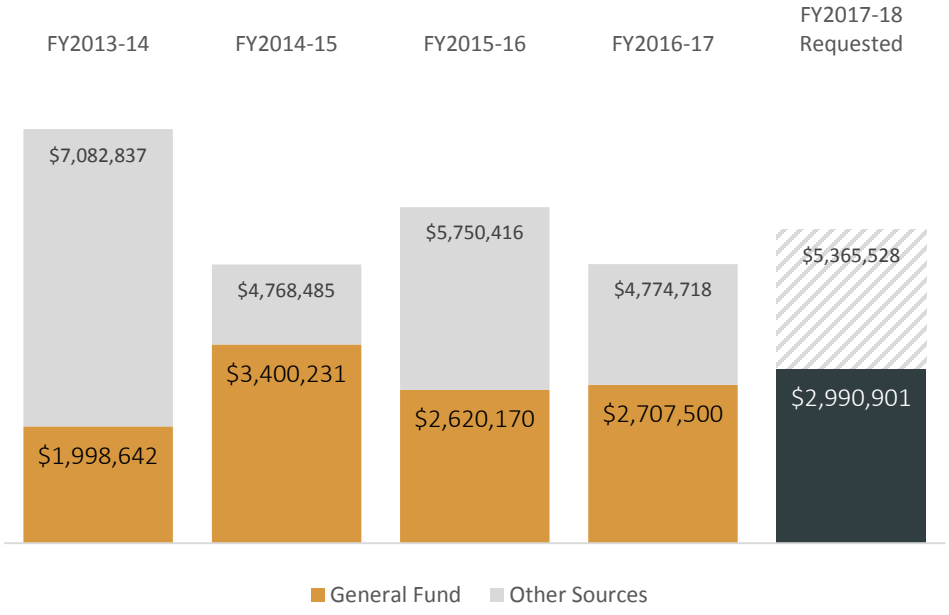
1.75 FTE Requested 1.50 FTE Recommended

Reductions

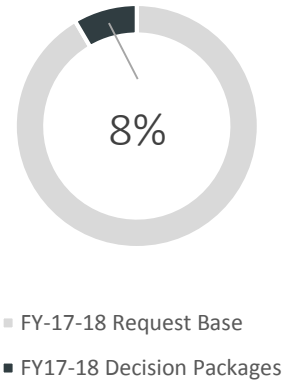


(0.00) FTE Requested (0.00) FTE Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget

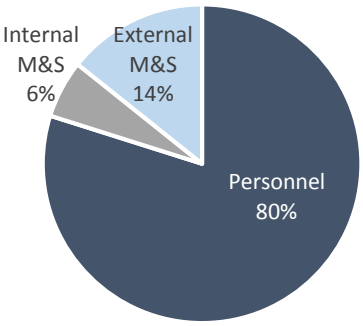


Key Issues

The Impact of Declining Grant Funds on Bureau Operations

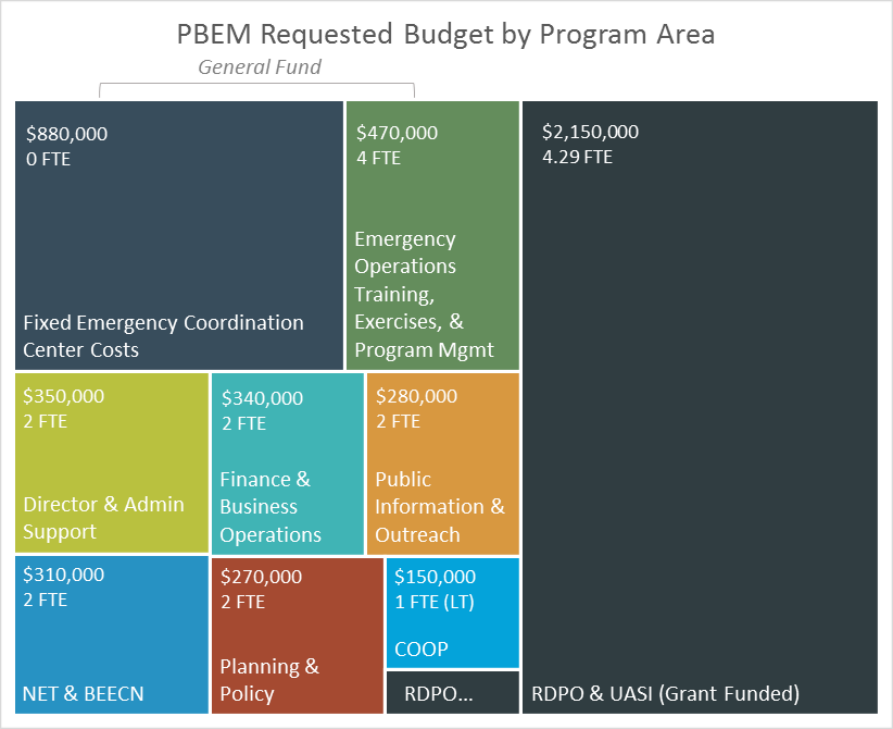
The Portland Bureau of Emergency Management's reliance on federal grants for operating expenditures has been highlighted by the City Budget Office as an operational risk for several years. PBEM has acknowledged this risk, but has been unable to identify areas to reduce funding should grant resources decline. In FY 2016-17, the bureau's typical $360,000 Emergency Management and Performance Grant (EMPG) award decreased by 26% and the shortfall was temporarily alleviated through a carryover of unused prior year funds.

80% of PBEM's programmatic discretionary funds go towards personnel



Annual grant funds should be appropriated towards services that bureaus are capable of reducing should grant funding decline; however, PBEM estimates it would need $305,087 to continue base operations without the EMPG award. CBO analyzed PBEM's programmatic expenses to determine the impact of reductions should the grant be lost and not replaced with City discretionary resources.

Personnel expenditures drive PBEM's programmatic costs, making staff reductions necessary to achieve significant cost savings; 15 General Fund Overhead supported staff are distributed across many bureau programs. Absorbing the reduction necessitated by loss of the EMPG award would require eliminating one or more programs, or significantly reducing administrative or training and exercise capacity.



The sizes of the chart squares to the right represent relative discretionary funding by program area.[1] Operating the Emergency Coordination

[1] CBO estimated program costs. Some internal materials and services and external materials and services costs budgeted centrally were attributed to programs in line with staff or other programmatic needs.

Center – the building where local and regional agency responders convene during a disaster - comprises the largest portion of PBEM's discretionary budget at 29%, or $880,000.

PBEM's largest single program focuses on emergency training and coordinated exercises for local agency disaster responders, with three staff and a manager providing distinct trainings, exercises, and disaster event response and activations for approximately 870 City ECC responders, building inspectors, fire and police staff, as well as other regional governmental responders. This year, this group (with other PBEM staff) has coordinated response to several events, including the NW 23rd street gas explosion and recovery; the October windstorm; and the snow/ice events of December and January.

Initial results of a recent DHM Research telephone survey show only 37% of Portlanders have developed a plan for what their household would do in case of an emergency that left the house without electricity or water for an extended period of time. Respondents indicated they are more likely to rely on post-disaster assistance from nearby friends, family or neighbors than agency responders.[2] PBEM's NET (Neighborhood Emergency Teams) and BEECN (Basic Earthquake Emergency Communication Node) programs and Public Information and Outreach programs address this need: two NET and BEECN staff train and support 1,306 currently active volunteers on 89 neighborhood response teams; and two information and outreach staff led outreach to more than 22,500 residents, and launched an improved PublicAlerts system in 11 languages this year.[3] There is significant demand for additional volunteer training and outreach support.[4] These programs also implement the bureau's equity goals by focusing on engaging the communities that are most vulnerable in the event of a disaster.

The Policy and Planning division has two staff to prepare, coordinate, update, and implement 10 policies and plans identified in the bureau's 2014-2016 strategic plan with the goal of ensuring City, local, and regional resiliency.[5] Other staff include a director; an administrative assistant; a finance, human resources, and equity manager; and an accountant. The Regional Disaster Preparedness Organization program has 4 predominantly grant funded staff that coordinate a regional multi-jurisdictional partnership administering Urban Areas Security Initiative funds. Finally, the COOP program includes one limited-duration position to ensure all City bureaus have a Continuity of Operations Plan that follows FEMA guidelines.

The City's Emergency Management functions were originally housed within the Fire Bureau; PBEM was created as its own office in FY 2003-04 with 8 staff.[6] Today's ongoing discretionary-supported staff of 14 represents a 75% increase over the bureau's original size. Increases in

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[2] Portland Bureau of Emergency Management Telephone Survey #00455. DHM Research. Draft results summary, 11/16/16.
[3] PBEM 2016 Annual Report: *https://www.portlandoregon.gov/pbem/article/627687*
[4] The NET team has a current waiting list of 1,472 interested volunteers but with current staff capacity the bureau is only able to train 500 volunteers a year; According to PBEM, requests for the community outreach coordinator to speak at community events have more than tripled in the past four years, and other forms of training/outreach requests have increased as well.
[5] PBEM's next strategic plan, currently in draft form, identifies 16 policies and plans for completion over the next three years.
[6] City of Portland Adopted Budget, FY 2003-04, Volume 1. The bureau had 7 FTE with 2 FTE retained at the Fire Bureau; budget calculations assume average firefighter salary.

programming appear to relate to increased demand for services from the public and other bureaus, as well as changes in technology (e.g., training and maintenance on more complex ECC systems and implementation of newer technologically-driven outreach and communication networks). CBO does not have the data to compare how effective the bureau was at achieving resiliency goals thirteen years ago to their current reach and effectiveness; however, CBO does believe that, given current demand for services and stated bureau and Citywide goals around preparedness and resiliency, eliminating one or more positions within any of the programs would likely have significant negative impacts on bureau strategic goals and performance indicators. It is possible that the expanded level of service that PBEM provides today can or should be financially supported more robustly by other benefitting public and private entities. The bureau is in the process of drafting its 2017-2020 strategic plan, which provides a good opportunity for Council to weigh in on the scale and scope of bureau goals, keeping in mind the appropriate financial requirements and structure necessary to achieve those goals.

Decision Package Analysis & Recommendations

Essential Emergency Functions, EM_01, $305,087

PBEM experienced a 26% decline in Emergency Management Performance Grant revenue this year and future award levels are uncertain. This request for ongoing General Fund discretionary and overhead resources enables the bureau to continue current functions without reliance on any fluctuating EMPG award funding.

As described above, without this funding or a commensurate EMPG award, the bureau would need to reduce program staff and potentially eliminate an entire program. There is a significant chance that the bureau will receive an EMPG award similar to this year's allocation ($284,210), but the bureau cannot be certain and will not know the award level until after budget adoption. Due to its volatility, CBO recommends EMPG resources be purposed towards one-time expenditures or services that can be reduced without threatening operational stability.

CBO analysis confirms a lack of excess budget to absorb a significant funding reduction, and believes each program to play a key role in ensuring completion of bureau and City performance and strategic goals (see section above for more detail). Each program is defined by ongoing work, with the potential exception of Policy and Planning which is more project-based. However, the bureau's draft 2017-2020 strategic plan includes 16 plans and policies to address; it is reasonable to presume that completing these plans will require the existing two Policy and Planning staff for the next few years, barring Council direction to scale back plan goals.

Should the bureau receive this requested funding as well as an EMPG award, PBEM has stated it may fund the following: the COOP planner for an additional year (also requested in package EM_06); upgrading the WebEOC software system, which creates bottlenecks during emergency center exercises and activations; creating additional outreach and communication materials, especially targeting non-English speaking Portlanders; and/or expand NET training capacity to train more of the 1,472 currently interested volunteers on the NET waitlist. CBO believes these

services would increase achievement of key performance and strategic plan goals, and would be appropriately funded by one-time or fluctuating funds.

CBO recommends that additional funding be added to PBEM's base budget in order to meet expectations and goals around disaster preparedness support and resiliency. In addition, CBO recommends that any EMPG award funds be prioritized to help the bureau fund the one-time projects and services outlined above, and not use these funds to support current functions. As mentioned in the Key Issues section, it is possible that the expanded level of service that PBEM provides today can or should be more robustly financially supported by other benefitting public and private entities, and CBO recommends the Council and the bureau investigate these options. Absent direction by Council to reduce goals or services, CBO recommends the requested $305,087 in ongoing General Fund discretionary and overhead resources.

CBO Recommendation: $305,087

Limited Term Continuity Operations Planner & Carryover, EM_06 & EM_08, $157,266, 1.00 FTE

Per a FY 2015-16 budget note, PBEM must provide quarterly updates on bureau progress towards achieving Federal Emergency Management Agency-compliant Continuity of Operations Plans (COOPs). A COOP planner was funded on a one-time basis and hired last October. PBEM requests a program carryover of $31,452 (EM_08) to complete the originally funded full year of employment as well as $125,814 in new one-time General Fund and Overhead resources to complete a full second year of work (EM_06). In the six months since the position was hired, the COOP planner has assisted bureaus in completing and improving COOP plans, obtained and readied a Citywide COOP-planning software for bureau entry so that all plans may be consistently formatted and contained in one location; and produced the bureau's first two quarterly reports. This process revealed that many bureaus require support and coordinated guidance to achieve needed plan improvement. The bureau has a key performance measure tracking progress towards this goal.

Given a second year, the COOP planner would ensure that all bureaus complete COOP plans in the centralized software system, which will highlight any cross-bureau conflicts and areas for prioritized focus to ensure comprehensive coordinated citywide preparedness. With the additional information about what is required to ensure all bureaus have coordinated FEMA standard COOP plans for seamless Citywide emergency response, CBO believes that continuing this position for another year would likely increase bureau and City performance and resiliency goals.[7] However, it is likely that the bureau will receive an EMPG award and the general fund dollars that the grant would free up will be sufficient to cover the cost of this position. This is precisely the type of one-time investment that the bureau should be prioritizing for EMPG grant resources. CBO recommends, in concert with the recommendation that the General Fund pay

[7] Comprehensive Plan Policy 8.25 "Critical Infrastructure," https://www.portlandoregon.gov/bps/2035-comp-plan.pdf, page GP8-14; PBEM KPM "Percentage of bureaus with updated COOP plan that meets or exceeds FEMA standard," https://www.portlandoregon.gov/cbo/article/523301.

for base budget needs requested in EM_01, that the bureau budget EMPG award funds to enable the continuation of this position. Should the award not materialize, the bureau will not be able to continue the position for a second year without additional support.

Initial CBO projections indicate sufficient bureau resources for a $31,452 program carryover in the Spring Budget Monitoring Process (BMP). The FY 2017-18 budget appropriation will occur in concert with the Spring BMP, enabling the position to continue through September of 2017.

CBO Recommendation: $0, 1.00 FTE

Limited Term Administrative Assistant, EM_07, $43,000, 0.5 FTE

PBEM requests appropriation of $43,000 in grant revenues and authority to hire a part-time limited term Administrative Assistant for the Regional Disaster Preparedness Organization (RDPO). The RDPO is a partnership of government agencies, non-governmental organizations, and private sector stakeholders in the Portland Metro region working on preparedness for terrorism, earthquakes, and other disasters. The group administers UASI grant funds towards projects that aim to meet planned objectives and performance outcomes. In response to increased workload, the group has funded a temporary administrative assistant this fiscal year, and wishes to continue funding the position as a part-time limited term Administrative Assistant in FY 2017-18. CBO recommends this request, and recommends that PBEM ensure the group provide adequate funding to cover position-related internal and external materials and services costs.

CBO Recommendation: $43,000, 0.50 FTE

General Fund Reduction Packages 1 and 2, EM_04 and EM_05, ($51,602)

These packages represent the total required 2% General Fund discretionary and overhead reduction option, proposing the supplanting of $8,000 in General Fund personnel expenses with Regional Disaster Preparedness Organization (RDPO) partner funding and the reduction of $43,602 in External Materials and Services. However, under PBEM's current base budget, the bureau does not have enough external materials and services funding to pay for Emergency Coordination Center (ECC) operating bills. Thus, this reduction, in tandem with a failure to receive Emergency Management Performance Grant revenue, would result in the elimination of the one staff position managing the Basic Earthquake Emergency Communication Node (BEECN) program. BEECN provides 48 temporary radio communications sites across Portland, staffed with trained volunteers to report severe damage, injury, or request emergency assistance in the wake of a major earthquake.

The BEECN program was launched with one-time funding in FY 2015-16 for this position, which was added permanently in FY 2016-17. The position has led the launch of 38 active BEECN teams; 312 volunteers have been trained and serve 43 out of the total 48 locations. The position also provides outreach, has helped further bureau equity goals by facilitating the production of BEECN materials in four languages, assists with Neighborhood Emergency Team

(NET) programming, and acts as a Duty Officer on a rotating basis as part of the Emergency Operations Team. The NET program especially relies on the additional staff support, with 1.0 FTE managing the program of 1,167 current volunteers and 1,472 interested volunteers on the NET waitlist.[8]

The loss of the BEECN coordinator would significantly reduce the bureau's ability to support neighborhood preparedness goals, needs, and key performance metrics. As such, CBO does not recommend relying on volatile grant revenues to continue this position and does not recommend the $43,602 reduction. CBO does recommend reducing General Fund support for RDPO program coordination, as additional cost sharing should cover the reduction. Further, CBO recommends the bureau assess whether partner jurisdictions contributions adequately cover necessary internal and external materials and services costs associated with the RDPO positions housed in PBEM, and request additional funding from the partners if PBEM is covering more than its share of total administrative cost.

CBO Recommendation: ($8,000)

Bureau Budget Summary – Request and Recommendations

Below is a summary of PBEM's General Fund operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Intergovernmental Revenues	$ 30,266	$ 30,266	$ -	$ 125,814	$ 156,080
Interagency Revenue	10,000	10,000	-	-	10,000
General Fund Discretionary	1,291,900	1,180,075	187,865	(51,986)	1,315,954
General Fund Overhead	1,415,600	1,400,075	222,886	(61,678)	1,561,283
Total Resources	**$2,747,766**	**$2,620,416**	**$410,751**	**$12,150**	**$3,043,317**
Requirements					
Personnel Services	$ 1,780,998	$ 1,612,173	$ 157,266	$ (31,452)	$ 1,737,987
External Materials and Services	450,852	187,867	253,485	43,602	484,954
Internal Materials and Services	515,916	820,376	-	-	820,376
Total Requirements	**$2,747,766**	**$2,620,416**	**$410,751**	**$12,150**	**$3,043,317**

The FY 2017-18 CBO recommended budget for PBEM is $293,551 greater than the bureau's FY 2016-17's adopted budget due primarily to the recommended ongoing General Fund Overhead increase of $305,087 to backfill uncertain federal grant funds. Increased funding is partially offset by the expiration of one-time resources provided in FY 2016-17, which the bureau may be able to backfill with applied-for grant funding.

[8] Current BEECN and NET volunteer data is available at: https://www.portlandoregon.gov/pbem/article/627513

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 Bureau of Emergency Management											
Adds											
EM_01 - Essential Emergency Functions	01	0.00	139,538	0	165,549	305,087	0.00	139,538	0	165,549	305,087
EM_06 - Limited Term Continuity Ops Planner	02	1.00	0	57,544	68,270	125,814	1.00	0	0	0	0
EM_08 - Carryover: Continuity Operations Planner	03	0.25	0	14,385	17,067	31,452	0.00	0	0	0	0
EM_07 - Limited Term Admin Assistant	04	0.50	0	0	43,000	43,000	0.50	0	0	43,000	43,000
Total Adds		*1.75*	*139,538*	*71,929*	*293,886*	*505,353*	*1.50*	*139,538*	*0*	*208,549*	*348,087*
Reductions											
EM_04 - General Fund Reduction Package 1	01	0.00	(11,801)	0	(14,000)	(25,801)	0.00	(3,659)	0	(4,341)	(8,000)
EM_05 - General Fund Cut Package 2	02	0.00	(11,801)	0	(14,000)	(25,801)	0.00	0	0	0	0
Total Reductions		*0.00*	*(23,602)*	*0*	*(28,000)*	*(51,602)*	*0.00*	*(3,659)*	*0*	*(4,341)*	*(8,000)*
Total Portland Bureau of Emergency Management		**1.75**	**115,936**	**71,929**	**265,886**	**453,751**	**1.50**	**135,879**	**0**	**204,208**	**340,087**

Analysis by: Shannon Fairchild

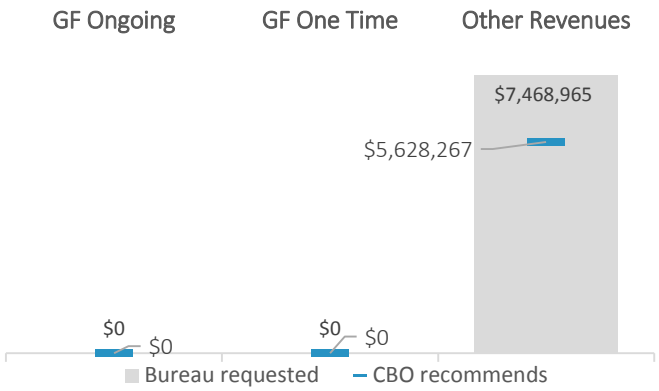
Bureau of Environmental Services

The Bureau of Environmental Services (BES) request includes $151.8 million in operating expenses and $114 million for capital expenses for FY 2017-18 for a total budget request of $266.2 million. This is a 6.2% increase from the FY 2016-17 revised budget of $250.7 million.

There are 10 decision packages for funding changes to more than 80 activities costing almost $7.5 million. The decision packages include requests for 18 new FTEs. If all 18 are approved, there would be 578.8 FTE authorized for FY 2017-18. CBO recommends 9 FTEs and funding $5.6 million of the requests.

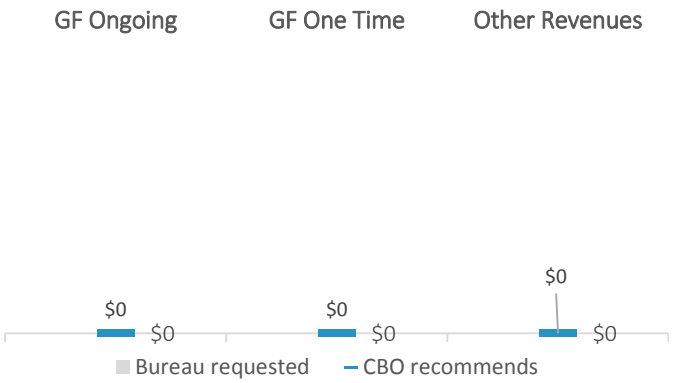
The bureau is continuing major changes within the organization that include ongoing work on a strategic plan, changes to the financial model assumptions, and identification and cataloguing of system assets such as the stormwater system plan. In addition, over the coming year the bureau will undertake a business process review to identify changes to capital program management with the goal of more than doubling capital output by FY2019-20.

Adds

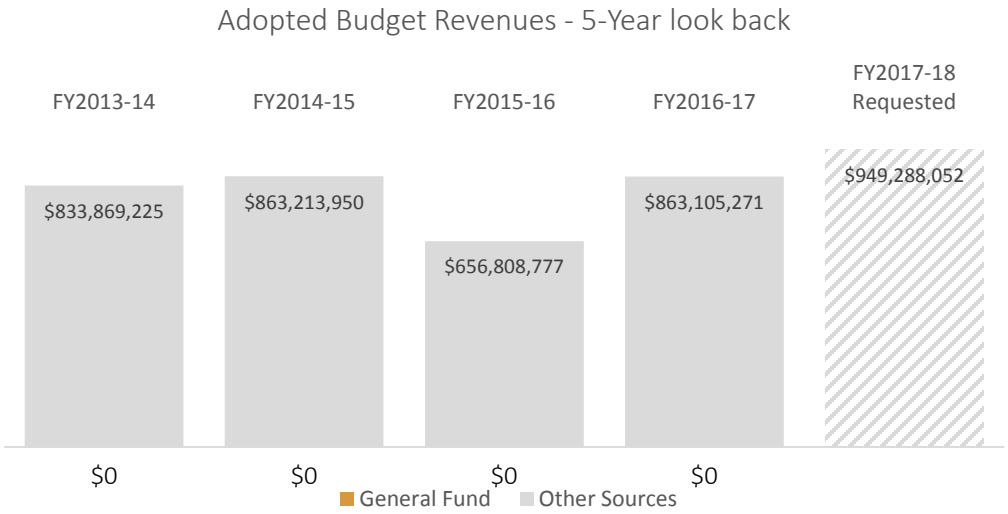


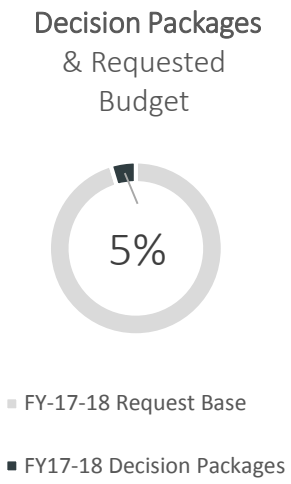
18.00 FTE Requested **9.00 FTE** Recommended

Reductions



(0.00) FTE Requested **(0.00) FTE** Recommended





Key Issues

The Rate Forecast

The Bureau of Environmental Services (BES) has requested, as part of its FY 2017-18 budget, a rate of increase of 2.85% for the typical single family household. This amounts to an increase of approximately $1.99 per month for the typical household. Combined with the Portland Water Bureau's requested rate increase of 6.70%, the typical family would experience a 4.11% increase for a total combined bill of $107.89.

This is the first BES budget since FY 2000-01 to request a rate of increase below 3.0%. Further, the rate of increase is lower than the 3.45% rate of increase projected in the financial plan submitted during last year's budget season. Over the next several years, BES forecasts are projected to be lower than last year's forecast, as illustrated in the table below.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
FY 2018-22 Plan	2.85%	2.85%	2.85%	2.85%	2.85%
FY 2017-21 Plan	3.45%	3.45%	3.45%	3.45%	3.45%

Despite the lower rate of increase, the increase hovers roughly at or above the consumer price index (CPI-U) forecasted by the Bureau of Labor Statistics. One of the bureau's Key Performance Measures (KPM) is a measure of affordability of service. The measure –typical household bill as a percentage of median household income—shows that a typical bill is about 1.4% of the projected median income, assuming the inclusion of all requested decision packages.

A major driver of the rate of increase continues to be the increasing debt service of the bureau's capital program. The bureau's financial plan contains a total increase of approximately $42.7 million in rate revenue requirements (net of RSF transfers, as described further below) over the forecast period, $30.3 million of which is from increased debt service. The increasing level of debt service is a result of borrowing to support the bureau's requested Capital Improvement Program (CIP) while still supporting the debt service for the Combined Sewer Overflow project. The bureau's current financial plan includes an estimated $782 million debt issue in the five-year plan which will result in an ongoing $63 million in additional debt service costs, an increase of 30% over current FY 2016-17 levels.

Additional drivers include personnel services expenditures which are forecast to increase at an average annual rate of 6.0%. The personnel service assumptions of the five-year plan include the projected addition of 18 FTE in FY 2017-18. Further, external and internal material costs have annual increases between 3.1% and 3.9%.

Rate Stabilization Fund

The bureau maintains a Sewer System Rate Stabilization Fund (RSF) that is used to smooth short-term budget fluctuations and long term increases from large capital projects. The bureau projects the fund to reach $117.7 million by the end of FY 2016-17 from the low balance of $4.9 million in FY 2012-13. This balance is a result of conservative forecasting over the past several years in an environment of robust retail revenue and System Development Charge (SDC) growth. Over the five-year period, the financial plan assumes a $19 million draw (in two of the five years) from the RSF to the Operating Fund with the purpose of smoothing rate increases from year to year. Conversely, the financial plan assumes $55.6 million in transfers to the Rate Stabilization Fund over this same period. This represents a fund increase of approximately $36.6 million in the plan period. According to the bureau, this increased balance is projected to begin to be drawn down significantly beginning in FY2026-27.

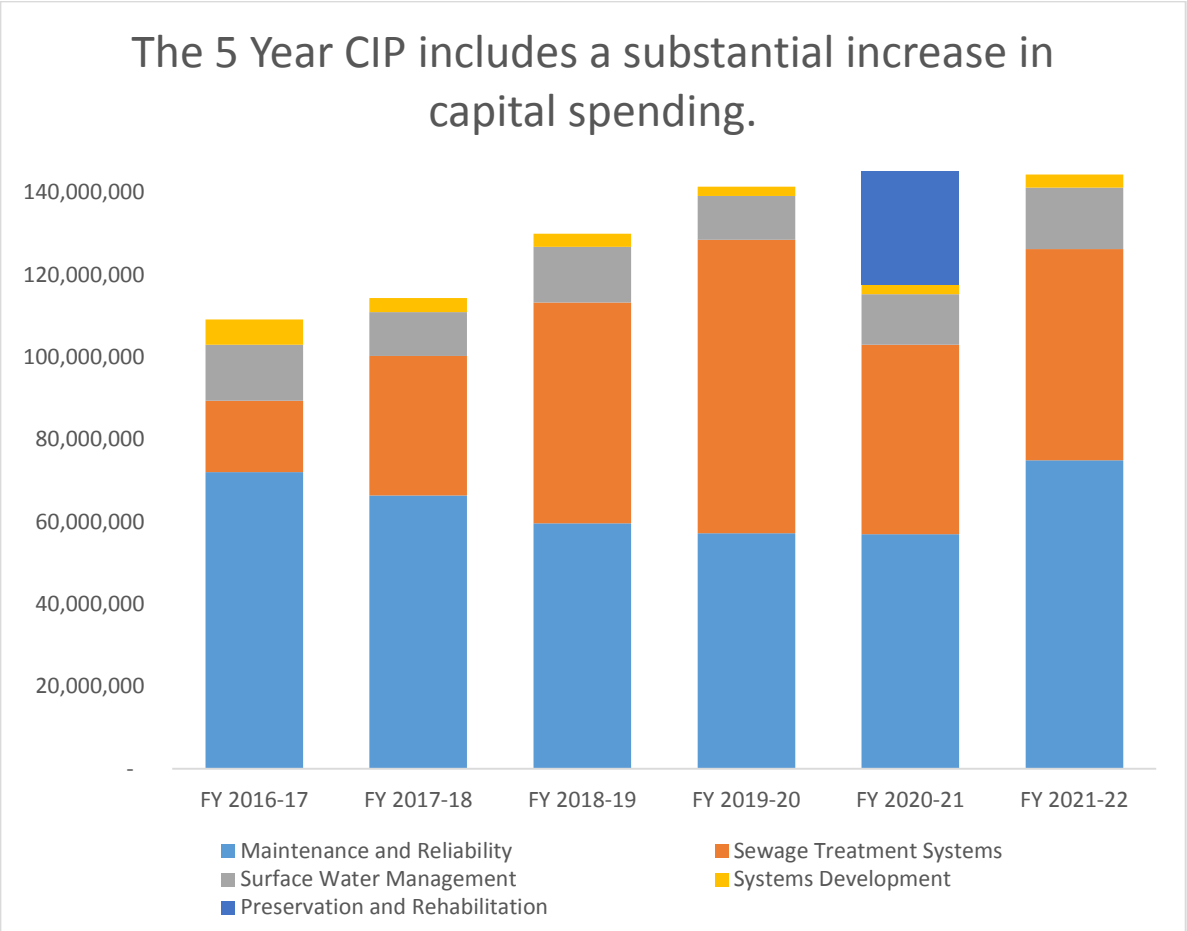
This plan assumes a recent shift in policy at the bureau to maintain a larger balance on an ongoing basis. This shift in thinking is driven by the goal to maintain smooth rates beyond the five year forecast as well as maintain or improve the bureau's "days cash on hand" financial ratio. This ratio is considered by rating agencies when assessing BES credit quality. Additionally, the bureau is taking a less conservative approach to revenue forecasting, a departure that was noted by CBO last year concerning the System Development Charge forecast. While the forecast is still quite conservative, the plan assumes more robust retail and SDC charges than in the past, even when forecasting a cooling in the construction industry. More aggressive forecast assumptions are made less risky by the recent buildup in RSF balance.

Changes to the Operating Budget

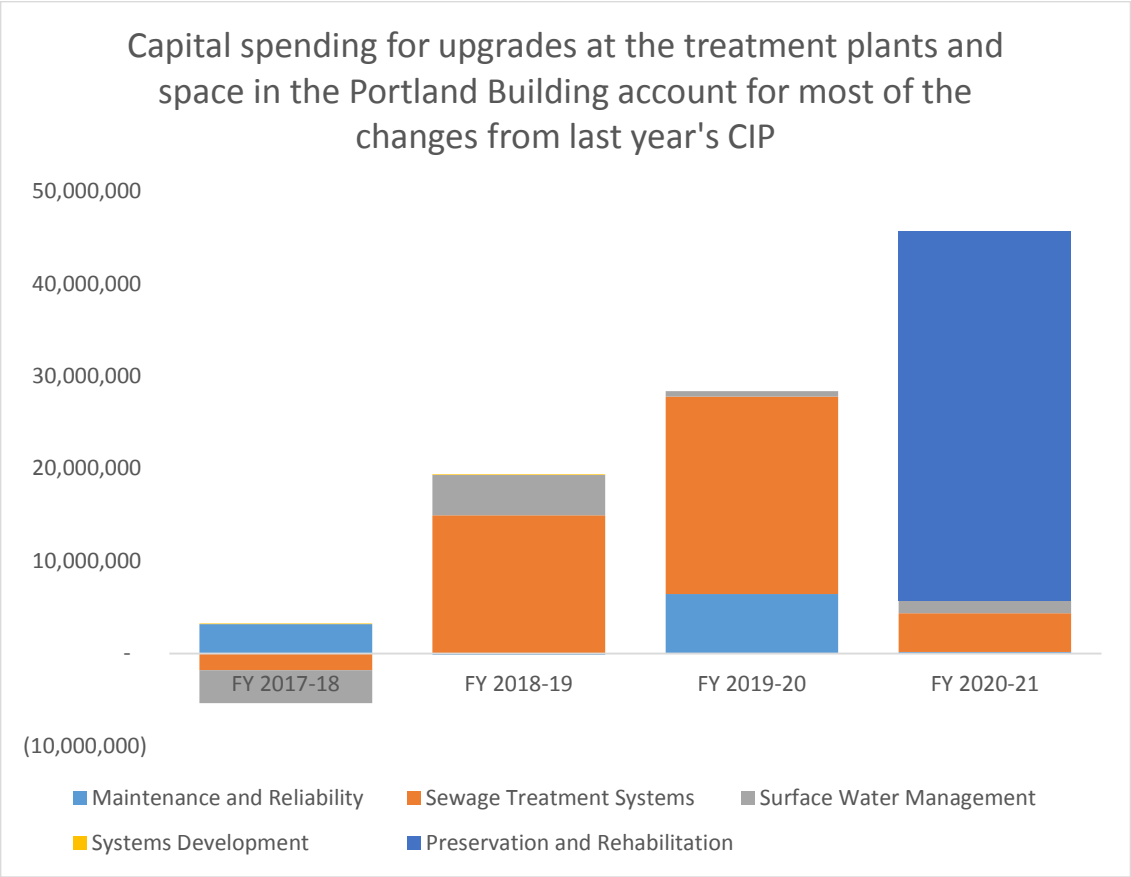
BES' requested operating budget is estimated to increase by 6.2% or $8.1 million over the FY 2016-17 Revised Budget. The decision packages account for $7.5 million of that increase and include requests for 18 full-time equivalent positions. Currently, the bureau has 560.8 full-time equivalents, which represents a net increase of 37.25 FTEs between FY 2008-09 and FY 2016-17. If all of the FTE requests are approved in the FY 2017-18 budget, the bureau would have 578.8 FTEs, resulting in a net increase of 55.25 employees in a 10-year period.

Current Five-Year Capital Improvement Plan

The bureau's requested budget includes $688 million in capital expenditures over the next five years and reflects the bureau's vision for a greatly expanded CIP program to address aging assets and improve system reliability.



Compared to last year's requested CIP, there are several changes resulting in a net increase of $90 million or 20% when comparing the capital plan between FY 2017-18 through FY 2020-21 (i.e. the four years shared by both plans). A comparison of the four common years of the FY 2016-21 CIP to the FY 2017-22 CIP shows an almost $40 million increase in spending for Sewage Treatment Systems and a smaller increase for Maintenance and Reliability. The plan also includes $40 million for Preservation and Rehabilitation which is the bureau's share of the Portland Building renovation project.



The requested budget includes eight projects that are new to the capital plan with estimated costs of $52.3 million over the next five years and more than $87.7 million in total new project costs. Almost half is related to the costs for the renovation of the Portland Building in FY 2020. The budget request also includes two new projects - Maintenance Capital Contract and the Pump Station Improvement Plan – that reflect a budgeting change for the bureau. Both items had previously been budgeted as ongoing programs but will now be budgeted in 5 year increments. They are not included in the CBO analysis of new CIP projects.

New Projects by Project in FY 2017-18 Plan

Project	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	5 Year Costs	Total Costs
Portland Building Construction	-	-	-	40,000,000	-	40,000,000	40,000,000
CBWTP Substation	300,000	750,000	1,500,000	2,500,000	-	5,050,000	5,050,000
Oak A Sandy Trunk	-	-	500,000	1,000,000	1,000,000	2,500,000	13,700,000
SLRT/Vault Monitoring	50,000	50,000	120,000	960,000	960,000	2,140,000	4,900,000
CBWTP Aeration Basin Rehab	-	-	50,000	100,000	1,090,000	1,240,000	3,580,000
CBWTP Fiber System Reliability	100,000	690,000	-	-	-	790,000	790,000
Oak A Collectors	-	-	-	-	500,000	500,000	10,000,000
CBWTP Residuals Handling	-	-	-	-	50,000	50,000	3,750,000
Total	**450,000**	**1,490,000**	**2,170,000**	**44,560,000**	**3,600,000**	**52,270,000**	**81,770,000**

As shown below, most of the new capital spending will occur in the Maintenance and Reliability and Sewage Treatment Systems programs.

New CIP Projects by Program	*5 Year Total*	*Total Project Cost*
Maintenance and Reliability	3,000,000	23,700,000
Preservation and Rehabilitation	40,000,000	40,000,000
Sewage Treatment Systems	9,270,000	18,070,000
Total	***52,270,000***	***81,770,000***

Key Issues in Capital

Program Growth

As discussed above, the bureau sees a need and an opportunity to dramatically increase its capital program. Given the observed decrease in capital spending that has happened since the bureau completed the CSO Program, CBO has serious concerns about the ability of the bureau to successfully double its capital output in the next five. The bureau shares these concerns. In January, the bureau began a business process review to identify areas that can be improved to deliver a higher quantity of capital projects. The bureau expects this process will be complete

in August 2017. CBO supports this effort and will monitor outcomes and how the bureau incorporates the findings and process changes into future budget requests. Those changes will be key to the success of delivering this revised capital plan.

Treatment Plants

BES' two wastewater treatment plants – Columbia Boulevard (CBWTP) and Tryon Creek (TCWTP)– both require major reconstruction and renovations to meet local land use and state permit requirements and to address aging infrastructure. The proposed capital plan includes more than $215 million for major projects at these two facilities over the next five years. The bureau is currently in negotiations with the state and will need to invest in additional secondary treatment capacity at CBWTP, though the size of that investment is not yet known. The capital plan included with the FY2016-17 requested budget included an estimated $145.5 million in total project costs (not only the five year costs) for major work at CBWTP, $63 million of which was for the expansion of secondary treatment. In the FY2017-18 proposed budget, total estimated project costs increase slightly. Increases in the common years are due mostly to the new projects discussed above. Over the next five years, treatment plant costs increase by about 40% compared to the FY 2016-17 CIP due primarily to secondary treatment costs in FY 2021-2022.

The bureau's capital plan also includes two major investments for headworks and secondary process improvements at Tryon Creek. While there are no new projects proposed for the plant, the estimate for total project costs of headworks improvements have increased by about $24.5 million.

It is important to note that the bureau considered all of the estimates for the projects at both treatment plant to be of low confidence (pending further information regarding specific permit compliance requirements) and the estimates should be expected to change through the planning, design, and implementation phases.

Biogas Reuse Project and Organic Waste Receiving Facility

During last year's budget process, CBO, PUB, and the Citizens' Utility Board of Oregon raised concerned with the plans for biogas reuse and organic waste receiving facilities. The projects would redirect biogas produced at the CBWTP to be treated and used as vehicle fuel. The bureau currently uses biogas to power boilers and the cogeneration engine, sells a portion of the biogas to a third party, and flares the unused portion. The project under consideration would require additional infrastructure at CBWTP to convert the biogas into renewable natural gas and either organic food waste or the use of fats, oils, and grease to stabilize gas production.

While CBO recognizes the potential for an innovative project that may result in net revenue for the bureau, caution was encouraged and it was recommended that, prior to moving beyond the planning phase, the bureau ensure that it had undertaken the appropriate analysis using realistic estimates and timelines.

Over the past year, the bureau refined the scope of the project, continued conversations with potential partners, and enlisted an outside consultant to review the assumptions used in the projections. The consultant's analysis found that the biogas project with either additional material source had a higher net present value than the current biogas use. However, the consultant also stated that the analysis was most sensitive to changes in assumptions about capital construction costs and the price for renewable natural gas and recommended that the bureau consult with an expert in RNG sales to manage the risk of operating in a market that is unfamiliar to the bureau. The bureau is currently working with OMF-Procurement Services to review proposals from entities that have the knowledge and ability to directly purchase and/or manage sale of RNG generated at CBWTP. CBO notes that the project with the highest economic return is also the most uncertain because it relies on organic waste that is dependent on a third party contract with Metro. The outcome and timing of the Metro process is still unknown.

Decision Package Analysis & Recommendations

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. The bureau has submitted these requests within the cost constraints established by the budget guidance and with the goal of optimizing risk reduction and service level maintenance and enhancement.

The bureau has submitted 10 decision packages that include more than 80 requests for additions or reductions to spending. Below is a summary of those packages that warrant further discussion and tables with those requests that CBO recommends without discussion.

Current Service Level, ES_01, $608,839, 2.00 FTE

This decision package represents a suite of requests that address the bureau's efforts to maintain the current level of service as the City's sewer and stormwater infrastructure grows and the existing infrastructure ages. Below is a discussion of the various elements of the request.

Staff Requests (2.0 FTE)

- *Engineering technical support for system planning (Engineering Technician III) $109,836*
  This request would provide technical support to the System Plan Modeling and Analysis Team. Demand for the System Plan Modeling and Analysis Team has grown steadily over the past several years. For example, the team has seen a 70% increase in permit projects since 2014.

The bureau considered meeting the need for increased staffing with contract and consultant support. However, because the level of work is expected to be ongoing, an additional FTE is requested. The position will support the implementation of priority projects, including the Combined and Sanitary Sewer System Plan, Underground Injection Control (UIC) Management, City of Portland Stormwater Management Plan (MS4 Permit) and compliance with CSO control plan.

Based on the bureau's stated needs within the System Plan Modeling and Analysis Team, the team's current and future workload and the size and complexity of future of Capital Improvement Projects, CBO recommends this position.

- *Early Detection Rapid Response (EDRR) (Environmental Tech I) $73,572*
  This request would expand the bureau's EDRR team staff to treat and contain invasive plant and animal species in the city. Invasive plant species have a negative impact on the region's habitat quality and degrade water quality and the hydrological function of watersheds. The bureau's program began in 2007 and has two FTE (one Environmental Specialist and one Botanical Specialist II) and one intern. If filled, the new position would increase the City's capacity to treat priority invasive plant species (there are currently 20 EDRR species) and carry out outreach and coordination within City bureaus, partner groups, and the general public.

  Currently, the team prioritizes work by operational areas: policy and regulation, outreach and education, coordination, and control and inventory. It is also the City's point of contact for state and federal agencies that also manage invasive species.

  CBO recognizes the importance of watershed health and the value of a proactive approach on invasive species management. Relative to the bureau's other needs, the bureau's current investment for invasive species management, and the scope of the problem, CBO is unclear of the return on investment for an additional FTE. Prior to endorsing this position, CBO recommends the bureau explore whether the City's state and local partners can help to fill this resource gap.

Other or non-staff requests

- *Civil Engineering Cooperative Program (CECOP) intern $25,000*
  This request is for an internship position in the bureau's Systems Development Division to support the design and construction of a sanitary sewer extension project. Currently, no interns are assigned to this division, however, interns are utilized in other areas of the bureau. For example, the Design Division has four interns each year and the Construction Division has one.

  CBO supports this position. Exposing students to public works can attract future engineers to this work and can help to build a more diverse workforce. CBO hopes that the bureau, as part of its strategic plan, CIP business review, and equity work will adjust its recruitment practices to hire high-performing interns into staff positions.

- *Laboratory Equipment Fund $120,000*
  This request would create a Lab Equipment Capital Fund for the Water Pollution Control Laboratory (WPCL). The WPCL is a full service environmental laboratory that provides analytical services to all groups within the bureau and provides critical support for meeting regulatory requirements, treatment plant operation, watershed assessment, and other asset protection initiatives. The bureau's evaluation of annual capital equipment costs incurred at the lab was used to inform the $120,000 request.

  CBO recognizes that a properly sized appropriation for the replacement of capital equipment ensures continuous, efficient operation of critical instruments. It also helps to avoid catastrophic failure that could impact service needs. CBO recommends the request.

- *Landscape Maintenance $55,000*
  This request would increase the bureau's funding for landscape maintenance services at the WPCL. The bureau has an interagency agreement (IA) with Portland Parks & Recreation (Parks) for this work and the budget was reduced by half in FY 2012-13. The FY 2016-17 approved budget included $33,364 for the IA. This request would increase the total budget to $88,364.

  The bureau requested a $20,000 increase for the program in FY 2016-17. CBO did not recommend funding at that time. While recognizing the improved safety and appearance that would result from additional funding, CBO continues to be concerned about the total cost of landscape maintenance at the building. Prior to endorsing this increase, CBO recommends again that the bureau explore alternative service methods.

- *Illegal Campsite Cleanups $46,106*
  This request provides full fiscal year funding for the bureau's interagency with Parks for rangers to assist with illegal camping issues on BES property. Currently, the bureau is funding rangers to patrol BES property to identify campsite locations, request that campers move voluntarily, and oversee campsite clean-up. Between October 4, 2016 and February 2, 2017, Rangers encountered 880 unauthorized campsites while patrolling BES property. The average cost per campsite removal using Rangers is approximately $100 and takes two to three days. OMF provides a campsite cleanup service as well, however, it is at a different price level and time frame. According to the bureau, OMF can take up to 4-6 weeks to clean up a site at a cost of approximately $1,370-$6,400 per camp (which typically consist of multiple campsites). These cleanups are appropriate for larger sites where campers do not move voluntarily.

  CBO recognizes the importance of protecting the bureau's property and assets from illegal campsites, particularly as warmer weather approaches. Given the ranger's performance to date, CBO recommends full fiscal year funding for the interagency with Parks.

- *Stormwater Maintenance (Reveg) $58,684*
  This funding request will address maintenance for greenstreets and parcel-based stormwater facilities that are moving from the establishment phase to the long-term maintenance phase in year one of the 5-year financial plan. The bureau expects that 262 greenstreets (61,188 sq. ft.) and 2 parcels (3.9 acres) will transition into long term maintenance in FY 2017-18. This funding request covers the costs of contractor-supported maintenance, including inlet cleaning, sediment removal, and vegetative maintenance for green streets and larger storm facilities.

  CBO notes that the maintenance costs for stormwater infrastructure are higher than maintenance costs over other types of stormwater infrastructure; however, the life cycle costs appear to be lower for green infrastructure. CBO recommends this request.

- *Treatment Plant Process Chlorination (hypochlorite)—CBWTP $175,000*
  This request is to address the additional hypochlorite needs at the CBWTP. With the completion of the Secondary Process Improvement (SIP), large blooms of the wrong type of bacteria have occurred in the aeration basins as an after effect of prolonged wet weather conditions. If left untreated, the process discharge would have larger amounts of Total Suspended Solids and Biochemical Oxygen Demand than is allowed by DEQ. CBO recognizes that the bureau has consulted experts and has tried other techniques to avoid the filamentous blooms, however, none produced the stable condition required. CBO recommends the request and looks forward to updates on the bureau's continued effort to prevent future growth while reducing chemical expenditures.

- *Wastewater Security—Card Access System Replacement $50,000*
  This funding request is to implement a security card access system to replace the existing INET7 technology and fund the initial installation at TCWTP in FY 2017-18 followed by CBWTP and other bureau facilities in FY 2018-19. The bureau originally selected INET7 because they were informed it was the City standard. However, since its installation at CBWTP in 2013, the bureau has had numerous issues with the security system and not received reliable user support to address those issues.

  Coinciding with the bureau's request, OMF-Facilities is requesting to upgrade or replace the INET7 system as part of its FY 2017-18 budget. BES was in contact with OMF-Facilities prior to including this request in its budget; however, BES remains reluctant to go down a similar path given its experience with INET7.

  CBO recognizes the value in a well-supported and reliable security system. Before endorsing this request, CBO suggests the bureau continue to work with OMF to see if it can meet BES' security system needs before pursuing another option. If the bureau's needs are not met, CBO would reconsider this request during the budget monitoring process.

- *Odor Control and H2S Mitigation—Pump Stations $45,389*
  This funding request is for additional odor control and hydrogen sulfide (H2S) mitigation efforts. A complete assessment for pump station operating supplies used for odor control and H2S mitigation was updated and includes chemicals and carbon replacements for existing and new odor control facilities. The majority of the annual increase (from $64,636 in FY 2016-17) is due to the immediate needs at SW 86th Avenue Pump Station as the Fanno Basin has a history of odor issues. Odor complaints received throughout this area are tracked and addressed by the BES Odor Control Committee. Additional annual costs are necessary for bioxide use. The use of an alternative chemical, hypochlorite, did not meet the desired results at this site.

  Given the importance of effectively managing odor control issues and the bureau's initial efforts to mitigate the problem with alternative, lower cost options, CBO recommends this request.

- *Requests Related to the Portland Building Renovations*
  Together, these budget requests address anticipated FY 2017-18 costs related to the Portland Building Reconstruction Project.

  - Portland Building Reconstruction—Bureau Specific Project Costs $111,000

    Portland Building Reconstruction request has two components--$61,000 for additional parking costs and one-time costs of $50,000 for document scanning, management, and archiving to reduce moving and storage costs during the temporary location.

    Currently, BES has 22 vehicles parked at the Portland Building. BES does not own the parking spots, but rather they are part of an interagency with OMF at a monthly cost of $227.50 per vehicle. The OMF project scope for the Portland Building Reconstruction does not include parking relocation costs. The $61,000 is a partial year estimate for a relocation date of September 2017 and represents a roughly 20 percent cost increase. Parking will not be available in the renovated Portland Building; BES will need to identify a permanent parking option and the associated costs. CBO recommends funding for the additional parking spots be one-time until a permanent solution is identified.

    This request also includes a one-time cost of $50,000 for document scanning, management, and archiving. This estimate is based on the number of pages to scan and costs to hire a temporary intern to assist with the project. CBO recommends this request for one-time funding.

  - Telework Contingency $50,000

    The telework contingency fund is requested over the next four years. The estimate is based on upgrading workstations to laptops and purchasing docking

stations, RSA tokens, etc. to accommodate space challenges during the construction period. CBO recommends this for one-time funding.

- Pioneer Tower Lease/Portland Building Additional Space $13,000

  BES extended its lease at Pioneer Tower through November 2019 with the anticipated need to renew for one additional year until employees move back to the Portland Building. The request is for annual cost increases for rent and common space. CBO recommends this request.

- *Wholesale Contract Increases (MCDD) $452,800*

  This ongoing request for funding is for wholesale contract cost increases. A majority of this increase ($435,000, above the FY 2016-17 budget of $600,000) is for an inter-governmental agreement with Multnomah County Drainage District (MCDD). The MCDD operates and maintains stormwater and flood management systems along the Columbia Slough and lower Columbia River. BES's IGA with MCDD is to pay for the benefit or service the bureau receives from MCDD's stormwater and flood management of the Columbia Slough. The main driver of the increase is overdue investment in aging pump stations and other capital infrastructure within the MCDD. Without them, the bureau's assets would be negatively impacted. Thus, it is in BES' interest for MCDD's infrastructure to remain functional to avoid flooding in the bureau's jurisdiction. The package also includes estimated contract increases for ongoing sewer service agreements in FY 2017-18 with the City of Gresham for $11,900, $3,700 for Clean Water Services and $2,200 for the City of Milwaukie.

  Based on CBO discussions with BES regarding the significant cost increase for the MCDD IGA, CBO recognizes the bureau has taken steps to better understand what is behind the increase. However, given the significant increase in MCDD's contract, CBO's concerns regarding MCDD's formula for calculating BES' share of the costs, and the likelihood of ongoing cost increases, CBO recommends the $435,000 portion of the request be for one-time funding. Further, CBO recommends the bureau share with City Council and the PUB and CUB more information regarding this agreement.

In addition to the packages discussed above, CBO recommends the following increases and reductions:

Other Requests CBO Recommends	Ongoing	One-Time
*Inventory/Spare Parts Management—Secured Storage **		$ 20,000
Biosolids Land Application & Transportation	$ 61,915	
*Large computer monitors**		$ 68,000
*Copier replacement**		$ 15,000
*Monitor Compatibility Mitigation**		$ 30,000

Renewed USGS IGA for Hydrologic Modeling (FY 15-19)	$ 2,100	
Pollution Prevention ECMS/FAST/E2 Software Maintenance and Support	$ 53,357	
MS Office Pro ongoing subscription costs	$ 36,000	
Inspector Redline Software (PlanGrid/Bluebeam)	$ 23,000	
Medium Voltage Drives Replacement-Swan Island CSO Pump Station	$ 50,000	
*Shorty Launcher 10-12 inch $7,000 and Shorty Launcher 12-15 inch**		$ 14,000
Odor Monitor Jerome Meter Replacement		$ 18,000
Ongoing surplus property expenses	$ 10,000	
Fleet Vehicle (Reveg)	$ 35,000	
Treatment Process Microwaves Replacement	14,000	

* These were requested as ongoing funds but CBO recommends one-time funding and that the bureau request additional funds in subsequent years if the need persists.

Reduction Requests that CBO Recommends	
CBWTP Facility Plan Update	$ (200,000)
Minor Equipment Replacements	$ (22,000)
Portable Flow Meter--Condition Assessment	$ (20,000)
Rehabilitation-Cogen	$ (89,562)
VMC Machining Tool	$ (125,100)
Condition Assessment--Digester Gas Piping	$ (135,000)
Condition Assessment--CBWTP & TCWTP Outfall	$ (50,000)
Hydraulic Press	$ (26,600)
NPDES New Permit Sampling and/or Studies--TCWTP	$ (96,748)
Information Management--Maintenance Resources	$ (20,000)
WPCL Employee Health & Safety/ERGO Assessment	$ (67,000)
Fleet--Field Vehicle	$ (150,000)
Fleet--Electric Cart (CBWTP Maintenance)	$ (15,000)
Ergonomic Upgrades	$ (70,000)
CCTV Equipment Replacements (PBOT MO)	$ (12,000)
Cutter Replacements	$ (36,000)
Acoustical Inspection Equipment (PBOTMO)	$ (125,000)

CBO Recommendation: $374,667, 1.00 FTE

This decision package includes requests funded with offsets in capital projects. Since these capital changes net to zero, the decision package total may vary from the sum of the items listed above.

Condition Assessment, ES_02, $854,130, 1.00 FTE

This decision package represents a number of requests that address the bureau's efforts to evaluate the condition of its collection and treatment system. Below is a discussion of the requests. These items all have an impact on the operating budget.

- *Large Diameter Force Mains $350,000*
  This funding request is for a condition assessment of the bureau's large diameter force and gravity piped collection system. Large diameter force mains are assets with a high consequence of failure. Thus, running the asset to failure would result in expensive emergency repairs and loss of service impacts. Conversely, replacing the assets based on remaining use life estimates is not ideal given the cost of replacement. The condition assessment will inform the asset management and CIP investment prioritization process. CBO recommends this request.

- *Collection System (CCTV) $100,000*
  This request for ongoing funds to contract work for condition assessment of the gravity piped collection system. The pipes are on a 12-year inspection cycle to meet regulatory requirements. This request more than triples the current fiscal year budget for inspection of the collection system to a total of $140,000 but is less than the budget in prior years. This increase is due to addition of the stormwater culverts to the scope of work. CBO recommends this request.

- *Requests Related to Condition Assessment for Treatment Plants and Pump Stations*
  In the FY 2016-17 budget, the bureau received approval to hire 2.0 FTE (one Senior Engineer and one Maintenance Planner Scheduler) to develop, implement, and sustain an ongoing formal condition assessment program for the treatment plants and pump stations. The bureau is still in the process of hiring those positions and expects the Maintenance Planner Scheduler onboard by mid-March and the Senior Engineer on board by mid-April. These positions are critical for the development, management, and implementation of the Condition Assessment Program.

  In this year's budget request, the bureau is requesting additional funds to support the Condition Assessment Program at the treatment plants. The FY 2017-18 request includes:

  - Overtime $57,200
    This request is for overtime costs for existing staff to get the program started. The bureau plans to use millwrights, electricians, and instrument technicians to begin to perform condition analyses on overtime so that the condition assessment does not impact core maintenance and repair work.

- Engineering Technician II $96,930

  This request is for 1.0 FTE for an Engineering Technician II to assist with program development and implementation in FY 2017-18.

- Consultant $250,000

  This request is for ongoing funding for consultant services to begin to perform condition assessments on pipes, structural assets, and coatings that are outside the scope of the bureau's expertise and available equipment.

Overall, CBO remains supportive of a dedicated condition assessment function that is based on well-established asset management principles. CBO recommends the request for overtime to get the program started. Since the program is still in its early stages of development, using existing staff is a reasonable way to begin the assessment work until the Senior Engineer and Maintenance Scheduler come on board. Secondly, CBO recommends delaying the request for the Engineering Technician II until the two staff approved in last year's budget are hired and begin to develop a work plan that demonstrates the need for future investment in the program, including additional staff. Finally, CBO recommends funding for the consultant services in FY 2017-18 for a total of $250,000. CBO anticipates that the bureau use the information gathered from the condition assessment to develop future requests for resources, including consultant services.

CBO Recommendation: $757,200, 0.00 FTE

System Planning, ES 03, $463,380, 6.00 FTE

This package includes a suite of requests for system planning initiatives in support of critical infrastructure.

- *Strategic Plan Implementation $100,000*

  This request would fund the continuation of the planning process and finalization of the bureau's new strategic plan. When complete, the bureau states they will have a ten-year working document to develop operational and capital investment objectives, assess budget priorities, identify measures of performance, and assist the bureau with course correction when necessary. The process began in June of 2016 (the approved budget for FY 2016-17 is $100,000); the plan is expected to be completed in 2017.

  CBO looks forward to the completion of the bureau's strategic plan to see how it impacts the bureau's business processes, particularly on capital improvement program delivery. CBO recommends this request.

- *Engineering Design (4 Engineers and One Supervising Engineer) $733,856*

  This request increases the design engineering staff to meet the current workload and planned increase in CIP projects in FY 2017-18 and beyond. The bureau states that 4 of the 5 FTE positions will be assigned to the Columbia Boulevard and Tryon Creek

Wastewater Treatment Plant projects which require specific experience that is not broadly available within the existing staff. Typically, the bureau utilizes contract staff if the experience needed to complete the work is not a long-term need. The five positions will also support long-term work in pipe rehabilitation, stormwater projects, and the Sewer Design Manual Update.

In reviewing this request, CBO requested information on whether changes in the delivery of the capital improvement plan (organizational structure, operations, and processes) were anticipated or if it was a scaling up of the existing project delivery structure. The bureau's responses indicate that the request was made within the existing project delivery structure. Given the observed decrease in capital spending since the bureau completed the CSO program in addition to CBO's noted concerns about the ability of the bureau to successfully double its capital output in less than five years, CBO recommends that the bureau completed its business process review to improve capital project delivery before making this request. The bureau expects this process will be complete in August 2017. CBO supports this effort and will monitor outcomes and how the bureau incorporates the findings and process changes into future budget requests.

- *SSO Reduction Technical Support (Program Specialist) $116,760*
  This request would support 1.0 FTE for the Non-Conforming Sewer Program (NCS). The program was originally conceived with two staff, but the positions were never filled and were at one point cut from the budget. The program offers property owners assistance to resolve existing non-conforming sewers. Currently, on-call contracting services are being used to address this need. In 2016, 300 NCS conversions were completed. The bureau anticipates an increase in need for support with the large diameter rehab CIP and new septic property sewer extensions (e.g. SE Claybourne St/SE 135th Avenue project). The bureau estimates that the connections will likely double to between 500 and 600 annually.

  This position would also provide technical assistance to the Code Update Team and Engineering Design Division in developing and implementing the Lateral Repair Point of Sale (POS) program. While the program is still being developed, the requested position would work with property owners to make POS repairs to reduce sanitary sewer overflows (SSOs) and provide technical assistance to property owners with non-conforming sewers.

  Given the various County and City Code issues that need to be examined in order to execute a point of sale repair process, CBO recommends the bureau use existing resources to refine this program before investing in a position devoted to this work. Further, CBO notes concerns about the possible use of BES funds to repair laterals on private property and encourages the bureau to bring this issue to the PUB for consideration.

- *Sewer Design Manual and other critical manual updates $100,000*
  This request supports both the 2007 Sewer and Drainage Facilities Manual update and the finalization of the Construction Design Manual (last published version is from 2000). Manuals are important tools for bureau staff. They assist City staff, consultants, designers, other public agencies and developers to plan, design, construct, and approve sewer and drainage facilities within the City of Portland. The manuals require various levels of expertise, some of which is not available in the bureau's staff. For staff that do have the expertise, the availability of the expertise is not available do to CIP projects and other work. Thus, this request would fund consultants to update the manuals. The total estimated cost for both manual updates is $225,000 through year FY 2019-20. The bureau is requesting $100,000 per year in ongoing funding for the next three years. CBO recommends this request.

- *Project scoping in support of SWSP implementation $100,000*
  This request funds consultant services to conduct project scoping and concept design so that watershed projects can be evaluated for capital project feasibility and inclusion in the CIP. Project scoping can include detailed characterization, goals and objectives development, opportunities analysis, initial concept design and cost estimating. The estimated cost per project is between $20,000 to $40,000.

  CBO is supportive of this request because it speeds up the design process and improves CIP project implementation. As such, CBO recommends this request.

- CBO also recommends the requested ongoing funding of $25,000 for the program control support, one-time funding for $30,000 for rain gauges and $50,000 for field monitoring equipment.

CBO Recommendation: $346,620, 0.00 FTE

This decision package includes requests funded with offsets in capital projects. Since these capital changes net to zero, the decision package total may vary from the sum of the items listed above.

System Maintenance, ES_04, $1,016,000, 2.00 FTE

This decision package includes a suite of requests for system maintenance.

- *Treatment Plant Construction Inspection $211,950*
  This request is for two additional inspectors—a Sr. Public Works Inspector and an Electrical Inspector—to support the CIP at the treatment plants in addition to collection system-related work. According to the bureau, inspections begin at the design review process. Inspectors provide cost effective controls to the construction project by reviewing each project for constructability and quality control measures. The bureau currently utilizes 25 City Inspectors/Sr. Inspectors and 11 contract inspectors.

Based on the bureau's previous experience, the current and future workload justify adding two FTE.

Given the bureau's experience with maintaining what is identified as a proper City Inspector-to contract-inspector ratios and the cost-effectiveness of the position, CBO recommends this request.

- *Digester Cleaning CBWTP $1,000,000*
  This request is for digester cleaning at the CBWTP. Since the CSO system came online, more inorganics (sand, grit and gravel) are being washed from the streets, into the tunnels, and conveyed to the plant. Inorganic material is typically captured at the headworks. However, grit is plugging the grit removal system more frequently and ending up in the digesters. This request is to extract and dispose of the digester spoils at the time of cleaning rather than pumping the sludge to the lagoon for storage. This request coincides with the Lagoon Rehab CIP Project which has changed the intended use of the lagoon from grit storage to further treatment. The budget request assumes a three-year cleaning and disposal cycle. One digester will be cleaned every year and the other nine will be cleaned every three.

  CBO recommends this request with the understanding that an RFP will be issued in February or March of 2017 to improve the performance at the headworks. The cost of that project is estimated to be approximately $10 million. Given the $1 million annual cost of digester cleaning and disposal, investing in improved technology to remove more sand and grit at the headworks is a more cost-effective option in the long run.

- CBO also recommends the requested ongoing funding of $34,000 for the pump reliability program, $20,000 in one time funds for field monitoring equipment, and the reduction of $38,000 for HYDRA communication system.

CBO Recommendation: $1,0160,000, 2.00 FTE

Operational Efficiencies, ES_05, $431,708, 5.00 FTE

This decision package includes a suite of requests to improve operational efficiencies.

- *Program Support for Systems Development/Development Review (Senior Admin. Specialist) $105,258*
  This request is for 1.0 FTE to provide administrative support for the Systems Development Division that performs development review and inspection. Currently, the division has 28 staff and managers. Twenty-two of those staff are located at the 1900 building and have no in-house administrative support.

  Data provided by the bureau demonstrates that the division has experienced a significant increase in the number of permits reviewed. For example, permit project volume increased more than 70% in 2014 and 2015 and 15% more in 2016.

The bureau states that the division has little administrative support from the centralized Engineering Services Administrative Support Group (two to five hours a week) because of both time constraints and the location of staff (the administrative support group is located at the Portland Building while a majority of the Division's staff are located at the 1900 building). Consequently, technical staff are spending time on duties that could be done by an administrative support position. These duties include intake and processing of land use and early assistance cases; case permit history research; inspection scheduling; final public works plan routing and job creation in SAP and TRACS.

CBO notes that in the past year, the bureau has not met processing targets for Commercial New Construction Permit approximately 20% of the time. This metric is targeted for improvement by the Mayor's office as multi-family housing is permitted as commercial.

Given the information provided, CBO agrees that operational efficiencies are likely to result from an administrative support position. As such, CBO recommends this request.

- *Plan Review (Environmental Technician I) $73,572*
  This request is for an Environment Technician I to support the Pollution Prevention Plan Review group. This group performs plan reviews, early assistance, land use, and inspections. They serve as subject matter experts for industrial and commercial facilities at the Bureau of Development Services service desk. In 2016, the group had 4.0 FTE: one Environmental Program Coordinator, two Environmental Technician IIs, one Environmental Specialist, and one 6-month Temp Contract Administrative Assistant. The bureau states that the position would take on a majority of the less technical work of the group (non-complex field inspections, database research, data entry, and records management) to free up time so more experienced staff can focus on complex plan reviews.

  Data provided by the bureau demonstrates that the number of plan review applications has increased nearly 10% every year for the past several years. The data also shows that the group is not meeting its performance targets, e.g. 26% of the plan reviews did not meet the 20-day turnaround goals in calendar year 2016. Of the reviews that did not meet the deadline, 58% were greater than 5 days beyond the goal date. The bureau asserts that the administrative workload has also increased; the group processed 90 administrative reviews in 2016. This was a significant increase from 12 in 2009. The bureau also states that the work has grown more complex as they review more contaminated sites as a result of infill development, stormwater infiltration methods, and engineering controls for stormwater treatment to meet NPDES permits.

  Based on the information provided by the bureau, CBO acknowledges that the number of plan reviews has grown steadily since FY 2009-10. However, CBO notes that while

the total number of reviews has increased, so too has the group's staff which has left the staff to plan review ratio fairly stable over time. For example, the group was able to meet 93% of its timeline goals in FY 2010-11 when the staff to total review ratio was 1:347 compared to CY 2016 when the staff to total review ratio was 1:323 and 74% of total reviews met their timeline goal. (The performance measure target is 90% of plan reviews meet their timeline goal) This analysis, however, does not take into account the changes in the complexity of the work overtime which is represented by the growth in administrative reviews and economic development on contaminated sites, e.g. South Waterfront and other infill development, which make meeting the timeline goals a challenge. Therefore, given the growth in the number of total plan reviews and the additional complexity of the reviews, CBO recommends this position.

- *Data Acquisition & Management (Electronics System Technician) $96,180*
  This request is for one position to support the bureau's Data Acquisition & Management (DA&M) team that operates and maintains the Hydrological Data Retrieval & Alarm (HYDRA) system. The HYDRA system collects operational environmental data from 204 remote monitoring stations at key locations in the wastewater collection system. The bureau currently has 3.0 FTE that are responsible for maintenance, calibration, repairs, and upgrades to those remote sites. They also split 24-7 after-hour on-call responsibilities year-round. Staffing levels have remained unchanged for 16 years.

  Based on information provided by the bureau, the number of monitoring sites has increased 18% between 2004 and 2016 (173 monitoring sites in 2004; 204 monitoring sites in 2016). Seventeen sites are in development by FY 2018-19. Together, this represents a 28% increase in sites since 2004. The bureau asserts that deferred maintenance has increased at less critical sites as the physical assets (the mechanical equipment) has aged. The bureau did not have a complete backlog when requested by CBO, but it did provide that 11 failed monitoring sites are in need of evaluation and repair work.

  With the implementation of new technology, one could expect the system to become more efficient and require less maintenance. However, these efficiencies will be realized for electronic equipment improvements. The mechanical equipment at the sites is not replaced unless it has failed or is at end of life. Therefore, given the bureau's current workload, aging mechanical equipment and the addition of 17 monitoring sites in FY 2018-19, CBO recommends this request.

- *Private Property Retrofit Program (PPRP)*

  - Combined Basins ($200,000)
  - Stephens Creek SWSP $200,000
  - Engineering Tech I & Engineering Tech II $166,698

This request would expand the existing PPRP program to Stephens Creek Stormwater System Plan. The prior year plan projected $100,000 in FY 2016-17, increasing to $300,000 in FY 2017-18. The $200,000 increase to Stephens Creek SWSP is offset by the reduction to the combined basins work. The bureau has identified two separated basin projects (Stephens Creek and Columbia Corridor) to begin the pilot implementation project. These projects will be necessary to plan the program needs for the separated basins across the city. To date, one outfall repair project and two revegetation projects are underway. Four other outfall projects on private property are being scoped for the Fall 2017. The bureau estimates it will take two years to reach full operational status as the practices established in the combined basins are extrapolated into a separated basin in southwest Portland. The bureau notes that many areas of the southwest and outer eastside Portland were developed without a formal stormwater network. The Stephens Creek Stormwater System Plan relies on private properties as a critical component of the stormwater maintenance.

To support the current project, the bureau is requesting two additional positions. This request for additional staff is in line with the bureau's 2009 recommended staff model for the Private Property Retrofit Program Implementation Plan. CBO notes that this project does have a higher staff-to-construction cost ratio compared to traditional capital projects. This is due to the more intensive outreach needs of projects that rely on property owner participation.

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 equivalent Right of Way inflow controls based on 100-year present worth lifecycle costs. Funding this decision package would test the cost effectiveness of the private property retrofit approach in the Stephens Creek Watershed.

CBO recommends this addition as being a cost effective component of the management of stormwater in the Stephens Creek watershed. CBO also recommends the two positions based on the savings of construction cost and long-term operating costs.

- CBO also recommends the requested reduction of ($10,000) for the NEFAP Certification.

CBO Recommendation: $431,708, 5.00 FTE

Emergency/Resiliency, ES_06, $275,000, 0.00 FTE

This decision package includes a suite of requests for resiliency work.

- *Emergency Response and Resiliency Plan $50,000*
  This funding request is for the increased costs associated with the development of the Emergency Response and Resiliency Master Plan. The bureau had a total project budget of $450,000, but the project came in at $500,000 for the consultant team selected through the procurement process. The increased cost is primarily due to a higher average billing rate than was originally forecast. Deliverables from the plan include identifying actions to reduce the bureau's vulnerability to natural disaster risks as well as a long term plan to meet the resiliency and recovery targets established in the Oregon Resilience Plan.

  Given the ongoing pressure to constrain costs, CBO notes some concerns at the increasing and overall cost of the Master Plan. Nevertheless, given the importance of emergency response planning and the time already spent in the procurement process, CBO recommends this request.

- *BES Emergency Management-Program Support $50,000*
  This request repeats and revises a request that was made during the FY 2015-16 Fall Supplemental budget and the FY 2016-17 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 and for general use at work sites. The new request includes $45,000 in one-time funding for only larger kits for general use at work sites as well as bureau vehicles. It also includes $5,000 in on-going funding for training the Emergency Program Coordinator and bureau-wide emergency related trainings.

  CBO agrees that providing employees with kits at work site locations to improve the continuity for operations in an emergency event makes sense. CBO recommends this request.

- *Portable Generators—Replacements $150,000*
  This is a one-time request for a portable (180kW) generator for use at the treatment plants during power loss events. The new, larger portable generator will replace 3 smaller generators that are past their useful life cycle. Backup generators are used during rain events, wind storms, snow and ice storms and other events when power failures occur. The bureau investigated renting a generator rather than purchasing a replacement, however, the availability and timing of obtaining a generator in emergency situations was not considered ideal. Given the importance of maintaining system operation during power loss, CBO recommends funding this request.

- CBO also recommends the request for $25,000 ongoing funds for the Cascadia Lifeline Program.

CBO Recommendation: $275,000, 0.00 FTE

Regulatory, ES 07, $733,908, 2.00 FTE

This decision package includes a suite of requests to meet regulatory requirements.

- *Combined and Sanitary System Plan Update $500,000*
  This is an ongoing request for $500,000 to fund the Combined and Sanitary System Plan Update. The current project cost includes $1.35 million over three years for consultant work and $150,000 for changing software platforms for a total estimated project costs of $1.5 million (70% level of confidence in the current cost estimate). The plan is expected to be completed in FY 2019-20. The update will build on the 2012 Combined System Plan Update which cost over $4 million and took 6 years to complete. BES staff have expertise in system plan development and modeling analysis, however, the level of analysis and staff hours required for a plan update is beyond what ongoing staff levels can support.

  CBO recommends this request, but has concerns regarding the total costs for plan and manual development and updates at the bureau.

- *Spill Protection and Citizen Response (SPCR) (Environmental Tech I) $73,572*
  This request is for one FTE to support the SPCR team which provides 24/7 response to sanitary sewer overflows and emergency spills and investigates environmental code violations. The bureau indicates that the team's workload has been steadily increasing over the past few years. Data from the bureau indicates that the SPCR team receives, on average, 231 citizen complaints, reports and requests for investigations per month. Reports and requests for investigation come from staff, referrals from other regulatory agencies, and operation partners of pollution spills and sewage releases. The number of complaints and reports has doubled over the past year. The bureau suggests this is likely a result of media visibility of local environmental risks (e.g. Bullseye, Portland Harbor Superfund, and homeless camps) and increased citizen awareness and engagement around environmental issues. While the type of complaints, reports and requests for investigation the team receives are seasonal in nature (e.g. sanitary sewer complaints are higher in the winter versus the summer; odor complaints are greatest in the summer), there is not a seasonal pattern in the total number of requests to the group.

  Currently, the team is staffed by three Environmental Tech II positions, a program manager and one temporary contract position that provides basic intake and reception duties for the team. This requested position would replace the contract position that is

not trained to support Environmental Investigators. The bureau anticipates that replacing the contract position with an Environmental Tech I position would result in a better understanding of incoming complaints in addition to providing more support to Environmental Investigators, such as records research and mapping, responding to legal holds and records retention/archiving.

On average, the current staff respond to roughly 80 calls a month. With this position, the bureau believes it will improve its response rate from 60% to 90%; the bureau would like to reach a 90% response rate. Given the increase in calls and the low response rate to complaints and reports, CBO recommends this position and expects that the bureau will continue to track response times to demonstrate the value of this new staff to improve those responses.

- *SPCR (Environmental Specialist) $109,836*
  The bureau is also requesting an Environmental Specialist to support the SPCR unit. This position would be the technical lead for SPCR staff, providing day to day oversight on incident responses and complaint resolution. The bureau asserts that shifting these responsibilities to the Environmental Specialist from the current SPCR Program Manager would give the manager more time to develop policy, procedures, and manuals. Historically, SPCR planning efforts have been done by other work groups on the team's behalf. The SPCR's is currently meeting regulatory reporting requirements; however, the bureau notes that the response plans are outdated.

  CBO recommends that the bureau request this position next year. With the new Environmental Tech I position to respond to complaints and support Environmental Investigators, the SPCR team should experience greater efficiencies in areas that this position would cover. Further, given the size of the team and the growing workload, CBO is challenged to recommend a position that shifts the program manager's duties away from the day to day leadership of the team to focus on developing and updating policy, procedures, and manuals for the team.

- *FEMA BIOP $30,000*
  This request funds 25% of the total cost for a part-time, limited term position within OMF. BES is one of seven bureaus responding to a federal change in the management of floodplains in Oregon with the goal of improving conditions for federally protected Endangered and Threatened salmon and steelhead. Working with BDS, BPS, PDC, Parks, OGR and OMF, the position will coordinate FEMA BiOP efforts citywide. The position is currently planned for a two-year commitment with the option to extend for another two-year period (4 years total). CBO recommends this request.

- *Guilds Lake Cap $900,000*
  This request funds the paving of a 7.6 acre parking lot at the Guilds Lake location in NW Portland. The lot, which is owned by the bureau, is in need of recapping as a condition

of an existing agreement between BES and the Oregon Department of Environmental Quality. The capping provides protection from the contaminants that are beneath the lot. According to the bureau, some cost recovery is possible by leasing the parking lot to other City bureaus or private companies. The bureau's Environmental Remediation Fund will cover the cost of this work. CBO recommends this request.

- CBO also recommends the request for $50,000 ongoing funds for spill and cleanup activities and $75,000 on going funds for Science Integration Division (SID) Professional & Technical Services.

CBO Recommendation: $624,072, 1.00 FTE

This decision package includes a request funded with offsets in capital projects. Since the capital changes net to zero, the decision package total may vary from the sum of the items listed above.

Renewable Energy, ES_08, $1,811,000, 0.00 FTE

- *Fleet RCNG 1,726,000*
  This request is to fund the replacement of 18 vehicles in FY 2017-18. Seventeen of the 18 vehicles requested are for compressed natural gas (RCNG) that would be compatible with the RCNG fueling facility at CBWTP that is estimated to start in 2018. Eleven of the 17 vehicles requested have FY 2018-19 replacement schedules and two of the 17 are large tractors that are not due to be replaced until FY 2023-24. Only six of the requested vehicles are up for replacement in FY 2017-18. According to the bureau, purchasing RCNG vehicles increases the total replacement costs by $220,000.

  CBO agrees that the bureau would likely experience fuel savings from converting 11 regular vehicles to RNCG compatible vehicles. However, we do not believe the fuel savings would exceed the cost of replacing them before the end of their life cycle. Therefore, CBO recommends $453,000 for replacing the six vehicles that are due for replacement in FY 2017-18 with RNC compatible vehicles.

- CBO also recommends the request for $25,000 ongoing funds for Renewable CNG Operations and Maintenance and $60,000 on going funds for Renewable Energy Credits.

CBO Recommendation: $538,000, 0.00 FTE

Equity, ES_09, $25,000, 0.00 FTE

- *Equity Plan Implementation $20,000*
  Half of this request would fund the bureau's equity plan implementation and the other half would be for equity activities such as training, cultural celebrations, conferences, and events for bureau managers, employees and the Committee for Equity & Diversity Committee members. $10,000 of this request is intended for the bureau or a

consultant to develop and implement a database to track the bureau's equity efforts as well as evaluate performance. A component of the FY 2017-18 review and update for the Equity Plan is to develop specific outcomes. However, some specific targets have been set that this database would track, e.g. employees to engage in disability and equity activities eight hours per year.

Based on the request, CBO is concerned that the envisioned database is focused on tracking activities rather than outcomes. To the extent that tracking activities is useful, CBO believes that Excel would provide sufficient support for this work. However, CBO recognizes that the bureau has been on the forefront of taking steps to incorporate equity work in its regular business. Therefore, CBO recommends funding the activities portion of the request for $10,000.

- *High School Internship Program $5,000*
  This request would support the costs associated with expanding the bureau's High School Internship Program which has a focus on equity and diversity. This will be the third year of the eight-week program that matches a student intern with BES hosts that give students exposure to different areas of the bureau. The funding request would pay for outreach and other program costs. Since its launch two years ago, payroll costs have been approximately $42,000. CBO supports this request.

CBO Recommendation: $15,000, 0.00 FTE

Portland Harbor, ES 10, $1,250,000, 0.00 FTE

Per City Council direction, the bureau represents the City's interests in the Portland Harbor Superfund Site. Following the completion of site investigation, the US Environmental Protection Agency (EPA) issued a Record of Decision (ROD) that outlines a site cleanup strategy. Now that the ROD is released, next steps include the design and implementation of cleanup actions and the allocation of liability. The City's specific role and responsibility in this work has yet to be determined.

The bureau is estimating that it will need $1,250,000 in ongoing funds to assist with the next phase of the work. An unidentified portion is expected to go to each of the following—

- Technical consulting services. This includes technical assistance in developing, reviewing, and implementing sediment sampling plans, identifying long-term monitoring needs, providing support for the City Attorney's Office in the liability allocation process, and public engagement activities as the clean-up proceeds. The bureau's FY 2016-17 budget for technical consulting services related to the Superfund site is $800,000.
- Legal assistance from the City Attorney's Office. The bureau anticipates it will need more legal counsel during the allocation of liability process. The FY 2016-17 BES-City Attorney Internal Agreement is $710,113.

CBO recognizes that the bureau will likely need additional funding to support the next phase of the work, but recommend this for one- time funding. Once the bureau has a better idea of the City's role moving forward, CBO recommends the bureau put forward a more specific request in next year's budget.

CBO Recommendation: $1,250,000, 0.00 FTE

Bureau Budget Summary – Request and Recommendations

Below is a summary of the Bureau of Environmental Services total budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 291,305,000	$ 272,770,600		$ 424,667	$ 273,195,267
Taxes	-	-	-	-	-
Licenses & Permits	2,295,000	2,420,000			2,420,000
Charges for Services	349,245,000	362,968,035	7,468,965	(2,218,365)	368,218,635
Intergovernmental Revenues	388,000	391,886			391,886
Interagency Revenue	2,335,121	2,591,744			2,591,744
Fund Transfers - Revenue	334,282,150	339,766,322			339,766,322
Bond and Note	171,300,000	229,000,000			229,000,000
Miscellaneous	3,260,000	4,681,100			4,681,100
General Fund Discretionary	-	-	-	-	-
General Fund Overhead	-	-	-	-	-
Total Resources	**$1,154,410,271**	**$1,214,589,687**	**$7,468,965**		**$1,220,264,954**
Requirements					
Personnel Services	$ 66,840,379	$ 69,080,373	$ 2,080,220	$ (1,130,954)	$ 70,029,639
External Materials and Services	59,656,750	66,093,835	4,662,525	(65,600)	70,690,760
Internal Materials and Services	43,424,798	45,173,359	1,015,606	(55,000)	46,133,965
Capital Outlay	78,375,667	77,439,431	610,614	(542,144)	77,507,901
Bond Expenses	181,023,687	184,602,857			184,602,857
Fund Transfers - Expense	339,154,084	344,224,265			344,224,265
Contingency	309,629,906	356,865,567	(900,000)		355,965,567
Unappropriated Fund Balance	76,305,000	71,110,000			71,110,000
Total Requirements	**$1,154,410,271**	**$1,214,589,687**	**$7,468,965**		**$1,220,264,954**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

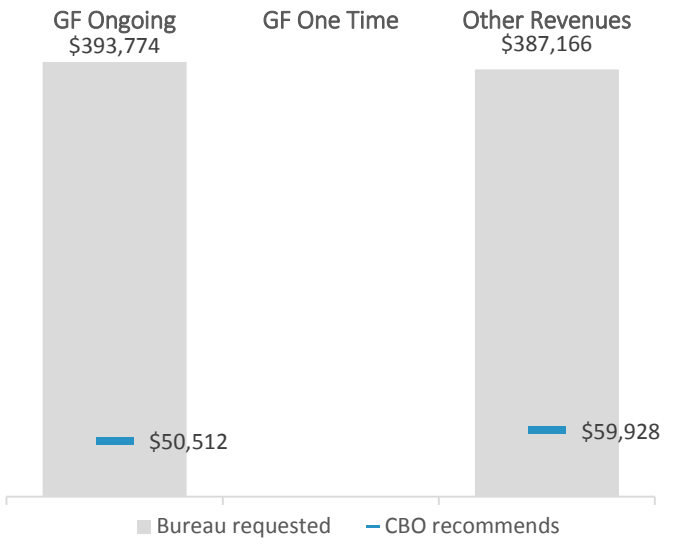
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Environmental Services											
Adds											
ES_01 - Current Service Level	01	2.00	0	0	608,839	608,839	1.00	0	0	374,667	374,667
ES_02 - Condition Assessment	02	1.00	0	0	854,130	854,130	0.00	0	0	757,200	757,200
ES_03 - System Planning	03	6.00	0	0	463,380	463,380	0.00	0	0	346,620	346,620
ES_04 - System Maintenance	04	2.00	0	0	1,016,000	1,016,000	2.00	0	0	1,016,000	1,016,000
ES_05 - Operational Efficiency	05	5.00	0	0	431,708	431,708	5.00	0	0	431,708	431,708
ES_06 - Emergency/Resiliency	06	0.00	0	0	275,000	275,000	0.00	0	0	275,000	275,000
ES_07 - Regulatory	07	2.00	0	0	733,908	733,908	1.00	0	0	624,072	624,072
ES_08 - Renewable Energy	08	0.00	0	0	1,811,000	1,811,000	0.00	0	0	538,000	538,000
ES_09 - Equity	09	0.00	0	0	25,000	25,000	0.00	0	0	15,000	15,000
ES_10 - Portland Harbor	10	0.00	0	0	1,250,000	1,250,000	0.00	0	0	1,250,000	1,250,000
Total Adds		*18.00*	*0*	*0*	*7,468,965*	*7,468,965*	*9.00*	*0*	*0*	*5,628,267*	*5,628,267*
Total Bureau of Environmental Services		**18.00**	**0**	**0**	**7,468,965**	**7,468,965**	**9.00**	**0**	**0**	**5,628,267**	**5,628,267**

Analysis by: Jane Marie Ford

Office of Equity & Human Rights

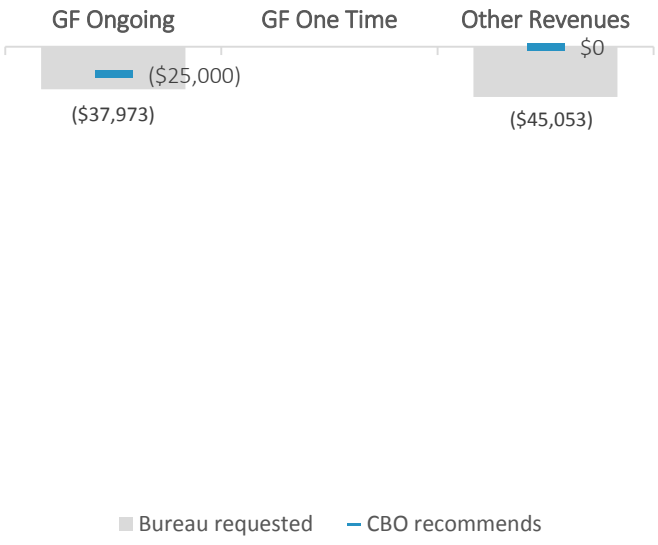
The Office of Equity & Human Rights continues to gain nationwide recognition as a model to promote and reduce disparities within government. After five years as a bureau, OEHR is in the process of developing a new strategic plan. This presents an opportunity for Council to help shape the bureau's mission, the type of work it undertakes, and how the outcomes are communicated to the public. OEHR's requested budget would create a net increase of 6.50 FTE and 30% in ongoing General Fund resources.

Adds



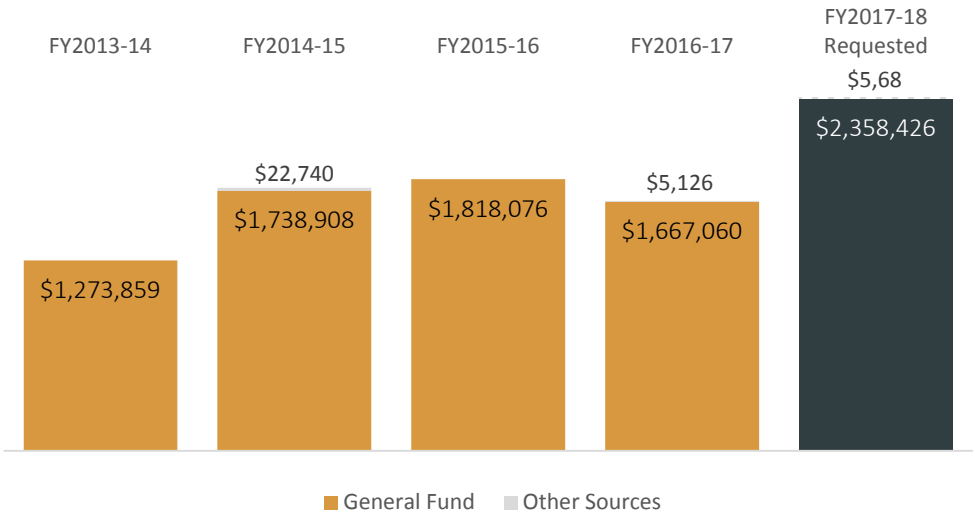
7.00 FTE Requested **1.00 FTE** Recommended

Reductions

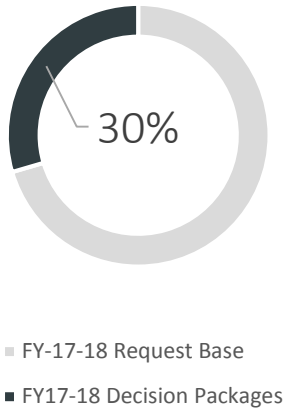


(0.50) FTE Requested **(0.00) FTE** Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



Key Issues

Roles and authority in Citywide equity efforts

Since the initial charge detailed in the bureau's founding ordinance, limited strategic direction has been provided as to how OEHR can best serve Council, bureaus, and the public in setting the City's equity agenda. This budget process presents an opportunity for Council to weigh the benefits of a centralized versus decentralized approach to equity technical assistance and implementation as the bureau develops its five-year strategic plan.

In the time since OEHR was established, other bureaus have added equity positions to provide bureau-specific policy and technical assistance. In addition to 10.90 employees in OEHR, there are an additional fifteen full-time equity staff across seven bureaus that provide significant public-facing services.[1] Several bureaus have noted their intent to hire additional staff to help implement their five-year Racial Equity Plans, which operationalize the Citywide Racial Equity Goals & Strategies adopted by City Council in 2015.[2] The bureau has concerns that this decentralized approach may create inconsistencies in applying frameworks like the Racial Equity Toolkit, as well as collecting appropriate and adequate data in order to assess the City's progress toward equity goals. Based on information provided by bureau directors in a December survey, there appears to be demand among bureaus of all sizes for additional direction, guidance, and support from OEHR related to the equity budget tool, accommodations, facilitating conversations, and implementing the Racial Equity Plans. Bureau Directors with existing equity staff also emphasize the value those positions have brought in developing specific equity tools, policies, and strategies related to their individual missions, programs, and services.

The ambitious scope of the Racial Equity Plans indicates that support beyond OEHR is likely necessary to make meaningful progress. However, CBO recommends that Council clarify OEHR's Citywide authority and responsibilities, and establish a formal structure for coordinating and reporting on Citywide equity efforts. This may include delineating responsibility for setting Citywide policy and goals around equity; establishing consistent practices and procedures around collecting and reporting of data related to these goals; providing guidance, support, and technical assistance; and data collection, analytics, and reporting.

Community engagement structure and impact

OEHR has inherited three commissions that originated in other bureaus, dedicating 2.11 FTE and 17.3% of its overall budget to support the Equitable Contracting & Purchasing Commission, the Portland Commission on Disability (PCoD), and the Human Rights Commission (HRC). The intent of each of these bodies is to facilitate community feedback on key issues of equity,

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[1] Bureau of Development Services, Portland Housing Bureau, Bureau of Planning & Sustainability, Parks & Recreation, Portland Police Bureau, Portland Bureau of Transportation, and the Portland Water Bureau

[2] In its FY 2017-18 budget submission, Portland Fire & Rescue requested funding for a Professional Standard Administrator that would help support implementation of the bureau's Racial Equity Plan.

inclusion, and justice. Each entity is comprised solely of volunteers who either live, work, or worship in Portland, with a heavy workload required of OEHR staff in order to carry out the work of the commissions.

Despite this investment from City staff and community members, both PCoD and HRC provided just two instances each of technical assistance to City bureaus and elected officials last year.[3] While these measures are not reflective of the full contributions of these groups, they do indicate a disconnect between commission work and City efforts in crucial areas, including accessibility in transportation and housing, employment of people with disabilities, and administration of justice. There are existing advisory bodies in other City bureaus that focus on these same issues, and CBO recommends considering if it may be more effective to use City resources to support the bureau advisory groups that are more closely integrated with the administrative and policy owners of City programs. CBO has provided additional analysis specifically on this dynamic with the Equitable Contracting & Purchasing Commission in the Decision Packages section below. To the extent that there are benefits to maintaining separate commissions within OEHR that take a more Citywide perspective, CBO recommends that Council identify what communications, engagement, and outcomes can help to ensure meaningful collaboration and exchange of information with Council commensurate with the level of bureau support required to maintain these groups.

The tradeoff for Council to consider is whether this function should remain a priority against the other work OEHR does on behalf of the City. Responsibility for commission support is actually spread across eight employees, three of which dedicate 40% or more of their total time to this work. The bureau intends to shift its focus toward implementation of the Racial Equity Roadmaps, including annual progress reports, and OEHR additionally currently reports on four Key Performance Measures (KPMs) related to key Citywide equity goals. However, additional resources are required to provide the level of data analytics and reporting necessary to hold bureaus and the City accountable to achieving equity goals and targets. In the FY 2016-17 Fall Supplemental Budget, Council authorized creation of a limited-term position with one-time resources ($42,170) to help meet the City's commitment to support the Equitable Contracting & Purchasing Commission (ECPC), as well as general bureau analytical workload.[4] At the time of this review, this position has not yet been filled. While CBO recommends below that the ECPC merge with the Fair Contracting Forum, CBO also recommends that OEHR retain the $42,170 allocated for the data analytics position, and carry forward these resources in order to create an internal position or an interagency agreement with the Enterprise Business Solutions data analytics team.

[3] Bureau performance measure figures from FY 2015-16

[4] Ordinance #187030 as amended, available at: http://efiles.portlandoregon.gov/Record/7265182

Decision Package Analysis & Recommendations

Equitable Contracting & Purchasing Commission, OE_01 $(20,000), (0.00 FTE); OE_06, $118,336, 1.00 FTE

The Equitable Contracting & Purchasing Commission (ECPC) was transferred from the Office of Management & Finance to OEHR along with $25,000 in ongoing resources as part of the FY 2016-17 Adopted Budget. OEHR has submitted both a reduction and add package for ECPC in its FY 2017-18 Requested Budget. The $20,000 cut is part of the required five percent General Fund reduction, and would leave ECPC with just $5,000 in ongoing resources. This funding is insufficient to fulfill the ambitious mandate of the commission, a charge that is very similar to that of the Fair Contracting Forum.[5] Both entities were established by the Office of Management & Finance, which houses Procurement Services. The Forum has existed in some form since 1997, most recently revamped in 2013 "to support and promote accountable, transparent, fair, effective, and efficient contracting practices."[6] The ECPC was established in 2015 with a stronger emphasis on providing data analysis and reporting. However, the collection and management of this data appears to be a core function of the City, initiated by City employees with access to this information. CBO questions if it is reasonable or desirable to delegate these responsibilities to a citizen commission.

While somewhat aligned with the mission of OEHR to remove systemic barriers to fair and just distribution of City resources, access, and opportunity, housing ECPC within OEHR impedes access to the data, activities, and leaders who manage the contracting process. In recent months, the ECPC has discussed whether it should merge with the Forum given limited resources and the significant overlap in scope. CBO recommends that ECPC merge with the Fair Contracting Forum in order to better align the commission's efforts with administrators and decision makers.

CBO Recommendation: ($25,000)

Voluntary Staff Schedule Reductions, OE_02, $(63,026), (0.50 FTE)

In order to meet the required five percent General Fund cut, OEHR has proposed reducing five currently full-time positions to 0.90 FTE. This includes the bureau director, a senior policy advisor, and three program coordinators. As OEHR does not provide any scalable services, there are limited areas to make targeted cuts without eliminating an entire program. CBO does not recommend this cut; although there may not be any immediate direct impact to bureau programs and services, this reduction is likely to impede the bureau's overall performance and productivity.

CBO Recommendation: $0, 0.00 FTE

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[5] Resolution #37041, available at: http://efiles.portlandoregon.gov/Record/6170740/
[6] Fair Contracting Forum website, available at: https://www.portlandoregon.gov/brfs/55501

Implement Centralized Service Delivery Model, OE_03, $429,224, 4.00 FTE

As a result of a staffing assessment carried out internally to satisfy an FY 2016-17 Adopted Budget note, OEHR has proposed adding four new program specialists to work with a portfolio of bureaus to develop metrics and outcomes, provide training, and carry out budget and policy review. OEHR's proposed portfolio model would promote consistency in equity approaches across bureaus, as well as provide more robust technical assistance to smaller bureaus that do not have the capacity or budget to create a dedicated equity position.

Shifting to a centralized model of equity support would either require a) a substantial shift in the bureau's current workload and staffing assignments, or b) a significant increase in the bureau's size and scope, one model for which has been proposed in this decision package. CBO believes that the City could benefit from increased authority and support from OEHR; however, the proposed portfolio model seems to focus OEHR's efforts on implementation and direct technical assistance rather than establishing policy and creating Citywide plans and procedures for removing barriers to equity. It is also not clear to CBO how this portfolio model will work with those bureaus that have already created equity positions, or what issues have arisen due to creation of bureau-specific equity staff.

CBO has not recommended funding this request due to limited ongoing resources and unclear lines of authority, accountability, and responsibility between Council, OEHR, and other City bureaus. However, CBO recommends that Council look at the role of equity staff in OEHR and in the bureaus to determine if and/or how a more centralized approach would help achieve Citywide equity goals. Council should also consider ways to ensure coordination among all of the City's equity managers, and whether additional positions should be added or reallocated from other duties currently assigned to the bureau that are not in alignment with OEHR's to-be-completed strategic plan.

CBO Recommendation: $0, 0.00 FTE

Create City Disability Equity Program, OE_04, $220,880, 2.0 FTE

Management of the City's Civil Rights Program and the related Americans with Disabilities Act (ADA) Title II Transition Plan update was transferred to OEHR in FY 2014-15 from the Office of Management & Finance. This included funding for one full-time permanent position and one limited-term position that expired at the end of FY 2015-16. A recent audit focused specifically on accommodation requests and complaints related to Title II of the ADA. While OEHR is the central entity charged with coordinating and supporting the City's efforts to comply with Title II requirements, the responsibility of responding to accommodation requests rests with the individual bureaus. There is inconsistency both in response and documentation of accommodations across the City, and with the resources currently dedicated to the program, OEHR is able to provide only limited training, guidance, and technical support.

The bureau has requested two new positions in order to develop a consistent, comprehensive approach for requesting and reporting accommodations, as well as increasing technical assistance, documenting recommended practices and procedures, and facilitating evaluations of ADA Transition Plan and ADA Self Evaluation Activities. Importantly, OEHR aims to improve data collection on accommodations in order to more accurately understand the total volume of requests, the level of resources required to meet the City's legal obligations, and to identify potential patterns of discrimination or inequitable service.

Given limited available General Fund ongoing resources, CBO has recommended funding one permanent position; there may be an opportunity for the bureau to carry forward underspending related to data assistance for ECPC to either hire a limited term employee or utilize existing Citywide analytical support – such as through the Enterprise Business Solution data analytics team. CBO has also recommended funding for an Accommodation Coordinator within the Bureau of Human Resources to assist with implementing the 2012 Model Employer for People with Disabilities Resolution No. 37235 (related to Title I of the Americans with Disabilities Act). One of the goals of this position is to centralize employee requests for reasonable accommodations and monitor the City's response, a process that is very similar to what OEHR has undertaken for Title II. CBO recommends that BHR and OEHR work together to develop a consistent, comprehensive approach for requesting and reporting accommodations, as well as increasing technical assistance, documenting recommended practices and procedures, and facilitating evaluations of ADA Transition Plan and ADA Self Evaluation Activities.

CBO Recommendation: $110,440 1.00 FTE

Support Public Involvement Accommodations, OE_05, $12,500

OEHR requests additional funding to support increased accommodations costs for the Portland Commission on Disability (PCoD) and other bureau meetings and events to ensure that they are accessible for all. Cost for accommodations can vary significantly by year, depending on the number of PCoD commissioners requesting accommodations and the type of service required. The bureau realigned $4,500 in FY 2016-17 for this purpose in PCoD's budget to match projected accommodation cost increases, which grew from just under $12,000 in FY 2014-15 to approximately $18,000 in FY 2015-16. However, current year accommodation expenditures indicate that costs may be lower in FY 2016-17, with less than $4,000 spent through the end of January. Given limited ongoing General Fund resources, CBO does not recommend funding this decision package for FY 2017-18 based on projected bureau spending.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of the Office of Equity & Human Right's operating budget.

	FY 2016-17	Base (A)	Decision Packages (B)	Recommended Adjustments (C)	Recommended Revised (A+B+C)
Resources					
Intergovernmental Revenues	$ 5,126	$ -	$ -	$ -	$ -
Interagency Revenue	-	5,689	-	-	5,689
General Fund Discretionary	1,091,319	1,088,949	355,801	(330,289)	1,114,461
General Fund Overhead	575,741	571,563	342,113	(282,185)	631,491
Total Resources	**$1,672,186**	**$1,666,201**	**$697,914**	**$ (612,474)**	**$1,751,641**
Requirements					
Personnel Services	$ 1,297,841	$ 1,340,359	$ 641,914	$ (541,474)	$ 1,440,799
External Materials and Services	185,320	125,886	56,000	(71,000)	110,886
Internal Materials and Services	189,025	199,956	-	-	199,956
Total Requirements	**$1,672,186**	**$1,666,201**	**$697,914**	**$ (612,474)**	**$1,751,641**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

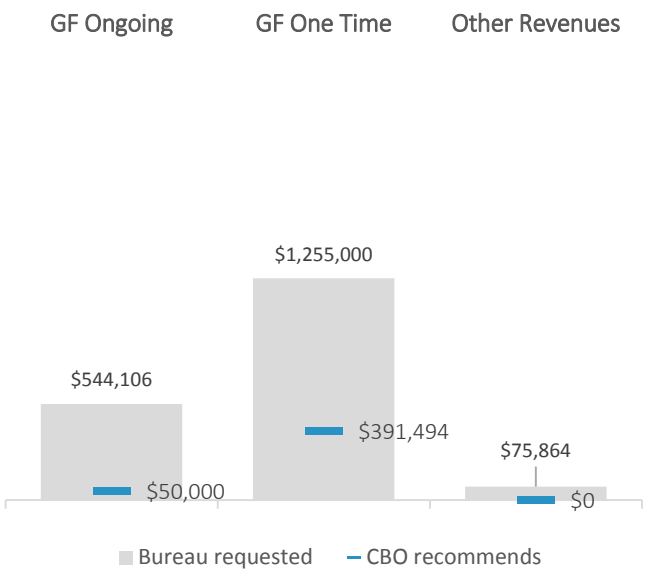
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Equity & Human Rights											
Adds											
OE_04 - Create City Disability Equity Program	01	2.00	101,024	0	119,856	220,880	1.00	50,512	0	59,928	110,440
OE_03 - Implement Centralized Service Delivery Mode	02	4.00	232,910	0	196,314	429,224	0.00	0	0	0	0
OE_05 - Support Public Involvement Accommodations	03	0.00	5,717	0	6,783	12,500	0.00	0	0	0	0
OE_06 - Support Equitable Contracting-Purchasing Cc	04	1.00	54,123	0	64,213	118,336	0.00	0	0	0	0
Total Adds		*7.00*	*393,774*	*0*	*387,166*	*780,940*	*1.00*	*50,512*	*0*	*59,928*	*110,440*
Reductions											
OE_01 - Cut Equitable Contracting-Purchasing Comm	01	0.00	(9,147)	0	(10,853)	(20,000)	0.00	(25,000)	0	0	(25,000)
OE_02 - Voluntary Staff Schedule Reductions	02	(0.50)	(28,826)	0	(34,200)	(63,026)	0.00	0	0	0	0
Total Reductions		*(0.50)*	*(37,973)*	*0*	*(45,053)*	*(83,026)*	*0.00*	*(25,000)*	*0*	*0*	*(25,000)*
Total Office of Equity & Human Rights		**6.50**	**355,801**	**0**	**342,113**	**697,914**	**1.00**	**25,512**	**0**	**59,928**	**85,440**

Analysis by: Ryan Kinsella

Portland Fire & Rescue

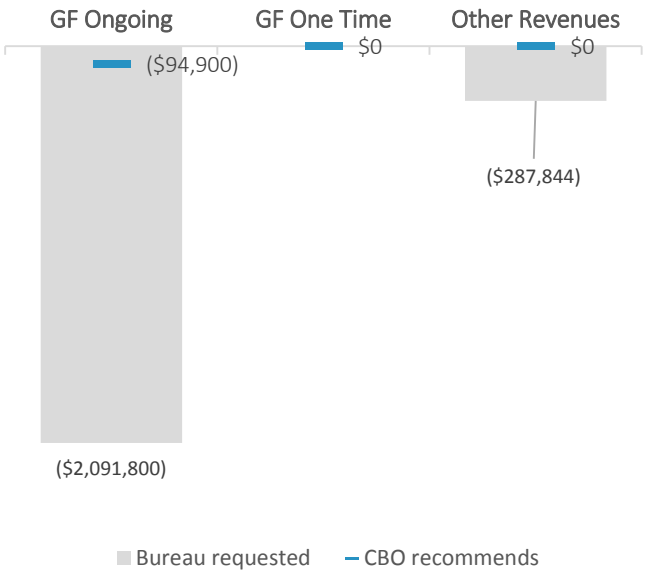
Portland Fire & Rescue (PF&R) has proposed the elimination of the dive team and the conversion of the rapid-response vehicle program (RRV) from a 24-7 service to a peak hour model to meet the budget guidance that public safety bureaus submit 2% reduction options. PF&R is also requesting one-time resources to implement a cancer reduction program, to replace the roofs at Stations 4 and 22, and to improve the bureau's code inspection system.

Adds

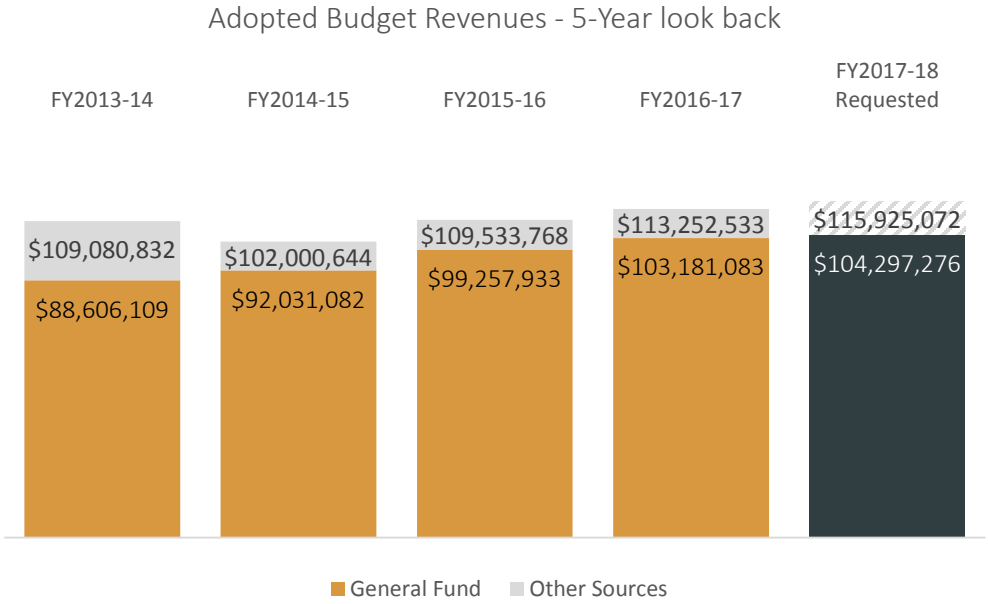


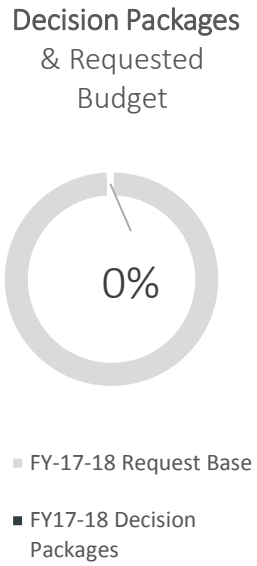
3.00 FTE Requested 0.00 FTE Recommended

Reductions



(18.00) FTE Requested (0.00) FTE Recommended



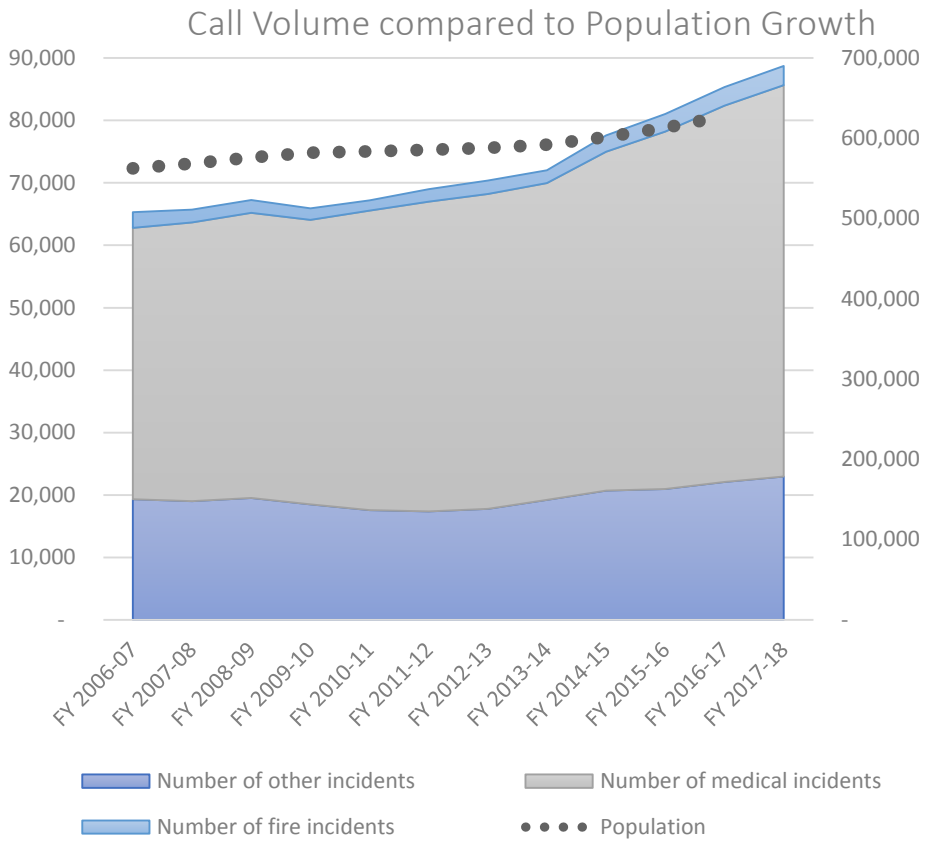


Key Issues

Managing Future Call Volume

PF&R's ongoing requests are representative of the overall strategic direction: refocusing the bureau's role from emergency medical response and stabilization to an increased focus on proactive medical response. The purpose of this strategic direction is two-fold: first, the current continuum of healthcare is inefficient in that there continues to be an overreliance on emergency room treatment for illness and injuries that otherwise could be addressed through less costly measures. While the federal government considers fundamental revisions to the Affordable Care Act, there remain significant opportunities to more effectively address care of Portlanders using local resources. Under the new direction of Chief Meyers, PF&R is aiming to increase its focus on community health and become a central connector in patient care.

The second purpose of this strategic direction is intended to reduce emergency medical response call volume over the long-term as a result of fewer residents relying on paramedics and ambulatory transport for chronic and less acute medical issues. Fewer calls will require fewer new firefighters and fire stations, potentially resulting in savings by avoiding future costs. However, this strategy does not result in new revenues or savings within current appropriations.



The chart above illustrates several key drivers of this discussion:

- Call volume increases as population increases. While not a direct correlation, it is expected that PF&R will need to address a greater number of calls as Portland's population increases. On average, population has increased by 1% per year over the past ten years (11% total increase). During that same period, total call volume has increased by 3% per year (31% total increase).
- Medical calls remain the largest portion of call volume, representing 70% of total calls over the past ten years.

Based on prior trends, PF&R will need to address an increase of 3% or approximately 2,500 calls per year through various mitigation strategies that shift calls away from 4-person engines' response in order to maintain current service levels.

PF&R has piloted and implemented strategies with the common intent of mitigating the medical call volume. These initiatives have included the following:

> Rapid Response Vehicle Program. Implementation of the Rapid Response Vehicle Program, which provides medical response to low acuity calls using two person teams staffed by a paramedic and EMT, thereby lessening the need to use four-person teamed fire engine and truck response.
> Alternative Destination and Alternative Transport (ADAT). In FY 2014-15, the bureau piloted the ADAT program, the goal of which is to respond to low acuity calls with a Fire paramedic who would determine if patients would be best served by being transported to an emergency room or to a lower cost alternative healthcare provider or urgent care facility.

Other fire service agencies have been exploring different ways to respond to the increase in medical calls, such as 911 call-center nurse triage and in-field treatment (paramedicine). PF&R is also requesting funding for related initiatives: a program to reduce high-utilizer calls and a Community Health Coordinator, both of which may reduce medical calls (FR_06 and FR_07).

Several questions need to be addressed before making investments in strategies to mitigate future call volume and expand the bureau's role in medical treatment:

- What are the most effective strategies for managing call volume over the next 20-30 years as Portland's population increases?
- What is Portland Fire & Rescue's role in providing medical response, especially low acuity injuries and illness, including chronic illness education for vulnerable populations and mobile clinic services to homeless camps?
- What is the quantity of resource that the City is willing to commit to adapting the fire services into a health provider role, given the need for General Fund resources?

Answers to these questions will define the long-term planning and where Portland Fire & Rescue should focus its resources in regards to medical response.

In addition to defining PF&R's role in medical response, the bureau will face other, more immediate challenges over the next five years: ongoing major maintenance needs and the Logistics and Training Facility relocation.

Asset management and major maintenance needs.

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 enhancements, using resources from the 1998 and 2010 General Obligation (GO) Bonds. As a result of these investments, 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 to fund future costs. PF&R does track and set aside approximately $300,000 for annual station repairs and maintenance, but the funding source is bureau discretionary resources, which may be limited in some years. 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 fund routine station maintenance. Previously, PF&R Management Services Division

estimated an annual need of $1 million for major expenses, based on current assets' condition and approximate scheduled life-cycle replacement.

CBO continues to recommend that the bureau build a reserve that is dedicated solely to major maintenance needs and asset preservation. Moreover, it is recommended that the bureau develop a scheduled major maintenance plan to submit as part of PF&R's Requested Budget that consists of project detail, timeline, and level of priority.

Logistics and Training Center

Per a budget note within the FY 2016-17 Adopted Budget, PF&R in conjunction with Facilities' Services has hired a consultant to conduct a needs analysis of the Logistics, Prevention and Training divisions, with the goals of identifying the most appropriate and cost effective locations for these divisions. Options may include the Sears Building in SW Portland, relocating to the current Parkrose site of the Training division, in addition to other options. Once the assessment has been complete, the next steps will be for the bureau to develop design, cost estimates and a financing plan prior to seeking Council's approval.

Decision Package Analysis & Recommendations

Disband Dive Team, FR_01, $(94,900), 0.00 FTE and FR_09, Restore Dive Team to Full Complement, $56,300, 0.00 FTE

The bureau submitted two packages that would impact the Dive Team: first, a reduction of $94,900 of General Fund discretionary resources, which would eliminate the premium pay budget, and as a result, the Dive Team (FR_01). A second package would increase the premium pay budget by $56,300 in General Fund ongoing, which would add eight members to the Dive Team, allowing the bureau to implement its recommended staffing model (FR_09). The bureau has determined that the current staffing model of 13 members to staff three shifts (four per shift with one for Kelly relief shift) is inadequate for addressing most Dive Team situations. If FR_09 is not approved, the bureau believes that the team should be eliminated.

PF&R's dive team was eliminated in FY 2013-14, but in FY 2015-16, premium pay was restored to fund half the staffing level. In the four years prior to the Dive Team being eliminated, the team was dispatched to 55 incidents and entered the water on 15 of those incidents. (The Dive Team does not enter the water if being used on standby for marine incidents, if conditions are changing or unsafe, or if the situation was addressed prior to someone entering the water.) Of those 15 incidents in which the Dive Team entered the water, all were body recovery efforts rather than rescue efforts. Response time during this period was 26 minutes and 40 seconds at the 90th percentile; however, after 60 minutes of a person being under water, the incident becomes a recovery effort rather than a rescue operation. In the past 15 years, there have been zero successful rescues by the Dive Team.

Despite these figures which suggest the limited effectiveness of the Dive Team's rescue efforts, there are two reasons why Council may choose to retain the team: first, the City of Portland's

Dive Team allows for quicker recovery of bodies. The City of Portland is able to recover the deceased within an hour on average; the Multnomah County Sherriff's Office dive team typically requires several hours and occasionally much longer because they are not staffed for immediate response. Second, the team trains for several very low probability scenarios in which rescues are possible by a dive team, such as persons being trapped in submerged vehicles.

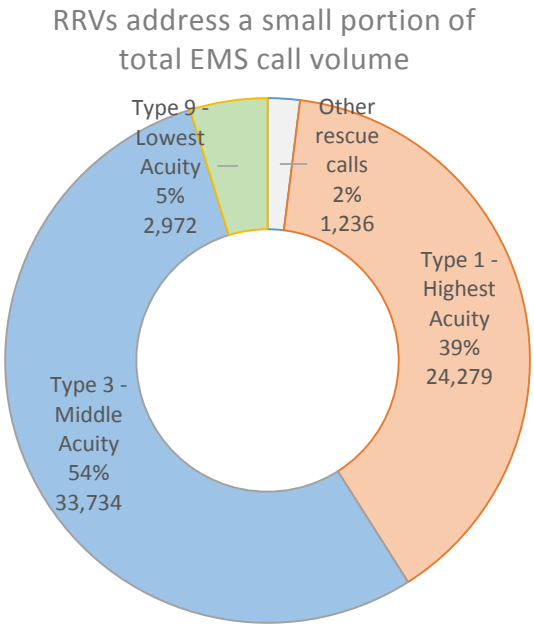
Based on the limited opportunities for successful recoveries, CBO recommends the reduction of $94,900 (FR_01) and eliminating the Dive Team and does not recommend the requested funding in FR_09.

CBO Recommendation: ($94,900), 0.00 FTE

Convert 24/7 RRVs to 40-hour RRV, FR_02 through FR_05 ($571,530) and (4.50) FTE per package

These packages decrease ongoing General Fund discretionary by $499,225 and 4.50 FTE per package within the bureau's Rapid Response Vehicle (RRV) program. In effect, this package would decrease the availability of RRV units to 10 peak hours per day. During the non-peak hours, a four-person engine or truck response would be dispatched for all 911 calls, regardless of severity, resulting in delayed response times.

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, allowing for four-person units to be in service for dispatch to either higher acuity medical, fire, or rescue calls. Starting in FY 2013-14, the bureau has operated four RRV units, stationed in north, east and southeast Portland, locations which coincide with higher call volumes. However, 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 and response by a four-person engine.



As evidenced in this chart, these lower acuity (Type 9) calls for medical service accounted for 4.8%number of the total EMS call volume in FY 2015-16. 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. However, RRVs also respond to a select set of Type 3 calls within its FMA for certain types of incidents, increasing the number of calls appropriate for RRV units.

The risk of cutting all four RRV units would be the potential delay of 90 seconds per call for approximately

500 Type 1 (high acuity) calls per year as modeled by PF&R. This results from an engine having to travel outside of its primary fire management area while the engine in the primary fire management area responds to the low acuity call previously addressed by an RRV. The risk of an additional 90 seconds for the highest priority incidents is critical, but for other incidents, this delay would typically not impact the outcome of the patient

This analysis is based on the assumption that all four RRV units are converted to peak staffing. However, due to the proximity of the three RRVs in east Portland, there is the possibility of consolidating non peak hour workload into one or two RRVs in east Portland. Before implementing the model, PF&R would evaluate deployment to determine which changes would result in the fewest delays, taking into account call severity, response time, and response reliability.

CBO notes that the conversion of one or two of the RRV units may not significantly delay response to a large number of Type 1 and Type 3 calls; however, CBO also recognizes that the RRV program is another strategy that intends to address the large volume of emergency health calls. The recent Government Accountability, Transparency and Results sessions corroborated these findings and recommended that the RRV program expand the type of calls to include Trauma 3 and Service calls and increase the number of RRV units available during peak hours in addition to several options for improving the program. CBO also notes that this program has been effective in meeting the initial goals of ensuring that the City is sending appropriate resources for 911 dispatched calls and preserving response reliability for engines and trucks to be in service for more critical calls. As such, CBO does not recommend these reductions.

Converting the program to a peak hour model or eliminating the RRV program may be appropriate in future years if response to the majority of Type 9 and Type 3 calls can be provided by ambulance services, following a revised contract or if community health programs (such as the programs requested in FR_06 and FR_07) are effective in lessening call volume of RRV units.

CBO Recommendation: $0, 0.00 FTE

Community Health Assessment Team (CHAT), FR_06, $146,382, 1.00 FTE

This package increases General Fund discretionary resources by $124,758 and transfers resources of $21,624 from the Fire & Disability & Retirement fund, and adds 1.00 FTE to create a position within the Medical Services and Training Division that would provide proactive assistance to approximately 30 residents who regularly call 9-1-1 for emergency services ("high utilizers"). Conditions of the high utilizers typically include chronic medical illness, drug addiction, and mental illness. Currently, Multnomah County has social workers who provide response to high utilizers. Due to resource limitations, they do not have capacity to address demand, shifting the work onto PF&R.

A pilot of the program, funded by the Innovation Fund, has shown to be effective in reducing calls of high utilizers. Of a group of 17 pilot enrollees, calls were reduced by 75 percent, from 274 to 69 in the following 6 months.

There are several reasons to implement the program: first, this program aims to decrease call volume over the long-term, thereby limiting the need for additional fire fighters and stations. The bureau estimates that this position would reduce the number of medical calls by approximately 500 per year. Second, this program would also result in decreased costs of ambulance services and for the insurers of patients. Currently, though, there is not a mechanism for PF&R to receive a portion of these savings. Lastly, providing proactive services delivers a more appropriate response and improved level of care for these residents.

As currently requested, this position would be funded solely by General Fund resources with the potential for grants and reimbursement from community health providers. However, without significantly expanding this model, this program is unlikely to have meaningful impact on call volume. Program expansion would require significant investment in General Fund resources or require a sustainable resource. Due to these concerns and because of the limited availability of General Fund Resources, CBO does not recommend funding.

CBO Recommendation: $0, 0.00 FTE

Community Healthcare Coordinator, FR 07, $173,094, 1.00 FTE

This package increases General Fund discretionary resources by $147,054 and transfers resources of $26,040 from the Fire & Disability & Retirement fund and 1.0 FTE to create a Community Health section within the bureau. This position would primarily focus on improving overall community health, and the request demonstrates PF&R's strategic intent to expand its role from solely emergency medical response into health education and prevention. This position would be tasked with developing contracts with hospitals for readmissions reduction, broadening community health education, developing mentoring programs, and assisting in the strategic plan of mapping health disparities within fire management areas.

This position could recover some costs. As a pilot project, Council approved an agreement with Legacy Good Samaritan Medical Center (Ord 188202), which would allow for reimbursement up to $24,000 over a six-month period. Assuming that the position solely focuses on readmission reduction visits, CBO estimates that the position could recover 70-90% of direct costs. As requested, however, readmission reduction visits are estimated to be 30-40% of the position's time, with the remaining portion to be spent coordinating a volunteer network and a mobile health clinic for homeless camps. CBO notes that the current scope of the position may require more time than available for a single position, and as a result of the limited time for readmission visits, the potential for cost recovery would be minimal. As an alternative, the scope of this position could be focused solely on readmission reduction visits, increasing the opportunity for full cost-recovery; however, securing sufficient revenues, without temporarily continuing to fund the pilot with General Fund resources, may be challenging.

CBO has concerns as to whether the position can effectively address all goals of the program as drafted. Without a well-defined work plan that includes performance metrics related to the program tasks, CBO does not recommend ongoing funding. Depending upon Council's willingness to move forward on Fire's strategic vision, then CBO recommends that the bureau return with a more focused proposal in a future budget process.

Similar to the concerns raised in the previous package, CBO also has concerns as to whether the City will have the resources for an increased focus on community health while also reducing call volume.

CBO Recommendation: $0, 0.00 FTE

Professional Standards Administrator, FR 08 $194,194, 1.00 FTE

This package would increase ongoing General Fund discretionary by $165,994 and transfers resources of $28,200 from the Fire & Disability & Retirement fund, and 1.0 FTE to create a permanent Professional Standards Administrator position that would be tasked with addressing discipline and grievance issues, managing behavioral health improvements across the bureau, and developing and implementing the bureau's equity plan.

The amount of time spent by deputy chiefs, the division chiefs, and the Fire Chief on such issues is unknown but it is expected to be negatively impacting their ability to address other management issues and initiatives. The Bureau of Human Resources has not provided data on the number of grievances filed by PFFA, but it estimated that there were approximately 13-16 grievances per year in previous years. Last year there were 20 cases that resulted in disciplinary action in addition to a larger number of incidents and investigations that did not result in any action.

This position would also develop and coordinate the implementation of the bureau's equity plan. The bureau has delayed the completion of its Racial Equity Plan during the transition of the new Fire Chief. Completing the equity plan requires a significant amount of time, and bureaus of similar size have single positions dedicated to the coordination of the plan's implementation. If the position is funded, CBO recommends that the position description is scoped with feedback from Office of Equity and Human Rights (OEHR) on how to most effectively address the bureau's equity issues.

CBO recognizes the value of minimizing the time bureau managers spend on discipline issues and the need for the bureau to address equity issues, but does not recommend funding in FY 2017-18. Rather, CBO recommends that first the bureau identify opportunities to streamline the grievance and discipline processes through organizational improvements, and second, that the bureau evaluate whether its equity needs can be addressed with existing positions or whether a dedicated position is necessary.

CBO Recommendation: $0, 0.00 FTE

High-Speed Connections to Stations, FR_10, $50,000

This package would increase ongoing General Fund discretionary resources by $50,000 to fund the increased costs of upgrading the internet connections at the bureau's 31 stations. One-time installation costs of $150,000 will be funded by a grant and remaining Public Safety Systems Revitalization Program funds. Currently, firefighters require internet access to use the Fire Information System to track staffing status; prepare fire and EMS incident reports; file probation, counseling, and discipline reports; complete fire inspection reports; and draw auto accident and building layout diagrams. While the system is slow, the slow internet speed does not prohibit these activities from being completed.

Increased speeds would allow for video conferencing and enhanced training videos and training tracking. To the degree that these trainings and meetings can be completed during current shifts rather than through additional service hours, then online video conferencing and training could decrease personnel costs.

Increased speeds would also add capacity for mobile data computers, allowing fire engines and trucks to receive automatic updates to building layout diagrams and key geographical information. The bureau has not scoped this MDC project and identified costs, and so it is unlikely that increased internet speed would result in implementation of this technology in the near-term. Based on costs of similar systems in other jurisdictions, this project is likely to require $500,000 or more. The proposed technology can scale up to 10 Gigabits per second and is expected to provide sufficient internet connection speeds for the next five years.

Due to the efficiencies of video conferencing and online trainings, relative to the low ongoing costs of high-speed internet, CBO recommends this request.

CBO Recommendation: $50,000

Cancer Reduction Plan – Phase 1, FY_11, $700,000

This package would provide funding of $700,000 to fund 300 new turnouts (firefighting uniforms, helmets and boots), allowing each frontline firefighter to have a second set. This request is expected to be followed by an additional request to fund the bureau's Cancer Reduction Plan. Currently the bureau budgets $160,000 for turnout replacement, which allows for the annual replacement of 70 turnouts and a replacement cycle of 5-6 years. A second set of turnouts will provide firefighters with a clean alternative between cleanings after being exposed to carcinogens following a fire response.

The need for the turnouts is based on the findings of a study by the National Institute for Occupational Safety and Health (NIOSH), which found a correlation between firefighting and cancer. Compared to the general population, the study found that fire fighters had a small to moderate increased risk for several types of cancers, including malignant mesothelioma due to exposure to asbestos, in addition to increased rates of bladder and prostate cancer for those under 65. The increased cancer rates were directly correlated with time spent exposed to fires

and the number of fire runs. Cancer rates are now comparable to cardiovascular and coronary heart disease as the leading causes of death amongst fire fighters. As a result of these findings, Oregon legislation was recently passed that designated certain types of cancer as being a result of duty-related exposure (ORS 656.802).

Studies suggest that it is most effective to invest in the use of respiratory protection and source capture ventilation of diesel exhaust, in addition to adopting practices and using equipment that minimize skin exposure to carcinogens, including a second set of turnouts. The bureau previously invested in higher-quality respiratory protection and currently is assessing systems to improve exhaust ventilation. A second set of turnouts has been identified as the next most effective mitigation strategy in reducing carcinogenic exposure and is a practice adopted by Clackamas Fire District I, TVF&R, and Gresham.

Portland firefighters clearly assume a higher risk of cancer as part of their role and responsibilities, and the bureau has undertaken several efforts to address that risk. CBO recommends $391,494 – an amount less than requested due to the limited availability of one-time General Fund resources – and that the bureau fund the remaining portion of the request through its annual turnout budget and any year-end underspending.

CBO Recommendation: $391,494

Roof Replacement – Station 4 and 22, FR 12, $205,000

This package would increase one-time General Fund resources by $205,000 to fund the replacement of roofs at Stations 4 and 22. As part of the FY 2016-17 budget, the bureau received funding to replace roofs at 4, 10, 16 and 20. Due to increased construction costs, the bureau was not able to fund the replacement at Station 4.

This project ranked 15th of 33 in the Citywide capital set-aside rankings. Due to the limited amount of one-time resources and the higher priority of other major maintenance projects, CBO does not recommend funding. However, as noted earlier, the bureau's major maintenance fund needs remain a critical issue. CBO continues to recommend that the bureau work to build a dedicated reserve, similar to Parks' major maintenance fund, that is dedicated solely to major maintenance needs and asset preservation.

As an alternative to one-time General Fund resources, the bureau could choose to fund this project with unspent bond proceeds or prioritizing the roofs within its materials and services budget. Within the 1998 GO Bond fund, there is a balance of $600,000, which the bureau intends to use on preliminary study, design, and permit costs for the Logistics and Training facility projects.

CBO Recommendation: $0

Code Enforcement Software App Enhancement, FR_13, $350,000

This package would increase one-time General Fund resources by $350,000 to fund software enhancements or replacement and $50,000 for mobile devices for the bureau's Fires2000, code enforcement application. As described by the bureau, there are many current limitations of the system which result in inefficiencies. The bureau is in the initial planning stages of developing replacement options for this software and intends to have completed the assessment and detailed request within the next few months.

CBO supports the plan to replace the system, recognizing the current limitations and possible efficiencies in system upgrades; however, without concrete estimates and a long-term plan for system needs, CBO does not recommend allocating resources to this project at this time.

CBO Recommendation: $0, 0.00 FTE

Apparatus and Equipment Mechanic, FR_14, $15,000, 1.00 FTE

This package would reallocate portions of the professional services budget for equipment maintenance to fund 1.0 FTE Apparatus and Equipment Mechanic position. Due to the recent acquisition of two new fireboats and 350 pieces of Self-Contained Breathing Apparatus (SCBA) face masks, the maintenance workload has increased. The bureau has determined the appropriate type and volume of workload such that it would be less costly to complete the repairs in-house rather than contracting out these services. CBO recommends the requested realignment.

CBO Recommendation: $15,000, 1.00 FTE

Bureau Budget Summary – Request and Recommendations

Below is a summary of Portland Fire & Rescues' operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 2,396,846	$ 1,900,000	$ -	$ -	$ 1,900,000
Licenses & Permits	2,550,000	2,830,000	-	-	2,830,000
Charges for Services	1,595,000	1,450,000	-	-	1,450,000
Intergovernmental Revenues	615,000	635,000	-	-	635,000
Interagency Revenue	5,179,450	6,719,776	(211,980)	211,980	6,719,776
Miscellaneous Sources	132,000	190,000	15,000	-	205,000
General Fund Discretionary	103,103,985	104,513,833	(292,694)	639,288	104,860,427
General Fund Overhead	77,098	76,137	-	-	76,137
Total Resources	**$115,649,379**	**$118,314,746**	**($489,674)**		**$118,676,340**
Requirements					
Personnel Services	$ 97,023,341	$ 99,421,961	$ (1,655,714)	$ 1,654,774	$ 99,421,021
External Materials and Services	7,307,569	7,335,474	911,040	(598,506)	7,648,008
Internal Materials and Services	6,461,914	7,132,107	50,000	-	7,182,107
Capital Outlay	4,856,555	4,425,204	205,000	(205,000)	4,425,204
Total Requirements	**$115,649,379**	**$118,314,746**	**($489,674)**	**$851,268**	**$118,676,340**

City of Portland

Decision Package Recommendations

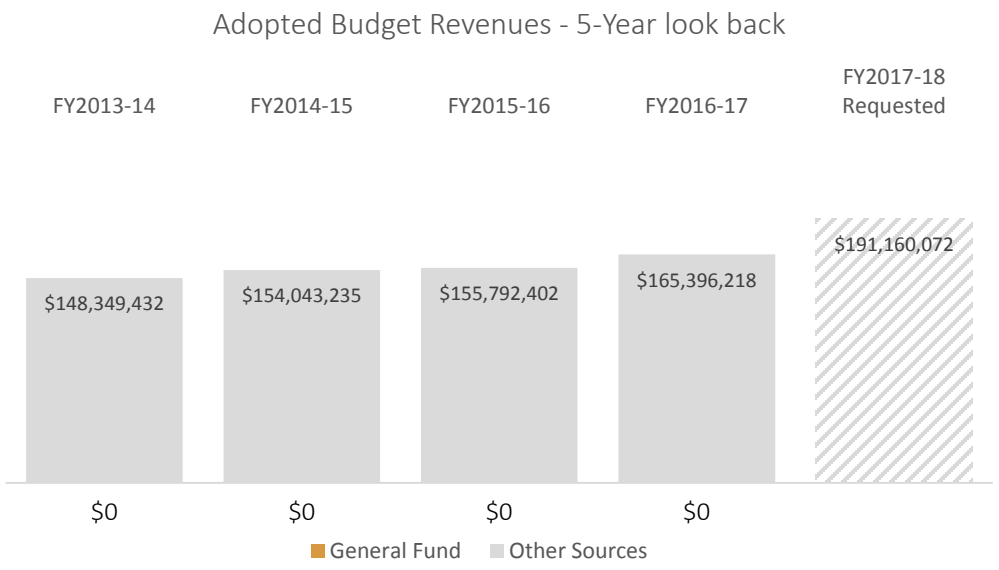
(Includes Contingency and Ending Balance)

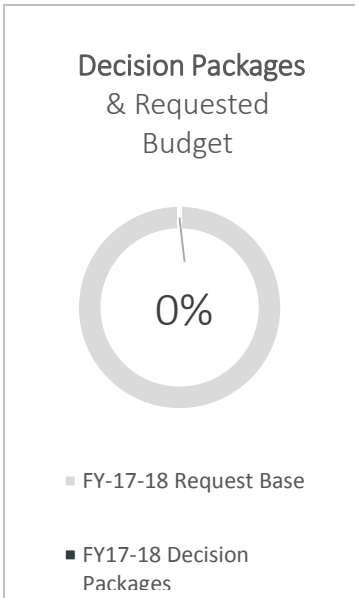
	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Fire & Rescue											
Adds											
FR_06 - Community Health Assessment Team (CHAT)	01	1.00	124,758	0	21,624	146,382	0.00	0	0	0	0
FR_07 - Community Health Coordinator	02	1.00	147,054	0	26,040	173,094	0.00	0	0	0	0
FR_08 - Professional Standard Administrator	03	1.00	165,994	0	28,200	194,194	0.00	0	0	0	0
FR_09 - Add Members to Dive Rescue Team	04	0.00	56,300	0	0	56,300	0.00	0	0	0	0
FR_10 - High-Speed Connection to Stations	05	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
FR_11 - Cancer Reduction Plan - Phase 1	06	0.00	0	700,000	0	700,000	0.00	0	391,494	0	391,494
FR_12 - Roof Replacements - Stations 4 and 22	07	0.00	0	205,000	0	205,000	0.00	0	0	0	0
FR_13 - Code Enforcement Mobility and Other Enhanc	08	0.00	0	350,000	0	350,000	0.00	0	0	0	0
Total Adds		*3.00*	*544,106*	*1,255,000*	*75,864*	*1,874,970*	*0.00*	*50,000*	*391,494*	*0*	*441,494*
Reductions											
FR_01 - Eliminate Dive Rescue Team	01	0.00	(94,900)	0	0	(94,900)	0.00	(94,900)	0	0	(94,900)
FR_02 - Reduce one 24/7 RRV to one 40-hour per wee	02	(4.50)	(499,225)	0	(72,305)	(571,530)	0.00	0	0	0	0
FR_03 - Reduce one 24/7 RRV to one 40-hour per wee	03	(4.50)	(499,225)	0	(72,305)	(571,530)	0.00	0	0	0	0
FR_04 - Reduce one 24/7 RRV to one 40-hour per wee	04	(4.50)	(499,225)	0	(72,305)	(571,530)	0.00	0	0	0	0
FR_05 - Reduce one 24/7 RRV to one 40-hour per wee	05	(4.50)	(499,225)	0	(70,929)	(570,154)	0.00	0	0	0	0
Total Reductions		*(18.00)*	*(2,091,800)*	*0*	*(287,844)*	*(2,379,644)*	*0.00*	*(94,900)*	*0*	*0*	*(94,900)*
Realignments											
FR_14 - Apparatus & Equipment Mechanic	01	1.00	0	0	15,000	15,000	1.00	0	0	15,000	15,000
Total Realignments		*1.00*	*0*	*0*	*15,000*	*15,000*	*1.00*	*0*	*0*	*15,000*	*15,000*
Total Portland Fire & Rescue		**(14.00)**	**(1,547,694)**	**1,255,000**	**(196,980)**	**(489,674)**	**1.00**	**(44,900)**	**391,494**	**15,000**	**361,594**

Analysis by: Ryan Kinsella

Bureau of Fire & Police Disability & Retirement

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 2017-18 Requested Budget estimates a levy of $2.66 per $1,000 Assessed Value (AV), which is an increase from the current rate of $2.48 per $1,000 AV. The implied Real Market Value rate in the Requested Budget is $1.16 per $1,000. In the short term the fund is not forecasted to exceed the cap ($2.80 per $1,000 RMV) and the long-term risk is very low. The bureau did not request any changes to its operational budget for FY 2017-18.





Key Issues

Impact of Portland Police Association Contract

Due to the recent approval of the Portland Police Association (PPA) contract, expenses will increase for FPDR beginning FY 2016-17 as a result of the three-year wage increase of 9.27%, totaling $7.0 million over the five-year period ending in FY 2020-21. By FY 2020-21 additional ongoing FPDR costs will be $2.6 million per year. Cost increases are spread between FPDR One pension benefits (which receive cost-of-living adjustments equal to increases in active police officer pay); future FPDR Two pension benefits (which will now be based on higher final pay); PERS contributions made by FPDR on behalf of FPDR Three members (which are a percent of pay); and disability and funeral benefits for FPDR Two and FPDR Three members (which are a percent of pay). Costs will continue to grow in real terms for the next 15 – 20 years as the entire FPDR Two population retires and the entire active

workforce becomes FPDR Three. FPDR's independent actuaries have estimated the additional cost of the PPA contract wage increases at $25.5 million (today's dollars) over the life of the plan.

Prior actuarial valuation and tax levy adequacy analyses had assumed a certain degree of wage increase; however, the most recent actuarial analysis from January 2017 has taken into account the impact of the PPA contract. The analysis has not incorporated any specific impacts for the Portland Fire Fighters Association contract, as an agreement has not yet been reached.

Updated Actuarial Valuation and Tax Levy Adequacy Analysis

In January 2017, FPDR completed its biennial update to the actuarial valuation and levy adequacy analysis. As a result of this analysis, the forecasted pension liability increased due to a change in the discount rate, a change in COLA assumptions for FPDR Two retirees, and longer mortality assumptions. However, growth in Real Market Value (RMV) has lessened the probability of fund expenses exceeding the levy limits and reduced the degree to which the FPDR levy will compress other general government levies. Over the long-term, there remains a period between 2020 and the early 2030s during which FPDR will incur the full pension costs of One and Two retirees and disability costs for current employees while also prefunding the pension costs (via PERS) of Three employees. As noted in previous analyses, there is a very low possibility (2.6%, down from 4.0% in 2014 analysis) that FPDR fund costs may exceed tax capacity during this period. Most likely this would be funded with issuance of pension obligation bonds until costs of One and Two pensions decrease, allowing for a smoothing of this tax rate.

Bureau Budget Summary – Request and Recommendations

Below is a summary of the Bureau of Fire & Police Disability & Retirement budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 13,338,094	$ 10,587,419	$ -	$ -	$ 10,587,419
Taxes	128,071,818	143,224,772	-	-	143,224,772
Interagency Revenue	905,200	1,359,000	-	-	1,359,000
Fund Transfers - Revenue	1,500,000	1,500,000	-	-	1,500,000
Bond and Note Proceeds	34,476,000	44,312,000	-	-	44,312,000
Miscellaneous Sources	443,200	764,300	-	-	764,300
Total Resources	**$178,734,312**	**$201,747,491**	**$0**	**$0**	**$201,747,491**
Requirements					
Personnel Services	$ 2,086,912	$ 2,119,714	$ -	$ -	$ 2,119,714
External Materials and Services	120,468,600	127,855,597	-	-	127,855,597
Internal Materials and Services	11,161,988	14,376,154	-	-	14,376,154
Capital Outlay	46,000	46,451	-	-	46,451
Debt Service	34,899,037	44,835,166	-	-	44,835,166
Fund Transfers - Expense	1,653,664	1,656,555	-	-	1,656,555
Contingency	7,668,111	10,107,854	-	-	10,107,854
Unappropriated Fund Balance	750,000	750,000	-	-	750,000
Total Requirements	**$178,734,312**	**$201,747,491**	**$0**	**$0**	**$201,747,491**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

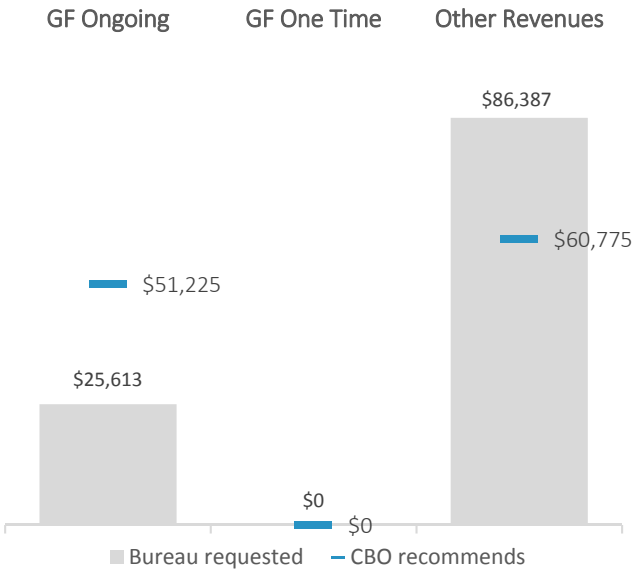
	Bureau Requested					CBO Analyst Recommendations				
Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses

Analysis by: Doug Le

Office of Government Relations

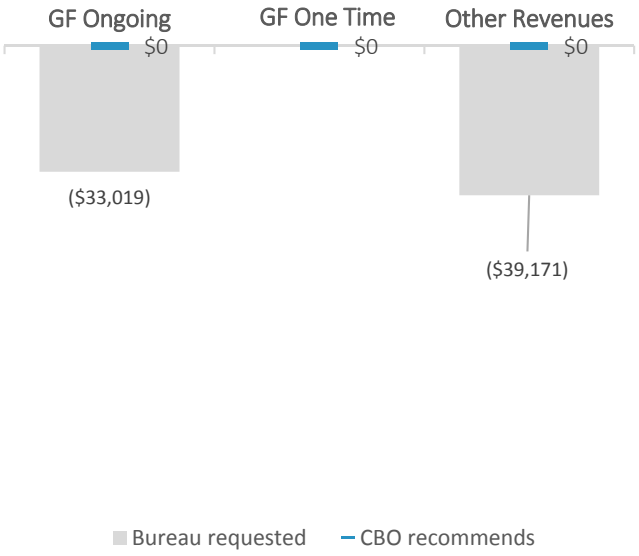
The Office of Government Relations submitted a Requested Budget that includes a base budget of $1,668,105, a proposal for a 5% General Fund reduction, and one add package for a new Commissioner's Staff Representative position to add capacity for intergovernmental coordination and strategic community outreach.

Adds



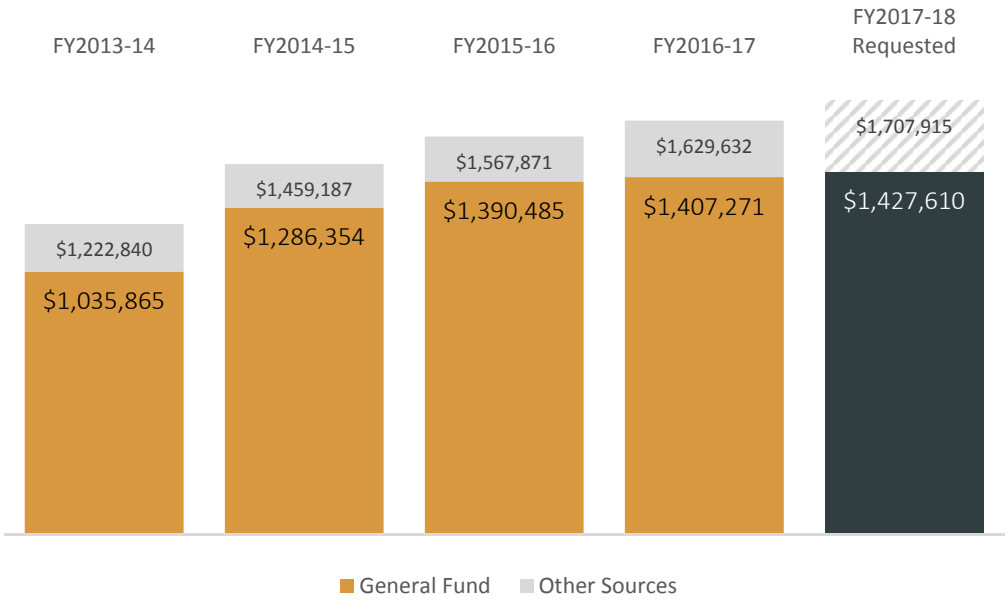
1.00 FTE Requested 1.00 FTE Recommended

Reductions

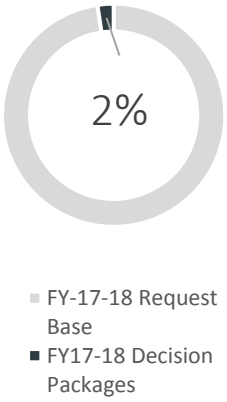


(0.00) FTE Requested (0.00) FTE Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



Key Issues

Performance Measures

When comparing FY 2015-16 actuals to annual targets, the Office of Government Relations (OGR) met two of its three key performance measures:

The result of the office's customer survey indicates that 96.7% of respondents rated OGR's overall performance as excellent or very good. This exceeds the annual target of 96% and is roughly equivalent to the FY 2014-15 actuals of 97%. For FY 2016-17 and FY 2017-18, the target is set at 97%.

The survey result shows that 82% of respondents indicated that OGR made progress on state, federal, or intergovernmental issues. This exceeds the annual target of 70%, and represents a significant increase over the FY 2014-15 actuals of 60%. The bureau has set a strategic target of achieving 76% by the end of the current year, and assuming upward progress continues, the bureau is on track to meet this target. In FY 2017-18, this measurement has been changed to Responsive to Client Requests. The office did not meet the target for reception of international delegations due to staff turnover. However, it is notable that the office increased the number of international delegations received from 70 to 90 by the end of FY 2015-16. For FY 2017-18, the target is set at 100 delegations received.

Decision Package Analysis & Recommendations

General Fund Reduction, GR-01 – GR-04, ($72,910)

These four decision packages comply with the FY 2017-18 budget guidance of proposing a 5% General Fund reduction for Council consideration. For OGR, the 5% reduction equates to a total of $72,190. OGR proposes to reduce its appropriation for external materials and services to fund the reduction. A 1% reduction would reduce the office's flexibility in managing its day-to-day operations and a 5% reduction would have negative impact on the office's ability to carry out its core mission of advancing the city's legislative goals at both state and federal levels.

Additionally, the transfer of the function to manage the sovereign government relations from the Mayor's Office will create additional costs for OGR, because while the position would be funded, there are no resources set-aside for office equipment and supplies, such as: computer, phone, desk, chair, etc. to support this position. Based on the above findings, CBO does not recommend the 5% General Fund reduction.

CBO Recommendation: $0

Commissioner's Staff Representative Add Package, GR – 05, $112,000, 1.00 FTE

This decision package would transfer a Commissioner's Staff Representative to OGR in FY 2017-18. As requested, OGR adds a new position funded by an interagency agreement with the Mayor's Office (50%) and additional General Fund resources (50%) to add capacity for intergovernmental coordination and strategic community outreach. Because this function is fully funded in the Mayor's Office in this fiscal year, CBO recommends that the position in OGR be funded by reducing the General Fund resources currently in the Mayor's Office.

CBO Recommendation: $112,000, 1.00 FTE

Bureau Budget Summary – Request and Recommendations

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Intergovernmental Revenues	$ 35,000	$ 35,000	$ -	$ -	$ 35,000
Interagency Revenue	187,361	189,305	56,000	(56,000)	189,305
General Fund Discretionary	640,888	660,346	(7,406)	58,631	711,571
General Fund Overhead	766,383	783,454	(8,784)	69,559	844,229
Total Resources	**$1,629,632**	**$1,668,105**	**$39,810**	**$72,190**	**$1,780,105**
Requirements					
Personnel Services	$ 1,098,238	$ 1,175,923	$ 112,000	$ -	$ 1,287,923
External Materials and Services	325,267	308,300	(72,190)	72,190	308,300
Internal Materials and Services	206,127	183,882	-	-	183,882
Total Requirements	**$1,629,632**	**$1,668,105**	**$39,810**	**$72,190**	**$1,780,105**

Overall the FY 2017-18 Requested Budget is consistent with the office's budgets in previous years. CBO does not recommend the bureau's proposed 5% General Fund reductions. CBO recommends the addition of the Commissioner's Staff Representative position to add capacity for intergovernmental coordination and strategic community outreach. Please see the section Decision Package Analysis & Recommendations above for discussion of these items.

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

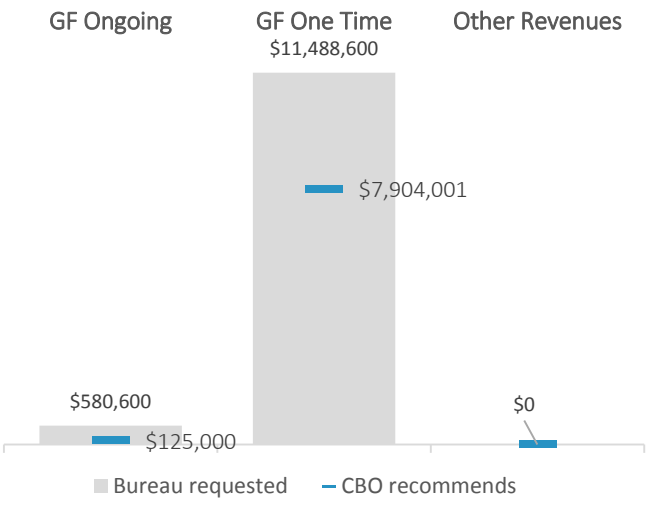
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Government Relations											
Adds											
GR_05 - Commissioner's Staff Representative Add	01	1.00	25,613	0	86,387	112,000	1.00	51,225	0	60,775	112,000
Total Adds		*1.00*	*25,613*	*0*	*86,387*	*112,000*	*1.00*	*51,225*	*0*	*60,775*	*112,000*
Reductions											
GR_01 - First 1% Reduction	01	0.00	(6,604)	0	(7,834)	(14,438)	0.00	0	0	0	0
GR_02 - Second 1% Reduction	02	0.00	(6,604)	0	(7,834)	(14,438)	0.00	0	0	0	0
GR_03 - Third 1% Reduction	03	0.00	(6,604)	0	(7,834)	(14,438)	0.00	0	0	0	0
GR_04 - Final 2% Reduction	04	0.00	(13,207)	0	(15,669)	(28,876)	0.00	0	0	0	0
Total Reductions		*0.00*	*(33,019)*	*0*	*(39,171)*	*(72,190)*	*0.00*	*0*	*0*	*0*	*0*
Total Office of Government Relations		**1.00**	**(7,406)**	**0**	**47,216**	**39,810**	**1.00**	**51,225**	**0**	**60,775**	**112,000**

Analysis by: Jane Marie Ford and Jessica Kinard

Portland Housing Bureau

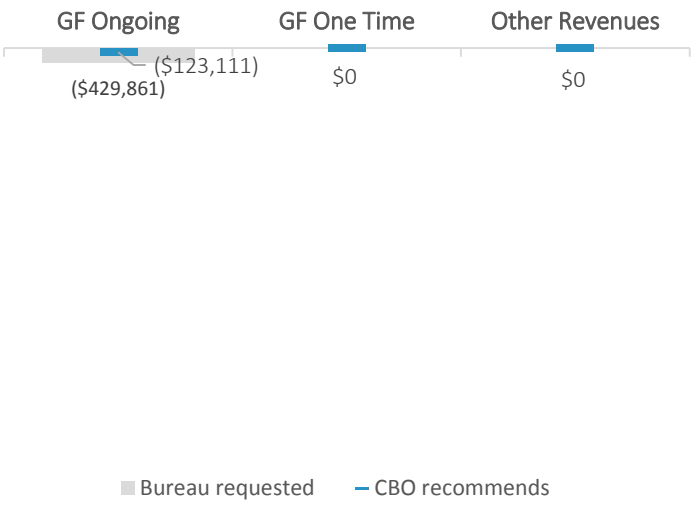
The Portland Housing Bureau's requested FY 2017-18 budget is $208 million, representing a 47% increase over the current year's adopted budget and a 118% increase over the prior year's adopted budget. Since the declaration of a State of Housing Emergency in 2015, the bureau has undergone significant financial and operational changes, as the City and its partners (including Portland voters) have approved generous new funding sources for housing and homeless services. Although it is too early to comprehensively evaluate the effectiveness of increased funding levels, CBO recommends that the City continue to prioritize housing and homeless funding, but remain vigilant about tracking and analyzing performance data as it becomes available to ensure maximum investment impact on meeting stated goals around affordable housing and homelessness reduction.

Adds



2.00 FTE Requested 0.00 FTE Recommended

Reductions



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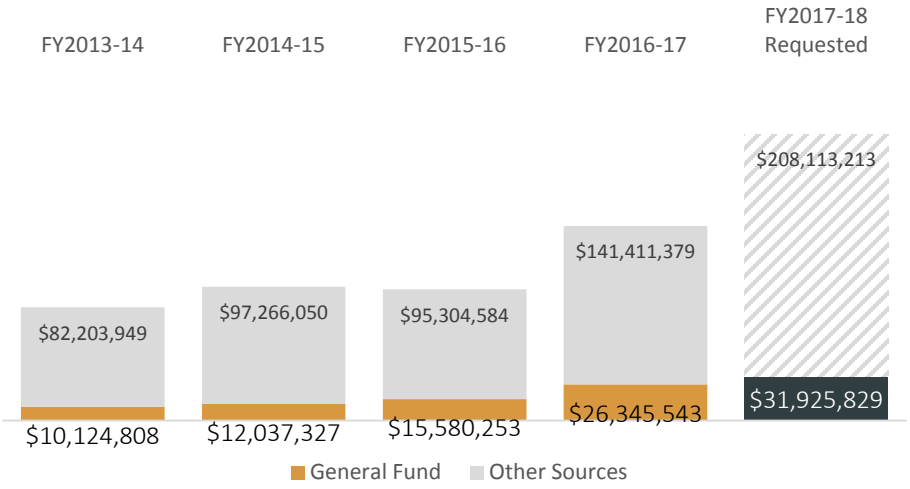
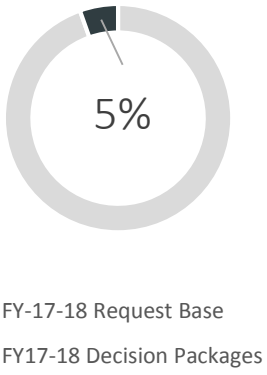
Adopted Budget Revenues - 5-Year look back



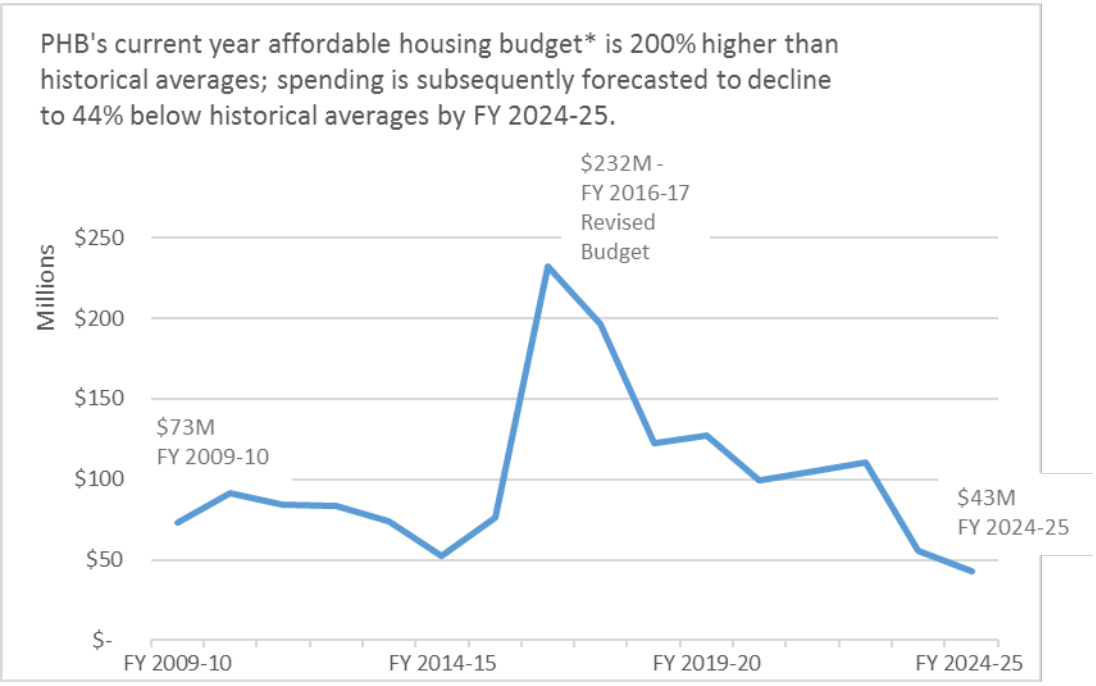
Decision Packages & Requested Budget



Key Issues

Affordable Housing: Financial peaks, operational changes, and progress on development goals

In the 1 ½ years since Council declared the State of Housing Emergency, the launch of several initiatives has increased the projected City resources dedicated to affordable housing by $489 million over the next ten years.[1] This does not include additional resources dedicated to homeless services. New policies enacted include the annual transfer of General Fund revenue from a short-term rental tax to the Housing Investment Fund (HIF); an increase in the mandated affordable housing set-aside of Tax Increment Financing (TIF) resources; a new Construction Excise Tax to fund affordable housing; the passage of mandatory inclusionary zoning; the passage of a $258.4 million affordable Housing General Obligation Bond (GO bond); and the passage of regulations enhancing tenant protections. These changes create a significant spike in Portland Housing Bureau (PHB) resources that is followed by a rapid decline due primarily to the expiration of Urban Renewal Areas (the source of the TIF funding), projected declines in federal funds, and the expenditure of Bond funds.



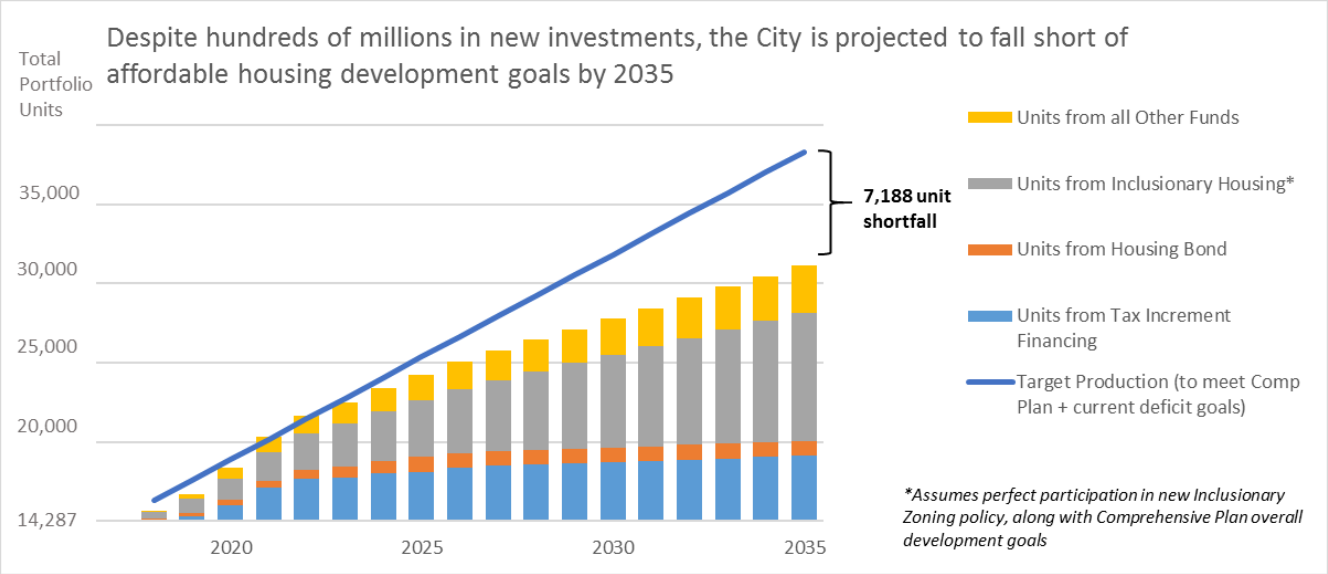
**The above graph excludes homelessness funding to focus on resources for PHB programming, primarily affordable housing. Resources for PHB programming peak in the current year at $232 million, with 33% of funding coming from TIF resources, 42% from the Bond, and 12% from federal sources. The chart does not include foregone revenue from tax exemptions.*

These new policies and funding streams not only impact PHB's budget, but significantly affect the bureau's operational structure and mandate. Inclusionary housing policies require PHB to be involved with development permitting and plan review; the Housing Bond requires PHB and

[1] Includes new resources as well as the cost of deferred City revenue related to the inclusionary zoning policy.

the City to own and manage housing capital assets (typically the role of third party developers); and recent discussions around landlord regulations and tenant protections could require PHB to take on new regulatory functions. While the bureau is adapting its structure to meet the new mandates, it must also strategically prepare for the decline of resources over the next ten years. Absent another GO bond or additional resources to replace the TIF funds, the bureau posits that it may become more focused on regulation and asset management than on housing development. The future role of the bureau may also be affected by whether the City meets its housing development production goals.

Over the same ten-year period, these new resources are projected to yield 6,649 new affordable housing units.[2] However, this increase is not sufficient to meet projected need: given anticipated population increases and the existing deficit of needed affordable housing,[3] the City will require an estimated 37,600 total affordable housing units by 2035. Assuming projected funding streams and perfect participation in the new Inclusionary Zoning program, the City will fall 7,188 units short of meeting this goal. This gap widens significantly in a scenario with less extensive implementation of the inclusionary zoning policy.



The most direct ways for the City to eliminate this shortfall is by either investing more funding in housing or by building housing more cost effectively. This projection assumes that the Bond will produce 925 new units and preserve 375 units, yielding an average cost to the City of just under $200,000/unit; and assumes other City financing strategies (TIF, HIF) produce new units at an average cost of $100,000/unit. At an average cost of $100,000/unit, filling this gap with only new resources would require spending an additional $719 million by 2035. In the absence of newly-generated dedicated revenues (such as an additional Bond), such an investment would

[2] Assumes an average cost/unit of $100,000 for TIF, CET, and HIF-funded projects; 925 units from the Bond per PHB; and 450 units/year from IZ per bureau and CBO estimates assuming perfect participation in the policy.

[3] The 2035 Comprehensive Plan projects that, to keep up with population growth by 2035, the City will need 10,000 more units of affordable housing; In FY 2015-16, PHB estimated a deficit of 14,000 units to meet existing affordable housing needs.

necessarily crowd out other City priorities, including addressing an estimated $278 million annual infrastructure funding gap, continued need for additional homeless services funding, and requested funding levels for public safety, parks, and other critical services.

However, if the average cost per unit could be reduced by half – to $100,000/unit for new bond financed units and $50,000/unit for other financing – the City may be able to meet production targets with existing resources. Achieving this level of cost reduction would likely require significant product quality tradeoffs and/or changes in the funding environment; nevertheless, CBO believes strategies to reduce cost should be thoroughly investigated. In a recent Government, Accountability, Transparency and Results (GATR) session focused on housing development, the Portland Housing Bureau proposed a number of ideas for reducing the cost of affordable housing development, including establishing a BOLI split wage determination for mixed use construction projects, turnkey acquisition of completed projects, alternative contract methods, and contingent loan agreements, among others. While these efforts may not reduce costs by half, CBO recommends that the bureau continue to investigate and implement these cost-saving options to maximize the number of units constructed with existing resources. CBO additionally recommends that future proposed affordable housing development project budgets clearly articulate the imbedded costs of including specific amenities, social values, and compliance with City regulations and policies to inform tradeoff discussions during development decision-making.

An important component of the solution to the housing crisis is market-based, and there are regulatory interventions that may facilitate greater housing production. CBO recommends that the City continue its efforts to increase supply of housing at all income levels and for the most needed housing types (i.e. family-sized units) to place downward pressure on homeowner prices and rents.[4]

A Home for Everyone: Have we made progress toward ending homelessness in Portland?

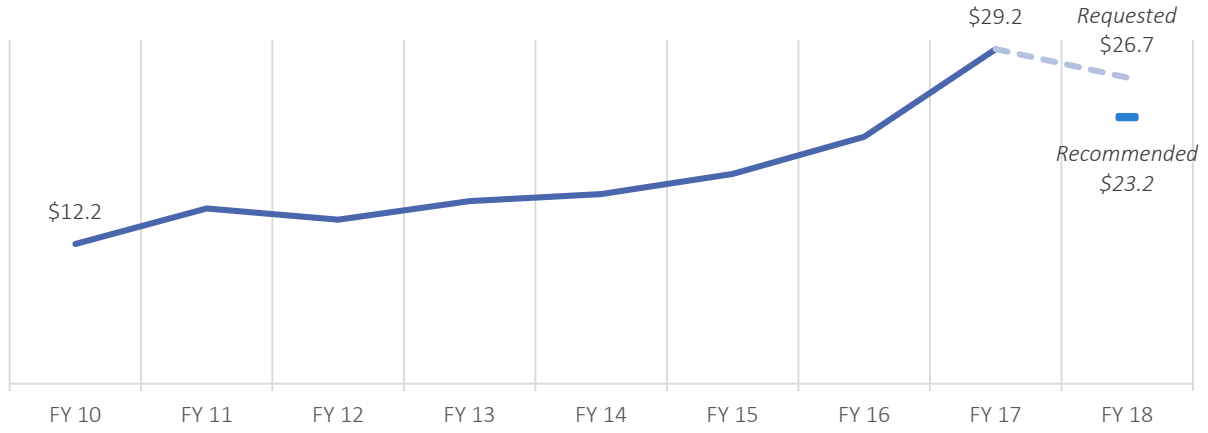
In FY 2016-17, the City of Portland and Multnomah County invested $47.3 million to create a new Joint Office of Homeless Services (JOHS or Joint Office), combining forces and funding to achieve an ambitious goal established by the A Home for Everyone (AHFE) collaborative: reduce by half Portland's unmet housing need by June 2017. This goal was to be accomplished by placing 1,350 additional individuals in permanent housing, increasing shelter capacity by 650 beds, and preventing an additional 1,000 people from becoming homeless. To achieve these targets, AHFE – through the City and County - requested an increase in funding of $30 million towards housing and homeless services. The City and the County each funded $10 million in

[4] California Legislative Analyst's Office Report, *Perspectives on Helping Low-Income Californians Afford Housing.* http://www.lao.ca.gov/Publications/Report/3345. Joint Center for Housing Studies of Harvard University. *America's Rental Housing: Evolving Markets and Needs.* 2013. Page 7 discusses reducing regulatory barriers to construction of rental housing in general as part of the solution: http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_americas_rental_housing_2013_1_0.pdf.

increased homeless services investments, and the City committed an additional $10 million in new housing development investment.

During FY 2016-17 budget development, the City Budget Office noted that the request to the City was in fact a request of at least $73 million, given 1) the additional request to continue one-time funding provided in FY 2015-16 and 2) the 2 ½-year anticipated duration of the increased support. The City exceeded its $20 million total commitment by including in the FY 2016-17 Adopted Budget $29.2 million in new ongoing and one-time General Fund resources for housing and homeless services, including $13.9 million in funding for homeless services (a small portion of which was administered through City bureaus). In addition, Council approved $1.5 million in one-time General Fund contingency appropriations for homeless-related services during the Fall FY 2016-17 Supplemental Budget.

The City increased its General Fund support for homeless services by $17 million between FY 2010 and FY 2017.



CBO recommended supporting the FY 2016-17 funding requested by AHFE, now staffed by the Joint Office, primarily due to 1) the declared Housing State of Emergency and 2) AHFE's use of coordinated data and accountability measures to track outcomes related to investment impact[5]. AHFE had also demonstrated the ability to set and achieve large goals by functionally ending veteran's homelessness.[6] It is critical that the City and the County understand the impact these investments have had on the larger goal of solving homelessness to inform discussions on investment tradeoffs with other critical services.

As of the writing of this review, there is limited data available from JOHS to assess the outcomes of this unprecedented level of investment. The A Home for Everyone Quarterly outcome report currently offers data on its key performance measures through the first quarter of FY 2017, with

[5] An AHFE guiding principle recognizes that "To best utilize our resources, we must understand the outcomes of our investments, evaluate progress and demonstrate accountability. We will continue to improve and expand our community-wide data system so funders and providers can efficiently collect data, share knowledge for better client outcomes and report outcomes against the goals of the plan."

[6] Mayor's Challenge to End Veteran Homelessness, United States Interagency Council on Homelessness

a focus on placements and service disaggregated by race and other key demographic indicators. This reflects the AHFE commitment to promote and ensure racially equitable access and outcomes in housing and services by increasing funding for culturally-specific providers and addressing racial disparities in access to services. The Joint Office plans to publish future quarterly outcome reports online to share the results of community investments to prevent and end homelessness. Data from the second quarter of the current fiscal year is expected to be available in March, and comprehensive system data on how homelessness in Portland has changed over the last two years will be available from the 2017 Point-in-Time Count later this spring.

Establishing the JOHS was intended to help consolidate and centralize financial and performance data, which is crucial to evaluating impact and identifying system deficiencies. Consolidating and summarizing data is challenging given the complexity and variety of funding sources and interventions, but the Joint Office and the AHFE Data Out subcommittee is working on creating more regular and comprehensive reporting and evaluation summaries. JOHS may also consider opportunities to utilize client-level and other available data to evaluate the performance of its providers.[7]

CBO recommends that the City continue the funding commitment to the JOHS made last year in the FY 2016-17 Adopted Budget with a 2.25% inflationary increase. This involves increasing ongoing funding for the Joint Office by $3.5 million and one-time funding by $7.9 million. The CBO-recommended funding level represents over 90% of the City's forecasted non-infrastructure General Fund one-time resources and comes with significant tradeoffs for other requested critical City services. CBO recognizes the magnitude and need for continued investment, a point underscored by the tragic loss of four community members experiencing homelessness during January's severe winter weather emergency. As we move forward, it will be crucial to understand the marginal impact of every dollar we dedicate to homeless services, and the aggregate result toward ending homelessness in our community.

Decision Package Analysis & Recommendations

Portland Housing Bureau Program Packages

Reduce Short Term Rental Revenues, HC_03, ($24,624)

This package is the bureau's required submission of a 2% General Fund reduction option for the Housing Investment Fund, which is supported through an annual General Fund transfer related to the City's collection of revenue from fees levied on short term property rentals. The value of the proposed reduction equates to ¼ of an affordable unit,[8] and will reduce the FY 2017-18 Adopted Budget transfer to $1,206,576. PHB proposes to borrow against this revenue stream,

[7] For example, the City of Seattle is conducting a performance-based contracting pilot in partnership with a portion of its homeless services contracts. The pilot has only identified providers and metrics, but early results indicate a number of potential benefits to this approach for both the City and providers.

[8] Assuming the bureau's rough average development cost of $100,000/unit

and will still have ample funding to cover the anticipated debt service with this proposed reduction. Per Resolution 37170, the bureau automatically receives revenue true-ups during the Fall Supplemental Budget process if short-term rental revenue receipts for the prior year end higher than budgeted; current projections show the HIF is likely to receive additional funding in the form of one-time resources in the Fall. CBO recommends this reduction.

Borrowing against the short-term rental revenue stream is budgeted to provide $8.7 million in funding; its intended use is property acquisition for housing development ("Land Banking"). Financially, given rising property values and anticipated increases in population, it may be wise for the City to invest in property now. The tradeoffs presented by the decision to borrow include: 1) debt service is estimated at $1 million/year for ten years; the City is thus foregoing the ongoing revenue stream for 10 years in order to purchase land now and 2) an estimated $1.3 million in discretionary funds will be spent on interest payments. CBO notes that greater enforcement of short-term rental regulations may result in a decline of this resource. If revenues fall below $1 million/year, other General Fund resources will have to pay the debt service. Council must decide whether these tradeoffs merit the benefit of purchasing land now.

CBO Recommendation: ($24,624)

Reduce Rental Rehabilitation Funding, HC_02, ($98,487)

PHB's FY 2017-18 base budget includes $1.5 million in ongoing General Fund resources for the new Rental Rehabilitation program. As part of the budget guidance to provide reduction options, PHB proposes reducing the program's funding by $98,487. This program offers grants to private landlords to rehabilitate units that have health/life safety code violations in exchange for an agreement to maintain the rent at or below 60% Area Median Income (AMI) for ten years.

The program was initially funded in the current year with $487,500, and proposed average grant levels of $15,000/unit, yielding 32 rehabbed, affordable units. With $1.5 million, the program could rehabilitate and create regulated affordability for 100 units. CBO recommended the program, deeming it a cost effective intervention at an average per-unit subsidy of $1,500 per year of affordability. The bureau also suspected a large universe of potential units might be eligible for the program, citing initial BDS data of 400 properties and more than 2,000 units in East Portland with outstanding code violations.

After conducting stakeholder engagement and program development, the bureau has decided to increase the maximum grant level to $25,000/unit. This could increase program costs by as much as 67% and reduce the number of units served by 40%. In addition, the bureau has noted that additional funds may be required to provide tenant relocation assistance during rehab.

With this additional information, CBO believes that the program may not prove to be a cost-effective intervention in comparison with other affordable unit preservation options. New development on average creates regulated affordability at a cost to the City of $1,667/unit per

year.[9] While there are also notable equity, health, and anti-displacement benefits to the Rental Rehab program, depending on the actual cost of the program once implemented, there may be more effective interventions to achieve those goals as well. Updated BDS data show 349 properties in East Portland were under inspection for violations earlier this year; however, the actual number (as well as composition) of eligible and willing properties is still unknown.

The proposed reduction would likely result in 4 fewer units being rehabilitated. Given the uncertainty around program effectiveness and need, CBO recommends this reduction. Further, given the level of requests for other services aiming to place and keep people housed, CBO recommends the Bureau and Council consider re-allocating additional funds from the remaining $1.4 million for this program towards other proven or promising interventions. Once there is a track record of Rental Rehab program effectiveness and a clearer sense of eligible and interested properties, PHB and Council may choose to re-prioritize resources again towards this effort. CBO notes that, as this program specifically targets equity and displacement efforts in East Portland, any re-prioritization of these funds should also address the City's and the bureau's equity goals.

CBO Recommendation: ($98,487)

Renter-Landlord Services Program, HC 06, ($680,600), 2.00 FTE

This package contains five distinct program requests that are evaluated separately, below.

Renter and Landlord Services Program Coordinator and Collection and Tracking of Tenant Notices, $310,000, 2.00 FTE

PHB requests $210,000 in ongoing General Fund resources to support two permanent Housing Program Coordinators to develop and coordinate programs that address tenant rights, and to analyze existing data and research new ways to track data around tenant noticing resulting in loss of housing. This package also includes $100,000 in one-time General Fund resources for information and technology services related to the proposed collection and tracking of tenant notices. Currently, a Program Coordinator within PHB's Business Operations division manages five contracts related to tenant assistance and fair housing; this request would move these contracts to the newly proposed Renter-Landlord Services division with the expectation that funded contracts and services for this program would increase. The bureau has stated that this package is a 'placeholder' package, and the proposed positions would help identify and develop future programs in this issue area.

The proposal includes several programmatic options, including the possibility of a rental registration system and expansion of the current complaint-driven rental inspections model. However, lacking clearly defined programmatic objectives, commitments, and anticipated outcomes, CBO cannot evaluate the value of this proposal in relation to other requests for

[9] Assumes average City-funded development cost of $100,000/unit with 60-year regulated affordability.

limited ongoing General Fund resources. CBO recognizes that one purpose of this request is to provide the staff capacity to collect and analyze information to better define programmatic goals and interventions. As both the Rental Rehab program and this package have similar goals of keeping people safely and securely housed, and neither has yet proven its effectiveness as an intervention, CBO suggests that the bureau may choose to re-prioritize resources from the Rental Rehab program towards this effort and hire limited term positions to analyze and develop appropriate ongoing program scope, interventions/services, and anticipated results to enable Council to effectively weigh this program against other City priorities for ongoing funds.

CBO Recommendation: $0

Expansion of Relocation Assistance, $125,000

PHB requests $125,000 in ongoing General Fund resources to provide emergency relocation assistance to an estimated 40 households. Currently, the bureau has $160,000 in federal resources dedicated towards assistance when low-income households must be relocated due to environmental health hazards. The expansion will cover low-income tenants that must be relocated for other reasons, targeting households in PHB-funded buildings.

On February 2, 2017, after this package was proposed, Council passed Ordinance # 188219 as amended mandating landlords provide tenants with relocation assistance, and PHB has stated it makes sense to now re-evaluate this request for additional relocation assistance funding. PHB has also stated that the requested funds may be used to subsidize the relocation of tenants whose units are part of the Rental Rehab program; however, CBO recommends that costs associated with the Rental Rehab program be captured as part of that program's budget. CBO does not recommend this package.

CBO Recommendation: $0

NoAppFee Additional Assistance, $125,000

NoAppFee is a new, publicly available web-based application that takes information from interested tenants and provides them with a list of available rental properties for which they qualify, while also providing landlords with the same list of qualified prospective tenants. In FY 2015-16, PHB was awarded a $150,000 innovation grant to create a City-run website where residents could research and apply to new affordable housing projects. NoAppFee was selected from the bureau's technology RFP to create a new portal for affordable housing, specifically configured for rent limits and other regulatory components of City-funded affordable housing. The contract is being finalized with the intent of going live this summer.

The request for $125,000 in ongoing General Fund resources is for NoAppFee to provide additional customer service supports that the bureau deems essential to maximize portal success and impact. This includes training and assistance in using the platform, assistance in understanding income eligibility and other affordable-housing specific requirements, understanding why a prospective tenant may not qualify for housing (e.g. due to a recorded

eviction), and advice on how to improve qualifications (e.g. taking a Rent Well course will remove the eviction from your record). Assistance would be provided in multiple languages.

PHB anticipates the app to reduce the time, cost, and ability of low-income households to achieve affordable housing; to directly increase the number of households PHB refers to affordable housing from 500 households to 800 households; and to positively impact homeless diversion and placement goals. PHB will use data tracked by NoAppFee to identify successful housing placements and barriers renters face to achieving affordable housing.

With an expected 1,337 new affordable units coming online in FY 2016-17 and FY 2017-18, the roll-out of this application is timely. Should the customer service prove effective in helping people understand and remove barriers to obtaining housing, it could significantly assist in the achievement of homeless prevention and placement goals. The provision of assistance in multiple languages is critical to reaching underserved and particularly vulnerable populations. Finally, the data that this package will enable the bureau to collect could assist the City in determining the scope and types of tenant services and interventions that are most needed. CBO recommends this request.

CBO Recommendation: $125,000

Expansion of Legal Aid Services, $125,000

PHB requests $120,000 in ongoing General Fund resources to triple its current funding for legal aid services, expanding from serving 75 clients annually to 225 clients annually. Currently, $60,000 funds the investigation and litigation of fair housing cases; this expansion aims to also address landlord tenant law with a focus on East Portland, as data shows more calls from this geographic area, as well as higher concentrations of low-income families that are immigrants, or refugees, or members of a protected class.

The current fair housing program, costing approximately $970/client served, has resulted in approximately 30% of cases being brought to court, with 63% of those cases being successfully litigated (19% of total cases are successfully litigated). The bureau notes that fair housing cases are difficult to investigate and litigation often takes over a year; however, this proposal would address landlord tenant law issues, for which LASO has noted a high demand.

The Community Alliance of Tenants (CAT) and 2-1-1 each reported fielding on average between five to six calls a day related to tenant-landlord law issues or advice in 2016, and Legal Aid Services of Oregon and the Oregon Law Center report that they must turn away one third of callers due to capacity constraints.[10] Specifically focusing these interventions in East Portland

[10] According to the Portland Housing Bureau, 211 reported 1,800 calls between November 2015 and November 2016 related to tenant landlord law issues; in 2016 Community Alliance of Tenants reported 2,303 hotline calls where they gave tenant/landlord advice and anticipates more calls this year based on first quarter data.

would help further the City's equity goals, and helps the bureau address issues of displacement for especially vulnerable communities.

CBO acknowledges the need for additional services in this area, and is especially sensitive to the need demonstrated by particularly underserved or vulnerable populations. To the extent that legal assistance prevents homelessness, it may also be a cost-effective way of meeting our goals to reduce homelessness; however, CBO is not currently aware of data that estimate the impact this request would have on reducing homelessness to enable a comparison with other prevention interventions. Given limited resources and competing priorities - including requests for $11.5 million in homeless services support - CBO does not recommend this request. CBO notes that the bureau may choose to fund this request internally by reallocating funds from the Rental Rehab program.

CBO Recommendation: $0

Joint Office of Homeless Services Packages

Maintaining Current Capacity Add Packages

As mentioned in the Key Issues section above, CBO is recommending that the City continue the funding level commitment made to A Home for Everyone (AHFE) and included in the Joint Office FY 2016-17 Adopted Budget, adjusted for inflation. This funding level totals approximately $7.9 million, which is approximately $2.5 million less than what the Joint Office has requested. The cost of maintaining current services has risen as a result of: 1) increased shelter costs due to County-operated shelter facility charges, 2) the decision to move towards more 24/7 shelter operations, 3) increases in the cost of service related to continued increases in rent, 4) the desire on the part of JOHS to maintain additional services funded through mid-year supplemental budget processes; and 5) the loss of other revenue sources.

Packages HC_07 through HC_12, discussed below, represent the $10,456,100 total ask to maintain current capacity.

Maintain FY 2016-17 Adopted Budget Funding – Supportive Housing, HC_07, $3,287,610

Supportive housing services assist some of the most vulnerable people experiencing homelessness, the majority of whom are chronically homeless with a high rate of severe mental illness. The funding requested in this decision package maintains current service levels by helping approximately 215 individuals find and retain housing (at a cost of $15,291/individual). CBO recommends this request.

CBO Recommendation: $3,287,610

Maintain FY 2016-17 Adopted Budget Funding– Diversion, HC_08, $962,780

Diversion programming includes an array of services and interventions to prevent individuals from street or shelter homelessness, such as transportation assistance, transition support from individuals leaving the hospital or incarceration, and connecting domestic violence survivors

with housing resources. At approximately $1,500 per individual, this funding will help to maintain current service capacity to prevent 605 people from becoming homeless. CBO recommends this request.

CBO Recommendation: $962,780

Maintain FY 2016-17 Adopted Budget Funding – Rapid Re-housing 1, HC_09, $4,169,210

These rental assistance resources are used to help individuals and families find and retain housing. The A Home for Everyone Coordinating Board has committed and invested in increased support to culturally specific organizations in order to provide targeted assistance to underserved populations, and flexible rapid re-housing dollars enable providers to be responsive to an individual client's needs. CBO's recommended total funding level would place or retain 451 individuals in permanent housing.

Although CBO recommends maintaining current year adopted budget funding levels, this funding level is no longer sufficient to maintain current service levels, resulting in underfunding of this request by $515,599. This gap is primarily the result of increased shelter costs due to County-operated shelter facility charges and the decision to move towards more 24/7 shelter operations. This service change and associated cost increase has the estimated impact of not placing and retaining 64 people in housing, and may also increase the duration of shelter stays. CBO notes that, to the extent that it is comparably more expensive to operate shelters in County-owned facilities than other facilities, JOHS is able to shelter and/or provide services to fewer people with the same amount of resources. The Joint Office is aware of this issue and looking for solutions.

CBO Recommendation: $3,653,611

Maintain Current Capacity – Year Round Shelter, Winter/Severe Weather, and Rapid Rehousing 2, HC_10, HC_11, HC_12, $2,036,500

JOHS has requested $2.0 million in additional City General Fund resources to maintain current service levels in the face of increased costs, declining grant revenues, and/or expiration of one-time mid-year support. The first request (HC_10) is $915,000 for Year Round Shelter, which would help to backfill federal resources that have been redirected for permanent housing ($190,000); expand family shelter resources due to increased need ($250,000); and replace one-time State grant funding that was not included in Governor's FY 2017-19 budget ($475,000). Together with an equal request to the County, the funding would continue 234 shelter beds, including 90 beds at the newly opened Gresham Women's Shelter. The JOHS notes that if this package were not funded, maintaining current shelter capacity would require the Office to reallocate housing placement funding, reducing placement capacity by 212 placements per year.

HC_11 requests $821,500 as the City's share of a total $1.6 million to support 455 six-month winter shelter beds that were funded mid-year with one-time resources in FY 2016-17, and to

expand the system to include 70 severe weather beds in Gresham. The requested capacity is modeled off of the current year, when Portland and surrounding areas experienced a significantly higher number of days that met the criteria for severe winter weather than an average year.

Finally, HC_12 requests $300,000 as the City's half of funding to provide the same level of rapid re-housing support provided in the current year assuming an estimated 8% increase in rents, based off of market trends noted in the State of Housing Report for types of units and geographical locations where many assisted households are served.[11] Incorporating this 8% cost increase into existing rapid rehousing interventions increases the average cost of service from approximately $8,000/household to $8,640/household; absorbing this increase without additional funding is estimated to result in 35 fewer households receiving support. CBO recommends that the JOHS appropriately calibrate support levels to ensure placement retention and overall intervention effectiveness; however, CBO notes that – at a certain point – market trends and cost increases may render this intervention less effective than other strategies.

Due to limited available General Fund resources, CBO does not recommend additional funding for these packages. However, CBO notes that the ability to leverage private funds within the winter shelter request may warrant internal JOHS reallocation of resources to maximize the impact of existing investments.

CBO notes that some of these requests include funding specifically for services to be provided adjacent to – but outside of – the City of Portland's jurisdiction. CBO understands that all JOHS requests to the County and the City are equally divided as a matter of partnership and administrative ease, and that individuals experiencing homelessness particularly seek services across jurisdictional boundaries; however, CBO believes that City taxpayer funding should be dedicated towards addressing unmet service provision needs within the City of Portland's jurisdictional boundary. This recommendation would require more administrative work on the part of the JOHS to reallocate expenses, but does not necessarily change total requested funds, as the practice of the Joint Office is to split all new funding requests evenly between the City and the County.

CBO Recommendation: $0

New Capacity Add Packages

The JOHS is requesting a total $1,032,500 to expand current homeless service provision through HC_13 through HC_16, discussed below. Due to limited available resources, CBO is not recommending funding for these packages.

New Capacity – Safety off the Streets, HC_13, $200,000

[11] State of Housing in Portland Report, 2016, p.10.

In the current year, the City provided $35,500 in one-time resources to support the construction of the proposed "Argyle Village", hosting 14 female residents in a transitional housing village-style community including micro-housing sleeping pods, shared cooking and sanitation facilities, and access to social services and housing resources. Pending the Kenton Neighborhood Association's vote in early March, Catholic Charities will begin managing the village and facilitating a self-governance model. The Joint Office has identified ongoing resources to support Catholic Charities in this endeavor.

This request would expand this Partners on Dwelling (POD) Initiative model to other locations at an estimated cost of $200,000 per additional village site, each generating between 15 to 60 pods depending on the location and zoning. The total estimated service cost is approximately $4,000 per person[12], which is lower than emergency shelter partially because residents are expected to participate actively in maintenance and operations.

CBO does not recommend this package due to limited resources as well as the fact that no further sites have been identified. However, should data from the implementation of Argyle Village demonstrate relative cost effectiveness and additional social benefits or other positive outcomes of the intervention, CBO would recommend expanding the model to new sites either through the re-prioritization of existing safety off the streets resources or through re-allocating bureau year-end underspending.

CBO Recommendation: $0

New Capacity – Rapid Re-housing, HC_14, $275,000

This decision package includes funding for two pilot programs:

$100,000 for the City's share of targeted eviction prevention services. This pilot would follow a similar program in New York City utilizing eviction filing data from the court system to identify households most at risk of becoming homeless. JOHS anticipates the full funding request to provide rapid rehousing assistance for approximately 60 total households.

An additional $100,000 of the request will go towards one-time rent assistance connected to participants served through the pilot. The funding is requested to complement see HC_06, "Collection and Tracking of Tenant Notices". CBO does not recommend funding the "Collection and Tracking of Tenant Notices" package due to limited available resources and undefined project scope and outcomes, and similarly does not recommend this package. However, as a project that may utilize publicly available data to effectively prevent homelessness, CBO recommends that this project be considered as part of the City of Portland's coordinated Smart Cities efforts.[13]

[12] Assumes 50 people are served. Actual figures could vary based on the size and location.
[13] See the Bureau of Planning & Sustainability's FY 2017-18 Requested Budget for more information on Smart Cities.

$175,000 for a new long-term local voucher program. This pilot would support 50 households living on low fixed incomes. The AHFE Coordinating Board noted a need to increase investment in permanently affordable housing not only through new construction or preservation, but also by removing barriers like income-to-rent ratios. This voucher program would target households who depend on Supplemental Security Income (SSI), which provides less than $800 per month for people with low income who are either aged 65 or older, blind, or have a disability. This stipend is insufficient to qualify for rent-restricted Low Income Housing Tax Credit-funded units[14], and the proposed program would allocate long-term vouchers – approximately $7,000 per year – to help close the affordability gap.

While proposed as a pilot, this program is intended to provide permanent rental assistance. Given the widening gap between SSI stipends and market-rate rent, it is anticipated that the funding required to maintain the voucher program would increase over time.[15] As such, CBO does not recommend allocating one-time resources for this pilot, although it may be an effective long-term strategy to meet the needs of a specific demographic not served as well by other interventions or assistance.

CBO Recommendation: $0

New Capacity – System Coordination 1, HC 15, $357,500, 0.00 FTE

JOHS requests funding for six contracted outreach workers to assist the Portland Police Bureau, Office of Management and Finance, Portland Parks and Recreation, and the Multnomah County Sheriff in interacting with and ensuring the safety of people living outdoors. While existing outreach efforts focus primarily on placing people into housing, this program seeks to minimize the impact of camping in public places, reducing the need for and cost of cleanup while also facilitating connections to a variety of resources to meet individual needs. JOHS expects these outreach workers to have contact with 1,500 individuals, connecting half to housing resources. This package would also fund a second two-person mobile maintenance crew facilitating campsite cleanup as part of a nonprofit job training program. It is worth noting that one-time funding provided in the current year by the City for two mobile maintenance crews through the Office of Management and Finance is expiring in FY 2017-18.

JOHS has heard from City bureaus that they would like additional assistance interacting with homeless individuals on bureau property; however, CBO does not recommend new funding for this package due to limited available resources. To the extent that this function is a priority for the Joint Office or for City bureaus, CBO recommends that funding be reprioritized from existing JOHS outreach efforts or from within bureau budgets to meet requesting bureau service levels. CBO notes that the anticipated outcomes of this request align with a request from Portland Parks & Recreation to convert four ranger positions from limited-term to permanent in order to address homelessness issues along Springwater Corridor and parks within East Portland

[14] Northwest Pilot Project handout: "Income to Rent Ratio Policy in City Subsidized Apartment Buildings."
[15] Sources: Multifamily NW survey data, US Social Security Administration. As presented by the Joint Office on 2/14/2017.

(PK_21). In this case CBO did not recommend ongoing funding due to uncertain ongoing need, but noted that any one-time or ongoing funding related to homelessness issues should be appropriated to JOHS.

CBO Recommendation: $0

New Capacity – System Coordination 2, HC_16, $100,000. 1.00 FTE

This decision package would expand existing coordinated access for the youth, family, and domestic violence systems to include adult and permanent supportive housing providers. The position funded through this request would also assist with moving to an annual Point-in-Time Count of both shelter and unsheltered people experiencing homelessness, a recommendation from the A Home for Everyone Executive Committee to facilitate better understanding of and response to changing needs in the community.

As addressed in the key issues section, having and communicating accurate, consistent data is critical to ensuring increased investments are maximized and to addressing the most pressing client needs. Improving coordinated access and moving to an annual point-in-time count are key ways to improve data collection, reliability, and relevance. Given limited available resources, CBO does not recommend new funding for this package, but recommends that JOHS reprioritize existing resources or utilize projected underspending to fund this position.

CBO Recommendation: $0

JOHS Reduction Package

The following reduction package was submitted in compliance with budget guidance to identify two percent ongoing General Fund cuts.

Reduce Short-Term Rental Assistance, HC_01, ($306,750); 0.00 FTE

JOHS proposes to reduce short term rent assistance (STRA) as assistance can be scaled based on available resources. This cut would eliminate one position in a provider organization and 40 housing placements (approximately $5,625/household). Given the continued State of Housing Emergency and call for prioritization of housing and homeless services, CBO does not recommend this reduction.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of the Portland Housing Bureau's total budget.

	FY 2016-17	Base (A)	Decision Packages (B)	Recommended Adjustments (C)	Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 11,898,934	$ 6,334,778	$ -	$ -	$ 6,334,778
Taxes	-	4,557,101	-	-	4,557,101
Charges for Services	541,800	5,981,306	-	-	5,981,306
Intergovernmental Revenues	93,426,083	105,486,412	-	-	105,486,412
Interagency Revenue	100,964	104,910	-	-	104,910
Fund Transfers - Revenue	1,200,000	1,103,167	(24,624)	-	1,078,543
Bond and Note	14,400,000	48,241,692	-	-	48,241,692
Miscellaneous	5,396,989	9,737,420	-	-	9,737,420
General Fund Discretionary	26,345,543	20,261,866	11,663,963	(3,733,449)	28,192,380
Total Resources	**$153,310,313**	**$201,808,652**	**$11,639,339**	**($3,733,449)**	**$209,714,542**
Requirements					
Personnel Services	$ 6,648,236	$ 7,482,507	$ 201,144	$ (201,144)	$ 7,482,507
External Materials and Services	140,566,740	171,406,638	11,462,819	(3,532,305)	179,337,152
Internal Materials and Services	1,502,511	1,517,964	-	-	1,517,964
Capital Outlay	-	3,710,600	-	-	3,710,600
Bond Expenses	2,984,769	12,861,374	-	-	12,861,374
Fund Transfers - Expense	515,612	1,242,782	-	-	1,242,782
Contingency	1,092,445	3,586,787	-	-	3,586,787
Unappropriated Fund Balance	-	-	(24,624)	-	(24,624)
Total Requirements	**$153,310,313**	**$201,808,652**	**$11,639,339**	**($3,733,449)**	**$209,714,542**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

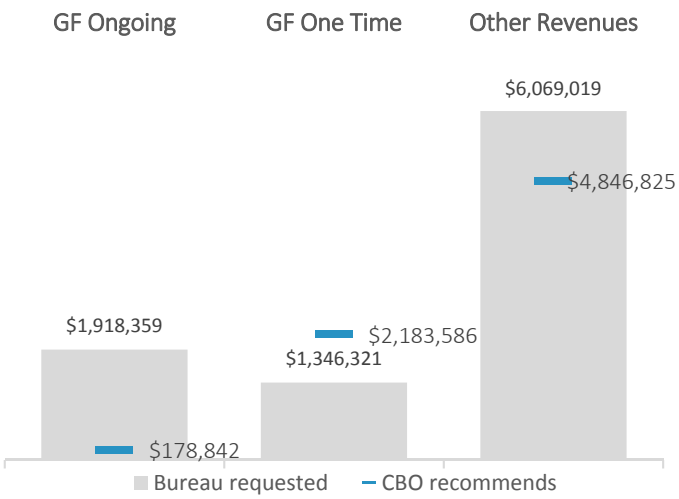
	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Housing Bureau											
Adds											
HC_04 - Add Back Short-Term Rent Assistance	01	0.00	0	0	0	0	0.00	0	0	0	0
HC_06 - Renter-Landlord Services Program	02	2.00	580,600	100,000	0	680,600	0.00	125,000	0	0	125,000
HC_05 - Add Back Rental Rehabilitation	03	0.00	0	0	0	0	0.00	0	0	0	0
HC_07 - Maintain Current Capacity - Supportive Housi	04	0.00	0	3,287,610	0	3,287,610	0.00	0	3,287,610	0	3,287,610
HC_08 - Maintain Current Capacity - Diversion	05	0.00	0	962,780	0	962,780	0.00	0	962,780	0	962,780
HC_09 - Maintain Current Capacity - Rapid Re-housing	06	0.00	0	4,169,210	0	4,169,210	0.00	0	3,653,611	0	3,653,611
HC_10 - Maintain Current Capacity - Year Round Shelt	07	0.00	0	915,000	0	915,000	0.00	0	0	0	0
HC_11 - Maintain Current Capacity - Winter/SevereWe	08	0.00	0	821,500	0	821,500	0.00	0	0	0	0
HC_12 - Maintain Current Capacity - Rapid Re-housing	09	0.00	0	300,000	0	300,000	0.00	0	0	0	0
HC_13 - New Capacity - Safety off the Streets	10	0.00	0	200,000	0	200,000	0.00	0	0	0	0
HC_14 - New Capacity - Rapid Rehousing	11	0.00	0	275,000	0	275,000	0.00	0	0	0	0
HC_15 - New Capacity - System Coordination 1	12	0.00	0	357,500	0	357,500	0.00	0	0	0	0
HC_16 - New Capacity - System Coordination 2	13	0.00	0	100,000	0	100,000	0.00	0	0	0	0
Total Adds		*2.00*	*580,600*	*11,488,600*	*0*	*12,069,200*	*0.00*	*125,000*	*7,904,001*	*0*	*8,029,001*
Reductions											
HC_03 - Reduce Short-Term Rental Revenues	01	0.00	(24,624)	0	0	(24,624)	0.00	(24,624)	0	0	(24,624)
HC_02 - Reduce Rental Rehabilitation Funding	02	0.00	(98,487)	0	0	(98,487)	0.00	(98,487)	0	0	(98,487)
HC_01 - Reduce Short-Term Rental Assistance	03	0.00	(306,750)	0	0	(306,750)	0.00	0	0	0	0
Total Reductions		*0.00*	*(429,861)*	*0*	*0*	*(429,861)*	*0.00*	*(123,111)*	*0*	*0*	*(123,111)*
Total Portland Housing Bureau		**2.00**	**150,739**	**11,488,600**	**0**	**11,639,339**	**0.00**	**1,889**	**7,904,001**	**0**	**7,905,890**

Analysis by: Katie Shifley & Claudio Campuzano

Office of Management & Finance

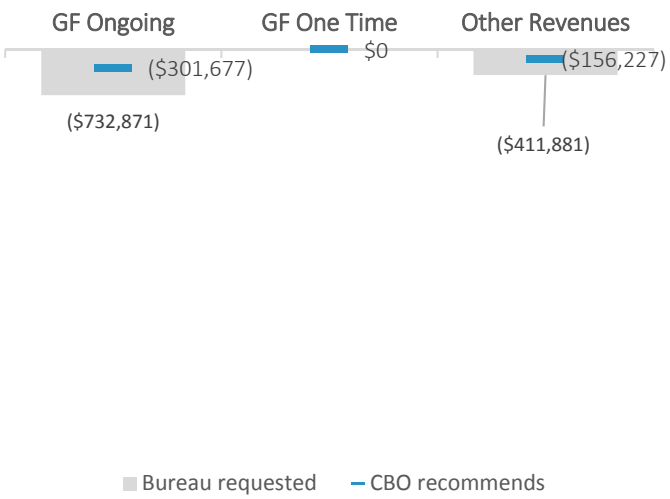
The Office of Management & Finance is the City's primary central service provider, offering services to bureaus including technology, fleet management, facilities management, human resources, procurement, accounting, debt management, printing, and risk management among many others. In FY 2017-18, OMF will continue to be challenged by the effort to reconstruct the Portland Building. This $195 million project is to be completed by 2020; the project impacts many OMF bureaus and divisions. In addition to this major project, the bureau is looking to convene internal and bureau stakeholders to address a range of cross-cutting Citywide issues. While OMF has offered General Fund reductions as per the budget guidance, the majority of OMF operations are outside the General Fund; OMF's internal service fund providers did submit any reduction packages in FY 2017-18.

Adds



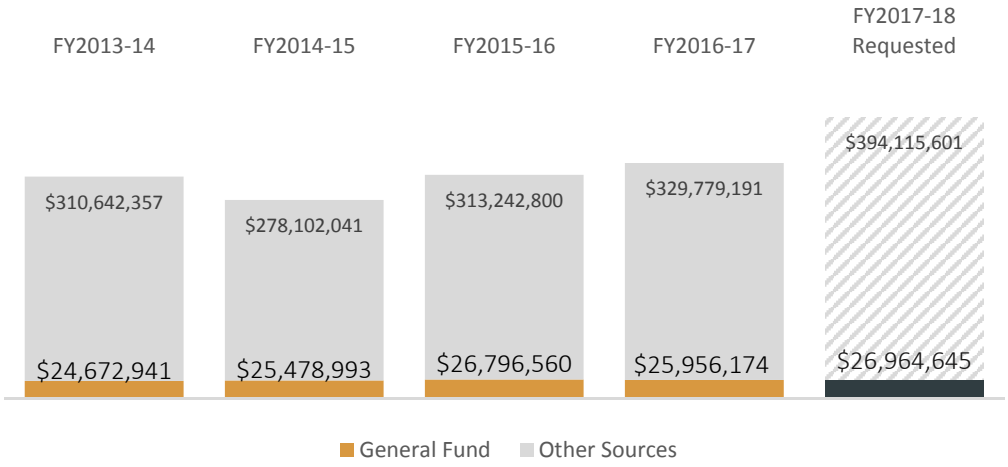
31.50 FTE Requested **17.50 FTE** Recommended

Reductions

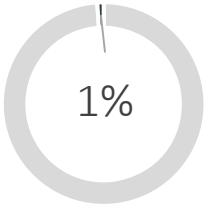


(6.00) FTE Requested **(1.50) FTE** Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



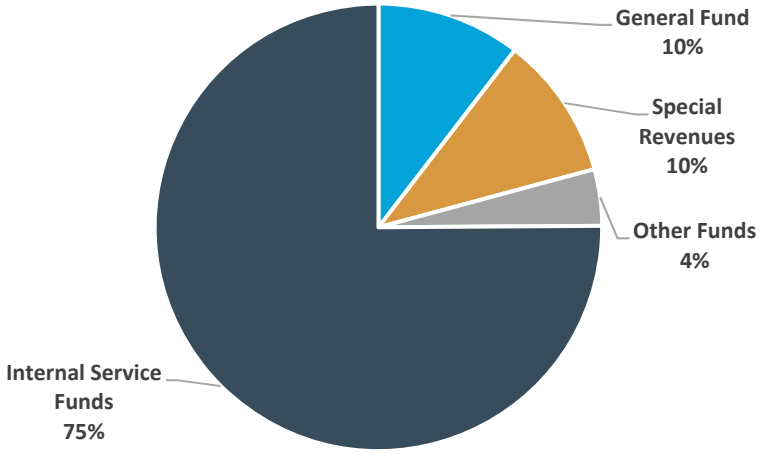
FY-17-18 Request Base

FY17-18 Decision Packages

Key Issues

Internal Service Rates

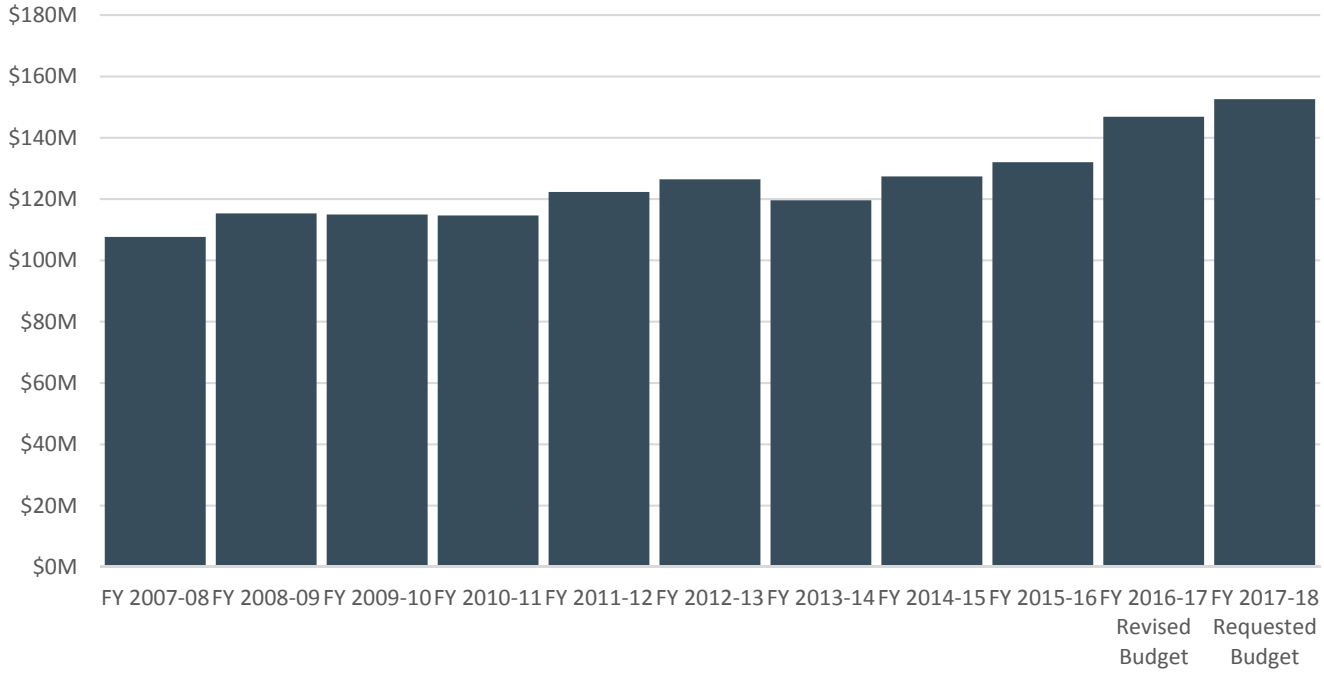
75% of expenses in OMF's FY 2017-18 Requested Budget are in Internal Service Funds. (Note: Expenses exclude contingency.)



While OMF has a significant General Fund component, the majority of bureau expenses are funded by rates charged to bureaus for internal services including facilities, fleet, printing and distribution, technology services, risk, and enterprise system software. OMF also charges bureaus for employee health insurance costs, which are booked as 'service charges'.

Of total expenses (excluding budgeted contingency) in OMF's FY 2017-18 Requested Budget, 75% are in Internal Service

Interagency revenues in Internal Service Funds have grown at an annualized rate of **3.6%** since FY 2007-08. The increase in the FY 2017-18 Requested Budget, inclusive of decision packages, is **3.9%** over the prior year revised budget. Citywide bureau expenses have grown at a rate of **4.7%** annually over the same period.



Funds; and 85% of Internal Services Funds expenses are funded with bureau interagency charges (excluding beginning balance).[1] These charges are a significant component of the budgets of direct service bureaus (e.g. Police, Fire, Parks, Water, BES, etc.) and are comprised of hundreds of individual rates. Consequently, increases in these rates have budgetary impacts on the bureaus that receive services. While it would be infeasible to show the changes in each individual rate, the figure below shows the changes in interagency revenues over time as a rough proxy for rates. It should be noted that this does not reflect any changes in service offerings, quantities consumed by bureaus, or quality; it is merely an aggregate of charges to City bureaus.

It is worth noting that over this same period, Citywide bureau expenses grew by 4.7%, indicating that, relative to other expenses, internal service charges have declined. Additionally, the $14.8 million increase from FY 2015-16 actuals to the FY 2016-17 budget may not fully materialize since OMF typically only collects between 94-99% of budgeted interagency revenues. Below is a more in depth discussion of rates in the various funds.

Bureau of Technology Services. Overall, BTS rates increased roughly by inflation. One considerable exception is the suite of rates associated with radio and video equipment and other public safety electronic equipment, which were increased per an FY 2016-17 budget note which directed BTS to charge General Fund bureaus (and participating non-General Fund bureaus) for lifecycle replacement (LCR). This budget note restored LCR charges which were eliminated in during the fiscal downturn in order to meet Citywide fiscal constraints. As part of the FY 2016-17 budget, General Fund bureaus had roughly half the resources necessary to pay the new charges added to their budgets. The remaining half have of those costs have been absorbed in bureau base budgets. Below is a summary of other rates:

- All IRNE and I-NET charges remain at the FY 2016-17 rates. There is no increase.
- Most telecom rates remain even or declined. The exceptions are the business line and data line rates which increased by 4.85%.
- Most production services rates (i.e. servers and storage) declined between 20 and 25%. However, bureau needs in these areas continue to grow rapidly.
- Email account rates jumped significantly – 19% for regular accounts and 35% for business accounts – as a result of revised licensing terms.
- A number of services that are charged through a direct allocation of cost pools increased by 4.6%. Some of the more significant increases include TRACS Application (14%), TRACS Infrastructure (20%), and RegJIN Application (19%), and IRS Data Exchange (15.6%).
- Directly billable labor rates increased by 3.0-3.3%, roughly in line with personnel cost increases.

[1] This figure does not include the Health Fund; while insurance costs are charged to bureaus, they do not show as interagency charges.

Health Insurance Operating Fund. The majority of revenues and expenses in the Health Insurance Operating Fund are related to the City's self-insured medical plan, CityCore. While rates for the upcoming year have not yet been established, the estimate for the CityCore plan is a 3.0% increase. This includes a partial buy-down from the estimate of 5.5% developed by the City's actuarial consultant. The reduced rate increase is possible through utilizing fund balance as well as through a slight improvement in the actuarial value of the plan resulting primarily from a decrease in the out-of-pocket maximum. While medical claims are trending down over last fiscal year (as of January 31, 2017), prescription drug claims are over the prior years' experience.

The City's other non-Police health plan, the Kaiser plan, is anticipated to have a 1.4% increase.

Finally, per the newly ratified Portland Police Association (PPA) contract, a new fund will be created as part of the FY 2017-18 budget for revenue and expenses related to healthcare benefits established for PPA members and their eligible dependents. With a 2.3% increase to medical premiums and a 4.2% increase for the PPA Kaiser plan, overall annual costs are anticipated to decrease by 1.3%. This decrease in overall costs insured and self-insured costs combined) is related to the funding change in the self-insured plan which will result in a 3.2% decrease.

Bureau of Internal Business Service. Overall, the majority of BIBS rates were within inflationary factors relative to the prior year. The Printing & Distribution division put forward rate increases close to 3% for all of its internal rates. A multi-year lookback showed similar incremental rate increases since FY 2013-14, with the exception of the Customer Service/Pre-press rate, which has shown a compound annual growth rate of over 6% in the that time period.

CityFleet posted two rates that increased more than 3% over the prior year; the motor pool hourly rate increased by almost 8% and the hourly rate increased by 3.6%. The motor pool rate increase is due to the addition of accident insurance coverage component. A multi-year lookback shows more modest compound annual growth rates of 3.4% and 2.5%, respectively.

Facilities Services posted rates for its Time and Materials locations that vary substantially from prior years, in both positive and negative directions, but this is primarily due to the fact that the rate is based on a rolling average of actual spending. Rental rate changes were more stable, with notable exceptions for several Police facilities. The rental rate for the Kelly building decreased by over 22% due to space sharing with the Multnomah County Sheriff's Office. Rental rates increased by 9% and 13% at the Justice Center and St. Johns police locations, respectively, though Police facilities are managed as a group and overall impacts to the bureau were less dramatic. A multi-year lookback on Facilities' hourly rates for project management, property management, and mechanic time shows fairly aggressive increases – these hourly rates are all increasing at annual compound growth rates over 6%.

Bureau Input and the Budget Advisory Process

All City bureaus are required to have a Budget Advisory Committee (BAC) that is composed of public members, employee representatives, and other key stakeholders. In the case of OMF, City bureau representatives (typically the director or financial manager) are included as key stakeholders and customers. In order for the group to be a manageable size, not all bureaus are represented. During the process, CBO noted that it was critical to address the cut and add packages that were being proposed in the context of customer bureau budgets: to the degree that General Fund overhead and internal services in OMF are approved, that increases the cuts that need to be taken by all General Fund bureaus. Similarly, non-General Fund bureaus must either increase rates or cut in other areas to fund new OMF services.

CBO believes that this trade-off, while well-understood, has not been made explicit during the budget process. As an example, the letter developed by OMF staff on behalf of the BAC did not include a summary amount of adds and cuts to overhead- and interagency-funded budgets, despite the recommendation from CBO. Not including a total amount anywhere in the letter – a document intended to memorialize bureau buy-in for the bureau's requested budget – is an omission that speaks to the larger disconnect around the Citywide tradeoffs that CBO continues to highlight.

In order to address the explicit trade-offs and larger budget context, CBO piloted a survey tool as part of this budget process. A limited subset of OMF packages – adds and cuts – were identified that would have direct service impacts on customer bureaus. All bureau fiscal managers were asked to rank these packages against their own. Key takeaways from the results:

- Rate-funded bureaus were generally supportive of most of the adds and not supportive of the cuts.
- General Fund bureaus tended to prioritize their own direct services over OMF services.
- While some of the services requested to be enhanced were valued by customers, those customers expressed unwillingness to pay more for existing services or for some new services.

This information provided additional data points when considering the add and cut packages described below.

In addition to survey responses, CBO received considerable feedback on the overall OMF engagement process around budget, which indicated that additional work needs to be done to ensure a process that results in customers being supportive of OMF requests. A more successful approach might be to focus bureau engagement at a more granular service level, connecting program staff in OMF responsible for service provision to business owners in the bureaus. A successful example of this model is the GIS group in BTS, which maintains a strong connection to GIS users throughout the City.

Key to this approach is ensuring that those bureau business owners understand their role and the responsibilities that go with it, including a) to push back on OMF service delivery models and costs where appropriate and b) to communicate with their own bureau fiscal managers the importance of OMF's adds and cut packages in relation to their own business and budget decisions.

CBO acknowledges that this prioritization dialogue is likely very difficult to accomplish simultaneously with the development of bureau budgets. Therefore, CBO recommends that OMF explore ways to move decision-making for overhead and internal service budgeting earlier in the budget process.

Camping-Related Issues

As part of the FY 2016-17 Adopted Budget, OMF-Facilities received $690,000 in one-time General Fund for several camping-related items as part of the declared housing emergency. This amount augmented funding that was added to Facilities' budget by supplemental ordinance during FY 2015-16. The funding has been used to provide amenities and upgrades at various campsites and other locations such as portable toilets, fencing, generators, etc.; day storage; Clean Start camp services; and staff support.

This funding was included in the FY 2016-17 budget on a one-time basis with the understanding that, subsequent to the creation of the Joint Office of Homeless Services (JOHS) on July 1, 2016, that office would determine in future years how these services would be ranked in terms of system priority for the available funding.

Consequently, no funding has been requested in OMF-Facilities to continue these activities, and CBO would not recommend such funding to be directly allocated to OMF-Facilities; direct funding would continue a fragmentation of service prioritization and delivery that the creation of the JOHS was intended to resolve. OMF-Facilities is an internal service provider whose mission is tightly focused on meeting bureau customer needs. Without a paying customer, OMF-Facilities is ill-positioned to determine an appropriate level of service for camping- and homeless-related issues. Should City Council wish to fund these services, CBO recommends that those resources be allocated to the JOHS as the policy coordinator of the homeless services system, and, to the degree that OMF-Facilities is determined to be the most effective provider of those services, the JOHS should enter into a customer-provider relationship.

A related program within OMF-Facilities is the Coordinated Campsite Cleanup program which provides contracted clean-up of City property on behalf of customer bureaus. CBO believes that this service appropriately resides within OMF-Facilities as it is intended to be responsive to bureau customer needs. A request has been made to include additional costs in this program. That request is addressed in decision package MF_30, below.

Recruitment, Staffing, and Equity

According to Bureau of Human Resources figures, 28.5% of applicants Citywide in FY 2015-16 were minorities and 40% were women. These figures have increased over the last five years from 20% and 30% respectively. The bureau expects to continue this upward trajectory in the current year and into FY 2017-18 where targets are set at 32% minority applicants and 46% women applicants.

The bureau has expressed a desire to perform increased analytics around recruitment and hiring, particularly around issues of equity. It would be useful to report on not just the number of applicants, but the number of hires in these two underrepresented populations. Moreover, it would be useful to break down these figures further into manager/non-manager and other position classification subgroups.

According to the Office of Equity and Human Rights' dashboard, 21% of City staff are non-white (excluding seasonal/casual employees). Among managers, that figure goes down to 17.6%. According to 2010 Census figures, 23.9% of Portlanders are non-white. If the percentage of minority applicants is representative of the percentage of minority hires, the City will continue to eliminate racial disparities in its workforce.

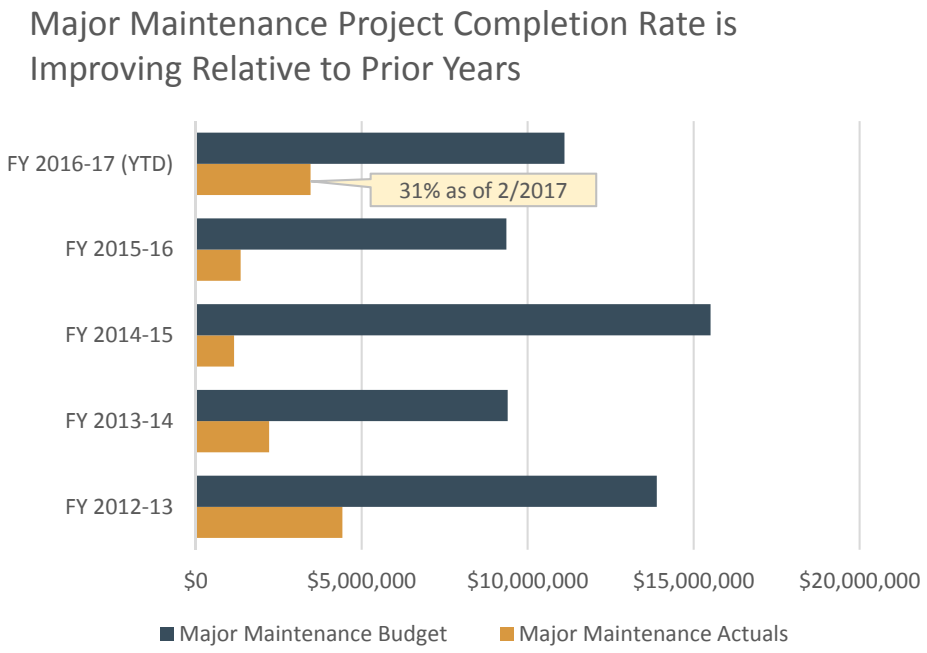
One of the primary functions within BHR to support these measures is recruitment; however, this group has been reduced over the last several years, minimizing the capacity to do targeted outreach. A request was made in the FY 2017-18 budget which would increase the recruitment staff by 2.0 FTE and increase the capacity for this type of outreach (as well as other service level improvements). As discussed below, however, this add package has not been recommended due to a lack of available funding and insufficient customer support.

Facilities Services: Asset Management and Major Maintenance Funding

Asset Management Program Development. The Facilities Services division is experiencing significant organization challenges. The division is wrestling with a backlog of incomplete major maintenance projects – compounded by the lack of a robust asset management program – as well as a backlog of preventive maintenance work.

A suite of limited term positions was approved during the FY 2016-17 Fall BMP to begin addressing these issues, including a Building Systems Engineer and an Asset Management Program Coordinator that are being recommended for permanent status in this review.

Facilities Services' historical budget-to-actual spending on major maintenance has hovered around 20% in recent years, but the division is showing improvement with the addition of staff and organizational changes. Year to date budget to actual spending is at 31% as of February, 2017, a marked improvement over the prior year.



A 2016 internal analysis of the Facilities Services asset management practices identified several areas for improvement: major maintenance project prioritization and documentation, developing long range plans for Facilities-managed properties, and more closely tying annual major maintenance plans with staff availability and project duration timelines. Particularly critical is the development of a robust prioritization framework, utilizing risk/consequence matrices to inform project prioritization, as project prioritization has historically been made on an ad hoc basis.

The groundwork has been laid for these efforts, but implementation of an asset management program has not yet begun in earnest. The division plans to hire an external change management consultant to assist with implementation, as well as create a Planning & Performance Management team responsible for the Facilities Services Asset Management program development. Facilities Services is requesting a budget note to phase in approximately $6.5 million in rental rate increases. The successful development of a robust Asset Management program is critical to the appropriate deployment of these new resources (see budget note recommendations below).

As currently envisioned, the success of the Asset Management function will be highly dependent on the Asset Management Program Coordinator position and an existing Management Analyst on the BIBS Administration team. It is unclear whether the Asset Management Coordinator position will be filled internally or externally by an asset management professional. There are benefits to developing this expertise in-house – existing staff are familiar with the staff, systems, and challenges – but there are risks as well. Given the appropriate authority, a professional asset manager embedded with project staff would likely be able to affect organizational change and develop new protocols more quickly. However, the

backlog of deferred maintenance work is an issue with a rather long tail, and the development of robust asset management programs is typically an iterative, multi-year endeavor.

Major Maintenance Increase Budget Note Request. Facilities Services has requested that Council include a budget note in the Adopted Budget calling for OMF to phase in increases to major maintenance rates. This request echoes a recommendation in the Closing the Major Maintenance and Asset Replacement Funding Gap report issued by CBO and the Citywide Asset Manager Group in 2014.

CBO supports this budget note request, but would recommend ensuring the budget note addresses the following key issues:

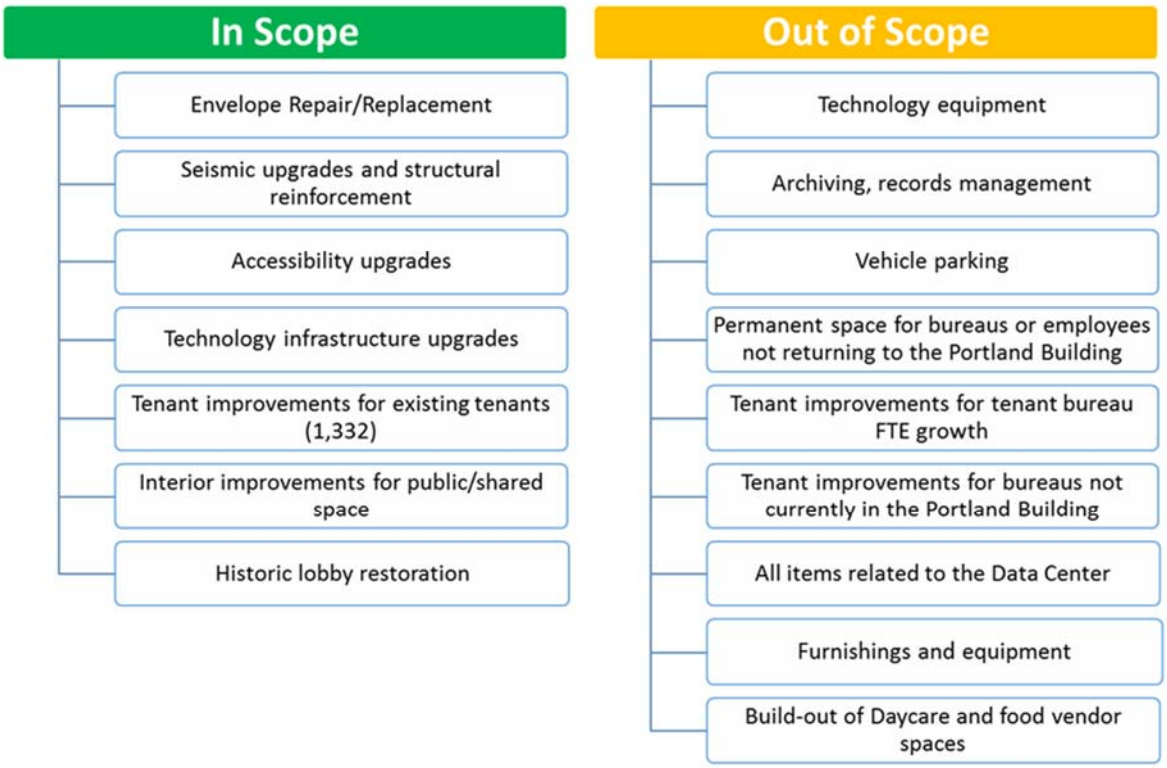
- Service Level Definitions: Clarification of "tenant improvement" vs. "major maintenance". After participating in a series of major maintenance prioritization sessions, Facilities Services staff and CBO concurred that there is ambiguity, both from a policy (see major maintenance section) perspective and from a tenant communications perspective, around what constitutes a project appropriately funded out of major maintenance rates.
- Validation of the 3% of replacement value "target" rate component. Facilities Services has cited, based on a consultant's report, a 3% of replacement value target for the major maintenance component of rental rates. However, other jurisdictions employ varying percentages to determine major maintenance contributions (Multnomah County's rate is set at 2%) and asset management professionals do not uniformly recommend a 3% rate as a best practice. Also, in the future more accurate rates could be set, building-by-building, based on the 30-year lifecycle plans Facilities Services intends to develop.
- Portfolio-Wide Phase-In Approach. Not all Facilities Services-managed properties have insufficient major maintenance funding to cover the costs of near-term needs. Given limited resources, CBO recommends that greater resources be directed to insufficiently funded buildings in the near term by staggering the phase-in (at rates temporarily higher than 3%) to these buildings. Major maintenance contributions could then be stabilized at a later date, based on the building life cycle plans mentioned above, or at a validated target rate. Alternatively, the timeline for the phase-in could be accelerated for these buildings.
- Asset Management Program Development and Performance Measures. Major maintenance funding is lower than it should be for many properties, but Facilities Services has historically struggled to complete major maintenance even where resources are plentiful. Facilities Services has identified organizational changes designed to improve its project prioritization and completion rate, but historical performance measures are insufficient to appropriately monitor and track progress in Facilities Services. CBO recommends that the new Planning & Performance Management team develop a suite of performance measures prior to any phase-in, and that those measures be reviewed by CBO and the Citywide Asset Manager Group.

Portland Building Reconstruction Project

Progress and Project Scope: 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. The reconstruction project is currently on schedule. Major milestones reached during the current year include:

- bringing on Day CPM as owner's representative;
- signing a design-build-relocate contract with Howard S. Wright and the DLR Group;
- completion of Phase I designs; and
- acquisition of temporary space for current tenants to accommodate a full move-out during reconstruction.

The development of Phase I programming and criteria design resulted in a basis of design and further refined the project scope, budget, and schedule. The project contract is a progressive Design-Build-Relocate contract, meaning that the project cost and project timeline are fixed. The only flexibility is in the project scope, which was further clarified in December 2016 at the completion of Phase I. At a minimum, the project will eliminate the building's water intrusion issues, repair structural degradation, update seismic level to meet current code, and upgrade/replace HVAC and other building systems and accessibility. Per decision document D3 02-2016, the following items were clarified to be in/out of scope for the $195 million project budget:



See the Related Projects section for several projects interrelated with the reconstruction that are not included in the project scope.

Space Optimization: Analysis during Phase I determined that the incorporation of modern space design and standardized furniture could yield additional capacity in the redesigned building, allowing for the possibility of 1) accommodating existing tenant bureaus' projected growth and 2) bringing in employees currently in leased space. The project team anticipates that 2.5 floors of the reconstructed Portland Building will be available for new or currently out-leased employees if this space optimization concept is pursued.

Because the space optimization concept hinges on 1) universal purchase of standardized furniture kits and 2) smaller average square-foot-per-person allotments for existing and proposed bureau tenants, and 3) has implications for future City space planning, the project team conducted a work session with Council to determine whether to move forward with this option. OMF's financial analysis of various space optimization scenarios estimated the total cost of $18.8 million for the bureau furniture, common area furniture, and tenant improvements required to bring in an anticipated 220 growth employees and 192 employees in leased space. This figure does not include the cost of A/V equipment for common spaces or bureau-specific spaces. OMF's analysis of future space needs, either additional leased space or new construction, suggested net cost savings of approximately $30 million if these employees are located in the reconstructed Portland Building. Data points for the "new construction" scenario were based on co-location options with PSU in the Jasmine Block.

The $18.8 million in upfront costs are not included in the $195 million project budget as scoped. OMF intends to request this project be debt-financed and included in the five-year financial forecast, as opposed to having individual bureaus absorb or request funding to pay for furniture, equipment and tenant improvements. As of February 2017, Council's support for this option is expected but not certain.

Project Funding and Cash Contribution: Total project requirements of $195 million will be met with $9.75 million in cash reserves and $185.25 million in debt proceeds. Project costs are being funded with cash reserves and a line of credit prior to a long term debt issuance anticipated in 2020. The project has expended $6.4 million to date, primarily on architectural and engineering costs.

Per City Financial policy, the project has a 5% cash funding requirement of $9.75 million. It is generally agreed that the Portland Building major maintenance account, in-lieu rent payments from tenants during reconstruction, and proportionate cash contributions from tenant bureaus will be used to meet the cash requirement.

OMF currently plans to utilize $2.575 million in General Fund resources (approved by Council in 2015-16 for the General Fund's share of as-yet-unknown Portland Building costs) to meet the cash contribution requirements for all Portland Building tenants with the exception of BES and Water. This means that PBOT and non-General Fund bureaus within OMF will not be making proportionate cash contributions. CBO recommends that all non-General Fund bureaus fund their proportionate share of the cash contribution, and the General Fund only contribute cash for the General Fund-funded bureaus' proportionate share. Previous analyses have indicated

this would result in one-time cost savings to the General Fund of at least $1 million, though this figure will fluctuate until square footage allocations are finalized.

OMF's primary concern with this recommendation is that OMF and PBOT have not planned for these cash contributions in the development of their budgets and rates. If the CBO recommended approach is taken, OMF has suggested, and CBO concurs, that PBOT and OMF be allowed to delay the cash contribution payment until FY 2018-19 or FY 2019-20.

Related Projects: The design and evolution of the Portland Building reconstruction project has resulted in multiple spin-off projects that are not included in the scope of the reconstruction project or in the project budget. These projects are integral to the progress and completion of the reconstruction project as currently envisioned. While these projects have ancillary benefits and/or address preexisting significant issues, they likely would not have been initiated in the near term but for the need to accommodate the reconstruction of the Portland Building.

Data Center Move: This project is to relocate and fortify the Data Center housed on the 3rd floor of the Portland Building. Total project cost is estimated to be $9.7 million.

CityKids Daycare Relocation: This project is to relocate the daycare that was previously housed on the ground floor of the Portland Building to the Crown Plaza building. Total project cost is anticipated to be $880,817.

Space Optimization: This project includes the purchase of flexible furniture kits for all existing and future Portland Building tenants, tenant improvements for 2.5 floors of the Portland Building, and common area furniture. Total project cost is estimated to be $18.8 million.

Security Access System Redesign*: This project, proposed by OMF in the FY 2017-18 requested budget, is to develop the design of a modern, standardized Citywide enterprise security system. The urgency of the project is precipitated by the timing of the Portland Building reconstruction project. Total project cost for design is estimated to be $1 million; costs for hardware and implementation are unknown.

Teleworking and Technology*: The redesign of the Portland Building is anticipated to accommodate teleworking options. There will be related technology costs associated the development of this program. Total project costs are as yet unknown.

*Denotes projects under consideration.

Decision Package Analysis & Recommendations

Bureau of Human Resources

BHR Reclassification of Position, MF_36, ($88,332)

This package reclassifies a Human Resources Coordinator to an HR Tech position. The bureau intends for the new position to focus on developing metrics and other data on various HR programs and processes. The reclassification saves roughly $16,765 comparing the top of range for each of these classifications. The remainder is related to the elimination of part-time

services and other personnel services expenditures. This reduction saves $40,400 in the General Fund and $47,932 for General Fund Overhead paying bureaus.

CBO is supportive of the addition of a position dedicated to data utilization. The current recruitment management system – NeoGOV – is currently underutilized for management reporting purposes; it contains data that can be used by BHR to establish and measure service levels and by bureaus to perform analysis on recruitment efforts. CBO recommends this reclassification and the additional personnel savings.

CBO Recommendation: ($88,332)

BHR PERS Realignment of Resources, MF_35 ($88,332)

This package would shift costs associated with a position in Payroll dedicated to PERS administration from General Fund Overhead funding to the Health Fund administrative fee. While the package as entered shows savings through reduced materials and services, it would in fact raise revenues through collections from the administrative fee, which is charged bureaus on a per employee basis. This shifts costs from an allocation metric based on a blend of bureau budget size and FTE to one purely based on FTE. Additionally, because the General Fund pays the General Fund bureau portion of overhead, but bureaus pay the administrative fee directly, this reallocation results in additional costs to General Fund bureaus.

While CBO has not identified any issues with this reallocation on policy grounds as these costs are eligible under the revised Health Fund Statement of Purpose, it does not result in overall cost savings to the City unless bureaus absorb the General Fund impact within their current appropriation level. A similar package shifting the costs of Family Medical Leave Act administration was included in the FY 2016-17 budget.

This package is recommended with the following adjustment: General Fund savings are shifted to admin fee revenue instead of external materials and services savings.

CBO Recommendation: $0

BHR BES/Water/PBOT IA Increase for Training, MF_34 $0

This package shifts a portion ($99,526) of the current cost of the Training and Workforce Development program from General Fund Overhead funding to an interagency model that charges each of the customer bureaus $33,175. This represents 15.8% of total program resources. The General Fund discretionary savings totals $45,520 with overhead paying bureaus saving $54,006.

This shift of funding implies a shift in the work being performed from work that meets a uniform level of service for all bureaus to work that is performed solely on behalf of the paying bureaus. However, OMF responses to CBO questions indicate that current overhead customers will not be impacted by these inter-agencies and that the charges included in this package are based on an analysis of current staff effort.

This calculation is of concern to CBO as it undermines the validity of the overhead model; as the biggest payers into the overhead pool, the three bureaus that would be charged under this package already should be receiving a significant portion of the service. To charge an interagency on top of this would be to double-charge the bureau. As a result of these concerns, CBO does not recommend the package as submitted. If, however, the customer bureaus are willing to pay the interagency amount for a premium service that is above a well-defined General Fund overhead service baseline, BHR could increase overall training capacity. CBO would only recommend such an arrangement if BHR were to provide a clear definition of what the service level standard is.

CBO recommends that, to the degree that Council requires a full 5% reduction option from OMF, they should direct the bureau to provide alternatives to this package.

CBO Recommendation: $0

BHR Site Team Manager Reduction, MF_33 ($165,690), (1.00 FTE)

This package would eliminate one of three site team managers, increasing the span of control of these managers from four or five HR business partners per manager to six or seven per manager. CBO finds the primary negative impact of this package to be the reduction of capacity to lead and support special projects. Projects that managers participate in predominantly focus on consistent practice (e.g. training, manager tools, committee work on development of Citywide guidance) or high-level human resources support to bureaus (e.g. organizational conflict issues, high-level recruitment assistance, arbitration implementation support, etc.).

This package is recommended based on the need for General Fund resources to balance the City budget.

CBO Recommendation: ($165,690), (1.00 FTE)

BHR Recruitment and Accommodation Coordinator, MF_37 $367,422, 3.00 FTE

This request consists of two parts: two additional positions supporting recruitment and an Accommodation Coordinator to implement portions of the Model Employer Strategic Plan.

Workload for the Employment & Development Group in BHR has increased in recent years, stretching the capacity of the existing team. Between calendar year 2013 and 2016, staff recruitment processing increased by 146% to 525 total recruitments. To manage workload, the bureau states that staff has consistently been working as much as 15 hours per week overtime. In 2016, the bureau undertook a process reengineering effort that the bureau believes will reduce the overtime worked by current staff; however, the bureau finds that improvements in recruitment timelines and improved service with regard to focused outreach and initial screenings of applicants would only be achievable with an increase in staffing. A preliminary action plan from the process improvement effort is expected shortly.

There are currently no measures that capture outcomes of this group particularly well. Outcomes would ideally reflect the speed and quality of recruitments. The success measure currently tracked by the bureau – percentage of recruitments meeting original or renegotiated timelines – is insufficient in that the timelines can get longer (i.e. a decline in overall service) without this measure being impacted. The bureau has acknowledged this deficiency and is developing a more robust understanding and utilization of the data available from NeoGOV, the recruitment management application, to develop alternative measures. Decision package MF_35 describes the reclassification that would enable the bureau to pursue more robust analytics. CBO endorses this effort and encourages the bureau to develop more meaningful outcome measures.

As discussed in the Key Issues, CBO has reached out to bureau customers to receive their input on the prioritization of this request. The results of that survey indicate that while bureaus acknowledge that the service is not optimal, the bureaus have mostly prioritized their own direct services over increased overhead. As such, CBO does not recommend funding at this time. However, to the degree that particular bureaus continue to have acute hiring needs, CBO recommends the development of ad hoc inter-agencies for premium services. CBO acknowledges that hiring additional recruitment staff can take time and so, even while funded, the capacity for increased service might not be available.

With regard to the Accommodation Coordinator, CBO believes that this position could potentially improve outcomes with regard to accommodations by making the process more welcoming and inclusive. However, the bureau has not provided evidence that the body of work specifically associated with accommodations warrants a full position. The comparison to the FMLA coordinator seems not to be apt; there is a steady flow of FMLA requests from year to year, whereas the accommodations coordinator is likely to deal with considerably fewer customers as the workload will largely be driven by a relatively small percentage of new employees (after a possible initial spike to manage the unidentified needs of existing staff) versus, with FMLA, some percentage of staff requiring support each year.

In light of the fact that the workload is probably not sufficient to justify a full FTE, CBO recommends the position but does so with the provision that it be responsible for the larger effort of implementing the Model Employer program. This program includes recommendations around retention and advancement, creating and maintaining a supportive environment, and staff growth and development. The bureau has previously indicated that the total body of work including both accommodations and implementation of the Model Employer plan would take between 1.5 and 2.0 FTE. CBO recommends starting with the 1.0 FTE and either scaling the program, extending timelines, or pursuing additional resources at a later point once the needs are better understood.

CBO has also recommended funding for a position within the Office or Equity and Human Rights to address issues related to Title II of the Americans with Disabilities Act. One of the goals of this position is to develop a consistent, comprehensive approach for requesting and reporting

accommodations by the public, as well as increasing technical assistance, documenting recommended practices and procedures, and facilitating evaluations of ADA Transition Plan and ADA Self Evaluation Activities. CBO recommends that BHR and OEHR work together to develop a shared or similar process for requesting, documenting, and monitoring individual requests under both Title I & II to promote consistency across City bureaus.

CBO Recommendation: $123,834, 1.00 FTE

Office of the Chief Administrative Officer

BO Staff Support for Citywide Projects, MF 09 ($82,615)

This package makes several reductions and realignments of resources including:

- A reduction of $53,794 in discretionary General Fund
- A reduction of $63,210 in General Fund Overhead bureau payments
- An increase of $35,000 in interagency charges to bureaus in OMF including $10,000 for administrative costs associated with the Mt Hood Cable and Regulatory Commission and $25,000 from BTS for management of the Technology Executive Steering Committee.

This net reduction of $82,615 consists of the elimination of a seasonal position working on the City Charitable Campaign ($20,000), shifting the work to a full-time employee; the elimination of a Hatfield Fellow ($40,000); and the elimination of support for process improvement training ($22,615). With the shift of the Charitable Campaign to a full-time employee, support for the Socially Responsible Investment Committee will be eliminated. The committee is currently inactive pending Council approval of the City's Investment Policy in 2017. OMF has indicated that, should the SRIC be reactivated to fulfill the function of reviewing corporate securities for the Do-Not-Buy List, staff resources will need to be reapplied to that function.

CBO notes that the costs reallocated to BTS – while they might be appropriate charges – have the effect of shifting costs from an allocation metric based on a blend of bureau budget size and FTE to one based on technology utilization. While the General Fund overhead savings associated with this package offset the BTS cost to those non-General Fund customers, this reallocation results in additional BTS costs to General Fund bureaus.

This package is recommended based on the requirements of Citywide balancing.

CBO Recommendation: ($82,615)

Strategic Projects and Policy Team Request (various Decision Package #s; see below)

Decision Package #	Description	Full Time Equivalents	GF Discretionary	GF Overhead	Interagency (inc. PDC)	Contingency Return
MF_02	CAO Policy Analyst Position	1.00	$ 81,142	$ 96,268	$ -	$ -
MF_03	CAO Biologicial Opinion Program Manager	0.50	$ 8,704	$ 10,327	$ 56,913	$ -
MF_08	CAO Strategic Projects & PT Realign Staff	2.00	$ 163,666	$ 194,176	$ -	$ -
MF_32	Fac Strategic Projects and Policy Team Realign Staff	(2.00)	$ -	$ -	$ (148,165)	$ 148,164
TOTAL		**1.50**	**$ 253,512**	**$ 300,771**	**$ (91,252)**	**$ 148,164**

The OMF budget includes several requests that would increase the overall size and capacity of the Strategic Projects and Policy Team in the Chief Administrative Officer's office. These requests have a net cost of $463,031 across all funding streams (excluding a return to contingency) and include the following:

- An additional Policy Analyst position, funded through the General Fund overhead model ($177,410)
- Two additional positions with classifications yet to be determined, to be realigned from OMF-Facilities and funded through the General Fund overhead model ($357,842)
- A half position dedicated to coordinating the City's response to the Federal Emergency Management Agency's Biological Opinion funded by a mix of General Fund discretionary and funding from BDS, BES, and PDC ($75,944).
- Reduction of two positions in the strategic projects and policy team in OMF-Facilities, saving customers of that bureau $148,165 and returning $148,164 to contingency where it will likely be drawn by other staff performing the direct project work currently performed by these two FTE.

The BiOp position is one that has been agreed to by the other funders. The need for coordination is recognized by all parties.

It is difficult to assess the value of the other positions in terms of outcomes (i.e. increased service levels and public value, reduced enterprise risk, or cost savings and efficiencies gained). Nonetheless, the existing group has demonstrated value in addressing a number of Citywide and OMF issues; however, given the OMF priority ranking of the new position and the constraints of Citywide balancing of the General Fund, CBO does not recommend the new position at this time. Nonetheless, CBO recognizes that increasing the capacity of this group may be a priority for the CAO, the Mayor, and Council. To that end, CBO notes several issues for consideration regarding the addition of these positions:

- *Authority.* As noted by the bureau in responses to CBO questions, "Authority to drive toward and implement solutions is affected by the commission form of government, existing practices and limited capacity." CBO notes that these constraints on authority for this convening role can lead to lengthy timelines, suboptimal solutions, and unmet expectation, regardless of the capacity and talent of staff. The more explicit the authority granted to this role, the more valuable it can be.
- *Cost.* To the degree that these positions will play a more traditional convening role without the authority to drive toward and direct the implementation of solutions, CBO

recommends that the class specifications be written to be more in line with traditional conveners such as management analysts. These classifications can be more cost effective than higher level classifications that presume the authority discussed. For example, if the positions are moved to classifications that are more equivalent to the current salary costs ($92,802 and $110,448) rather than the requested salary costs ($126,684 and $121,116), the cost of the realignment would be greatly mitigated.

- *Prioritization.* With many opportunities available to address crosscutting Citywide issues, one way to address the constraints above would be to have an explicit protocol whereby projects and initiatives are selected based on the projected return on investment and explicit buy-in from all relevant leadership. This would have the effect of prioritizing those projects that give the OMF staff de facto authority to press forward with optimal solutions. The BiOp position – a role that has been agreed upon by the impacted bureaus – is an example of how this might work well.
- *Facilities Impact.* While the bureau notes that immediate impacts of this realignment of Facilities staff is mitigated by the fact that these staff will continue to work on the Portland Building and transition other project work to implementation staff, there will still be diminished capacity within OMF-Facilities to undertake future work.

While CBO is not currently recommending new General Fund for these positions (with the exception of a small amount for the BiOp position and resources generated by savings from the Facilities realignment), to the degree that there is a desire on the part of Council or the CAO's office to fund them, CBO recommends that the bureau look to realign internally. An area that might possibly be a source of realignment is be Business Operations where the bureau's requested budget includes, after reduction options, a personnel services budget with $247,794 more than the projected need to fund all regular Business Operations positions. This excess is currently available to continue two existing limited term positions (set to expire at the end of FY 2016-17) and for seasonal/community service aide support. Additionally, the requested budget, after reductions, includes $196,565 more in external materials and services than the average spending over the last six years and $95,198 more than the maximum spending in this category in the last six years.

To address this possible realignment option, CBO has recommended that the BiOp half-position and one of the realigned positions combine to make a single position (i.e. 1.0 FTE instead of 1.5 FTE). CBO, as part of the recommendation, has also reduced the cost of the realigned positions to reflect their current classifications. Finally, in order to make the realignment net zero (albeit across multiple funding sources), CBO has reduced external materials and services within Business Operations by $90,945.

This is merely a suggested approach to minimizing costs and addressing all additional costs beyond net-zero realignment internally; CBO recognizes that this may not entirely meet OMF's organizational objectives. To the degree that OMF has alternate offsets to fully fund this realignment, CBO will work with OMF leadership during the remainder of the budget process to implement them. Alternately, if OMF is concerned about the bureau's capacity to

realign resources to make this proposed realignment cost neutral, CBO would work with Mayor to determine what Citywide General Fund reductions would be necessary to fund these requests.

CBO Recommendation: $75,944, 0.00 FTE

Bureau of Technology Services

BTS Public Safety Position Transfers, MF 22 $4,066,681

There are two distinct components to this package: the creation of a new Technology Business Consultant (TBC) to serve all the public safety bureaus and the transfer of remaining Public Safety System Revitalization Resources to the BTS fund to be spent on public safety technology infrastructure priorities. Two of the three remaining positions that were funded by PSSRP General Fund resources (which are no longer available in FY 2017-18) would be funded by this project resource.

The TBC would increase the size of the team from four to five TBC's. The position would be budgeted at $140,230 and funded through an increase in the Corporate Services rate, an allocation to all bureaus based on their overall BTS charges. A new TBC is needed because Police has not participated in the program; per the recommendation of the Gartner Public Safety Assessment, a single TBC should responsible for all public safety bureaus in an effort to align services and investments across those bureaus. As Police has been paying the Corporate Services charge but not receiving this service, it is appropriate that they would also benefit from the TBC services. Their addition to the program, however, would constrain the group's ability to deliver a high level of service. This group serves as a connection between BTS services and their customers. Its success is reflected in a 3.08 score (on a scale from 1 to 4) in a 2016 survey of customers, the highest score for any service rated in BTS. CBO recommends this position.

The second portion of this package would transfer $3,926,451 from the Public Safety General Obligation Bond Fund to the Technology Services Fund. These resources are left over after the completion of all the PSSRP projects. The original source of the funds was General Fund and fund transfers from the Technology Services Fund.

Of the total transfer, $3,569,003 would be added to a contingency dedicated to public safety technology projects. An Executive Oversight Committee (EOC), made up of public safety bureau directors would determine the prioritization of projects. The projects will be initially screened and prioritized by the requesting bureau and then reviewed by the EOC for final prioritization. Projects approved by the EOC would be included in a BTS budget request for council consideration and approval. CBO recommends using a portion of this funding to leverage other funds to replace Police's Mobile Data Computers (see CBO's review of the Portland Police Bureau budget for more details).

Aside from the contingency amount, the remaining $357,448 would fund two Technology Capital Project Managers to implement projects identified by the EOC. To the degree that this

project resource is exhausted in the future and not replenished with additional project funds, these positions would be eliminated.

CBO recommends this package based on the near-term technology needs identified by the public safety bureaus and based on the Public Safety GO Bond Fund disposition requirements that indicate that all non-bond proceed balances go back to the Technology Services Fund. Note that the there is no net increase in FTE; the positions funded through this request are regular positions that are currently working on the PSSRP project; they would be eliminated in FY 2017-18 without the funding in this request.

CBO Recommendation: $4,066,681

BTS Enterprise Mobility Management, MF 21 $543,684, 4.00 FTE

This request adds four positions (with associated materials and services) and $78,000 for license costs for the application platform and BTS infrastructure. The positions include:

- Two Information Systems Technology Analyst IV in the Support Center
- One Principal Information Systems Analyst in Production Services
- One Information Systems Technology Analyst I in Communications

These positions do not form a separate group within BTS, but rather would enhance staffing at BTS to develop capacity to manage mobile devices, applications, and inventory more effectively and manage content more securely.

The bureau would recover costs through increased Telecomm Services charges to bureaus. The rate would be based on fixed rate per device, estimated at $272/unit per year assumes ~2,000 units currently in inventory in non-Police bureaus (Police currently manages their own devices with a dedicated staff person). This charge would be in addition to the current rate of $82 per cellular device which supports staffing of the Communications group and bureau overhead (which, among other things, funds the HelpDesk).

Assuming 1,800 effective hours per year per FTE, an increase in HelpDesk support of 2.0 FTE would imply that each device would utilize 1.4 hours of HelpDesk time per year[2].

According to the service design document provided by BTS, the workload was estimated based on the fact that Police manages 1,000 devices with a dedicated position. Using a linear cost estimation model based on the Police experience may not be the optimal approach. CBO recommends a more nuanced approach to estimating workload given that the proposed mobile solution is likely to support scale.

As discussed in the Key Issues section of this report, CBO asked customer bureaus how they would prioritize this request. Given that the benefits of increased internal service provision are largely captured in the form of bureau efficiencies (less time spent managing devices,

[2] Based on an assumption of 2,500 units, as per the high-end estimate provided in bureau responses to CBO questions.

applications, and training; reduced downtime for mobile devices; and standardization of processes), CBO relies on customers to determine whether the proposed service enhancement makes sense in the context of their businesses. The results of the survey indicate that while most bureaus seem to value the increased service level, the cost is above what they are willing to pay.

Based on concerns over the workload estimation methodologies and the customer response, CBO recommends that BTS work with customers to reach consensus around the workload and costs and return later in the budget process with a revised proposal. Should some approximation of consensus be achieved, CBO would recommend funding the refined package.

CBO Recommendation: $0, 0.00 FTE

BTS Technology Disaster Planning Analyst, MF_19 $131,719, 1.00 FTE

This position would convert a temporary appointment to a regular position. The position is a Senior Business Systems Analyst that works to mitigate threats to the City's information and technology systems in the case of a natural or manmade disaster. The position is expected to create and monitor a technology continuity plan, assist in annual testing of the plan, and monitor progress toward mitigation of threats to information and technology assets. The position was originally funded as limited term in FY 2014-15, but after several failed recruitments, a temporary appointment was made in the current fiscal year (FY 2016-17).

BTS has persisted in requesting the position as ongoing, noting that the marketplace for this skillset is very competitive and a limited term position is a disincentive for top-ranked candidates. The request was made in FY 2015-16 and now again in FY 2017-18.

As with several other packages, customer bureaus, were asked to prioritize this position within their own budgets. Generally speaking, in the bureau responses, this position was not prioritized over preserving or enhancing direct services in those bureaus, however some bureaus noted its enterprise value.

However, based on the Citywide risk associated with potential natural and human-caused disasters and the enterprise value in mitigating those risks, CBO recommends this position, included with new interagency funding. This recommendation notwithstanding, CBO recommends that internal realignments be explored through the remainder of the budget process in an effort to address this need internally. The bureau has indicated that an annual review is performed of possible strategic realignments; CBO will work with BTS to understand the results of this review more completely and to identify possible trade-offs for City Council.

CBO Recommendation: $131,719, 1.00 FTE

BTS Chief Data Officer, MF_20 $207,655, 1.00 FTE

This package would add a Chief Data Officer (CDO) position funded through interagency revenues to develop and operationalize the City's strategy for data governance and data-driven

decision making. This position would report to the BTS Director and would have no subordinate staff. Position responsibilities include facilitating a data governance committee, conducting a data inventory, and assessing emerging technologies that might enable the City to manage data as an enterprise asset.

CBO does not recommend this package. The proposed responsibilities of this position are in part duplicative of efforts currently underway in other City bureaus; for example, the CDO position will "expand Open Data opportunities" for the City, yet the Bureau of Planning & Sustainability has been developing revised open data policy and governance practices for the City since October 2016 (per Council Resolution 37236) as part of Portland's engagement with What Works Cities. The addition of this position seems to assume that these current activities are best transferred to BTS; however, cities with advanced data governance practices increasingly prescribe that the best placement for a CDO-type position is outside of IT,[3] as it shifts the CDO's emphasis away from IT's typical focus on systems maintenance and data security, and enables the position to be more effective at developing externally-facing partnerships and supporting departmental innovations. Such partnerships with the technical community might include support of the open-source web application project currently underway between three City bureaus and local civic engagement non-profit Hack Oregon.

The Hack Oregon partnership is just one example of how networks of City staff are reaching beyond bureau boundaries to pool their expertise with impressive results in the realm of data-driven decision-making and technology. Others include Portland's finalist award for the 2016 US DOT "Smart city Challenge", a thriving Tableau User group of analysts creating impactful data analytics projects, and the City's adoption of the ISO Standard for City metrics through membership to the World Council on City Data. Given such tangible success, one may conclude that these ad-hoc networks promote greater opportunity for employees to engage in this arena, rather than be directed through the City's IT function. More consideration appears to be needed to plan for how a CDO-type role can support rather than supplant progress already being made by City staff.

Additionally, CBO believes the proposed employee salary of $143,811 does not align with the position responsibilities described, which include conducting a data inventory and facilitating a data governance committee. Similar activities are described in the Smart Cities decision package submitted by the Bureau of Planning and Sustainability for a Management Analyst role with a salary of $66,996. Without changes to code to give the CDO decision-making authority over customer bureau data assets and systems, the position would perform a primarily consultative function that is currently being performed by staff in both BPS and BTS.

CBO recommends that any strategy for future data governance should build on the foundation of the City's current efforts. To create a more fully developed vision for this role, BTS should

[3] One organization advancing this recommendation is the Government Center for Excellence, a consultancy based out of Johns Hopkins University developed to support the performance analytics practices of mid-sized cities in the United States.

work with customer bureaus to understand desired innovations and analytics needs for the City to support at an enterprise level.

CBO Recommendation: $0, 0.00 FTE

Bureau of Revenue and Financial Services

Accounting OSS II AR/AP, EMS, MF_01 ($142,815), (1.0 FTE)

This package reduces personal services by $87,893 and external materials and services by $54,922. The personal services reduction would eliminate a filled Office Support Specialist II position and reduce overtime by $5,000. The OSS II position provides clerical support to the Operational Accounting team and administrative support to the Controller. The Operational Accounting team performs "ongoing, daily and routine" accounting functions such as accounts payable and general ledger activities. The elimination of the OSS II position would shift some of the Operational Accounting team's administrative work onto higher classification positions. This team is not currently fully staffed, and the additional administrative workload would negatively impact this team's efficiency. This team is currently pursuing a Cash Receipt Lockbox project that may result in automation of some of these administrative functions in the future; the need for this position should be reassessed in the future if significant automation is achieved.

The Accounting Division seeks to be an industry leader by publishing the CAFR within 120 days from fiscal year end, which is 30 days faster than the current 150-day requirement for local governments. The FY 2015-16 CAFR was produced in 135 days. The materials and services and overtime reduction will limit the division's ability to meet the 120-day timeline, but is unlikely to impact its ability to meet the current 150-day timeline requirement. Should the GFOA or municipal bond market shift to a 120-day requirement in the future, the Technical Accounting team's required level of resources should be reassessed.

In the prior fiscal year, the Accounting Division scoped and gathered requirements for the implementation of a new CAFR software to replace CaseWare. The implementation of the new software has been delayed due to the moratorium on new technology procurements. Based on preliminary research, the division anticipates sufficient underspending in the current fiscal year – to be carried forward in the Spring BMP – to fully fund the cost of implementation and licensing. CBO recommends a partial reduction of Accounting's EMS budget to more closely align with actual spending in prior years, but retain sufficient flexibility to implement a CaseWare replacement in FY 2017-18 should underspending in FY 2016-17 be insufficient.

CBO Recommendation: ($20,000), (0.0 FTE)

Procurement – 5% Required Budget Reduction, MF_04, ($268,977), (1.0 FTE)

This package would eliminate a vacant Sr. Administrative Services Specialist as well as reduce external materials and services by $163,977. The Sr. Administrative Services Specialist position is in the Operations Division of Procurement, providing administrative support to a Sr. Management Analyst as well as processing Accounts Payable, timekeeping, recruitment

onboarding support, etc. The position has been vacant since December 2016, but backfilled through a temporary services contract. Going forward, Procurement indicated that the less complex workload will be redistributed to an Administrative Assistant, while more complex organizational management tasks will be reassigned to a Sr. Management Analyst, both within the Operations Division.

Procurement did not cite any specific service levels or performance measures that would be impacted due to the elimination of this vacant position, but suggested that response times to vendors would suffer. CBO does not recommend that resources be redirected from Procurement Services by eliminating this vacant position, but does recommend that Procurement Services consider reclassifying this position from a Sr. Administrative Services position to a Procurement Specialist (or other direct service position) to improve procurement timelines and increase customer service levels within existing resources. Procurement is facing a temporary increase in workload in its Technology group, and has cited workload concerns in its Construction group.

With the proposed EMS reduction, Procurement's FY 2017-18 EMS budget would be approximately 7% lower than FY 2015-16 year-end actual spending. The EMS reduction is anticipated to impact flexibility with regard to provision of training (for both customer bureaus and Procurement staff) and hiring external consultants related to sustainability and social equity programming. Social equity programming includes technical assistance to the Prime Contractor Development Program and the We Are Better Together program. Procurement has recently engaged consultants to explore sustainable procurement issues and plans to fund additional work to disseminate sustainable procurement strategies to bureaus. Procurement has also cited the potential for higher technology support for recently implemented Procurement software.

CBO recommends $36,448 reduction of Procurement's EMS budget. Given traditional underspending, CBO believes the bureau can absorb this reduction without service impacts.

CBO Recommendation: ($36,448), (0.0 FTE)

Grants – 5% Required Budget Reduction, MF_05, ($35,739); also see Dec Pkg #MF_06

This package reduces Grants Management personal services budget by $95,334 and reallocates $59,595 to EMS; the $35,739 difference is a reduction in General Fund resources. The personal services reduction would eliminate a recently hired Financial Analyst position dedicated to managing Special Appropriations grants, reducing total FTE in the division from 5.0 to 4.0 FTE.

Citing a January 2016 Audit that highlighted limited oversight and a lack of competition, the Grants Management Division (Grants) successfully championed the value of a centralized oversight function for the management of Special Appropriations during the FY 2016-17 Budget Development process. In order to accommodate this workload, Grants received position authority for 1.0 FTE Financial Analyst and $92,514 in General Fund resources in FY 2016-17; $95,334 is allocated for this position in Grants' FY 2017-18 base budget. During the fall of FY

2016-17, Grants managed a competitive process for 20 Special Appropriations grants and built a reporting component into all award agreements. This workload was absorbed within existing staff levels, as the dedicated FTE was not hired until January 2017, but Grants reports that the completion of the grant agreements took twice as long as it would have otherwise.

CBO concurs with Grants that this centralized oversight function is of value, given the concerns raised in the Auditor's report, and that this function is best housed within Grants. If Council does not, as it did in FY 2016-17, continue to set aside $1 million for competitive Special Appropriations grants, ongoing work is still required to administer existing agreements. If Council does not continue with the competitive award process that has been established by Grants, the ongoing workload associated with Special Appropriations management should be reassessed.

If this position is eliminated, CBO recommends Grant's budget be reduced by the full General Fund allocation to support this position, $95,334.

CBO Recommendation: $0.0, 0.0 FTE

Grants – Special Appropriations Financial Analyst, MF_06, $110,694, 1.0 FTE; also see Dec Pkg #MF_05

This is a companion package to MF_05, directly above. The effect of this package would be to retain an existing position with an additional $15,360 in personal services funding (beyond the $95,334 in the base budget) and increase EMS funding by $59,595.

CBO does not recommend this package, as CBO recommends the position in package MF_05 be retained. To the degree that payroll costs exceed the $95,344 currently budgeted for this position, CBO recommends that these costs be absorbed within the Bureau of Revenue and Finance. Personnel services underspending for this bureau has exceeded $500,000 in each of the last three fiscal years, ranging from 3.5% to 4.8% of total budgeted personal services spending.

CBO Recommendation: $0.0, 0.0 FTE

Procurement – Construction Project PTE, MF_07, $178,936, 2.0 FTE

This package requests $178,936 to support two additional positions in Procurement: a Sr. Procurement Specialist position in the PTE (Professional, Technical, and Expert Services) contracting group to support contract centralization, and a Procurement Assistant to provide additional capacity to manage lower level "day to day" procurement work while senior staff is occupied with an influx of high priority/high complexity projects.

Currently, individual bureaus are responsible for managing the PTE procurement process at the bureau level with support from 3 FTE in Procurement's PTE group. In FY 2015-16, a total of 326 PTE contacts were issued across bureaus, with a value of over $45 million. About half of these contracts are concentrated in larger asset-owning bureaus (BES, PWB, PBOT, PP&R, OMF-

Facilities), which all have dedicated procurement liaisons to manage the PTE process for their bureaus. Smaller bureaus that manage the remainder of the PTE contracts frequently cite frustration and confusion with the PTE procurement process, and their lack of familiarity with government procurement rules and the City of Portland's numerous business requirements for contractors add length and complexity to the PTE process.

Procurement's proposal would add a Sr. Procurement Specialist to marshal through all of the PTE contracts for bureaus that do not have dedicated staff. Beginning in mid-year 2015, the PTE group launched a "Small Bureau Pilot" program that provided a higher level of support for 18 PTE contracts from a subset of low-frequency bureaus (ONI, OGR, Council Offices, OMF-Business Operations, and OEHR). PTE staff noted that the pilot, which is still ongoing, was successful in "reducing redundancy, reducing vendor confusion, and reducing time-to-execution." CBO was unable to acquire data on average time-to-execution for PTE contracts – or the impact of the pilot project on time-to-execution – as this information is not tracked by Procurement Services for PTE contracts, making it difficult to assess the impact of the pilot project[4]. Procurement staff estimated that centralized management reduced the total time-to-execution for PTE contracts by several weeks for small bureaus that utilize PTE contracts infrequently. This pilot program is being managed within existing staff resources; the request is to add a Sr. Procurement Specialist to expand this centralized service to the remainder of the "small" bureaus on an ongoing basis.

CBO concurs with Procurement Services that this is a promising pilot program, with the potential to achieve efficiencies in PTE contracting across multiple bureaus. However, CBO believes that additional analysis is warranted before this pilot is scaled and institutionalized. CBO recommends Procurement consider the following issues:

1) *Process Improvement.* Procurement Services noted that there is significant confusion and frustration with the existing procurement process for PTE contracts, requiring dedicated staff in larger bureaus and resulting in delays and prolonged execution timelines for smaller bureaus. To the degree that the process itself could be simplified for all bureau customers, CBO encourages Procurement Services to engage in a process improvement effort prior to expending additional resources to centralize an inefficient or confusing process. Procurement Services has already implemented several process improvement efforts, including implementing technology upgrades to expedite the procurement process, and has indicated enthusiasm for additional process improvement work. One-time resources may be available to expand these efforts; CBO encourages Procurement Services to scope the cost and timeline of such an effort.
2) *Defining Service Levels.* CBO recommends that Procurement Services define the service levels desired by various customers for PTE contract management, as well as work with

[4] Procurement Services recently began tracking time-to-execution for some large procurement contracts. CBO recommends this practice be adopted across contract types and sizes, in order to inform management decisions, customer service expectations, and future budgetary requests.

CBO to explore whether an interagency agreement model (or modified interagency agreement model) may more accurately target its services to customers. Procurement Services could define a reasonable level of service to be provided by the PTE group to all bureaus, along with tiered options to allow bureaus to decide if they would like to purchase a higher level of service. Procurement Services should also discuss with bureau customers (both large and small) whether they want to pay for centralized PTE contract management; it is CBO's understanding that this change in services has not been broached with non-pilot customer bureaus.

3) *Business Case Analysis.* It is not clear if this request is appropriately sized to match the staff time needed to centralize PTE contracting. A Sr. Procurement Specialist could undoubtedly manage a given PTE contract through to execution more efficiently than inexperienced bureau staff, but with just one additional PTE contracting expert, full centralization of PTE contracting may overwhelm this group and inadvertently produce slower timelines for contract execution for all bureaus. Procurement Services should develop a business case analysis for centralization of PTE contract management that 1) quantifies total FTE-hours required to fully centralize PTE contract management, 2) estimates resulting bureau staff time savings 3) quantifies actual or anticipated reductions in time-to-execution for PTE contracts, and 4) clarifies service levels provided to customer bureaus.

A second component of this request is the additional capacity that a Procurement Assistant would generate in both the PTE and Technical groups. The decision package notes that high dollar/high complexity procurement projects, such as the Data Center Move and the Portland Building Reconstruction project, are tapping Procurement's more senior staff for long periods of time. To the degree that long term priority projects are "squeezing out the lower level, day-to-day" business of the City, Procurement Services may want to explore models by which project support in excess of normal/defined service levels can be charged to customers or billed to projects. If procurement support exceeds a given or defined level of service, charging for that extra level of support would provide budgetary flexibility to temporarily backfill for senior staff occupied on major projects for extended periods of time, or temporarily hire additional administrative support to reduce the increased burden on mid-level staff.

CBO supports the request for a budget note instructing OMF to explore alternative cost allocation models. CBO recommends that the budget note include instruction to complete a process improvement effort as part of a larger reexamination of Procurement's service levels, and that the FY 2017-18 budget include one-time funding to support these efforts.

CBO Recommendation: $50,000 One-Time, 0.0 FTE

Revenue – Tax Collection Staff Cut, MF_10, ($181,341), (2.0 FTE)

This package reduces 1.5 FTE Revenue & Tax Specialist (RTS) filled positions in the Tax Division and a 0.5 FTE Revenue Auditor position in the Audit & Accounting Division. The 1.5 RTS positions are responsible for collecting past due receivables and obtaining filing and payment

compliance from non-filing accounts. The Revenue Auditor position is responsible for auditing business income tax returns and providing technical assistance.

These are revenue-generating positions, for which Revenue Division presumes the return on investment (ROI) to exceed 2:1 for the City. Revenue Division states that an audit performed by outside consultant Intellibridge in 2010 confirmed that marginal RTS positions in the Revenue Division create a net positive ROI of at least 2:1 (4:1 inclusive of returns for the County). CBO reviewed the audit and found that while there was clearly a positive ROI on the 7 positions studied, the report does not assert that this 2:1 ROI could be assumed in perpetuity, nor be used as a general rule of thumb for returns on additional RTS positions in the Revenue Division.

Regardless, given 1) the Revenue Division's assertion that eliminating these positions would result in foregone General Fund revenue to the City that exceeds the cost of the positions and 2) increasing workload in the Business License Tax program cited in the package narrative, CBO does not recommend this reduction.

OMF's Budget Advisory Committee Members unanimously agreed that cutting revenue-generating positions was inadvisable prior to budget submission. In addition, CBO communicated to OMF staff and to committee members that OMF is not required to meet target reductions on a pro rata basis across OMF bureaus. Nevertheless, OMF included this package despite universal acknowledgement that reductions resulting in net revenue losses do not provide Council with the flexibility to shift funding toward urgent priorities. Council may wish to instruct OMF to put forward an alternative reduction, and CBO recommends that Council prohibit OMF from offering these types of reductions in the future.

CBO Recommendation: 0.0, 0.0 FTE

Revenue – Portland Community Media Grant Funding, MF_11, ($44,819)

This package reduces grant funding to Portland Community Media. This grant is managed by the Office of Community Technology, and supports PCM's provision of financial and technical resources dedicated to public, educational uses by access providers as designated by the City. Among other things, PCM provides digital and media literacy training and computer access to underserved populations in Portland.

The OCT received additional ongoing funding in FY 2016-17 to support the implementation of the regional Digital Equity Action Plan. PCM supports several of the Digital Equity Action Plan strategic actions through its program offerings.

OCT notes that this cut may result in the reduction of service levels provided to the public by PCM; in particular, it is noted that the reduction may result in reduced youth programming to promote digital and media literacy. The organization received $840,577 from the City in the FY 2016-17 Adopted Budget, which included a $44,240 reduction from a similarly proposed reduction package. However, PCM (rebranded as "Open Signal") has recently diversified both its funding stream and its service offerings with support from new community partnerships. The

grant amount included in this year's base budget is $896,379; if this cut is accepted, the FY 2017-18 grant award will be 1.3% higher than the grant award in FY 2016-17. Thus, it seems reasonable to assume that PCM could maintain service levels with the proposed level of grant support.

CBO Recommendation: ($44,819), 0.0 FTE

Revenue – Utility Franchise Legal Support, MF_12, ($41,897)

This package substantially reduces funding available for outside legal support to renegotiate outdated franchise agreements with 13 backlogged companies, and reduces the Office of Community Technology's flexibility to provide legal support and advocacy for local management of right of way issues, franchise authority, etc., should there be challenges in the state or federal arenas.

In FY 2015-16, approximately $77 million in revenue was collected from franchise agreements, $1.5 million of which was collected from 10 backlogged companies. The number of backlogged companies has now grown to 13. The majority are telecommunications companies and the bureau believes it would be prudent to review the agreements to ensure 1) the City is receiving maximum revenues and 2) agreements meet other modern financial, safety, and contract duration requirements. City staff currently prioritize 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.[5]

CBO recommends this reduction based on the fact that OCT has not identified any specific return on investment for these efforts, and, given the small base revenues of these agreements, renegotiation is unlikely to generate large returns even where gross revenue definitions are updated. The OCT has also noted that, if this funding is eliminated, OCT staff time spent managing these contracts will be redirected toward higher value activities.

However, OCT has noted that there may be a future need for external legal contractors to support the work of the Utility Franchise Auditor (see MF_14). OCT indicated that legal contractors are beneficial in the resolution of audit disputes, and there are currently $992,000 in disputed funds based on the work of the OCT auditor. The City Attorney's Office indicated that external legal support may be necessary. In light of the potential impact on revenue collection, CBO recommends only a partial reduction of Utility Franchise Legal Support.

CBO Recommendation: ($20,000), 0.0 FTE

[5] A total of $10,175 was spent on outside support for franchise renegotiation in FY 2015-16, and FY 2016-17 spending has been $14,402 as of February 7, 2017.

Revenue – Utility Franchise Auditor, MF_14, $113,500, 1.0 FTE

This package requests ongoing funding for a Utility Franchise Auditor in the Office of Community Technology. This position was funded on a limited term basis beginning in FY 2015-16, and again in FY 2016-17, in order to determine the return on investment for this position prior to allocating ongoing funding.

Since this position was approved in July 2015, the Utility Franchise Auditor has opened 37 audits (32 in FY 2015-16 and 5 so far in FY 2016-17). Of the total number of utility licensees (150+) and franchise agreements (50+), this represents an audit open rate of approximately 20% for this 2-year period. Of those 37 audits, 5 have been closed, producing $2.7 million in additional billings with $1.5 million recovered. OCT estimates that, of the closed audits, $1 million in additional ongoing revenue will be collected. Thirty-two audits are still in progress, with estimated recovery amounts unknown. Annual program costs are approximately $120,000.

The audits with the highest probability of recovery are prioritized first, so initial audit recovery results may overstate the actual ROI for this position. However, given 1) the average length of time needed to complete an audit, 2) returns identified to date for the program, and 3) the rapid rate of technological change in the represented industries, it is reasonable to assume that a dedicated auditor position will continue to generate a positive ROI if audits occur on a semi-regular cycle. CBO recommends this position be funded on an ongoing basis.

CBO Recommendation: $113,500, 1.0 FTE

Revenue – IRS Federal Tax Information, MF_15, $526,111, 2.0 FTE

This package requests $526,111 in ongoing General Fund resources to continue implementation of the IRS Government Liaison Data Exchange Program. The program was originally funded in FY 2013-14 via an Innovation Fund grant, with actual implementation largely beginning in FY 2014-15. The program was again funded one-time in FY 2015-16 ($481,350), and FY 2016-17 ($450,004). This request would increase funding for this project 17% over the prior year budget and make funding ongoing. The FY 2017-18 request is to 1) convert two limited term positions, a Business Systems Analyst and a Sr. Management Analyst position, to permanent positions 2) fund $200,000 in ongoing BTS support for the program, and 3) fund $81,000 in ongoing materials and services, primarily for postage.

The purpose of the IRS Data Exchange Program is to match federal IRS tax information with Revenue Division tax records in order to identify discrepancies, increase compliance, and generate additional collections. The Revenue Division estimated that this program would generate an additional $780,000 to $2.3 million in annual revenue after going live.

The IRS imposes significant security and compliance requirements on access to Federal Tax Information (FTI), and the Revenue Division's current tax applications were not capable of meeting these requirements without being completely reprogrammed at significant cost. As an interim solution, prior to the presumed development of an Integrated Tax System (see MF_16),

the Revenue Division and BTS developed an offline system and application dedicated to FTI storage and processing. However, the offline solution is not scalable, currently accommodates only one user at a time, and duplicate business processes limit the number of accounts that can be worked. Revenue Division has noted that the application of the FTI will not be optimized until the Division implements an integrated tax system (ITS); ITS implementation is not expected to go live for 3 or more years.

The development of the offline solution took longer than anticipated, and the Revenue Division began receiving FTI approximately a year ago. It was expected that the Revenue Division would begin contacting taxpayers in spring of 2016 to collect unpaid taxes uncovered using FTI; due to significant constraints and technical issues around using FTI, Revenue Division did not begin contacting noncompliant taxpayers until August of 2016. From August to December 2016, the Revenue Division billed $64,181 in taxes due and collected $29,960. Revenue Division estimates that total additional revenue attributed to FTI will be $100,000 to $200,000 for FY 2016-17, with one full year of FTI. Per the Revenue Division, revenue collections are expected to improve as the technical issues are addressed and the footprint of the secure offline workspace is increased. However, it is not clear that the current offline solution will ever achieve the $780,000 to $2,300,000 in additional revenues originally estimated by the Revenue Division.

Total actual expenses to date for this program have been approximately $750,000 over the past 3 years, with projected spending to reach $925,000 by the end of FY 2016-17. At this point, the return on investment for this program is estimated to be -4.6:1 at FYE 2016-17. CBO has serious concerns about the value of continued investment in the current in-house offline solution given 1) the negative return on investment after 1 full year of FTI, 2) substantive technical and compliance issues with the in-house offline solution, and 3) the intention to replace the existing tax applications with an ITS.

FTI is not granted retroactively by the IRS. If Revenue Division's current FTI access lapses, the Division will have to reapply for access in the future and will be required to destroy the FTI currently stored in the secure offline system. Because historical FTI will be valuable to provide baseline information for a future integrated tax system, CBO requested that the Revenue Division provide information on the minimum level of resources necessary to preserve the City's current access to FTI. Revenue Division's response indicated that the current request for $526,111 is the only level of support that could preserve FTI access into the future. Given extremely limited returns on the FTI program as currently implemented, the primary value of continuing this program appears to be in preserving access to FTI for future integration into an ITS. Revenue Division also cited the value of FTI in compelling compliance with the Arts Tax.

Based on the negative returns on investment to date, CBO is not persuaded that additional investment to expand the footprint of the existing offline FTI solution is warranted. However, CBO does not have sufficient information to assess whether the future value of maintaining access to FTI outweighs the ongoing annual costs of $526,111. CBO recommends that, as part of the budget development process, Revenue Division staff present to Council the following: 1)

a refined ROI analysis on the continued expansion of the offline FTI solution as requested, 2) an ROI analysis on the preservation FTI access with regard to future ITS implementation, and 3) a suite of options to minimize ongoing costs until an ITS is developed and implemented, should it be determined that maintaining FTI access is advisable but further development the offline footprint is not warranted.

CBO Recommendation: $0.0, 0.0 FTE

Revenue – Integrated Tax System, MF_16, $248,366, 2.0 FTE

This package requests $248,366 to fund 2.0 FTE positions in the Revenue Division. The positions, a Business Systems Analyst and a Program Manager, would be responsible for developing and managing business requirements for a new Integrated Tax System (ITS) to replace multiple existing aged systems.

The Revenue Division's current Business License Tax System (BLIS) was implemented in 1998, and, per the Revenue Division, is nearing the end of its useful life. Modern commercial off-the-shelf tax administration systems offer features that are not available in BLIS: IRS-approved security features allow for relatively simple integration of Federal Tax Information (FTI) through the IRS Data Exchange Program, modernized e-filing capability, and an integrated data warehouse allowing for multiple datasets, and advanced analytics and audit selection. In addition to BLIS, the Revenue Division has four other tax or permit administration applications that require additional support and maintenance. A new ITS could integrate all of these systems, allowing both Revenue Division staff and taxpayers to access information in one location. This would make collection issues easier to identify, and prevent taxpayers from receiving refunds in cases where additional tax is owed to a different tax program. Right now, information sharing across these applications is difficult, limited to ad-hoc queries, and requires customers to log into multiple applications. Centralized customer service is difficult, as Division staff cannot easily see the full landscape of an individual's tax profile.

Implementation of a new ITS is integral to the eventual rollout of modernized e-filing; taxpayers will be able to access tax information through a secure taxpayer portal online and have the ability to file returns electronically the same time that state and federal returns are filed. Further, the Revenue Division has indicated that its use of FTI will not be maximized until the information can be incorporated into an integrated system with IRS-approved security features. As mentioned in MF_15 above, FTI can currently only be utilized in a secure offline work database that requires significant BTS support and substantial security compliance processes. The technical and security compliance issues have significantly delayed the expected returns on the City's investment in acquiring FTI access.

The Revenue Division has developed a business case analysis for the replacement of its core database system, exploring the relative benefits of a custom-built system and a commercial off the shelf system (COTS). The analysis suggests that a COTS system is the preferred solution, and estimates that revenues will increase by $2.6 million – $6.15 million after implementing a COTS

system. This estimate includes the $780,000 - $2,300,000 in "current" additional revenue attributable to the IRS data matching program (see MF_15), which has not yet been realized, although the Revenue Division anticipates that an ITS will fully leverage its access to federal tax information. The decision package indicates that implementation of an ITS is expected to reduce the Business License Tax Gap by $1.5 million, as well as anticipates significant one-time revenues upon initial implementation.

Total costs for implementation of an ITS are unknown at this time, but estimates from the business case are in the range of $9 million in one-time costs and $1.5 million in ongoing maintenance and support costs. Revenue Division is exploring options to finance a new ITS via a benefits-based financing model, which would finance implementation (excluding City staff costs) via increased revenues directly attributable to the ITS's data analytics and auditing modules. Other jurisdictions have employed this financing model and indicated to Revenue Division that it was successful. If this financing route is selected, the Revenue Division would negotiate with the vendor a baseline and logical rules for identifying increases in revenue attributable to the COTS. In other jurisdictions, a percentage of this revenue (above the baseline that is attributable to the COTS) is paid to the vendor in a tiered manner (see chart below). CBO recommends that, prior to any implementation of a benefits-based financing model, a robust analysis be performed on the repayment structure to ensure that the logic model for identifying increased revenues is appropriate. The Division anticipates it would recover implementation costs within about five years.

Table 7. Revenue Recovery Tier Structure

Tier	Benefits Attributable From	Benefits Attributable To	DOT %	Cumulative DOT $	RSI %	Cumulative Payments to RSI
I	$0	$3,000,000	40%	$1,200,000	60%	$1,800,000
II	$3,000,001	$5,000,000	50%	$2,200,000	50%	$2,800,000
III	$5,000,001	$10,000,000	75%	$5,950,000	25%	$4,050,000
IV	$10,000,001	$16,100,000	86%	$11,196,000	14%	$4,904,000
V	$16,100,001	$20,000,000(*)	92.5%	$14,803,500	7.5%	$5,196,500

The current request for a Business Systems Analyst and a Program Manager dedicated to the development and implementation of an ITS is an ongoing request; the bureau anticipates a three-year project timeline whereby the positions will provide RFP development, selection, and project implementation management. CBO concurs that this work would be difficult to achieve within Revenue Division's existing staff resources, but it appears that this body of work is short term in nature. Further, the implementation of a new ITS is expected to reduce administrative workload for maintenance and support of tax applications, as well as improve existing business processes within the Division, increasing capacity among existing staff. As such, the ongoing need for these positions should be reassessed in the future. CBO recommends that these positions be approved for two-year limited terms.

The cost for these positions and the costs for the implementation of an ITS should be included in the cost pool for determining full cost recovery from the County for business and transient lodging taxes (see MF_17).

CBO Recommendation: $248,336, 2.0 FTE Limited Term

Revenue – IGA Tax Collection Reimbursement Budget Note, MF_17, $640,050, 7.0 FTE

The City continues to subsidize the collection of business license taxes for Multnomah County to the tune of almost $1.4 million in FY 2017-18. In FY 2013-14 – prior to the renegotiation of the current tax collection IGA with Multnomah County – CBO highlighted the lack of full cost recovery in that year's budget review (pg. 5). The issue was also flagged through email and verbal communications between CBO and the Revenue Division.

This issue was subsequently the subject of an FY 2015-16 budget note in which Council directed OMF-Revenue Division to renegotiate the IGA with the County based on full-cost recovery. In Council's budget note, full cost recovery is defined by the percent split of business income taxes received by the City and County, and specifies that the new agreement would eliminate any General Fund subsidy for services provided on the County's behalf. Council also directed CBO to reduce the FY 2016-17 current appropriation level target for the Office of Management & Finance by an amount equal to the estimated increase in resources received from Multnomah County per the new agreement, which totaled $640,050. The Revenue Division was unable to successfully renegotiate the tax collection contract with the County prior to FY 2016-17 budget development, so this gap was addressed on a one-time basis, with the expectation that the Revenue Division would achieve resolution on cost recovery with the County prior to FY 2017-18. The current request is to once again backfill the permanent decrease to the Revenue Division's CAL target of $640,050.

The current IGA with Multnomah County does not expire until June 30th, 2019. In the existing IGA, put before Council in April 2014, the County's payment to the City was set at $1,127,813, with annual increases based on the higher of 2.5% or CPI. During current year OMF Budget Advisory Committee (BAC) meetings, the Revenue Division indicated that discussions occurred with the County around a tentative cost recovery proposal that would phase in over 5 years, beginning in FY 2017-18, incrementally increasing the County's contribution from 23% of expenses to 42% of expenses. Follow-up conversations with the Revenue Division indicated that these discussions ceased, with no renegotiation in place for FY 2017-18, and the County declining to revise the cost recovery model until 2019 when a new IGA is in place.

Revenue Division has identified 7.0 FTE positions that the Division would eliminate if this deficit is not addressed. These are revenue generating positions, the elimination of which would, per the Revenue Division, have a net negative impact of $3.5 million on revenues to the City. This increase in funding has been requested on an ongoing basis because 1) the Revenue Division does not anticipate renegotiating with the County until the current IGA expires in 2019, and 2) the Revenue Division anticipates that cost recovery will be negotiated on a 5-year

implementation timeline. Under these assumptions, the City would not reach full cost recovery with the County until 2024.

In FY 2013-14, CBO estimated the City's subsidy of the County's portion of collection costs to be $820,468. The Revenue Division estimated that the County's share of collection costs would have been $2,270,322 for FY 2015-16. Based on this information, the General Fund subsidy for collection of the County's business tax was $1,085,414 in FY 2015-16[6]. In FY 2017-18, the General Fund subsidy is estimated at $1,345,866 based on Revenue Division's assertion that the County portion of collection costs is 42%.[7] Failure to insist on a full cost recovery model during the 2014 contract negotiation – and the City's inability to renegotiate the contract in the interim – has cumulatively cost the City millions of dollars. Further, the terms of the existing IGA are contradictory to the spirit of binding City Financial Policy 2.06.

Historically, the Revenue Division has been focused on the preservation of partnership with the County and achieving incremental increases in the County's cost sharing contribution rather than achieving immediate full cost recovery. Renegotiations in FY 2008-09 and FY 2014-15 did result in 22.6% and 24.6% increases in the County's contribution, respectively. While there are benefits to the City in maintaining a cost sharing arrangement with the County, not achieving a full cost recovery agreement with the County has resulted in millions of dollars of foregone revenue that could otherwise be supporting Council priorities for the City of Portland. In light of the likelihood of net losses to General Fund revenue in excess of continued subsidy of the County's portion of tax collection costs, CBO recommends one-time funding of $640,050 to maintain these 7.0 FTE positions. Ongoing funding is not appropriate, given Council's direction to the Revenue Division to renegotiate the IGA with the County to achieve full cost recovery. CBO further recommends that Council direct the Revenue Division to present a plan and timeline for renegotiations, including 1) definitions of the appropriate cost pools and allocation metrics for cost recovery and 2) an analysis of the cumulative and ongoing General Fund subsidy to the County until full cost recovery is achieved.

CBO Recommendation: $640,050, 7.0 FTE

Bureau of Internal Business Services

BIBS/Risk – Assistant Claims Technician Position, MF 18, $77,886, 1.0 FTE

This package requests $77,886 in ongoing funding to convert a limited term Assistant Claims Technician position to permanent. The position would be funded through increases to interagency rates. This position was added during the FY 2016-17 Fall BMP on a limited term basis to address a backlog of critical but non-urgent administrative tasks. To date, the limited term FTE has successfully tackled the backlog on administrative tasks related to claim filing and

[6] Revenue Division's estimate of the County's share of collection costs, less the County's annual payment under the existing IGA.

[7] Calculated by taking 42% of the Revenue Division's FY 2017-18 budget for business tax collection, less the County's FY 2017-18 annual payment under the existing IGA.

archiving documents in preparation for the upcoming relocation from the Portland Building. The package identifies a number of ongoing administrative tasks such as file completion, document scanning, claim set up, and logging hours on claims that are appropriately performed by administrative staff. There is not currently any administrative support, other than this position, for the Workers Compensation and Liability/Tort claims teams. This position is intended to provide 20 hours a week of administrative support to each team. The request does not quantify impacts on long term rate savings, or savings to bureaus, but freeing up professional claims adjusters to focus on the investigation, evaluation, and negotiation of claims is expected to improve overall claim management and reduce costs over the long term. CBO recommends this position be funded on an ongoing basis.

CBO Recommendation: $77,886, 1.0 FTE

Facilities – 5% Reduction for Jerome Sears Facility O&M, MF_23, ($3,750)

This package would reduce the General Fund cash transfer to Facilities for operations and maintenance on the Jerome Sears building. This cash transfer was substantially reduced as part of the FY 2016-17 Adopted Budget, and the current transfer amount is in line with projected operations and maintenance costs for FY 2017-18. Facilities Services and PF&R are currently working with consultants on a long term tenancy plan for the Jerome Sears property. CBO does not recommend the reduction of operations and maintenance, in accordance with City Financial Policy FIN 2.03. Once the tenancy plan for the Jerome Sears building is in place, the full ongoing operations and maintenance costs for the Jerome Sears building should be incorporated into rental rates.

CBO Recommendation: $0

Facilities – 5% Reduction for Yeon Building, MF_24, ($511)

This package would reduce the General Fund cash transfer to Facilities for operations and maintenance of the Yeon Building located in Tom McCall Waterfront Park. The property is occupied by the Rose Festival Foundation under a lease expiring in 2035; monthly rent is $1. CBO does not recommend the reduction of operations and maintenance, in accordance with City Financial Policy FIN 2.03. Further, the historical operations and maintenance spending on this property has exceeded revenues:

Yeon Building at Tom McCall Waterfront

Fiscal Year	Revenues	Expenses
FY 2013	$4,673.69	($6,959.12)
FY 2014	$8,012.04	($13,928.87)
FY 2015	$10,237.00	($4,766.02)
FY 2016	$10,508.00	($15,013.85)
Totals	$33,430.73	($40,667.86)
FY 2016 Balance		**($7,237.13)**

The Yeon Building is not a Facilities Services-owned asset, but Facilities Services is responsible for maintenance of the property funded by a General Fund cash transfer. This situation arose due to legal concerns around the use of rate-payer funds by the Portland Water Bureau on the maintenance and restoration of this property. Facilities Services has identified maintenance issues at this property, including the need to replace the exterior envelope and update egress lighting, but does not collect sufficient revenue to address these issues.

CBO recommends that Facilities Services work with the City Attorney's office to understand the City's responsibilities with regard to maintenance of this property. To the degree that the City is responsible for these improvements, CBO recommends that Facilities Services conduct a thorough assessment of the building's needs and put forward funding options to address these needs. While the property is not specifically owned by Facilities Services, the liabilities of property ownership fall to the City and should be better understood.

CBO Recommendation: $0

Facilities Services – Building Access Control System Design, MF 25, $116,591

This package requests $1,000,000 for the development of the design of a modern, standardized Citywide access control system. This request does not include costs for system servers, hardware, or installation of a new building access system, but the design development will produce cost estimates for actual implementation. Total costs are likely to be in the multi-million-dollar range, with unknown ongoing costs.

The design development would be funded from building major maintenance accounts ($883,409) for OMF-owned properties and General Fund ($73,990) or Interagency Revenue ($42,601) funding for properties not owned by Facilities Services. Properties expected to be included in the new system are as follows: City Hall, the 1900 Building, Emergency Coordination Center, Portland Communications Center, Archives & Records, the Portland Building, Interstate Water Building, Fire & Police Disability and Retirement Offices, Portland Housing Bureau offices, Bureau of Revenue and Financial Services offices, Park Ranger facilities, the Columbia Boulevard Wastewater Treatment Plant, and Police facilities.

The package narrative indicates that the current INET7 access system has issues with hardware and software configuration, and that replacement hardware is becoming more difficult to obtain. Over the past five years, Facilities Services has spent an average of $73,331 per year in addressing access control related issues at OMF-owned facilities. This does not include costs incurred by other bureaus at non-OMF facilities; these costs are unknown.

Facilities Services indicated that this use of major maintenance funding was not included in the overall FY 2017-18 major maintenance prioritization process. The request is being put forward in large part due to timing issues related to the reconstruction of the Portland Building. The Portland Building reconstruction project budget includes line items for the cost of a building access control system. However, if a the proposed new and enhanced Citywide security system

is not designed in the near term, there will be insufficient time to incorporate the new system hardware into the reconstructed Portland Building, and the Portland Building project will purchase and install hardware to match the existing building access system. The project manager for the Portland Building reconstruction project indicated that information on the design of the new system will be required sometime in the next year in order to be incorporated into the project planning and issuance of RFPs.

Facilities Services is concurrently pursuing a Citywide Security Assessment approved in the FY 2016-17 Fall BMP. OMF anticipates it will have some direction with regard to security access controls from the City-wide security assessment consultant by late Summer 2017. OMF anticipates that, if this project is approved, the design of the standardized secure access system will be complete around Spring/Summer of 2018.

Facilities Services indicated that if the Portland Building timeline is not met, a new system with additional features and functionality could be installed at a later date. However, Facilities Services mentioned that recent discussions have indicated a desire for highly integrated security features beyond the access control system, integrating interior/exterior video surveillance, duress system, automated doors, elevator system, lighting system, etc. and that there would be efficiencies realized from doing the installation along with similar work in the Portland building (e.g. before walls are closed, when cabling is being run). The current patchwork of security systems is building-specific, and does not integrate security information from across all City owned properties.

CBO concurs that there are efficiencies to be gained from installing any new security access systems in the Portland Building at the time of reconstruction, but the likelihood of meeting the required timeframe is very low. With design anticipated to be complete by summer of 2018, it is unlikely that the design could be incorporated into planning and RFP issuance that will take place in the next year. This reduces the perceived urgency of this project. Furthermore, once the technology procurement moratorium is lifted, there will likely be enormous demand on technology procurement's services from bureaus whose projects are currently delayed. Putting this project at the top of that queue would further delay the City's ability to meet technology procurement timelines.

CBO recommends that Facilities Services work with BTS to develop a comprehensive business case for the development and installation of a highly integrated security access system across all City properties. At this point, it is not clear if the failure of the current system would be complete or partial, or if the current system can be expected to maintain its current level of functionality into the foreseeable future. The proposed project is an enormous undertaking with significant costs, and would substantially increase the current level of service with regard to building access and security without 1) sufficient cost/benefit analysis of replacing the existing system with a highly integrated system as opposed to one that resembles the current system and 2) sufficient comparison of the value of this project relative to other deferred major

maintenance projects. At this point, CBO does not recommend funding a $1 million project to develop a plan and cost estimates for a Citywide integrated security access control system.

CBO Recommendation: $0.0

Facilities Services – City Hall Exterior Masonry Rehabilitation, MF 26, $1,272,331

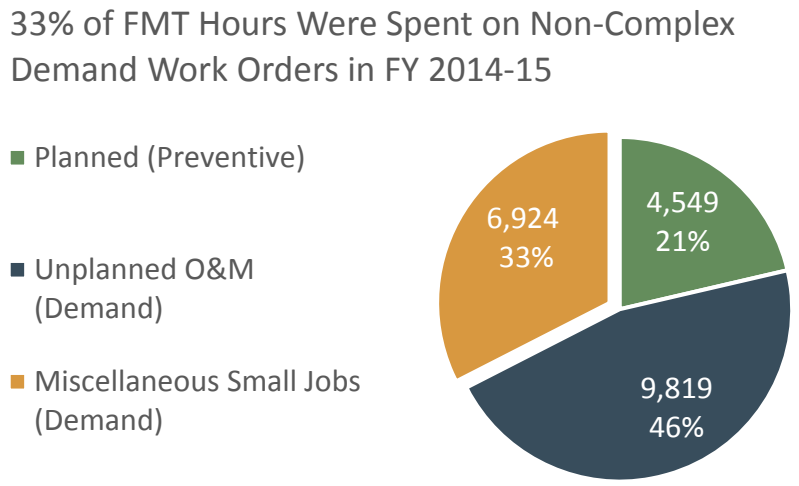
Facilities Services requests $1,272,331 from the General Fund Capital Set Aside. This project was ranked 8 out of 32 projects in the FY 2017-18 validation process. The project would complete life and safety improvements to the City Hall façade, namely repairing loose stone and balusters, as well as make repairs to prevent water infiltrations. In an external assessment of the condition of City Hall's façade, these issues were noted as the highest priorities for action. This project would be completed in conjunction with another project at City Hall, funded by the remaining balance of the building's major maintenance account, to replace cooling towers, repair the roof, and replace ventilation fans. CBO recommends this project be funded from the General Fund Capital Set Aside given the life safety concerns, scalability of other higher ranked projects, and the insufficiency of current major maintenance funding to address proper maintenance of the City's primary government building.

CBO Recommendation: $1,272,331

Facilities Services – Add Facilities Maintenance Technician Apprentice Position, MF 27, $69,777, 1.0 FTE

This request is for a permanent Facilities Maintenance Technician Apprentice (FMT apprentice). Funding for this position would be generated by hours billed to customer bureaus for elective work orders and hours billed for building operations and maintenance non-elective work orders (the latter would either be incorporated into building rental rates for Facilities Services-owned properties or charged directly to Facilities Services Time and Materials locations).

There are significant issues with regard to Facilities Services ability to perform preventive maintenance. An external asset management consultant reviewed the maintenance team's work order data and found that elective demand work orders, such as white board installation or desk adjustments, comprise 33% of all Facilities Services work orders. These tasks do not require the skill set of a licensed FMT, but are



frequently performed by FMTs at a much higher cost leading to potentially inflated rental rates and contributing to a backlog of preventive maintenance activities. Not only is it more expensive for customer bureaus, but the 6,924 hours spent on these elective demand work orders – the equivalent of 5 full time FMTs – is time not spent addressing O&M issues that require an advanced skill set. CBO concurs with Facilities Services that the ratio of FMT work hours logged for demand work orders (both elective and non-elective) relative to hours logged for preventive maintenance is too high. However, CBO would encourage Facilities Services to reduce (or eliminate) the number of FMT hours spent on elective, non-complex demand orders prior to adding FMT positions, as part of the overhaul of the Division's asset management work. To the degree that there is any confusion or ambiguity regarding what constitutes an elective demand work order charged to bureaus, CBO recommends that Facilities Services clearly define and communicate the service levels provided by the O&M group.

Facilities Services currently has a vacant FMT Apprentice position, approved in the FY 2015-16 Adopted Budget, that does not appear to have been filled. Further, the maintenance group has begun a slow-down of all non-critical O&M activities in the Portland Building due to the upcoming relocation of tenants and reconstruction project. Roughly 20% of all the maintenance team's work hours are logged at the Portland Building; Facilities Services expects to allocate these FMT hours across the portfolio of OMF buildings to address preventive maintenance backlogs in these locations during reconstruction. Facilities Services will effectively experience a surge in the availability of FMT hours equivalent to 3.0 FTE FMTs during the reconstruction. At this time, CBO does not recommend the addition of another FMT Apprentice position, but does recommend that Facilities Services track the impact of additional FMT hours on the planned-to-preventive work order ratio in order to inform future staffing decisions in the operations and maintenance group.

CBO Recommendation: $0.0, 0.0 FTE

Facilities Services – Add Facilities Services Specialist Position, MF_28, $108,009, 1.0 FTE

This package requests to combine the work being performed by an existing limited term Facilities Specialist position and an existing limited term Operations Support Specialist III position into a single permanent position fully funded via interagency rates. CBO supports this consolidation, as it will reduce overall costs to the City for the body of work associated with property management services and coordination duties of the City Real Property Coordinator.

However, CBO notes that the duties of the Citywide Real Property Coordinator were originally intended to be funded with existing resources; the fiscal impact statement presented to Council by OMF stated that the legislation "does not have specific financial and budgetary impacts. The BIBS Director will be assigning an existing staff person to serve as the City Real Property Coordinator." BIBS Administration realigned $25,000 in EMS resources to fund a limited term position to perform the work of the City Real Property Coordinator (MF_088, Fall BMP FY 2015-16). This request supplants BIBS Administration's support of this function with interagency

revenue from property owning bureaus, which is a deviation from BIBS Administration's original assertion that this workload would be funded within existing resources.

CBO Recommendation: $108,009, 1.0 FTE

Facilities Services – Add Utility Worker II Position, MF_29, $84,947, 1.0 FTE

This package requests to add a permanent Utility Worker II position in Facilities Services' maintenance group, a class that does not currently exist in the group. As noted in MF_27, an external asset management consultant reviewed the maintenance team's work order data and found that elective demand work orders, such as white board installation or desk adjustments, comprise 33% of all Facilities Services work orders. These tasks do not require the skill set of a licensed FMT, but are frequently performed by FMTs at a much higher cost leading to potentially inflated rental rates and contributing to a backlog of preventive maintenance activities. Currently, only FMTs are available to address these elective demand work orders. This represents a significant inefficiency both in the allocation of FMT hours away from genuine operations and maintenance work, and in the cost of the labor required to perform the elective demand work orders.

CBO is reluctant to recommend that any portion of this position be funded via increased rental rates, as the position as requested primarily to address elective demand work orders charged to tenants. However, there may be worked covered under rental rates that is appropriately assigned to this position.

CBO recommends that Facilities Services add a Utility Worker II position, and highly recommends that Facilities Services use this position as a test case for a potential restructuring in the O&M group or for scaling up this class of employee within the O&M group. The impact of this position on 1) wait times for elective demand work orders, 2) FMT hours "freed up" to work on traditional operations and maintenance tasks (i.e. increased throughput of O&M work orders that require FMT skills, change in ratio of preventive-to-demand O&M work orders) and 3) overall percentage of time FMTs spend on elective demand work orders should be tracked and analyzed in order to inform management decisions, customer service expectations, and future budgetary requests.

CBO Recommendation: $84,947, 1.0 FTE

Facilities Services – Convert Engineer and Program Coordinator to Permanent, MF_31, $116,653, 2.0 FTE

This package requests to convert to permanent a limited term Building Engineer position and a limited term Asset Management Program Coordinator position, positions approved as limited term in the FY 2016-17 Fall BMP along with several other positions designed to advance Facilities Services' backlog of major maintenance projects and improve its asset management capacity. The backlog of major maintenance projects and lack of robust asset management practices in Facilities Services are well documented.

The Building System Engineer position has been filled, and is funded in Facilities Services base budget. Facilities Services is not requesting ongoing funding to support this position, only position authority, as funding will be generated via billable project hours to the backlog of major maintenance projects. The Building Engineer will manage major maintenance projects that require engineering expertise.

The purpose of adding this position was to create a distinct Building Systems Engineering group to help differentiate between typical major maintenance projects – projects required to keep building systems in working order and extend their useful life – and tenant-driven improvement projects that tend to be more focused on aesthetics. Historically, a single group of Construction Project Managers managed both of these project types. This arrangement partially contributed to the backlog of major maintenance projects, as staff time tended to be prioritized toward tenant-driven projects in response to customer bureau demand and new revenue. Going forward, Facilities Services may want to consider safeguards to ensure that staff time is being appropriately allocated toward major maintenance projects, relative to tenant-driven projects, by developing related performance measures. It may also prove useful to analyze project management hours by project from a performance management perspective; CBO is not aware of any existing measures related to project management performance.

The Asset Management Program Coordinator position will be responsible for developing and maintaining an asset management program for 15 properties in Facilities Services' portfolio. Responsibilities for this position are as follows:

- Assist and support development of bureau Asset Management program
- Lead development of annual and lifecycle asset management plans for OMF-owned and managed buildings
- Lead development of Facilities Services asset hierarchy, naming convention, and inspection regimen
- Develop Asset Management Program performance metrics
- Represent bureau at Citywide Asset Manager Group (CAMG)
- Plan and perform/coordinate building inspections
- Monitor and report on Asset Management plan progress (annual and lifecycle) and related performance metrics
- Participate on SAP EAM implementation team
- Maintain asset information data in SAP EAM

These functions are critical to the development of a robust Asset Management program within Facilities Services, and CBO recommends ongoing position authority to be funded from Facilities Service's corporate rate. See the major issues section for additional discussion.

CBO Recommendation: $116,653, 2.0 FTE

Facilities- Covert Asst Program Specialist to Permanent, MF_30 $99,363, 1.00 FTE

This request would convert a limited term position responsible for the City's Single Point of Contact program for campsite complaints from the community. The position is currently funded with one-time General Fund resources; however, the Single Point of Contact has been determined as an essential function to performing the Coordinated Campsite Cleanup (CCC) program, playing a key role in communicating and coordinating with property-owning bureaus. As such, the position is requested to be made permanent and funded as part of that program, through bureau inter-agencies with property-owning bureaus.

Each of the four affected property-owning bureaus would be charged an additional $24,841 per year. While staff costs are fixed, cleanup costs are variable and charged based on actual contractor costs. The number of cleanups has been trending upward and contractor costs have increased as well. The CCC program is on pace to clean up 150 sites in FY 2016-17.

While CBO recommends this position, several concerns are noted. First, the charge to the Water Bureau – both the current base charge as well as the increment associated with this package – seem out of scale with the services provided; the other three property-owning bureaus charged have accounted for ~99% of the total cleanups over the last year and a half. Second, in the past, customer bureaus have raised concerns about timelines for cleanup and cleanup prioritization. In response to CBO questions, the bureau stated that

"[T]he cleanups are then prioritized by the locations that pose the greatest risk to health and safety to neighborhoods and to the people inhabiting the camps. Stakeholders from the property owning bureau, Police, and cleanup crews are regularly consulted to determine health and safety concerns at the locations in the queue. A risk assessment matrix is in the final stages of approval with customer bureaus to further inform and rank reported campsites on a wide range of environmental, health, and safety issues."

CBO requests that the bureau provide customer comments on the program as part of the decision package updates as part of budget monitoring to ensure that the program is meeting customer needs.

CBO Recommendation: $99,363, 1.00 FTE

Bureau Budget Summary – Request and Recommendations

Below is a summary of OMF's budget, inclusive of all funds.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 155,389,642	$ 171,904,465	$ -	$ -	$ 171,904,465
Taxes	29,763,000	33,500,000	-	-	33,500,000
Licenses & Permits	5,643,450	5,717,500	-	-	5,717,500
Charges for Services	70,899,363	71,136,237	-	89,784	71,226,021
Intergovernmental Revenues	10,769,957	11,459,883	18,971	-	11,478,854
Interagency Revenue	154,788,125	161,211,176	1,623,390	(963,243)	161,871,323
Fund Transfers - Revenue	5,255,558	1,694,271	5,268,511	(69,729)	6,893,053
Bond and Note Proceeds	21,574,814	69,992,147	-	-	69,992,147
Miscellaneous Sources	5,128,750	5,505,433	23,437	-	5,528,870
General Fund Discretionary	15,294,206	14,663,932	1,353,415	(497,229)	15,520,118
General Fund Overhead	10,661,968	10,836,398	110,900	(206,858)	10,740,440
Total Resources	**$485,168,833**	**$557,621,442**	**$8,398,624**	**$ (1,647,275)**	**$564,372,791**
Requirements					
Personnel Services	$ 79,867,841	$ 81,708,085	$ 3,092,429	$ (1,302,528)	$ 83,497,986
External Materials and Services	189,260,209	210,459,912	2,114,359	(1,015,981)	211,558,290
Internal Materials and Services	25,633,118	28,040,663	241,425	(212,175)	28,069,913
Capital Outlay	27,108,474	60,713,026	-	-	60,713,026
Debt Service	15,615,806	12,703,536	-	-	12,703,536
Fund Transfers - Expense	6,080,750	5,367,424	-	-	5,367,424
Contingency	141,602,635	158,628,796	2,950,411	883,409	162,462,616
Total Requirements	**$485,168,833**	**$557,621,442**	**$8,398,624**	**$ (1,647,275)**	**$564,372,791**

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 Management & Finance											
Adds											
MF_17 - Revenue - IGA Tax Collection Reimb. Budget	01	7.00	640,050	0	0	640,050	7.00	0	640,050	0	640,050
MF_25 - Fac - Building Access Control System Design	01	0.00	0	73,990	42,601	116,591	0.00	0	0	0	0
MF_15 - Revenue - IRS Federal Tax Information	02	2.00	526,111	0	0	526,111	0.00	0	0	0	0
MF_26 - Fac - City Hall Exterior Masonry Rehabilitatio	02	0.00	0	1,272,331	0	1,272,331	0.00	0	1,272,331	0	1,272,331
MF_14 - Revenue - Utility Franchise Auditor	03	1.00	113,500	0	0	113,500	1.00	113,500	0	0	113,500
MF_37 - BHR-Recruitment and Accommodation Coord	04	3.00	168,048	0	199,374	367,422	1.00	56,638	0	67,196	123,834
MF_07 - Procurement - PTE Staff	05	2.00	81,840	0	97,096	178,936	0.00	0	22,869	27,131	50,000
MF_16 - Revenue - Integrated Tax System	06	2.00	248,336	0	0	248,336	2.00	0	248,336	0	248,336
MF_21 - BTS-Mobility - Enterprise Mobility Manageme	07	4.00	0	0	543,684	543,684	0.00	0	0	0	0
MF_31 - Fac - Convert Engineer and Prgm Coord to P	08	2.00	0	0	116,653	116,653	2.00	0	0	116,653	116,653
MF_28 - Fac - Add Facilities Services Specialist Pos	09	1.00	0	0	108,009	108,009	1.00	0	0	108,009	108,009
MF_20 - BTS-Chief Data Officer	10	1.00	0	0	207,655	207,655	0.00	0	0	0	0
MF_27 - Fac - Add Facilities Maint Tech Apprentice Po	11	1.00	0	0	69,777	69,777	0.00	0	0	0	0
MF_30 - Fac - Convert Asst Prg Spec to Permanent	12	0.00	0	0	99,363	99,363	0.00	0	0	99,363	99,363
MF_18 - BIBS/Risk - Assist. Claims Technician Positio	13	1.00	0	0	77,886	77,886	1.00	0	0	77,886	77,886
MF_02 - CAO-Policy Analyst Position	14	1.00	81,142	0	96,268	177,410	0.00	0	0	0	0
MF_19 - BTS-Technology Disaster Planning Analyst	15	1.00	0	0	131,719	131,719	1.00	0	0	131,719	131,719
MF_29 - Fac - Add Utility Worker II Position	16	1.00	0	0	84,947	84,947	1.00	0	0	84,947	84,947
MF_06 - Grants - Spec Appropriations Financial Analys	17	1.00	50,628	0	60,066	110,694	0.00	0	0	0	0
MF_03 - CAO-Biological Opinion Pgm Mgr	18	0.50	8,704	0	67,240	75,944	0.50	8,704	0	67,240	75,944
MF_22 - BTS-Public Safety Position Transfers	NA	0.00	0	0	4,066,681	4,066,681	0.00	0	0	4,066,681	4,066,681
Total Adds		*31.50*	*1,918,359*	*1,346,321*	*6,069,019*	*9,333,699*	*17.50*	*178,842*	*2,183,586*	*4,846,825*	*7,209,253*
Reductions											
MF_24 - Fac - 5% Reduction for Yeon Building O&M	01	0.00	(511)	0	0	(511)	0.00	0	0	0	0
MF_23 - Fac - 5% Reduction for Jerome Sears Facility	02	0.00	(3,750)	0	0	(3,750)	0.00	0	0	0	0
MF_36 - BHR-Reclassification of Position	03	0.00	(40,400)	0	(47,932)	(88,332)	0.00	(40,400)	0	(47,932)	(88,332)
MF_35 - BHR-PERS Realignment of Resources	04	0.00	(40,370)	0	(47,896)	(88,266)	0.00	(41,065)	0	41,065	0
MF_34 - BHR-BES/Water/PBOT IA Increase for Trainir	05	0.00	(45,520)	0	45,520	0	0.00	0	0	0	0
MF_05 - Grants - 5% Required Budget Reduction	06	(1.00)	(16,346)	0	(19,393)	(35,739)	0.00	0	0	0	0

City of Portland

Decision Package Recommendations

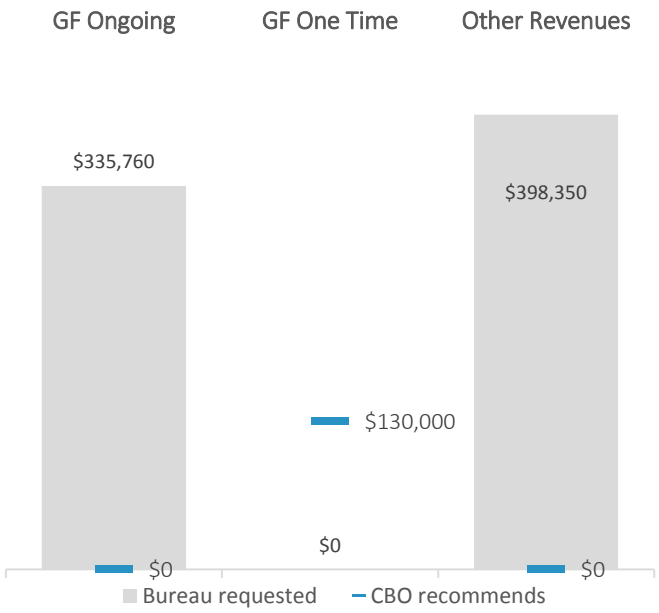
(Includes Contingency and Ending Balance)

	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
Office of Management & Finance											
Reductions											
MF_11 - Revenue - Portland Community Media Grant I	07	0.00	(44,819)	0	0	(44,819)	0.00	(44,819)	0	0	(44,819)
MF_09 - BO-Staff Support for Citywide Projects	08	0.00	(53,794)	0	(28,821)	(82,615)	0.00	(53,794)	0	(28,821)	(82,615)
MF_04 - Procurement - 5% Required Budget Reductio	09	(1.00)	(123,022)	0	(145,955)	(268,977)	0.00	(16,670)	0	(19,778)	(36,448)
MF_01 - Acct - OSS II AR/AP, EMS	10	(1.00)	(65,319)	0	(77,496)	(142,815)	0.00	(9,147)	0	(10,853)	(20,000)
MF_33 - BHR-Site Team Manager Reduction	11	(1.00)	(75,782)	0	(89,908)	(165,690)	(1.00)	(75,782)	0	(89,908)	(165,690)
MF_12 - Revenue - Utility Franchise Legal Support	12	0.00	(41,897)	0	0	(41,897)	0.00	(20,000)	0	0	(20,000)
MF_10 - Revenue - Tax Collection Staff Cut	13	(2.00)	(181,341)	0	0	(181,341)	0.00	0	0	0	0
Total Reductions		*(6.00)*	*(732,871)*	*0*	*(411,881)*	*(1,144,752)*	*(1.00)*	*(301,677)*	*0*	*(156,227)*	*(457,904)*
Realignments											
MF_08 - CAO-Strategic Projects & PT Realign Staff	02	2.00	163,666	0	194,176	357,842	1.50	67,766	0	80,399	148,165
MF_32 - Fac - Strat Projs and Policy Team Realign Sta	03	(2.00)	0	0	(148,165)	(148,165)	(2.00)	0	0	(148,165)	(148,165)
Total Realignments		*0.00*	*163,666*	*0*	*46,011*	*209,677*	*(0.50)*	*67,766*	*0*	*(67,766)*	*0*
Total Office of Management & Finance		**25.50**	**1,349,154**	**1,346,321**	**5,703,149**	**8,398,624**	**16.00**	**(55,069)**	**2,183,586**	**4,622,832**	**6,751,349**

Analysis by: Jessica Eden

Office of The Mayor (Wheeler)

Adds



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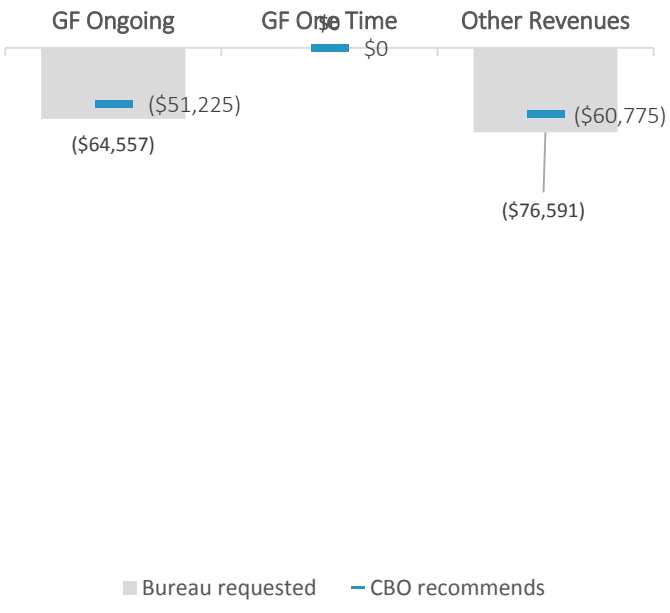
Reductions



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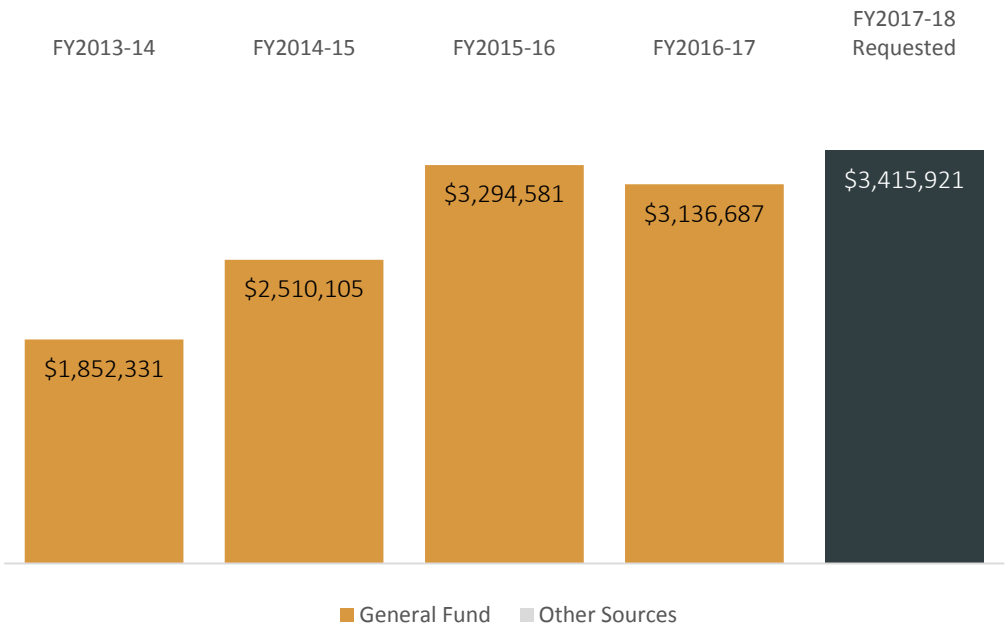
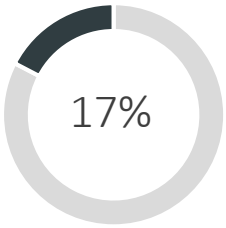
Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



FY-17-18 Request Base

FY17-18 Decision Packages

Decision Package Analysis & Recommendations

Workforce Development, MY 01, $400,000, 0.00 FTE

The Mayor's Office requests $400,000 in ongoing General Fund resources to expand the workforce development program. Currently, the workforce development program receives $190,000 in ongoing General Fund resources. These funds have historically gone to Worksystems, Inc. a local non-profit that facilitates the SummerWorks and Black Male Achievement Initiative youth employment programs.

The City of Portland is the largest non-federal supporter of Worksystems, Inc. allocating $3,538,000 (12%) to its FY16-17 budget.[1] The majority of this funding is channeled through the Portland Development Commission workforce development programs. The existing workforce development program reflects the values in the City's Racial Equity Plan:

100% of youth served by Worksystems investments are low income & 68% identify as youth of color.[2]

Worksystems, Inc. Youth Outcomes as of Sept. 30, 2016[3]:

1,223 youth completed college and career readiness training

66% achieved a degree or certificate

64% achieved at least a two grade level gain in literacy or numeracy

79% were placed in college or employment; of those employed, 88% were still employed 6 months later

1,034 were placed in a paid work experience or internship

The Mayor's office notes that it intends to continue supporting SummerWorks and the Black Male Achievement Initiative. However, the additional $400,000 is not necessarily slated for Worksystems, Inc. or specifically youth workforce development.

The request to expand workforce development reflects a proactive approach to succession planning that connects disadvantaged populations with City jobs. The Mayor's Office notes that over 20% of the City's workforce is 50 or older[4] and nearly 75% of the City's employees identify

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[1] Worksystems, Inc, PY16 Resource Plan, Accessed February 10, 2017, http://www.worksystems.org/sites/default/files/Budget%2C%20July%202016-June%202017.pdf

[2] Worksystems, Inc, Youth Investments, Accessed February 10, 2017, http://www.worksystems.org/our-approach/youth-investments

[3] Worksystems, Inc, Youth Outcomes, Accessed February 10, 2017, http://www.worksystems.org/our-results/youth-outcomes

[4] Office of Equity and Human Rights, COP Dashboard, Accessed February 10, 2017, https://www.portlandoregon.gov/oehr/article/595121

as white.[5] However, the Mayor's office has not yet identified the community partners who will administer the additional workforce development programs that will help cultivate a diverse pipeline of local talent.

Barring more detailed information about program implementation, CBO does not recommend the request at this time in relation to other General Fund requests.

CBO Recommendation: $0

Mayor's Commissioner Staff Rep Position(s), MY_02, $334,110, 3.00 FTE

The decision package requests $334,110 in on-going General Fund resources to fund three Commissioner Staff Representatives (CSRs). Each of these positions is budgeted at mid-point of the salary scale.

One CSR's core responsibility will be to provide broader engagement of bureaus and the Council-related to resiliency and emergency response activities. The second CSR will be responsible for engaging the bureaus and Council on homelessness. The third CSR will support the Director of Bureau Relations in implementing the Mayor's agenda and Council priorities across all bureaus.

All three positions align with the budget guidance provided by the Mayor and should enhance the level of service both externally and internally. However, CBO does not recommend funding the positions at this time given the very limited amount of ongoing General Fund available and competing requests for other priorities. Should additional resources become available or additional cuts taken, the City may benefit from this support in the Mayor's Office for these key priorities.

CBO Recommendation: $0

Mayor's Office 5% Reduction MY_03, ($141,148), 1.00 FTE

This package reduces personnel spending by $141,148 in ongoing General Fund resources to comply with the 5% reduction budget guidance. This reduction will require the Mayor's Office to reduce staff size for FY 2017-18. The external materials and services budget includes funds earmarked for youth workforce development ($190,000) and funding for a Sovereign Government Relations position ($56,000, previously known as Tribal Liaison) that will be housed in Government Relations in FY 2017-18. These commitments leave little flexibility in the office's external materials and services budget.

[5] Office of Equity and Human Rights, COP Dashboard, Accessed February 10, 2017, https://www.portlandoregon.gov/oehr/article/595121

The Mayor's current staff count is well below previous mayors' (with the exception of Mayor Hales) and there are currently several priorities that impact the City, among them the housing crisis, Department of Justice settlement, and decaying infrastructure. It is critical that the Mayor's Office have the capacity to provide a high level of service to Portland's citizens and City Bureaus.

The City Budget Office does not recommend this reduction.

CBO Recommendation: $0

DOJ Sr. Policy Advisor MY_04, $0, 0.00 FTE

The City Attorney requested funding for an ongoing Senior Policy Advisor (AT_06) that will work in the Mayor's Office and will interact with all elected officials to manage the DOJ settlement. This position will work closely with the Portland Police Bureau (PPB) and the City Attorney's Office to facilitate the timely and complete compliance with the DOJ agreement.

During Mayor Wheeler's transition, the need for this position was identified and, in order to respond as quickly as possible, the position was filled and funded through vacancy savings for the City Attorney; however, these vacancy savings will not continue in FY 2017-18 and therefore can no longer fund the position.

This position will facilitate the conclusion of the DOJ settlement in a timely manner. CBO recommends funding a limited term position for two years with the second year built into the CAL target.

In addition, CBO recommends reducing ongoing funding for the Compliance Officer Community Liaison and Community Oversight Advisory Board (COCL/COAB) by $130,000 (one time) and using those funds to support this position. Currently, the COCL/COAB is being restructured and funding requirements are unknown, but CBO believes that a $130,000 reduction in the $800,000 budget would leave ample funding for the COCL contract ($355,000) and other necessary costs. Finally, CBO recommends the funding and position be included in the Mayor's budget since the position will be under the guidance of the Mayor.

CBO Recommendation: $130,000, 0.00 FTE

Sovereign Government Relations Add Package, MY_05, $0, 1.00 FTE

On July 11, 2012, City Council passed Resolution 36941 outlining its intent to formalize the City's relationship with Tribal Government Partners. In 2015, the Native American Advisory Commission was formed to identify opportunities to strengthen the urban Indian community relationship and to advise priorities and actions to establish and maintain a Tribal Program in the City. In FY 2016-17, this function and funding for it were assigned to the Office of the Mayor.

This decision package would transfer this function to OGR in FY 2017-18 along with $56,000 in resources; OGR has requested the remaining (GR_05) $56,000 in new General Fund. Because this function was previously funded in the FY 2016-17 budget, CBO does not recommend additional General Fund resources. Instead, CBO recommends a transfer of $112,000 to OGR for the position. Additional resources may need to be added to the Mayor's Office budget to make up for any shortfalls caused by the transfer.

CBO Recommendation: ($112,000), 0.00 FTE

Bureau Budget Summary – Request and Recommendations

Below is a summary of The Mayor's Office operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
General Fund Discretionary	1,590,725	1,291,128	271,203	(192,428)	1,369,903
General Fund Overhead	1,545,962	1,531,831	321,759	(382,534)	1,471,056
Total Resources	**$3,136,687**	**$2,822,959**	**$592,962**	**(574,962)**	**$2,840,959**
Requirements					
Personnel Services	$ 1,865,190	$ 1,929,075	$ 170,462	$ (40,462)	$ 2,059,075
External Materials and Services	791,833	396,313	411,250	(523,250)	284,313
Internal Materials and Services	479,664	497,571	11,250	(11,250)	497,571
Total Requirements	**$3,136,687**	**$2,822,959**	**$592,962**	**$ (574,962)**	**$2,840,959**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

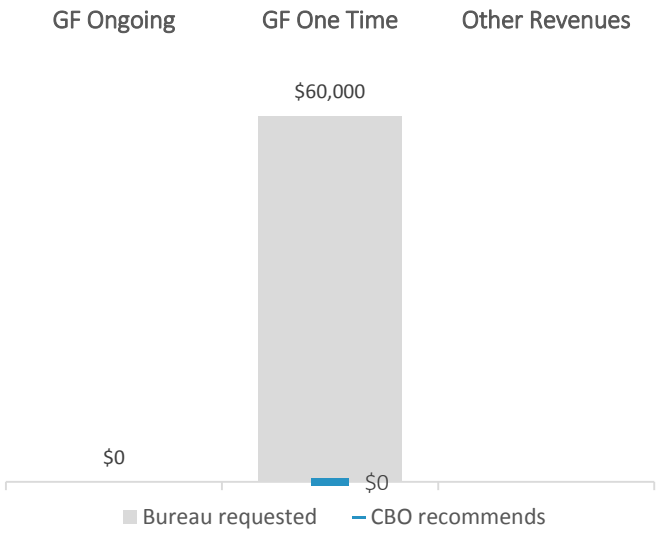
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of the Mayor											
Adds											
MY_01 - Mayor's Office-Workforce Development	01	0.00	182,948	0	217,052	400,000	0.00	0	0	0	0
MY_02 - Mayor's Office-CSR positions	01	3.00	152,812	0	181,298	334,110	0.00	0	0	0	0
MY_04 - DOJ Sr. Policy Advisor	NA	0.00	0	0	0	0	0.00	0	130,000	0	130,000
Total Adds		*3.00*	*335,760*	*0*	*398,350*	*734,110*	*0.00*	*0*	*130,000*	*0*	*130,000*
Reductions											
MY_03 - Mayor's Office 5% Required Cut	01	0.00	(64,557)	0	(76,591)	(141,148)	0.00	0	0	0	0
MY_05 - Sovereign Government Relations Add Packag	NA	0.00	0	0	0	0	0.00	(51,225)	0	(60,775)	(112,000)
Total Reductions		*0.00*	*(64,557)*	*0*	*(76,591)*	*(141,148)*	*0.00*	*(51,225)*	*0*	*(60,775)*	*(112,000)*
Total Office of the Mayor		**3.00**	**271,203**	**0**	**321,759**	**592,962**	**0.00**	**(51,225)**	**130,000**	**(60,775)**	**18,000**

Analysis by: Jessica Eden

Commissioner of Public Affairs (Saltzman)

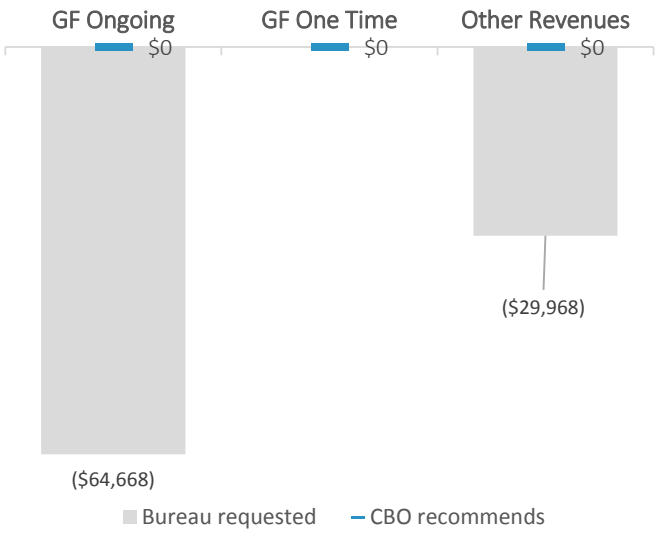
The Commissioner of Public Affairs office houses the Children's Levy as well as the Gateway Center for Domestic Violence.

Adds



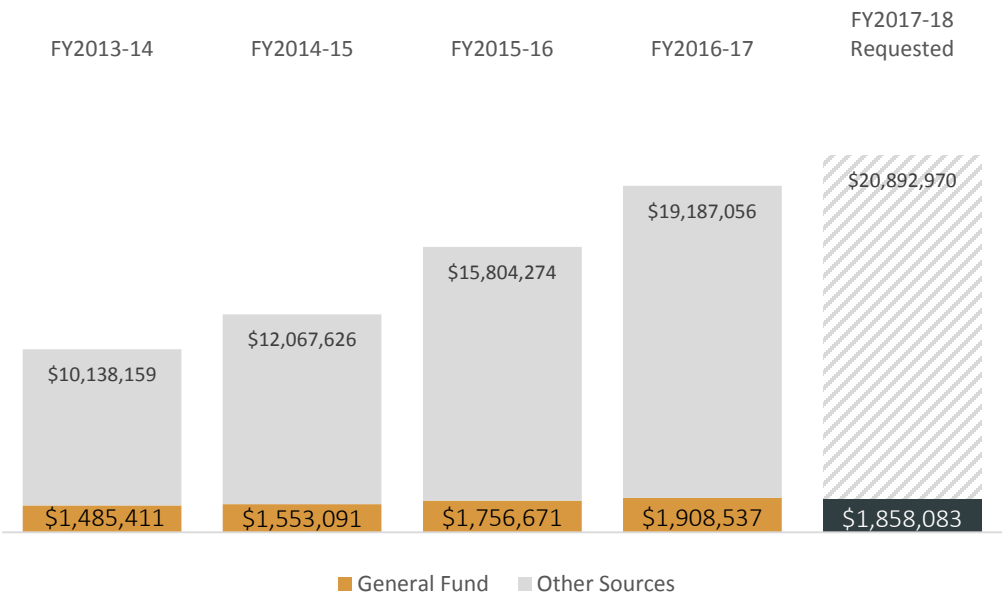
0.00FTE Requested **0.00 FTE** Recommended

Reductions

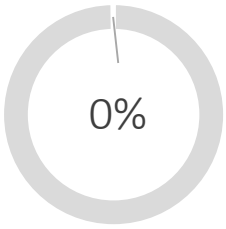


(0.00) FTE Requested **(0.00) FTE** Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



FY-17-18 Request Base

FY17-18 Decision Packages

Decision Package Analysis & Recommendations

Commissioner's Office Reduction, PA_01, ($55,227), 1.00 FTE

This decision package reduces personnel services by $55,227 in order to comply with the 5% reduction budget guidance. This reduction will negatively impact the Commissioner of Public Affairs Office's ability to respond to constituent's requests and needs as well as reduce bureau oversight and liaison responsibility. The specific position that will be vacant in FY 2017-18 to achieve this savings will be identified at a later date. Given the size of the Commissioner's office and the potential impact to levels of service, CBO does not recommend this reduction.

CBO Recommendation: $0

Gateway Center for Domestic Violence Reduction, PA_02 ($39,409), 0.00 FTE

This decision package reduces external materials and services by $39,409 in order to comply with the 5% reduction budget guidance. The Gateway Center for Domestic Violence (GCDV) is the busiest access point for domestic violence services in the City and has seen a 23% increase in the average survivors per day seeking services. The GCDV is a direct service organization with significant variable costs. All front line services are provided by "navigators". The current navigator contracts expire at the end of this fiscal year and GCDV anticipates a 3%-5% increase in cost. While the GCDV has a history of underspending in external materials and services, the increased demand for services has impacted their budget and they do not anticipate underspending in FY 2016-17.

At this time, they are working closely with Multnomah County to pilot an economic empowerment program. GCDV uses some external materials and services resources to contract with a job developer to work alongside the County's advocate in assisting survivors in the gaining employment. Survivors of domestic violence are at higher risk of experiencing homelessness following separation from an abusive partner due to financial, economic, and safety challenges. If funding is reduced, this pilot will be eliminated as GCDV will not have enough flexibility to continue to devote resources to it. As this is a pilot year, data about the success of this program is not yet available. Initial estimates project that 15 to 20 people will be placed in jobs by June 30, 2017.

CBO does not recommend this cut. GCDV provides a valuable social service and is the City's hub for domestic abuse survivor services. Reducing their funding by $39,904 would greatly impact their ability to respond to emergencies and absorb rising costs from increased demand for their services.

CBO Recommendation: $0

Eviction Prevention Services, PA_03 $60,000, 0.00 FTE

This decision package provides one-time funding for eviction prevention services for the Gateway Center for Domestic Violence (GCDV). Last year, the GCDV asked for the same one-time funding and was able to provide services to 55-60 households. On July 1, 2016, the Joint Office for Homeless Services (JOHS) was created as a coordinated effort between the City and Multnomah County to streamline and prioritize homeless services across the continuum. The JOHS provides a coordinated investment plan to address homelessness as an entire system thereby reducing inefficiencies and maximizing investment(s). The JOHS and A Home for Everyone Coordinating Board have worked to prioritize resources and interventions which include services for domestic violence survivors. While GCDV has stated that their services are not eligible to be funded by the JOHS because they do not serve chronically homeless individuals, it is CBO's understanding that domestic violence survivors are not required to meet chronically homeless criteria to receive assistance from the JOHS. CBO recognizes that service needs far outweigh available resources, and encourages all individual providers to participate in JOHS' competitive funding processes to ensure investments yield the best possible outcomes. CBO does not recommend this request as the City currently contributes significant funding to the JOHS for the same services.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of The Commissioner of Public Affairs' operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 3,850,000	$ 5,800,000	$ -	$ -	$ 5,800,000
Taxes	17,230,629	18,983,154	-	-	18,983,154
Intergovernmental Revenues	27,000	27,000	-	-	27,000
Miscellaneous	20,890	24,733	-	-	24,733
General Fund Discretionary	1,321,324	1,293,354	(4,668)	4,668	1,293,354
General Fund Overhead	587,213	599,365	(29,968)	29,968	599,365
Total Resources	**$23,037,056**	**$26,727,606**	**($34,636)**	**34,636**	**$26,727,606**
Requirements					
Personnel Services	$ 1,781,919	$ 1,864,327	$ (55,227)	$ 55,227	$ 1,864,327
External Materials and Services	18,645,723	18,780,291	20,591	(20,591)	18,780,291
Internal Materials and Services	251,711	242,187	-	-	242,187
Fund Transfers - Expense	25,000	25,000	-	-	25,000
Contingency	2,332,703	5,815,801	-	-	5,815,801
Total Requirements	**$23,037,056**	**$26,727,606**	**($34,636)**	**$ 34,636**	**$26,727,606**

City of Portland

Decision Package Recommendations

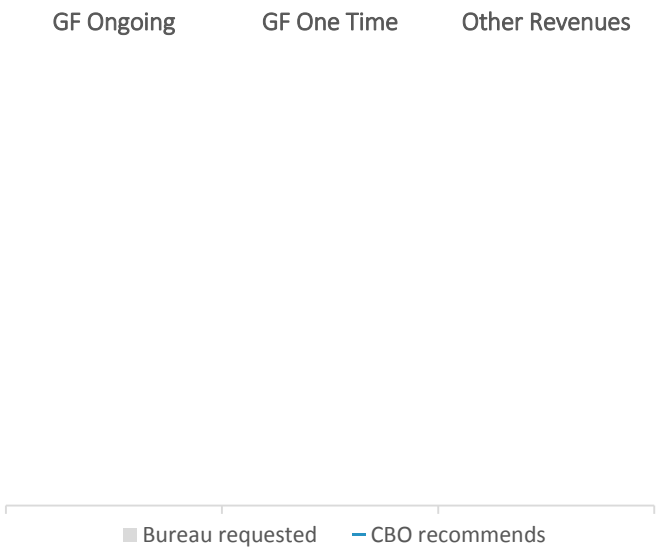
(Includes Contingency and Ending Balance)

		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											
Adds											
PA_03 - Eviction Prevention Services	01	0.00	0	60,000	0	60,000	0.00	0	0	0	0
Total Adds		*0.00*	*0*	*60,000*	*0*	*60,000*	*0.00*	*0*	*0*	*0*	*0*
Reductions											
PA_01 - CPA - Office 5% Cut	01	0.00	(25,259)	0	(29,968)	(55,227)	0.00	0	0	0	0
PA_02 - GCDV - 5% Cut	02	0.00	(39,409)	0	0	(39,409)	0.00	0	0	0	0
Total Reductions		*0.00*	*(64,668)*	*0*	*(29,968)*	*(94,636)*	*0.00*	*0*	*0*	*0*	*0*
Total Commissioner of Public Affairs		**0.00**	**(64,668)**	**60,000**	**(29,968)**	**(34,636)**	**0.00**	**0**	**0**	**0**	**0**

Analysis by: Jessica Eden

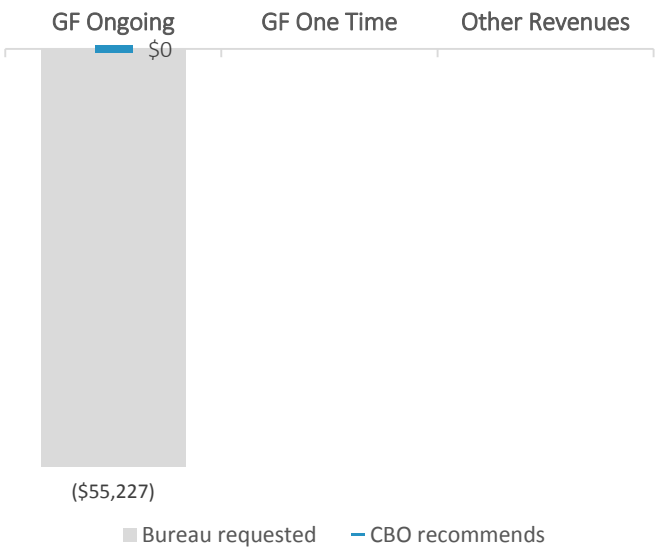
Commissioner of Public Safety (Eudaly)

Adds



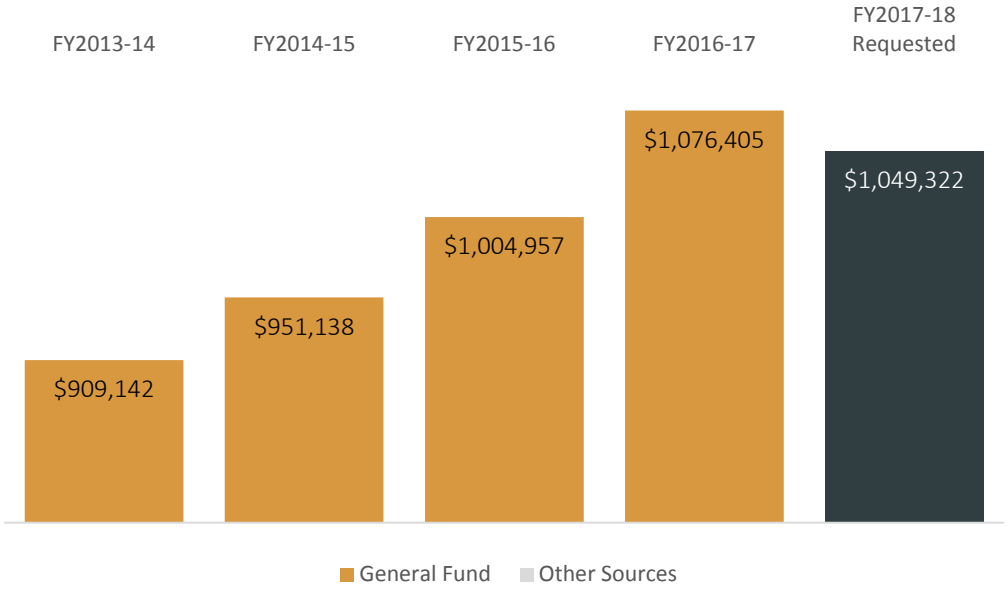
0.00 FTE Requested 0.00 FTE Recommended

Reductions

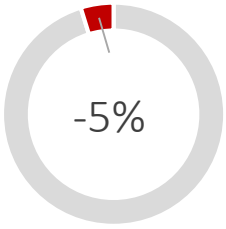


(0.00) FTE Requested (0.00) FTE Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



FY-17-18 Request Base

FY17-18 Decision Packages

Decision Package Analysis & Recommendations

Commissioner of Public Safety, PS_01, ($55,227), 1.00 FTE

The Commissioner of Public Safety has suggested reducing personnel services by $61,994, eliminating one staff position, and realigning $6,767 from personnel to external materials and services in order to comply with the 5% reduction budget guidance. Further guidance instructed bureaus to only request ongoing funding that has a direct impact on homelessness, affordable housing, or critical infrastructure. The Commissioner of Public Safety has oversight responsibilities for Building Development Services and is liaison to the A Home for Everyone initiative. This reduction will directly impact the capacity of the Commissioner of Public Safety's Office to respond to constituent issues related to the Bureau of Development Services and the A Home for Everyone initiative.

Additionally, reducing permitting fees and improving the permitting process timeline for affordable housing is a top priority for the Commissioner's Office. Without full staff support, these efforts will be more difficult.

Given the size of the office and potential impacts to levels of service, the City Budget Office does not recommend this reduction.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of The Commissioner of Public Safety's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
General Fund Discretionary	490,208	505,184	(25,259)	25,259	505,184
General Fund Overhead	586,197	599,365	(29,968)	29,968	599,365
Total Resources	**$1,076,405**	**$1,104,549**	**($55,227)**	**55,227**	**$1,104,549**
Requirements					
Personnel Services	$ 859,061	$ 930,096	$ (61,994)	$ 61,994	$ 930,096
External Materials and Services	41,380	14,624	6,767	(6,767)	14,624
Internal Materials and Services	175,964	159,829	-	-	159,829
Total Requirements	**$1,076,405**	**$1,104,549**	**($55,227)**	**$ 55,227**	**$1,104,549**

City of Portland

Decision Package Recommendations

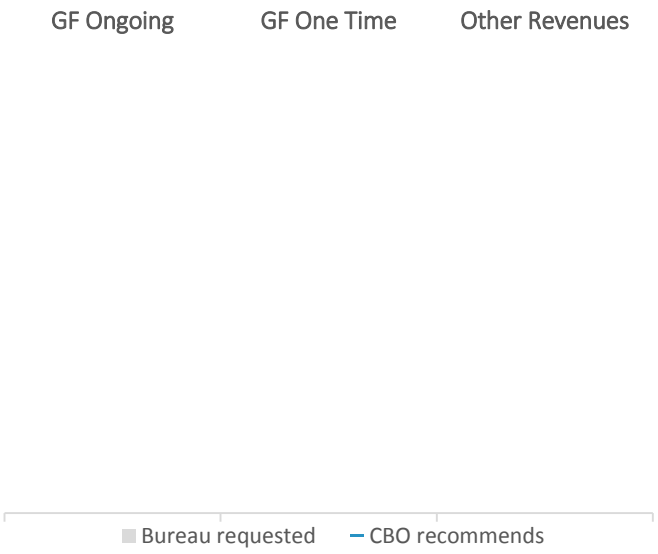
(Includes Contingency and Ending Balance)

		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 Safety											
Reductions											
PS_01 - CPS-5% Required Cut	01	0.00	(25,259)	0	(29,968)	(55,227)	0.00	0	0	0	0
Total Reductions		*0.00*	*(25,259)*	*0*	*(29,968)*	*(55,227)*	*0.00*	*0*	*0*	*0*	*0*
Total Commissioner of Public Safety		**0.00**	**(25,259)**	**0**	**(29,968)**	**(55,227)**	**0.00**	**0**	**0**	**0**	**0**

Analysis by: Jessica Eden

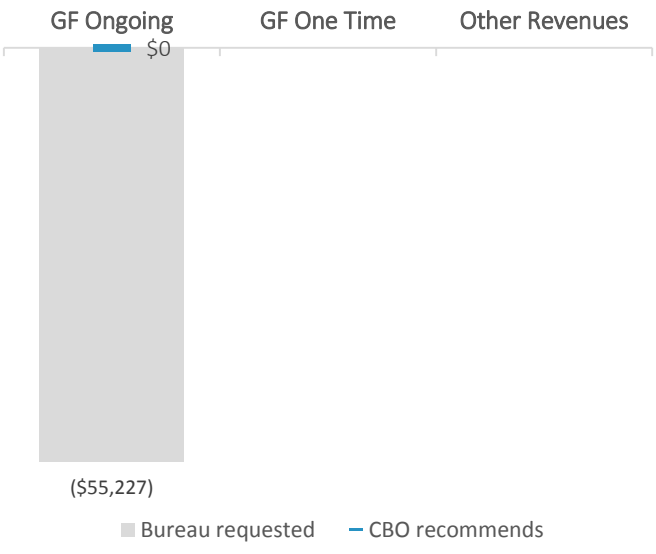
Commissioner of Public Utilities (Fritz)

Adds



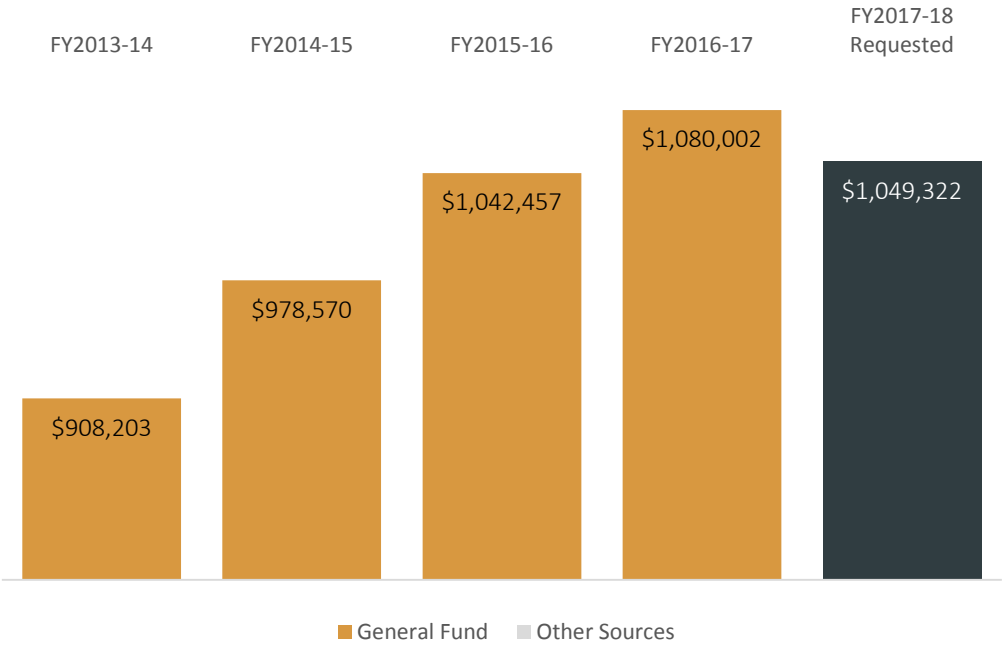
0.00 FTE Requested 0.00 FTE Recommended

Reductions

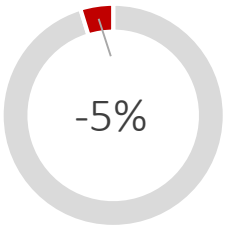


(0.00) FTE Requested (0.00) FTE Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



FY-17-18 Request Base

FY17-18 Decision Packages

Decision Package Analysis & Recommendations

Commissioner of Public Utilities 5% Reduction, PU 01, ($55,227), 0.00 FTE

The Commissioner of Public Utilities has suggested reducing external materials and services by $55,227 in order to comply with the 5% budget reduction guidance. This reduction would not have direct impact in the short-run as the Office anticipates significant underspending. Currently, non-programmed funds go toward continuing education and workshops for staff, which enhances the quality of service provided to constituents and bureaus. While this cut could potentially be absorbed with only a small impact, CBO has identified that reductions in the other Council offices will be impactful to core services and the City has an equalization policy for Council budgets. At this time, CBO does not recommend this reduction.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of The Commissioner of Public Utilities' operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
General Fund Discretionary	491,846	505,184	(25,259)	25,259	505,184
General Fund Overhead	588,156	599,365	(29,968)	29,968	599,365
Total Resources	**$1,080,002**	**$1,104,549**	**($55,227)**	**$ 55,227**	**$1,104,549**
Requirements					
Personnel Services	$ 822,546	$ 813,116	$ -	$ -	$ 813,116
External Materials and Services	79,598	137,937	(55,227)	55,227	137,937
Internal Materials and Services	177,858	156,496	-	-	153,496
Total Requirements	**$1,080,002**	**$1,107,549**	**($55,227)**	**$ 55,227**	**$1,104,549**

City of Portland

Decision Package Recommendations

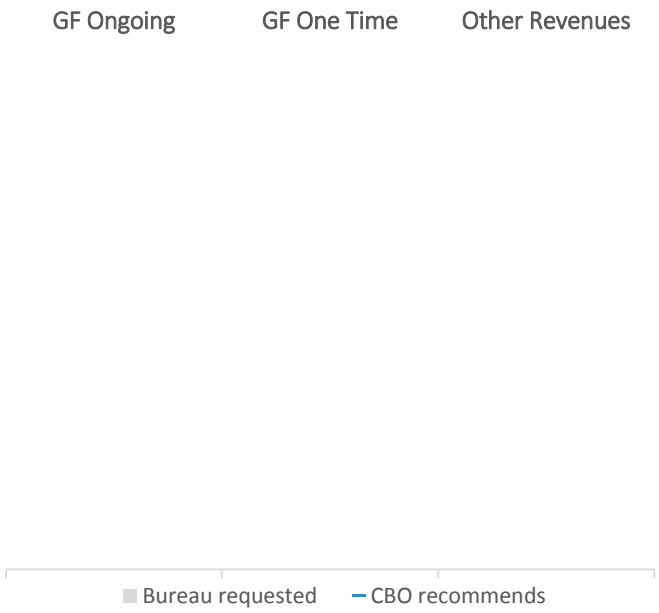
(Includes Contingency and Ending Balance)

		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 Utilities											
Reductions											
PU_01 - CPU 5% Required Cut	01	0.00	(25,259)	0	(29,968)	(55,227)	0.00	0	0	0	0
Total Reductions		*0.00*	*(25,259)*	*0*	*(29,968)*	*(55,227)*	*0.00*	*0*	*0*	*0*	*0*
Total Commissioner of Public Utilities		**0.00**	**(25,259)**	**0**	**(29,968)**	**(55,227)**	**0.00**	**0**	**0**	**0**	**0**

Analysis by: Jessica Eden

Commissioner of Public Works (Fish)

Adds

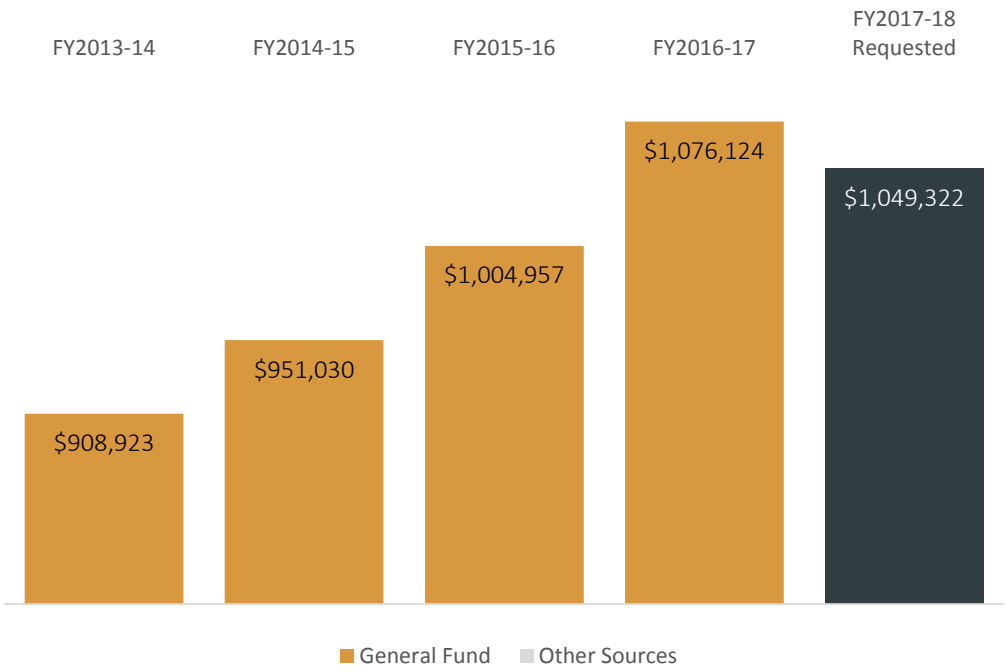


0.00 FTE Requested 0.00 FTE Recommended

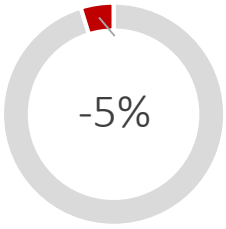
Reductions

(0.00) FTE Requested (0.00) FTE Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



FY-17-18 Request Base

FY17-18 Decision Packages

Decision Package Analysis & Recommendations

Commissioner of Public Works 5% Reduction, PW_01, ($55,227), 0.00 FTE

The Commissioner of Public Works has suggested reducing personnel services by $44,181 and external materials and services by $11,046 to comply with the 5% reduction budget guidance. The impact of reducing funding for personnel will limit flexibility for merit increases. This will also diminish the Office's ability to provide summer internship opportunities to local students.

Given the size of the office and the direct impact to level of service through internships, the City Budget Office does not recommend this reduction.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of The Commissioner of Public Works' operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
General Fund Discretionary	490,080	505,184	(25,259)	25,259	505,184
General Fund Overhead	586,044	599,365	(29,968)	29,968	599,365
Total Resources	**$1,076,124**	**$1,104,549**	**($55,227)**	**55,227**	**$1,104,549**
Requirements					
Personnel Services	$ 863,489	$ 905,779	$ (44,181)	$ 44,181	$ 905,779
External Materials and Services	34,780	39,475	(11,046)	11,046	39,475
Internal Materials and Services	177,855	159,295	-	-	159,295
Total Requirements	**$1,076,124**	**$1,104,549**	**($55,227)**	**$ 55,227**	**$1,104,549**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

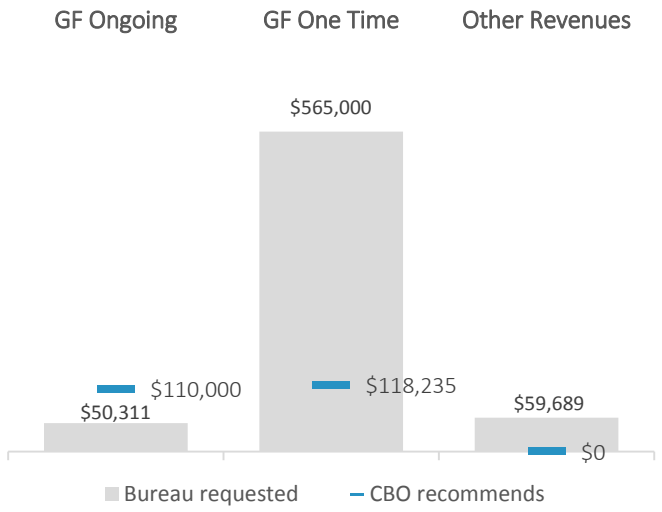
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Commissioner of Public Works											
Reductions											
PW_01 - CPW-5% Required Cut	01	0.00	(25,259)	0	(29,968)	(55,227)	0.00	0	0	0	0
Total Reductions		*0.00*	*(25,259)*	*0*	*(29,968)*	*(55,227)*	*0.00*	*0*	*0*	*0*	*0*
Total Commissioner of Public Works		**0.00**	**(25,259)**	**0**	**(29,968)**	**(55,227)**	**0.00**	**0**	**0**	**0**	**0**

Analysis by: Yung Ouyang

Office of Neighborhood Involvement

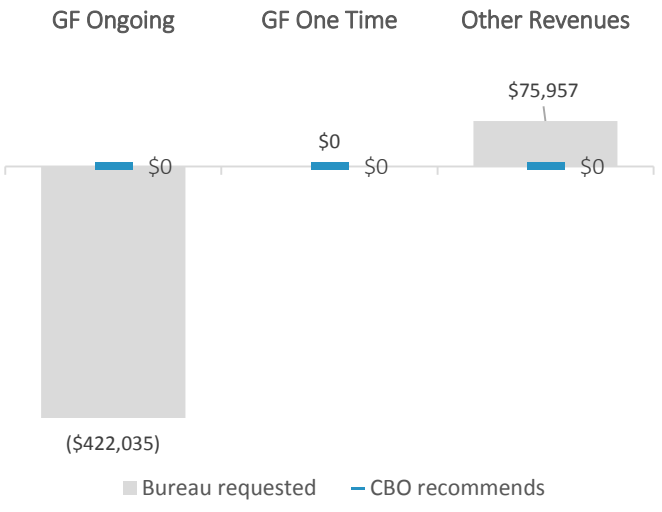
Several of the Office of Neighborhood Involvement's (ONI) requests affect immigrant/refugee communities in Portland. Additions include an expansion of the New Portlanders program as well as one-time funds to respond to acts of hate and intimidation. Proposals for service reductions involve only the Graffiti Abatement Program. Findings from a recent report from the Auditor's Office regarding accountability of grantees, performance metrics, and other issues should be considered when reviewing ONI's requests for additional funds.

Adds



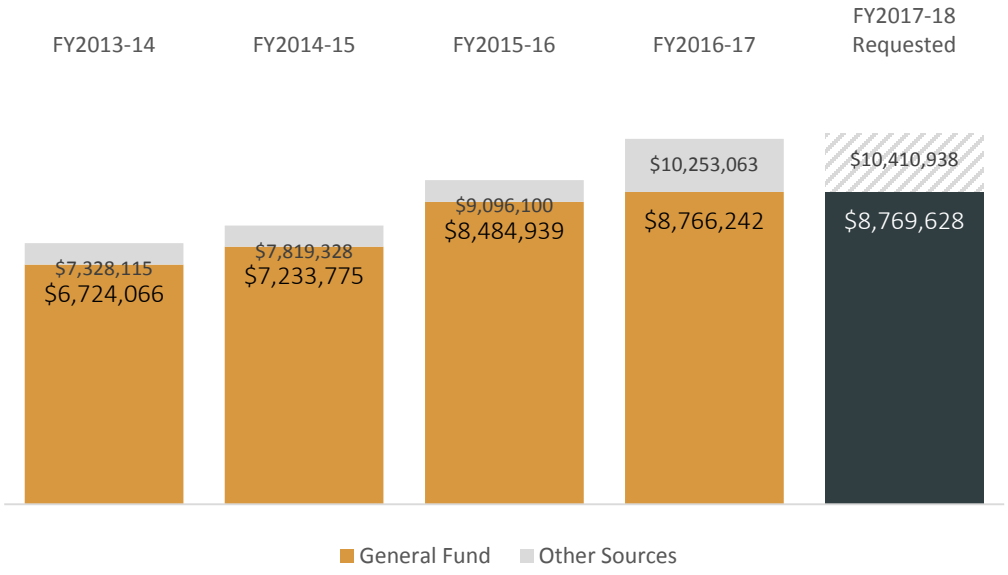
2.00 FTE Requested 2.00 FTE Recommended

Reductions

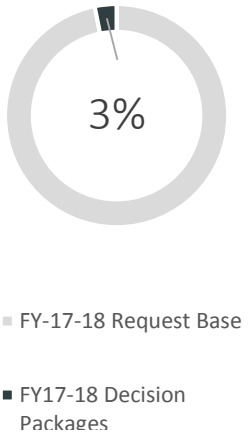


(1.50) FTE Requested (0.00) FTE Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



Key Issues

Audit Response – Performance and Budgetary Impacts

After the release of the November 2016 report from the City Auditor's Office highlighting ONI's lack of accountability for the use of public funds and the outdated City code, standards, and funding model for community organizations, ONI held internal meetings to discuss how to respond. Two documents were subsequently released by the bureau: 1) a *Proposed Strategy for Addressing ONI Audit Findings*, including timelines for the implementation of action steps, and 2) a memo to its Commissioner-in-Charge highlighting the bureau's successes, challenges, and responses to key audit findings. This section discusses issues of concern to CBO, namely, the development of performance metrics and the bureau's statements of need for additional financial resources to adequately respond to the audit.

One of the conclusions of the audit is that the performance measures required of grant recipients are not defined or useful. While ONI has trained its funded partners on best practices on such issues as financial management, and grantees do submit quarterly reports that include quantitative measures, it is unclear how well these metrics measure outcomes or impacts. The Proposed Strategy provides a January to March 2017 timeframe for establishing outcomes and community indicators, with the compilation of annual performance measures happening from July to September 2017, and holding grantees accountable by simplifying performance reporting occurring from July 2017 to March 2018. ONI is concerned about burdening its grantees with additional reporting requirements and, therefore, wants to ensure that the performance reporting they do is also useful to them and is an effective use of their time and resources.

CBO supports ONI's updating of performance measures and reporting strategies for grantees. However, CBO believes it is equally important for the bureau to focus on its own use of outcome-based performance metrics. CBO has, in prior reviews, discussed room for improvement in ONI's Key Performance Measures, which tend to quantify workload instead of focusing on outcomes or impacts. The lack of standards for measuring the performance of community engagement is a nationally recognized problem, and CBO believes there is an opportunity for ONI to innovate and become a leader in this area. To that end, the bureau is currently partnering with CBO to participate in the Bloomberg *What Works Cities* initiative as well as participating in a cohort with Project Impact Portland to develop more effective qualitative measures that better communicate the impact of the bureau's work.

ONI's response to the audit also indicates that the bureau believes that it needs additional resources to implement some of the audit's recommendations. For example, one of the action steps the bureau intends to take is to develop an equitable funding methodology for its partner organizations that is driven by the collection and analysis of data, and ONI believes that this step would partially depend on its ability to fund a research assistant. Both CBO and ONI believe that the creation and hiring of a management analyst position first funded in FY 2016-17 is a

good first step in helping the bureau to develop better performance metrics and achieve a systemic change in how the City engages the community. This position's responsibilities include the development of more effective means to measure outcomes of civic engagement efforts. The position is currently researching software for funding agencies that would help ONI to streamline its grants process. CBO recommends that ONI continue to utilize the position for the purposes of performance measure development as well as the grants processes. Since the bureau recently received this additional funding for the position, CBO recommends that ONI first reprioritize existing resources to implement the action steps associated with its response to the audit's findings.

Marijuana Regulation Program Update

In November 2014, the voters of Oregon legalized the use of recreational marijuana in the State, and ONI staff began working on its regulation on behalf of the City. During the FY 2015-16 budget development process, the bureau received $440,000 in one-time General Fund resources and 3.0 FTEs to staff the program. From May to October 2015, program staff actively worked on policy development, and retail stores began opening towards the end of 2016. ONI's regulation program is currently funded solely by fees and staffed with 8.0 FTEs.

ONI's program has processed 526 applications for marijuana businesses, and 212 have been approved so far. Staff has fielded over 3,000 inquiries from the industry and has been a main point of contact for information on how to start compliant businesses. Medical dispensaries that were operating out of compliance with fire, life and safety, zoning, and building codes have been brought into compliance, including eight locations that were not registered with the Oregon Health Authority. Program staff has collected, analyzed, and maintained the data for successful implementation of the 1,000-foot buffers mandated in order to minimize saturation of the market. Compliance staff has also issued over 100 warning letters as a mechanism for education and to gain voluntary compliance. ONI notes that this has been 90% successful.

Revenues for FY 2015-16 totaled $382,900, which was supplemented with a General Fund allocation for the startup of the program. Year to date FY 2016-17 revenues are at $622,260, which is on track to exceed budgeted revenues of $825,000. However, revenues collected have varied based on the volume and type of licenses and the status of final license approval.

With regard to outcomes, the City has been able to learn from the experiences of cities in Colorado and Washington. Denver implemented a more complicated and stricter system that included buffers from parks, child care facilities, and community centers. Areas without these services quickly became saturated with marijuana businesses, rents increased, and other types of businesses were priced out. ONI staff engaged in an analysis of the possibility of this happening in Portland and decided to limit saturation through a more uniform approach that would prevent the creation of a "marijuana row."

Furthermore, Denver initially relied heavily on police to address compliance. However, there was limited trust between law enforcement and the industry, as well as confusion about what

the authority of law enforcement was. Portland decided to address compliance through administrative processes as is common with alcohol establishments, with the police involved only with problem-solving serious illegal activity. With regard to product safety, Denver wanted the US Environmental Protection Agency to regulate pesticides in marijuana plants, but the federal agency did not do so because recreational marijuana is still illegal on a federal level. Multiple individuals were poisoned by the toxicity of oils after the pesticides in the oils were concentrated. ONI engaged with the State agencies that regulate the safety of the product to advocate for levels to be established for oils as well as plants. Moreover, Colorado had multiple explosions due to butane use in the processing of cannabis to create the oils. Portland has proactively worked closely with Portland Fire & Rescue and the Bureau of Development Services to notify them of potential problem locations, as well as requiring businesses to complete permitting processes and become fully legal before beginning operations.

Prior to privatization, Washington State had a limited number of sales locations which corresponded to their distribution of liquor stores. It currently has 303 retail licenses in the entire state. Oregon will likely have that many in Portland alone. While Denver has 54 staff devoted to marijuana issues, local municipalities in Washington are pre-empted from establishing regulations specific to marijuana. The result has been a reactive approach to nuisance and noncompliance with building codes, while Portland used the authority allowed in statute to develop a proactive approach and has been able to prevent many problems associated with marijuana with only eight staff persons. However, the industry and at least one elected representative have expressed concerns that the City may have over-regulated and stifled the market. While many of the problems experienced by early-adopter cities like Denver may have been prevented by ONI's efforts, CBO nevertheless recommends that the City and the bureau adopt some performance metrics for the program.

Decision Package Analysis & Recommendations

1% Cut (New Portlander Program to Overhead component), NI_01, ($75,957)

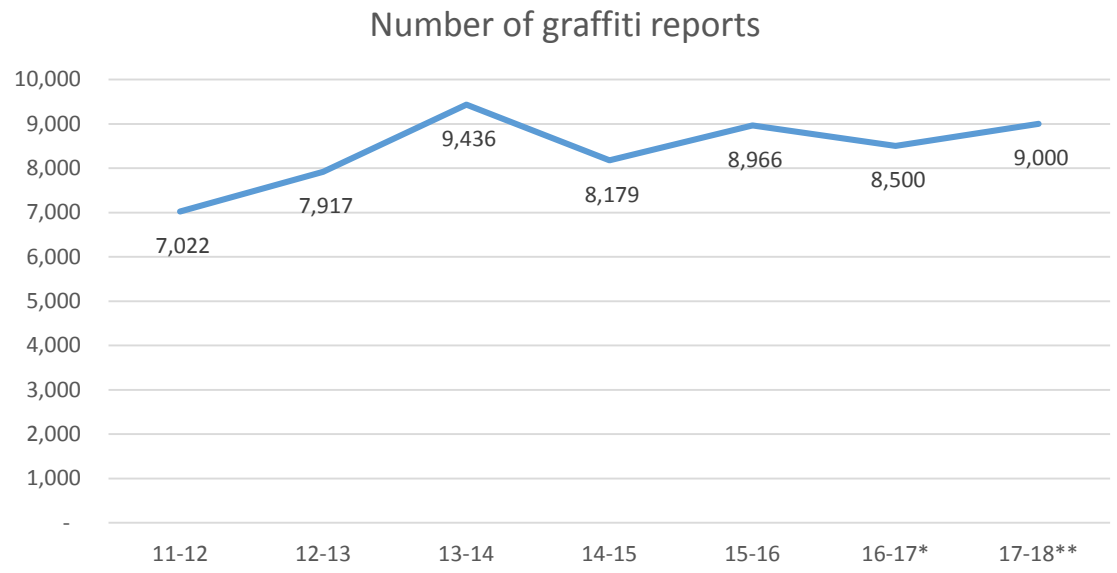
As part of its 5% reductions, ONI is putting forward a request to convert funding for the New Portlander program to the overhead model. This was also proposed by the bureau in FY 2016-17 but was rejected by the overhead committee because the committee believed that the program's function was more outward facing than a service provided to bureaus. This year, CBO asked ONI to provide information on the percent of time program staff works with City staff, the percent of time program staff devoted to each of the subprograms, and the status of the transition of the New Portlander Policy Council into a Commission, and forwarded the bureau's answers to the overhead committee for review. Despite information from ONI noting the program's service across City bureaus, most members of the overhead committee continued to view this program as either serving members of the general public or community more than the bureaus, or view the program as having limited value to their bureaus. CBO believes that the New Portlander's program may be eligible for overhead funding under the City's financial policies, but it also believes there is value in having the overhead committee

weigh in on these proposals and thus is deferring to the committee's recommendation. However, CBO recommends that ONI discuss with the bureaus whether there are ways that the program could be more useful to the bureaus and thus more likely to be included in the overhead model in the future. There is no effect on the overall program since it will continue to be funded by ongoing General Fund discretionary resources.

CBO Recommendation: $0

1% Cut & 4% Incremental Cut (Graffiti Abatement program), NI_01-02, ($346,078), (1.50) FTE

Along with the proposal to convert the New Portlander program funding to overhead recovery discussed above, ONI proposes to reduce free graffiti removal services for private property owners in order to come up with a 1% reduction in its ongoing General Fund allocation. A second request proposes to completely eliminate the bureau's Graffiti Abatement program to reach the 5% reduction in ongoing General Fund resources as directed.



*Estimated
**Projected

Graffiti in Portland is predominantly tagger graffiti, with gang-associated graffiti accounting for only 5%-10% of all graffiti. Reported incidents have remained stable over recent years, and referrals for removal are based on these reports. Graffiti reports in FY 2015-16 totaled 8,966, an increase of 9.6% over the prior fiscal year. However, there can be substantial variance since property owners and volunteers who are actively cleaning up graffiti without contacting ONI contractors may not be reporting all that is removed. Half of all reports of graffiti come from North Portland. East Portland only accounted for 5% of overall reports. This is not reflective of the graffiti problem in East Portland, but rather the complaint driven nature of the program. In

recent months, the program has seen an increase in offensive and hate graffiti, while winter is usually a time that graffiti incidents decrease. The bureau expects this trend to continue, at least through the end of the current fiscal year.

The cost of referred graffiti clean-ups varies by size, type of material to be cleaned, and ease of removal, with a typical removal costing between $75 to $90 dollars, but a clean-up can be as expensive as $1,200 in some cases. Request NI_01 eliminates $8,450 from the Graffiti Abatement Program, which is about 5.6% of the funds for contracted removal services, leaving approximately $140,000 for those services. If only the free removal program is completely eliminated (about $150,000 in ongoing General Fund resources), program staff would focus on volunteer clean-up coordination and enforcement against private property owners. Graffiti abatement staff currently engage with other organizations to perform clean up events throughout the spring and summer months to supplement the removal needs of the community because funding for free removal is limited. ONI believes that because the program is already understaffed and underfunded, increasing volunteer activation beyond current levels would be challenging, but the bureau could continue to sustain volunteer efforts. Tags that cannot be removed by volunteers would be the responsibility of the property owners, so enforcement action against property owners would likely increase as a focus for the program.

Eliminating only the free removal program is not recommended since the enforcement-only approach would further punish property owners who are already victims of a crime. In addition, due to the substantial increase in hate-related graffiti, CBO does not recommend reducing or eliminating any portion of the Graffiti Abatement program that would disproportionately impact low-income communities who not only experience more incidents but also have fewer resources to mitigate them. Furthermore, eliminating the program would most likely result in the loss of the volunteer component that leverages substantial additional resources and supplements the removal needs of the community.

CBO Recommendation: $0, 0.00 FTE

Continue Expanded New Portlanders Program Staff, NI_03, $110,000, 1.00 FTE

During the FY 2016-17 budget development process, ONI received one-time General Fund resources to fund a position to support the New Portlander Policy Council as it transitioned to and operates as a Commission to advise Council and bureaus on immigrant and refugee issues. Concerning this transition, Council passed an ordinance establishing the new commission in June of 2016. The recruitment of 25 community members has been completed and scheduled for Council approval in February 2017, with an orientation and strategic planning retreat planned for early spring. This request proposes to continue the position permanently, funded by General Fund overhead resources of $59,689 and General Fund discretionary resources of $50,311. Similar to the request to convert the existing ongoing program to the overhead model (NI_01), CBO submitted this request to the overhead committee.

With regard to estimates for how many more persons would be engaged and how much diversity in civic life would be increased by the addition of this position and other impacts, ONI has responded that data would need to be obtained from the bureaus directly on specific outcomes of engagement within their own programming. While ONI notes that roughly 126,000 Portlanders (or about 20%) are immigrants or refugees, the community that the New Portlander program is targeting, the US Census Bureau's 2011-2015 American Community Survey 5-Year Estimates note that about 86,000 residents are foreign-born, or about 14%. CBO acknowledges, though, that the population in question is typically under-counted by the Census Bureau.

ONI states that the New Portlanders program draws from its Diversity and Civic Leadership (DCL) program to recruit future Community Engagement Liaisons, deepening and furthering engagement of immigrant communities in bureau projects. In light of recent anti-immigrant/refugee sentiments, CBO believes there is value in the expansion of a program that advises City Council and bureaus on issues pertaining to these communities and involves them more in the City's processes. ONI has also provided CBO with examples of other cities that the bureau considers to be comparable to Portland, but have many more staff persons devoted to immigrant and refugee issues, including Seattle (eight staff), San Francisco (55 staff), and Denver (14 staff). However, CBO remains concerned that the position lacks well-defined and quantitative outcomes and recommend that ONI better define and provide specific and quantifiable impacts for the program expansion. As with NI_01, the overhead committee recommended against overhead funding for this position. Therefore, CBO is recommending funding of the expansion with additional ongoing General Fund discretionary resources.

CBO Recommendation: $110,000, 1.00 FTE

ONI Accommodations Fund, NI_04, $100,000

ONI requests $100,000 in one-time General Fund resources to establish a fund available to all of its programs to provide tools that make it easier for traditionally under-represented communities to participate in civic life, activities, events, and meetings, including such services as language translation, childcare, transportation, and ADA accessibility. If approved, ONI would make $75,000 of the funds available for disbursement while spending $25,000 on administration, set-up, and evaluation.

ONI worked with OMF-Procurement several years ago in the development of Citywide contracts for language interpretation and translation services. The bureau notes that as of February 8th, 2017, the City's accounting system shows that $194,002 have been spent on language translation services since the beginning of the contracts in December 2014, a period of about two years. However, bureaus are allowed to utilize language services outside of those listed contracts so the total may be higher. ONI also notes that the East Portland Action Plan spent about $20,000 on accommodations in FY 2015-16. The bureau is not aware of any Citywide

ability to track other accommodation efforts such as childcare, bus passes, and other types of accommodations other than the one-time $50,000 fund available to bureaus from the Office of Equity and Human Rights. ONI itself previously had a $45,000 Accommodation Fund limited to use by the Neighborhood Program, but currently, the bureau does not have any funds allocated specifically for accommodations. ONI states that having a centralized accommodation fund is a best practice for organizations striving for equity by engaging the disability, low-income, and English as a Second Language (ESL) constituencies.

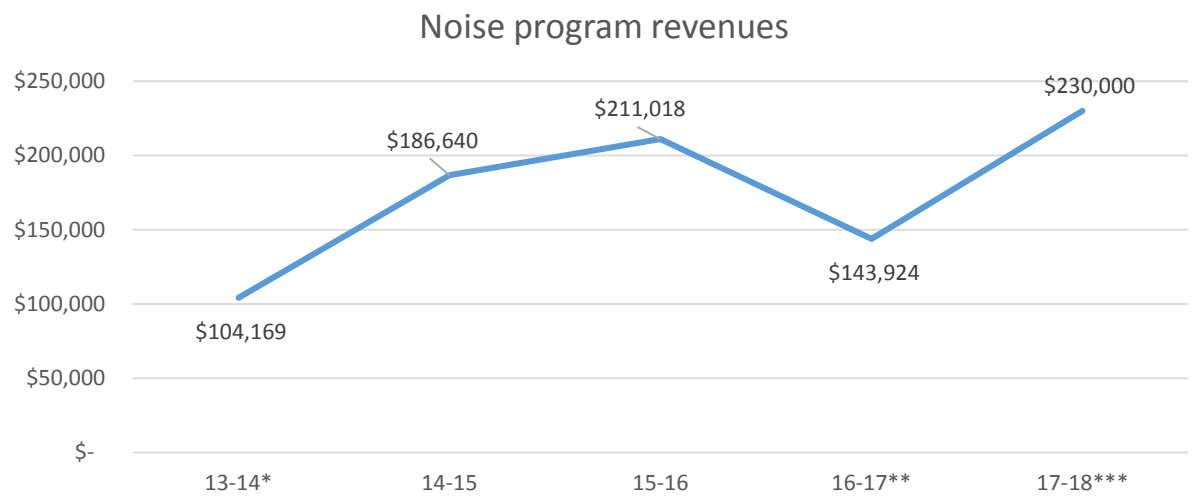
ONI notes that when a program has to pay for accommodations out of its budget, this creates a disincentive to engage people who need disability-related, language/cultural-related, childcare, or transit accessibility supports to participate. The bureau also believes that this creates inequities in funding and administering programs that are targeted at marginalized groups. ONI states that programs that do not serve communities who need accommodations bear none of these costs and can allocate their budget toward the intended purpose of the program. CBO notes, though, that the City has a stated goal to engage all communities in the City's civic processes, and providing accommodations should be considered part of the intended purpose of these programs. CBO recommends that accommodations be considered part of outreach and engagement costs and that the bureau should prioritize resources to achieve equitable outcomes. To the degree that overall outreach and engagement outcomes are not meeting targets, the bureau should request additional engagement resources.

CBO Recommendation: $0

Continue Noise Control Administrative Support, NI_05, $0, 1.00 FTE

This request would add an ongoing administrative support position that was previously funded by one-time General Fund resources in FY 2016-17. Fee revenues from the Noise program would fund the position in FY 2017-18. ONI believes that the program is on track to exceed budgeted revenues in FY 2016-17 and plans to finalize its projections in time for the Spring BMP. The bureau currently estimates that the revenues may result in an additional $40,000 to $50,000 above what is budgeted.

There is currently a noise variance fee study in progress that is expected to be completed in the spring of 2017. Preliminary results of the study show that the current fees would likely cover the variance portion of the work of noise program staff. However, General Fund resources are still required to respond to complaints. If the expected revenues associated with the position do not materialize, ONI would need to raise fees or cut administrative staff, reducing the capacity to intake and respond to complaints. Based on ONI's projected revenues for this program, CBO recommends this request.



*Program was transferred from the Bureau of Development Services this year.
**Year-to-date, as of February 14, 2017
***Requested Budget figure

CBO Recommendation: $0, 1.00 FTE

Portland United Against Hate, NI_06, $465,000, 1.00 FTE

ONI requests $465,000 in one-time General Fund resources to create a partnership between eight community-based organizations and the City to enhance reporting of hate crimes, hate speech, and acts of intimidation, as well as engage volunteers to train and support targeted communities on their rights and how to respond. Approximately $104,000 would be spent on a position at ONI, while about $347,000 would be allocated to the eight community-based organizations, or an average of about $43,000 per organization, with the remaining funds spent on materials and services. Although eight organizations have been in discussion with ONI on the project, the bureau has indicated that it would engage in a competitive process to determine which organizations would receive funding.

ONI notes that that there are currently no thorough and centralized models being used nationally, statewide, or locally to track hate crimes or hate speech or to activate a community response team. The Associated Press last year reported that the Portland Police Bureau failed to consistently report hate crime numbers to the FBI. Neither Multnomah County nor the City of Portland participated in this reporting. Most hate crime statistics, if captured, are done so through law enforcement agencies. But many vulnerable communities do not engage directly with law enforcement for various reasons, including lack of trust. The only similar data currently available is incidences of hate graffiti captured by ONI's Graffiti Abatement Program which totaled 23 from November 2016 to January 2017. One-third of the state's nine active hate groups currently monitored by the Southern Poverty Law Center are located in Portland, and the media has reported 110 hate incidents in the state since 2013. ONI notes that while the Portland Police Bureau is revamping its database, the database is currently unavailable. ONI

expects its effort to capture specific data and the demographics of those impacted, which would provide data useable to change policy where necessary and provide additional resources to agencies engaged in prevention of and response to hate crimes.

While the approach is yet to be finalized, ONI's plans require accountability of the funded organizations by clearly outlining deliverables in the RFP, conducting site visits with program staff, requiring action plans with clear measurements, and requiring submittal of quarterly financial reports. With regard to effectiveness, the bureau plans to compare community safety using surveys before and after a campaign blitz, as well as conduct satisfaction surveys with recipients of the program's services. ONI believes that this effort would ultimately prevent acts of intimidation, hate speech, and hate crimes. The bureau states that the program would immediately begin a better tracking mechanism which would inform where funds could be better spent, both geographically and within cultural, ethnic, or other vulnerable populations. The program would provide education and outreach to community and victims to train them on how to identify and report hate crimes, how to respond to intimidation and harassment, and how to organize and advocate for policy and resource allocation change.

Due to concerns about the ability of local law enforcement to collect comprehensive data on hate crimes, hate speech, and acts of intimidation, CBO is recommending funding for the position to collect data on hate acts, maintain a centralized reporting database, share information with other agencies, and coordinate with impacted communities. CBO has concerns about the grant funding for eight community partners to serve as central points of contact. While ONI has indicated that it intends to initiate a competitive process for the funding, its description of the request lists a number of specific organizations, and it is unclear how open the process would be for other community-based organizations. In addition, the Auditor's November 2016 report specifically noted ONI's lack of accountability with regards to its grantees, including the lack of performance accountability. CBO believes that it is important for the community to develop a strategy to respond to hate crimes, hate speech, and acts of intimidation. Therefore, it is recommending that $346,765 be allocated in Special Appropriations specifically for this purpose, and that ONI, the Office of Equity and Human Rights, and the OMF-Grants office work with the entire City Council to determine the most effective way to allocate the funding to ensure that it meets the current needs in the community. CBO notes that unless additional funding is made available, this would be the only Special Appropriations funding allocated for FY 2017-18.

CBO Recommendation: $118,235, 1.00 FTE, plus $346,765 in Special Appropriations

Bureau Budget Summary – Request and Recommendations

Below is a summary of ONI's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Charges for Services	$ 1,182,369	$ 1,322,042	$ -	$ -	$ 1,322,042
Intergovernmental Revenues	286,191	300,807	-	-	300,807
Interagency Revenue	18,261	18,461	-	-	18,461
General Fund Discretionary	8,483,902	8,212,483	193,276	34,959	8,440,718
General Fund Overhead	282,340	228,223	135,646	(135,646)	228,223
Total Resources	**$10,253,063**	**$10,082,016**	**$328,922**	**($100,687)**	**$10,310,251**
Requirements					
Personnel Services	$ 5,258,693	$ 5,363,778	$ 123,199	$ 143,318	$ 5,630,295
External Materials and Services	4,217,341	3,916,046	210,399	(254,062)	3,872,383
Internal Materials and Services	777,029	802,192	(4,676)	10,057	807,573
Total Requirements	**$10,253,063**	**$10,082,016**	**$328,922**	**($100,687)**	**$10,310,251**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

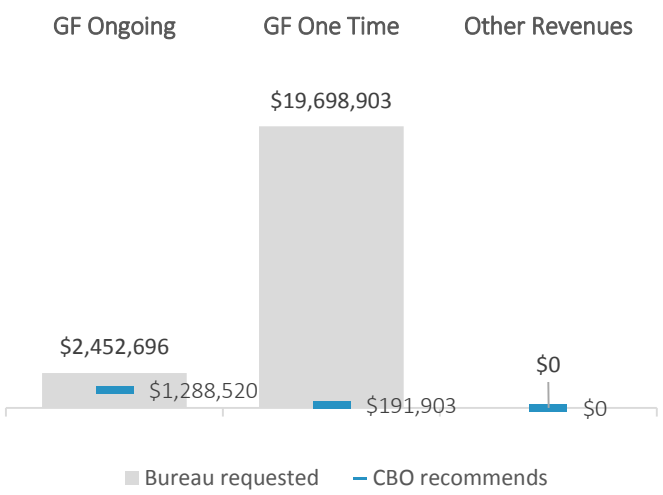
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Neighborhood Involvement											
Adds											
NI_03 - Continue Expanded New Portlanders Program	01	1.00	50,311	0	59,689	110,000	1.00	110,000	0	0	110,000
NI_06 - Portland United Against Hate $465,000	02	1.00	0	465,000	0	465,000	1.00	0	118,235	0	118,235
NI_04 - ONI Accomodations Fund	03	0.00	0	100,000	0	100,000	0.00	0	0	0	0
Total Adds		*2.00*	*50,311*	*565,000*	*59,689*	*675,000*	*2.00*	*110,000*	*118,235*	*0*	*228,235*
Reductions											
NI_01 - 1% Cut	01	0.00	(84,407)	0	75,957	(8,450)	0.00	0	0	0	0
NI_02 - 4% Incremental Cut	02	(1.50)	(337,628)	0	0	(337,628)	0.00	0	0	0	0
Total Reductions		*(1.50)*	*(422,035)*	*0*	*75,957*	*(346,078)*	*0.00*	*0*	*0*	*0*	*0*
Realignments											
NI_05 - Continue Noise Control Administrative Suppor	01	1.00	0	0	0	0	1.00	0	0	0	0
Total Realignments		*1.00*	*0*	*0*	*0*	*0*	*1.00*	*0*	*0*	*0*	*0*
Total Office of Neighborhood Involvement		**1.50**	**(371,724)**	**565,000**	**135,646**	**328,922**	**3.00**	**110,000**	**118,235**	**0**	**228,235**

Analysis by: Ryan Kinsella

Portland Parks & Recreation

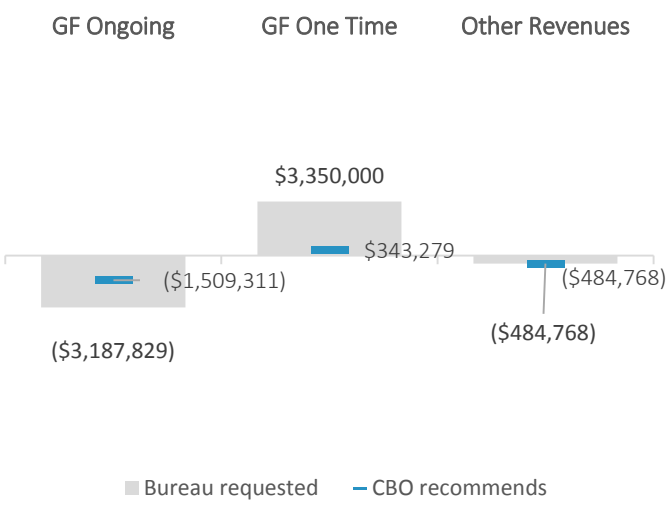
Portland Parks & Recreation has proposed fee increases as well as the elimination of services to Buckman Pool, and the elimination of maintenance at Ladds Rose Garden and Pittock Mansion in order to comply with budget guidance. Reduction packages also include the discontinuation of operations and maintenance of the City's decorative fountains, the elimination of the preschool program, and a significant reduction to the bureau's major maintenance allocation. Parks requested funding to support the Ranger Program, a Health Safety and Environment Program, and $1.3 million in ongoing resources to support the operations and maintenance of new parks. Indicative of a growing major maintenance gap, Parks also requested $23.5 million from the capital set-aside for major maintenance needs.

Adds

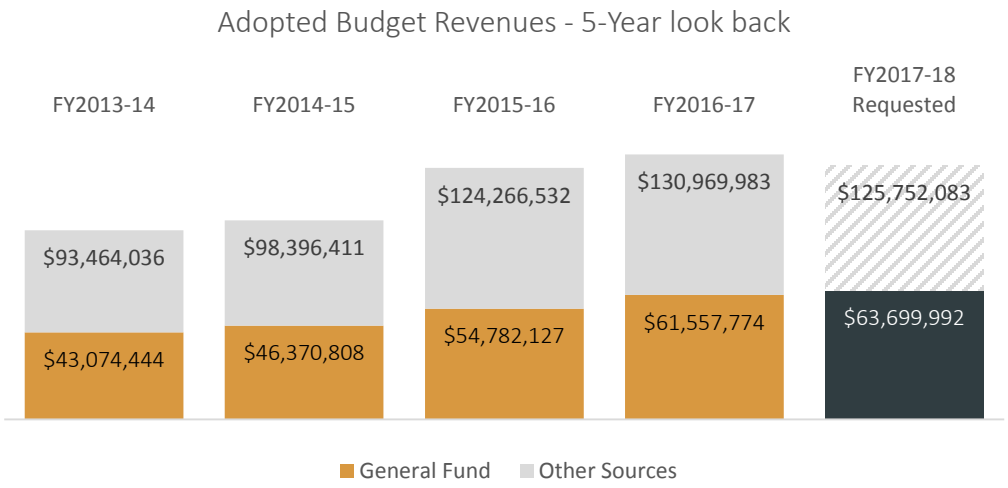


16.00 FTE Requested **10.00 FTE** Recommended

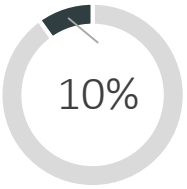
Reductions



(27.77) FTE Requested **(22.77) FTE** Recommended



Decision Packages & Requested Budget



FY-17-18 Request Base
FY17-18 Decision Packages

Key Issues

System Expansion and Associated Operations and Maintenance Needs

Portland Parks & Recreation's ability to maintain current service levels at existing parks and community centers while also expanding access to underserved communities will be defined by two key factors, each posing significant fiscal challenges:

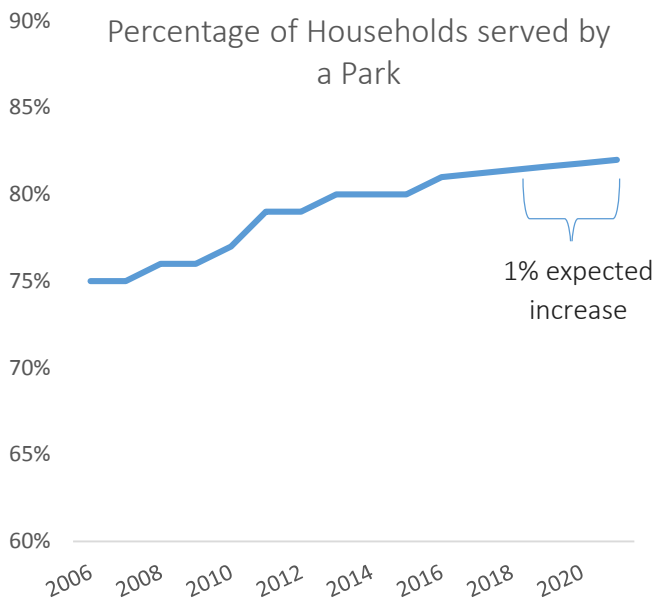
System Development Charge Capital Plan. Based on the current plan, an additional $3.0 to $5.0 million in ongoing General Fund resources will be required over the next five years to adequately fund the operations, maintenance and annualized major maintenance and replacement costs of the SDC-funded expansion of the Park system.

Major Maintenance Funding Gap. An additional $10.0 million in ongoing resources is needed in FY 2017-18 to maintain current assets (not including ADA capital improvements).

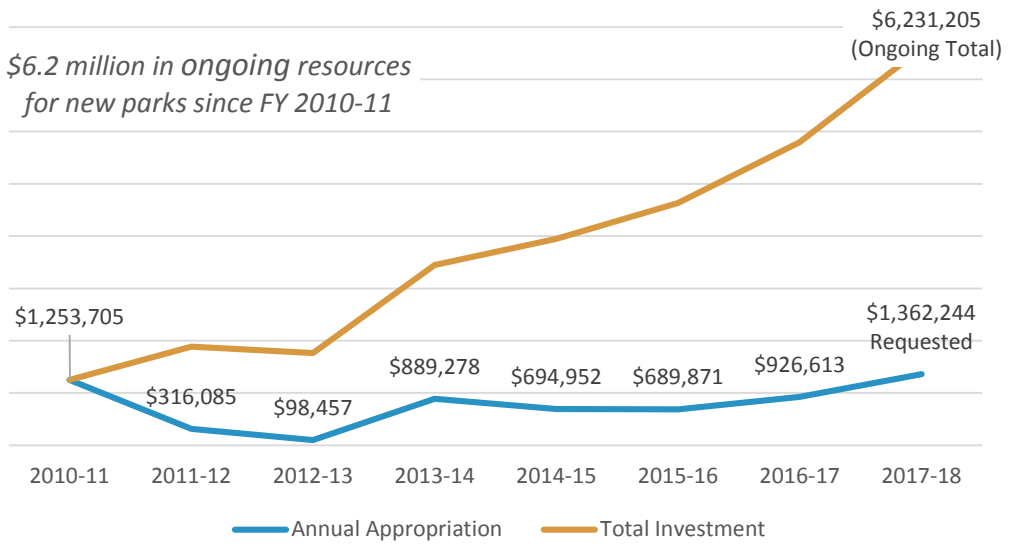
These constraints will require the City to either increase the share of General Fund resources dedicated to parks, redefine the level of service provided by Portland Parks & Recreation, or identify funding options outside of the General Fund. A financial plan that extends beyond the prescribed five-year period and balances the bureau's long-term asset needs against available resources would help inform these decisions.

To this end, CBO recommends that Council approve a budget note that directs the bureau to develop a long-term financial plan, which specifically outlines options to address SDC-funded system expansion and major maintenance needs. To the degree that resources are limited, then the plan should also outline possible service tradeoffs. Council approval of the financial plan will not only give Parks the framework for making decisions in the next year, but also provide Council with information necessary to decide which service tradeoffs will be needed across the City over the next five to ten years in order to achieve goals for the parks system.

Expansion funded by System Develop Charge Revenues



Over the next five years, the bureau plans to allocate $46.9 million in system development charge (SDC) balance and forecasted revenues in order to fund the development of new parks and facilities. Of that, $8.4 million will be allocated for property acquisition, and $15.0 million that has not been planned or allocated to a project. SDC-funded projects are intended to add capacity to the park system by acquiring property, developing new parks primarily to meet service level gaps, and expanding park access at currently developed parks. As a result of this investment, an estimated 1% or 2,400 additional households will be within ½ mile of a park or natural area by 2020 (increasing from 81% to 82%) in addition to increasing capacity and some current parks. Park development will primarily occur in areas of the city that are least served; for example, access in East Portland is expected to increase by 6% as a result of the SDC-funded development.



Based on the current SDC capital plan, an additional $2.0 to $3.0 million of ongoing resources will be needed to fund the annual operations and maintenance (O&M) of new, SDC-funded parks and facilities at a service-levels comparable to current developed parks. To the degree that the final park design includes amenities costlier to operate and maintain, then additional funding will be required. Additionally, SDC-funded, system expansion will also create an annualized liability of an approximately $1.0 to $2.0 million for the future major maintenance and replacement costs of new assets. In total, approximately $3.0 to $5.0 million will be needed to adequately fund the total SDC-funded capital plan.

To limit the ongoing costs of new parks, the following options should be considered:

- Design parks and community centers in a way that minimizes operations and maintenance and major maintenance costs. This may also include building assets with sustainable landscapes (see PK_05) or assets that provide services with cost recovery, such as community centers or public-private partnerships. Council may want to allocate an amount of General Fund available for O&M over the next five years so that new park design can be configured to meet funding constraints.
- Decrease the scale of the SDC capital plan, thereby lessening the O&M needed to fund new projects. This strategy could be accomplished by either delaying projects and/or decreasing the amount of SDC's collected via a reduction in fees. Fewer parks and community centers would be available as the population increases, shifting capacity onto current assets. This would result in reduced service levels, limited expansion of parks in underserved neighborhoods, potentially increased O&M needs at current parks, and increased number and frequency of major maintenance projects.

Additionally, the bureau may also implement lifecycle costing into decision-making by identifying the annualized major maintenance needs of each new project, aiming to lessen unfunded future major maintenance needs. Lifecycle costing principals can be incorporated into decision-making via several avenues, including: (1) daylighting lifecycle costs during stages of procurement, (2) prescribing consideration of lifecycle costing throughout the capital project development process, particularly during design stages, and (3) dedicating resources for major maintenance upon Council approval --- similar to the O&M policy (Citywide Financial Management Policy 2.08).

Major Maintenance Requests

As a proxy of the overall health of Parks assets, the bureau reports upon an annual major maintenance gap, which quantifies the amount of annual resources needed to repair, rehabilitate, or replace current assets. Even with the recent approval of the $68.0 million Parks Replacement Bond and the $1.7 million annual major maintenance appropriation, Parks estimates a major maintenance gap of approximately $10 million per year. To address a portion of this gap, Parks requested $23.5 million in funding for major maintenance projects in the FY 2017-18 budget.

No one single option will solve this steep challenge. Rather, multiple funding strategies will be needed. These might include: (1) General Fund-supported debt, (2) regular, periodic General Obligation Bonds (e.g. 2014 Replacement Bond), (3) divestment of assets, (4) internal reallocation of resources, and (5) increases in the General Fund major maintenance allocation. The long-term financial plan, developed per the CBO recommendation, would outline the suite of options, including tradeoffs and feasibility.

Decision Package Analysis & Recommendations

Reduction of Automotive Equipment Operator, PK_01, ($79,800), (1.00) FTE

This package would reduce General Fund resources by $79,800 and eliminate one currently vacant Automotive Equipment Operator position. The loss of the Automotive Equipment Operator is expected to extend the tall-grass mowing cycle, extend the 'deep' garbage can collection cycle, and decrease brush removal.

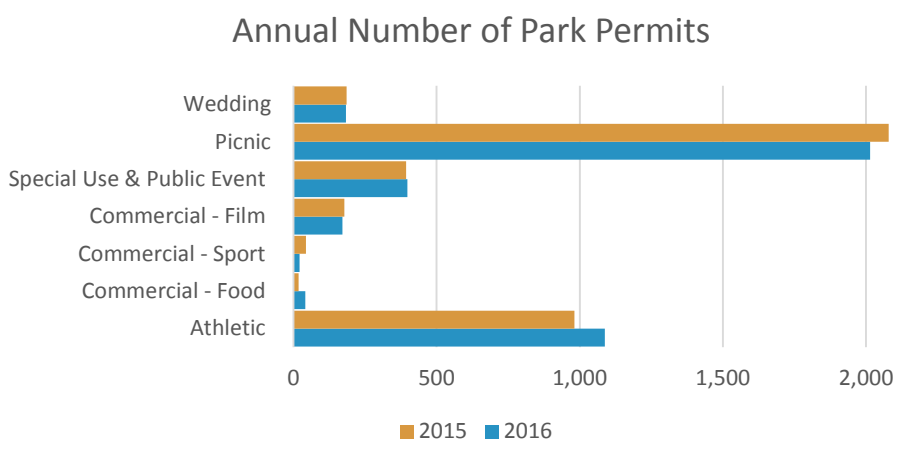
The bureau previously had 6.0 FTE Automotive Equipment Operator positions but one position vacant since March 2014 was recently reclassified into Parks Facilities Maintenance Supervisor position, and another was vacated in October 2016. As an alternative to eliminating the equipment operator, the bureau could reclassify the facilities maintenance supervisor back into an equipment operator. Due to having previously kept an equipment operator vacant for the past two years, this alternative would not impact current service levels. However, this approach would eliminate the (currently unfilled) tasks of the maintenance supervisor.

This position was selected for reductions not because their responsibilities or tasks were least valued within Central Services, but because the position is currently vacant. Eliminating vacant positions allows for less staff disruption, while decreasing the level of service, and do not result in any immediate catastrophic impacts. Long-term, these position eliminations may not be the right ones from a workload perspective. The bureau has proposed this cut in previous years, but CBO has not recommended the reduction 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 Recommendation: $0, 0.00 FTE

Increased Enforcement to Various Park Permits, PK_02, $34,458, 0.5 FTE

This package would increase park permit fee revenues to offset a reduction of $90,452 in General Fund discretionary and also increase a part-time position to a full-time position within the Customer Service division. This reduction of General Fund resources and increase in permit fee revenues results in a net increase of $34,458 in additional resources. In addition to increasing permit fee and violation revenues, monitoring efforts may help to limit the negative impacts of large events on parks. Ultimately, this should lessen operations and maintenance needs at these parks.



The requested position would monitor key events and permits during set-up periods. If there is a violation or the permit does not accurately reflect actual use, this position would then inform the permit holder that Parks would be adding the appropriate fee to their permit or issuing a violation. The range of permit fees per event varies depending upon the type, size, and location. The permit for a small picnic may only cost $20-$30, whereas the permit fee may exceed $20,000 for a large commercial event that closes a park and attracts thousands of visitors. To achieve revenue targets, monitoring will need to be focused on permits with costlier fees, such as large commercial events and festivals at destination parks, which are often not permitted appropriately. The annual number of events is approximately 4,000; however, the commercial and special use events that will be targeted for monitoring represent about 16% of total events - or an average of 600 annually.

CBO has not reviewed the revenue estimates and so cannot determine whether the budgeted amounts are reasonable. To the degree that permit fee revenues do not increase as a result of monitoring efforts, then the bureau may need to consider eliminating the new monitoring position. Assuming Parks' financial assumptions are accurate, CBO recommends the reduction of $90,542 in General Fund resources.

CBO Recommendation: $34,358, 0.50 FTE

Realign Forestry - Eliminate Dutch Elm, PK 03, $0

This package would realign $230,000 of funding for the Urban Forestry divisions' removal of Dutch Elm Disease infected street trees to instead fund the maintenance of the publicly-owned Heritage Trees ($160,000) and the maintenance of trees on Park's properties (approximately $70,000).

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 adjacent infected elms. These trees are primarily located in Hosford/Abernethy, Southwest Hills, Eastmoreland and Laurelhurst neighborhoods. In 2016, Urban Forestry removed 30 trees infected by Dutch Elm Disease. Eliminating the program will require property owners adjacent to infected trees within the right-of-way to pay for removal once the tree dies, becomes hazardous, or is identified as diseased. This will cost 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 required time frames would be subject to the City's nuisance abatement procedures.

Currently there are 300 heritage trees located throughout the city; however, very few of these trees are located in traditionally underserved neighborhoods east of I-205 or in Northeast Portland. Thus, while redistributing the Dutch Elm Disease program resources will benefit a greater number of Portlanders, this redistribution does not ultimately achieve more equitable outcomes in terms of improving services to traditionally underserved portions of the city.

Despite these concerns, CBO recommends this realignment given that tree maintenance is the responsibility of all adjacent property owners.

CBO Recommendation: $0, 0.00 FTE

Permanently Close Buckman Pool, PK 04, ($137,686), (1.00) FTE

This package would reduce $93,528 of General Fund resources and $44,158 of program revenues from the Aquatics Program, and in effect, close Buckman Pool. The pool is currently closed due to hazardous conditions.

Central to this decision to close Buckman pool is its current major maintenance needs. Earlier this year it was determined that lead and asbestos remediation is needed in order for the pool to remain open. Additionally, the HVAC system and boiler used to maintain water temperatures is failing. Total cost of these improvements is estimated to be $400,000. Buckman Pool is owned by Portland Public Schools, and per agreement, the district is responsible for any major maintenance costs. The school district is not willing to make these repairs.

In 2015-16, Buckman Pool received fewer visits than other pools in the Parks system at approximately 60 visits/day. Buckman Pool is the only site to offer gender-specific swims; however, over the past year, there have been only 2-3 visitors per session. 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%.

Due to the necessary major maintenance needs, the disproportionately high subsidy, and the relatively low usage, CBO recommends this reduction. CBO also notes that the closure of Buckman Pool may set precedent and a framework for future divestment of Parks' assets. This process would include (1) identifying underutilized assets, (2) assessing the overall and long-term major maintenance needs of the asset, (3) determining the feasibility of greater cost-recovery through fees or private partnerships, (4) the possibility of continued service of assets through private ownership and management, and (5) creating a strategy for closeout that mitigates the negative service impacts and avoids future costs. As noted earlier, the bureau may need to continue to identify assets, like Buckman, for closure in order to equitably deliver services over the long term.

CBO Recommendation: ($137,686), (1.00) FTE

Sustainable Landscapes Initiative, PK_05, ($96,994), 0.00 FTE

This package would reduce funding for 1.0 FTE Turf Tech, seasonal maintenance worker hours and materials costs of mowing and irrigation equipment, repairs, fuel and watering. This package also creates a program manager position who would oversee the implementation of the bureau's sustainable management practices. The budget savings are primarily realized by eliminating mowing and irrigation at 10 park sites, and converting these sites into sustainable landscapes. In the first year, the grass fields at Alberta, Hazeltine & Gabriel parks will no longer be mowed or irrigated, resulting in tall grass meadows. These tall grass meadows have been found to increase plant diversity, increase pollination, and attract beneficial insects; however, neighboring residents and park users will need to adjust use expectations for these parks.

This package will allow the bureau to continue to implement its Ecologically Sustainable Landscape Initiative that was adopted by Council via report in April 2014. This package may also provide a template for how resources could be realigned in the future to fund the new operations and maintenance costs of parks being created by SDC resources or realigned to fill positions cut for budget savings (such as the Automotive Equipment Operator, PK_01). Moreover, as demonstrated by this package, designing new parks with sustainable landscape principles may also help to minimize ongoing maintenance costs.

CBO Recommendation: ($96,994), 0.00 FTE

Summer Free for All Realignment, PK_06, $0

This package would realign resources within the Summer Free for All program to fit within the current ongoing budget of $518,000. Previously this program received an additional $130,000 in outside sponsorship funding or one-time General Fund but funding has not been requested for FY 2017-18. As a result, the program will have a smaller budget than previous years, resulting in a reduction of services.

The proposed realignment is intended to protect core programs such as playground programs where federally-subsidized lunches are offered, neighborhood concerts that are largely funded by community fundraising committees, and movie events that are partially funded by the community. Service impacts include: reduction of Washington Park events from 4 nights to 3 nights, elimination of a rockclimbing wall (approximately 4,500 annual visits), reduction of the Mobile Playground Program by 50% while preserving service in low-income neighborhoods, elimination of the Playground Program at non-lunch sites (Grant, Laurelhurst, Pendleton, and Wallace Parks), and reduction of playgrounds service for most programs to be 4 hours/day (without impacting free lunch service).

CBO recommends the realignment. To the degree that the bureau is able to restore corporate sponsorship, it may be appropriate to restore portions of the program.

CBO Recommendation: $0

Reduce Rangers through Automated Bathroom Lockup, PK_07, ($80,000)

This package would reduce $80,000 in General Fund discretionary resources that fund seasonal ranger positions who provide lock-up services at park restrooms. Fewer resources will be needed as a result of installing automated locking systems at restrooms in Portland parks, which will be funded by $500,000 in system development charge (SDC) revenues.

It is estimated that costs of automated locks are approximately $1,500 per bathroom door. Costs of operating and maintaining the system, including annualized replacement cost, totals $9,000 per year. The bureau estimates that the cost of seasonal hours may be reduced by an additional $170,000 as automated locks are added to the 62 restrooms. The proposed system would be connected to a central database through wireless connections, allowing the bureau to monitor the effectiveness of the locks. The Portland Water Bureau uses a similar system.

As part of the FY 2016-17 Adopted Budget, Council directed the bureau to invest $125,000 in automated locks at the highest priority sites. A subcommittee has researched possible technologies and mapped the restroom system, but no locks have been installed and the procurement process has not begun.

Assuming that this is an allowable use of SDCs, CBO believes that using SDC resources for these type of capacity-enhancing investments that also create operational efficiencies is an effective approach to spending a sizeable SDC revenue forecast.

CBO Recommendation: ($80,000)

Increase UF Title 11 Fees to replace General Fund, PK_08, $0

This package would decrease General Fund discretionary resources by $100,267, which would be offset by an increase in permit and enforcement fees of the Tree Code program. The proposed fee changes would increase development permit fees by $20 to $75 dollars depending on permit types, programmatic permit fee by $250, and enforcement penalties by $25, The Urban Forestry Commission and Title 11 Implementation Oversight Advisory Committee recommend increasing certain fees, including those proposed in this package, to better recover costs.

Overall, Tree Code fees currently recover 27% of program costs; the proposed fee increases will increase cost-recovery to an estimated 32%. Some non-development fees are free or significantly below cost recovery to eliminate obstacles to compliance. Since implementation, fees have increased by marginal amounts. The proposed fee increases would replace general fund currently used to support 1.0 FTE Tree Inspector position and a portion of a Botanic Specialist position, both of which provide tree regulation services. Similar to other positions whose funding is dependent upon the economic development cycle, Urban Forestry may need to consider cutting these positions as permit revenues and workload decline due to shifting program resources from General Fund to permit.

CBO also notes that the Mayor's Office has provided direction that CBO and OMF should review to what degree permit fees impact affordable housing development. Tree Code fees are a small portion of total costs of system development charge and permit fees for most development; however, to the degree that CBO and OMF's findings result in decreased or eliminated fees, then this proposed reduction in General Fund through increased fees would not be viable.

CBO recommends this reduction of General Fund resources but notes its concerns about the sustainability of Urban Forestry revenues during changes in the economic development cycle.

CBO Recommendation: $0

Eliminate Maintenance at Ladds Rose Garden, PK_09, ($96,668), (1.00) FTE

This reduction would eliminate horticultural services to Ladds Rose Garden, including one filled horticulturalist position and $20,000 in materials and services costs. Similar to the Dutch Elm program, these Parks services directly benefit a small portion of Portland's population, primarily consisting of residents of relatively higher socio-economic status.[1] Moreover, the gardens do not offer other parks features, providing little incentive for visitation outside of the roses. Visitation numbers are not tracked but it is believed that the garden is used primarily by local residents, in addition to some visitors when the roses are blooming. In contrast, the rose garden at Washington Park Rose Garden is estimated to receive approximately 500,000 visitors per year. Parks also maintains rose gardens at Pittock Mansion and Peninsula Park.

Currently, the Friends of Ladd's Addition Gardens assists Parks' staff with minor projects like mulching, installing header boards, and dead heading. The horticulturalist position is tasked with spraying pesticides, ordering materials, and coordinating volunteer activities with Friends of Ladd's Addition Gardens. As needed, this position assists with providing horticultural services to other parks.

Due to the disproportionate benefit of services to a smaller population of the city, CBO recommends this reduction.

CBO Recommendation: ($96,668), (1.00) FTE

Sustainable Energy/Water Package, PK_10, ($200,000) ongoing, $2,500,000 one-time

This package would generate an estimated $200,000 in ongoing utility savings by spending $2.5 million on one-time projects retrofitting Parks facilities and equipment with more efficient systems. The estimated cost of these projects is $2.5 million, and would include improvements to several HVAC systems (50% of project), lighting (25% of project), water efficiencies of (15% of project), and other (10% of project).

[1] The Ladds Rose Garden service area (within ½ mile) includes far fewer people of color (15% versus 28% for the city) and slightly fewer households in poverty (17% versus 19% for the city) as compared to the overall city demographics.

This proposal is based upon the "energy services company" (ESCO) model, in which construction costs of energy retrofits are financed by utility savings. In this request, one-time costs would be funded by the General Fund, yielding approximately $200,000 of ongoing savings. As an alternative to using General Fund resources, the bureau could consider other financing options (such as a line of credit or interfund loan), which would yield the environmental benefits and address the same maintenance issues, but would require annual financing costs and therefore not result in any immediate ongoing General Fund savings.

Consistent with the Mayor's guidance, the intent of this package is to find efficiencies and focus one-time requests on investments that decrease the City's long-term costs. However, given the limited availability of one-time resources, CBO does not recommend General Fund resources. Rather, CBO recommends that the bureau pursue the project through another financing method. Any savings could be used for future Parks' needs or be offered as a future reduction package.

CBO Recommendation: $0

Shut Down Decorative Fountains, PK_11, ($548,718), (4.00) FTE

This package reduces $648,718 in General Fund resources for operations and maintenance of 18 decorative fountains, and includes the reduction of 4.0 FTE and one seasonal maintenance worker. The package assumes $100,000 in one-time funding to maintain the fountains through Labor Day 2017.

If this reduction is approved, Parks would continue to operate splash pads in City parks 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.

The bureau has not explored alternative, less costly operating models, which may include contracting services with the Water Bureau or operating only the highest priority fountains. The bureau has noted that four full-time positions are required to operate and maintain the fountains year-round, including those fountains that are only operational between March through October. As such, a "highest priority" model may not yield substantial savings. The bureau also believes that cutting any or all of the staffing for the fountains would result in irreparable damage and eventually require the fountains to be permanently closed.

CBO does not recommend this reduction at this time due to the expected high usage of the fountains. However, CBO notes that the fountains have been proposed as a reduction over the past two years, indicating that this may be the bureau's least important priority. To the degree that internal realignment of resources is needed to fund other Parks' needs, the bureau may

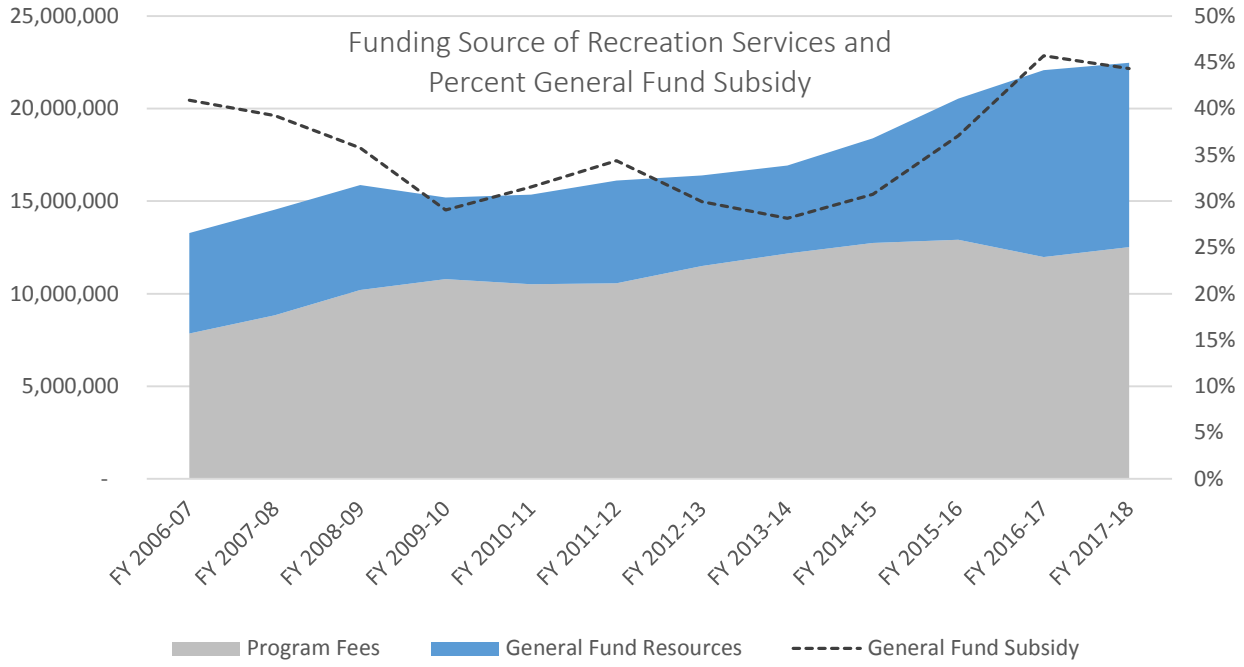
need to consider a revised service model that targets the least used fountains for divestment and/or transfer operating costs to an outside entity.

CBO Recommendation: $0, 0.00 FTE

Fee Increases for Arts Programs & Fee Increases at Community Centers, PK_12 & PK_14, $0

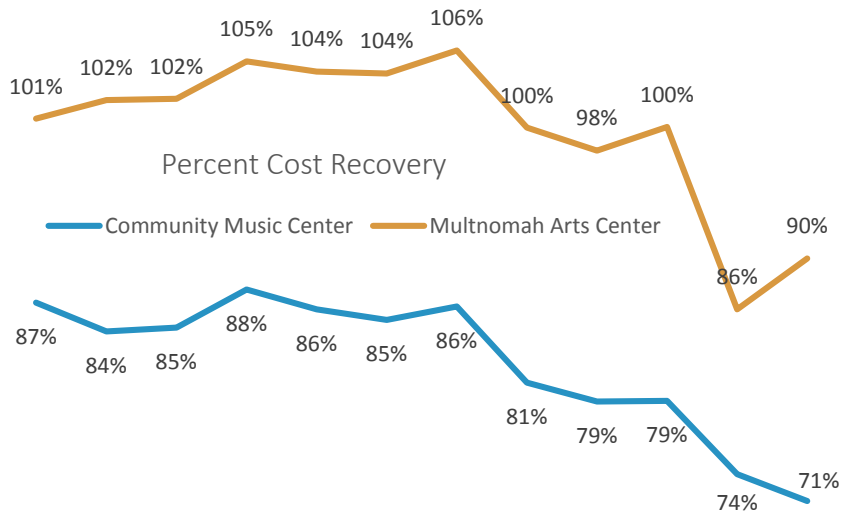
These two packages reduce General Fund discretionary resources at community centers by $170,000, which are offset by fee increases. The first package, PK_12, increases fee revenues by $70,000 at the Community Music Center and Multnomah Arts Center. Specifically, tuition rates would be increased by 5% at the Community Music Center, class fees would increase by 2% at Multnomah Arts Center, and rental rates would increase by 20% at Multnomah Arts Center. The second package, PK_14, increases drop-in fees, rentals and prepaid classes at Southwest Community Center ($40,000), Mt Scott ($20,000), East Portland Community Center ($20,000) in addition to Matt Dishman, Charles Jordan and St. John's community centers.

As illustrated in the chart above, the General Fund will subsidize 46% of Recreation Services in FY 2016-17 compared to 41% in FY 2006-07. This increase is largely due to the recent arbitration settlement with Local 483, which converted seasonal employees to permanent employees; Council chose to fund the increase with additional General Fund resources which changed the cost recovery model substantially. Having a greater portion of Recreation Services costs attributed to permanent employees will make future costs increase at rates greater than inflation due to PERS and health benefits. This requires that fees increase at rates sufficient to



cover these increased costs, adding further pressure on future program fee increases. This chart also illustrates that program fees were used to offset a proportionally greater amount of recreation services costs during recessionary periods.

Specific to Multnomah Arts Center and Community Music Center, fees have also steadily increased but remained competitive with local art schools and music lesson providers. These programs also rely on scholarships to provide access for students from lower-income households. Currently 20% of youth students at Community Music Center receive scholarships for tuition from the partner nonprofit (Community Music Center, Inc.); approximately 3.5% of students receive scholarships at the Multnomah Arts Center.



These fee increases, however, have not kept pace with overall cost growth. Whereas Multnomah Arts Center recovers nearly all of its direct costs, the Community Music Center recovers between 70%-80% of costs. These recovery rates are similar to those at other community centers.[2]

Within the next year, the bureau may revise its cost of service study, which will result in new cost-recovery targets and fee structures. CBO recommends that this updated policy also sets service goals that align with the pricing/cost recovery targets while also accounting for the price elasticity of low-income residents in the context of the City's overall equity goals. Options to address these cost recovery targets and service goals may include reducing program expenses or increasing fee subsidies via scholarships or other means-tested options, potentially resulting in a more complex fee structure. (In FY 2016-17, Parks received one-time funding for a program manager to implement the updated policy changes to the scholarship program; this position has not yet been filled.)

Moreover, to the degree that the market will not tolerate price increases and General Fund resources are reprioritized to other City needs, then it is incumbent upon Parks to restructure services and redefine service goals. This may include the elimination of programs and the closing of community centers. The bureau may consider reallocating resources to programs and services that are the least subsidized, that have minimal ongoing operations and maintenance costs, and yet provide more equitable access to City recreational activities.

With the proposed increases, CBO believes that the bureau can achieve revenue targets without significant negative service impacts. However, CBO has concerns about overall trends in cost-recovery and its impact on the fiscal sustainability of the bureau over the long-term.

CBO Recommendation: $0, 0.00 FTE

[2] The average recovery rate is 66% and 76% for centers with pools, but range from 40-95%.

Eliminate Maintenance at Pittock Mansion Grounds, PK_13, ($94,754), (1.00) FTE

This package reduces General Fund resources by $94,754 and eliminates one Park Tech position, and as a result, grounds maintenance at Pittock Mansion would be discontinued. Grounds care would be limited to the work of the museum curator and volunteers.

Pittock Mansion receives an average of 94,000 entry fee-paying visitors per year in addition to an estimated 65,000 visitors to the grounds. Under the current agreement with Pittock Mansion Society, Parks is responsible for all maintenance of the grounds and major maintenance repairs (note package PK_36). No entry fees are dedicated to maintenance.

CBO recommends this reduction. Under a revised agreement with Pittock Mansion Society, provisions could be added that allow entry fees to be used for maintenance costs. A $1 increase to the entry-fees, or a combination of an entry-fee increase and a membership fee increase, would cover the costs of grounds maintenance. Costs of maintaining the grounds may be also lessened by servicing the location less frequently. Moreover, similar to other Parks-owned assets that are operated by private entities and benefit a distinct set of customers, CBO encourages the fees under these agreements to include a portion of cost-recovery for maintenance.

CBO Recommendation: ($94,754), (1.00) FTE

Eliminate Preschool, PK_15, ($1,522,435), (20.27) FTE

This package would decrease ongoing General Fund discretionary by $686,558, program fees by $835,877 and eliminate 20.27 FTE, resulting in the closure of the bureau's 12 preschool programs. Preschool programs are scheduled 2-3 days per week for 2-3 hours per session depending upon the age of the participant. As a result, these programs generally act as educational programming rather than a daycare option.

Prior to the arbitration settlement, preschool programming recovered nearly 100% of costs through fees. Increased personnel costs significantly changed the cost recovery of the program: for the approximately 600 registrants, the General Fund now subsidizes an average of $1,250 per participant, at a total subsidy of $686,558/year.

Based on demographic data collected on program participants, participants from communities of color enroll in the programs proportionally less as compared to citywide demographics: 3% of participants identify as Hispanic/Latino whereas 9.7% of Portlanders identify as Hispanic/Latino and 3% of participants identify as Black/African American whereas 5.8% of Portlanders identify as Black/African American.[3] Underutilization by program participants from communities of color remains the case at all community centers, including those centers which service areas include a greater communities of color population. This data suggest that the

[3] Portland demographic figures are from the 2015 American Community Survey

closure of the centers would not have a disproportionally greater impact on communities of color.

The FY 2016-17 Adopted Budget included a budget note that directed Parks to develop a means-based fee schedule for the preschool program with the intent of increasing access to lower-income populations. This fee schedule has not been finalized, and so CBO cannot evaluate whether the program could better serve an economically diverse population under a revised fee schedule.

Based on the high subsidy per participant, CBO recommends the ongoing reduction. However, CBO recommends one-time funding to help subsidize the program through the end of 2017, allowing for staff transitions and for parents to seek other programming options. As there are 222 businesses registered as early education providers in Portland, Parks could retain the space of the current preschool programs and look for an outside partner to use the space to host their program. At Fulton Community Center, for example, L'Etoile French Immersion School operates its grade school program. This school is the primary tenant of Fulton Community Center, and during non-school hours, the auditorium is available for rental.

CBO Recommendation: ($1,179,156), (20.27) FTE

Reduce Non-Emergency Major Maintenance, PK_16, $750,000

This package would decrease the bureau's ongoing major maintenance allocation of $1.7 million by $750,000. As discussed in previous CBO analyses, Parks estimated major maintenance gap is approximately $10 million per year, and within the FY 2017-18 requested budget, total major maintenance requests are $23.5 million. To mitigate the impact of this reduction, Parks would delay projects and continue to rely on the availability of General Fund one-time to fund its most critical needs. While the short-term impacts are minimal, over the long-term, continued under funding of maintenance will result ultimately in closures of parks and community centers while also risking health and safety of visitors. CBO does not recommend this reduction. Going forward, as long as a major maintenance gap exists, CBO does not believe that Parks should consider reductions to this funding. The Mayor and Council may wish to issue guidance that prohibits bureaus using reductions in major maintenance to meet their reduction targets.

CBO Recommendation: $0

Realign Maintenance of non-City owned restrooms, PK_17, $0

This package realigns $23,000 of General Fund discretionary from maintenance of non-City owned restrooms in a parking garage on SW Clay to fund the maintenance of other Parks-owned downtown restrooms. Maintenance responsibility for this restroom began in 1992, when there were fewer public restrooms downtown. The property owner intends to close the restroom if no longer serviced by Parks. Based on increased demand for downtown restrooms, the bureau intends to reallocate these funds towards adding a third cleaning for downtown

restrooms. CBO recommends that these resources be redirected to fund a portion of the Pioneer Square Inc contract for security and restroom attendant services (see PK_23).

CBO Recommendation: $0

Convert PPS contract to comply with CBA, PK_18, $152,830, 5.00 FTE

The package would increase Parks' General Fund discretionary allocation by $152,830 and create 3.0 FTE ranger positions in addition to 1.0 FTE supervisor and 1.0 FTE administrative position. In addition to new General Fund resources, the costs of the positions would be offset by a reduction of $280,000 in contract costs for security services with Pacific Patrol Services (PPS). This request results from Laborers Local 483 recently notifying the City that they intended to file a grievance because the security services provided by PPS during evening hours within the central business district was similar to the work of Park Rangers, and thus a violation of the contract. Bureau of Human Resource's Labor Relations and the City Attorney's Office has reviewed the concerns and determined that the City would likely lose a grievance with the Labor Relations Board. As such, the City has formally responded to the union that it will not extend the contract with PPS once it expires in June 2017.

Park Rangers currently service the 16 parks within the central business district during daytime hours. From 4:00 PM until 12AM, security services are provided by Pacific Patrol Services. In 2015, PPS had 11,700 contacts at these parks during these hours, including 190 warnings and 834 exclusions. The vast majority of the contacts resulted in willful compliance with security. Incidents primarily occurred in Waterfront Park, South Waterfront Park, the North Park Blocks. Based on these metrics, clearly there is a need for retaining some security presence during evening hours.

CBO does not recommend additional funding for the Rangers Program. However, based on the number of prior incidents in the central business district, CBO recommends that Parks convert the contract funding into 3.0 FTE ranger positions, and implement a patrolling and response model that focuses on the highest priority parks, days, and hours. To the degree that safety and security issues remain problematic under this new model, in coordination with private security and Portland Police, then the bureau can request additional funding in the FY 2018-19 budget process.

CBO Recommendation: $0, 3.00 FTE

O&M for new Parks per City Code FIN 2.03.02, PK_19, $1,362,244, 5.00 FTE

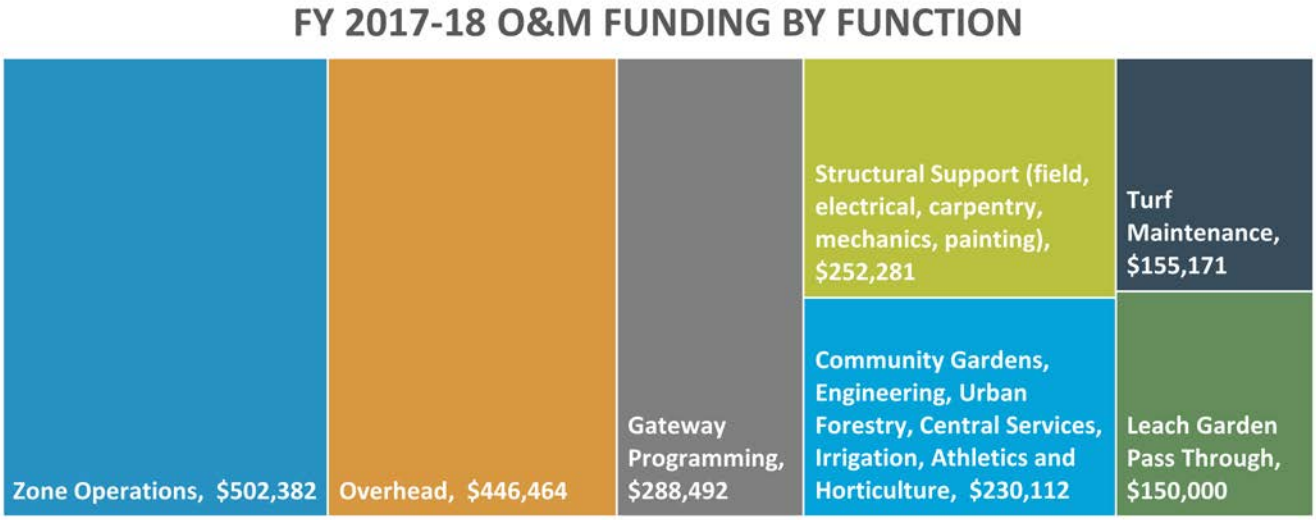
The bureau requests $1,362,244 in General Fund ongoing resources and 5.00 FTE to support the estimated operations and maintenance of 14 total projects, including nine new projects and five parks which have already received some O&M funding. Due to the timing of when these projects are expected to be completed, $251,097 is not needed in FY 2017-18. This package is the second largest ongoing General Fund request compared to other bureau's FY 2017-18 requested budgets, second only to Transportation's request for Snow and Ice Weather

Response of $1.6 million ongoing. Below is a breakdown of costs per park; as evidenced in the table, the five largest projects account for 82% of total O&M requested:

New Projects	
Whitaker Entry	$17,689
Springwater Trail	$9,551
Bond Team Loos	$92,240
Willamette Park Improvements	$60,451
Lents & Duniway Synthetic Fields	$63,390
Crossroads Community Garden	$3,011
Kingsley Community Garden	$3,599
Swan Island Boat Ramp	$79,254
Calvert Acquisition in Forest Park	$27,537
April Hill	$11,415
	$368,136

Previously-Funded Projects	
Luuwit View Park	$233,126
Gateway Urban Park & Plaza	($22,484)
Leach Garden Upper Gardens	$163,517
Spring Garden Park	$68,379
Thomas Cully Phase 1	$228,713
	$671,251

The chart below outlines the specific functions funded through the package, with the largest components being zone operations (park technicians, general, nontechnical maintenance), turf maintenance, and technical maintenance work (electrical, carpentry, plumbing, painting).



CBO recommends $1,111,237 of the ongoing requested amount (less $308,097 in FY 2017-18), based on adjustments to (1) FY 2017-18 for Leach Gardens, (2) the portion for bureau overhead costs, and (3) the amount requested for programming Gateway Urban Plaza.

Leach Gardens. Included in this request is $150,000 of ongoing funding for Leach Gardens that will be directly passed along to Leach Botanical Gardens - the nonprofit that operates and maintains this park - to fill the gap between operating costs and projected revenues. Based on estimates provided by Leach Botanical Garden, $120,000 of the ongoing amount is not needed in FY 2017-18, and so CBO recommends removing this one-time amount from the request.

Overhead Costs. On average, 32% of O&M funding covers the costs of the indirect functions that are needed to support new parks, such as marketing, legal, data and financial analysis, risk management and technology support. Over the past four years, the bureau has used indirect O&M funding to create 7.0 FTE, including an equity and inclusion manager, payroll specialist, IT specialist, graphic designer, training coordinator, an innovation specialist, an emergency preparedness coordinator, and an administrative assistant that was cut in the FY 2016-17 budget.

CBO believes that increasing operations and maintenance of parks results in the need for additional administrative support and so initially supported including indirect costs within the annual O&M requests. However, CBO notes that some of the recently created administrative positions are not solely for functions that directly support the operations and maintenance of parks. CBO believes that a more efficient and transparent use of resources would be to fund these types of administrative programs through requests that are separate from direct O&M costs. As such, CBO has not recommended the $251,007 in bureau overhead costs included within the request.

Gateway Programming. Earlier this year Council approved the construction contract for Gateway Urban Plaza. Previously, Council approved $270,000 of O&M funding for basic operations and maintenance costs of Gateway. However, the park was designed for concerts, performances, and other programming (similar to Director Park in downtown). To fund the programming costs of Gateway Urban Plaza, included within this request is an additional $328,734, including $65,000 for events (e.g. concerts, movies, dances, fitness classes), $40,000 for materials and services (including $25,000 for translation services), $150,000 for 1.0 FTE recreation coordinator and seasonal park hosts, $30,000 for Park Ranger services (26 peak weeks for 8 hours per day, seven days a week), and $40,000 in overhead costs. Programming for this park is expected to begin in September 2017. CBO recommends the full amount for programming of $288,492 of direct programming cost, but not the funding for overhead.

The bureau believes that without programming the park could invite illicit activity, and so programming is necessary to dissuade these activities by creating a positive park presence. CBO agrees that developing Gateway Urban Plaza will establish a level of service in an area that has been historically underserved, and as such, adequately funding the park programming is an important step in advancing the City's equity goals.

However, CBO also notes that designing and building parks with premium amenities and required programming in order to achieve their intended service levels will further exacerbate the problem of having sufficient funding for future SDC projects. These park design decisions, often made years prior to actual construction and opening, are key drivers of O&M costs as well as eventual major maintenance and replacement costs. Future decisions about costlier amenities will require thorough analysis of the targeted demographics, the level of service compared to other parks, and the projected funding requirements.

Contracts for nearly all of these parks have already been approved by Council or are scheduled for Council's agenda in the coming months; most these projects are expected to be completed in FY 2017-18 (with the exception of the Ventura Park Loo, Couch Park Loo, and Leach Gardens). As such, not funding the direct O&M would decrease service levels across parks as a result of reallocating current resources to cover the additional workload.

CBO notes that the City's financial policy (FIN 2.03.02) is intended to give Council the flexibility to provide direction on projects during the budget process and prior to approval of construction contracts. At these decision points, Council could give direction to delay, eliminate or redesign projects in order to reduce O&M costs. Of the projects for which funding is requested, Council has little discretion in the current budget process as to whether to fund the O&M requested projects. As such, CBO recommends that the bureau identify which projects Council can provide direction and approval on in the upcoming SDC plan, and to the degree that there are concerns with funding the estimated O&M requirements (estimated at $2.0 to $3.0 million over the next five years, excluding annualized major maintenance), the bureau can identify options for mitigating those costs.

CBO Recommendation: $803,140, 5.00 FTE

Health, Safety, and Environment Program, PK 20, $400,862 ongoing and $1,700,000, 2.0 FTE

Included within this request are several items, all of which fall under improvements to health, safety and environment (HSE) of parks and community centers. This package would increase the bureau's HSE program from 1.0 FTE to 3.0 FTE, broadening the focus to include compliance of regulatory standards for work conditions and the reduction of public exposure to the health and safety risks. These positions would monitor for prevention, manage safety projects, and conduct public outreach on safety issues as needed.

Additional components of the request include:

- One-time funding for additional testing, inspection and analysis of seismic risks ($350,00), ArcFlash electrical systems ($50,000), and hazard tree program assessments ($200,000).
- One-time funding for lead base abatement ($100,000), at-risk asset removals ($250,000), playground removals and construction ($600,000), roof access safety improvements ($350,000), bleacher replacement at various parks ($100,000).
- Ongoing materials and services costs include $100,000 for annual health, safety and environment testing, and $100,000 for annual remediation costs.

HSE issues have not received the appropriate attention based on the number of potential risks cited by the bureau and the size of the staff as compared to other jurisdictions. For example, the HSE program in San Francisco is staffed by 5.0 FTE, the Seattle Parks Department has 6.0

FTE, and Denver has 3.0 FTE dedicated to health and safety. Due to the urgency of bureau health and safety needs, CBO notes that the program should be staffed by the reallocation of current bureau positions if Council decides not to fund this request.

CBO recommends $200,862 in ongoing General Fund discretionary to fund the two positions. Due to limited availability of one-time resources, CBO has not recommended any additional funding. To the degree that funding for testing and inspection, abatement and remediation efforts are the most critical needs, the bureau may choose to hold one position vacant to fund these needs. To the degree that playground removal and replacement are critical needs, then CBO recommends that bureau allocate a portion of it major maintenance funding to these most pressing needs (at the expense of delaying other critical projects) or use proceeds from the 2014 Parks Replacement Bond for these projects.

CBO Recommendation: $200,862, 2.00 FTE

Springwater Trail Rangers and Campsite Clean-up, PK 21, $363,760, 4.0 FTE

The bureau is requesting to convert 4.0 FTE limited-term ranger positions into permanent positions in order to continue to address homelessness issues along Springwater Corridor and parks within East Portland. Initially funded with one-time resources in the Fall BMP, rangers continue to notify and ask homeless persons to leave camps, refer vulnerable individuals to social services, and post, remove and clean-up camps along the Springwater Trail. Through informal agreements, rangers have also paired with social workers from Clackamas Service Center, Boots on the Ground, and JOIN. In addition to these services in FY 2016-17, Parks will continue to provide ongoing patrol and response services for BES natural areas, funded via interagency that funds 1.0 FTE permanent ranger position and 1-2 seasonal rangers. Currently, Parks is patrolling approximately 15-20 homeless camps along Indian Creek and Baggers Tick on behalf of BES.

Since beginning enforcement of camping restrictions in September 2016, it is estimated that the number of persons camping along the corridor has decreased by 90% or to a total of 30-50 persons along the corridor and adjacent BES properties. There were initially 232 camping related incidents in September, followed by a decrease to 30 in October and 22 in November, but increased to 124 incidents in December. The number of positive contacts and nuisance issues – other workload measures of the Ranger Program – follow a similar trend along the Springwater Corridor. However, since beginning camping enforcement, neither the number of service calls at nearby parks nor the reported contacts by rangers while patrolling these parks increased. Temporarily there was a large camp at Gateway Green, which has since been displaced. These numbers suggest that initial camping rule enforcement efforts and/or increased homeless services investments have been effective in moving these homeless camps elsewhere; the extent to which an ongoing ranger presence is needed or their impact on minimizing the number of camps is unknown.

This request continues to raise questions about the role of Park Rangers in addressing homelessness. While rangers are trained in providing referral services, the primary function of Rangers has been previously focused on securing parks and working with visitors to achieve compliance with park rules rather than working with the homeless population. The requested expansion of the program would provide a positive security presence, but the primary purpose is focused on mitigating the negative impacts of homelessness, discouraging re-occupancy, and addressing violations of park camping rules. The strategy is likely to lessen visible camping and increase the perception of safety along the trail, but this strategy will not address the broader issue of how to serve the estimated 280 homeless persons that were displaced as a result of the sweeps. The Joint Office of Homeless Services has requested a separate package in the budget (HC_15) that requests additional outreach workers to support City bureaus in connecting homeless individuals on their properties with services.

CBO does not recommend ongoing funding for this request due to the uncertain ongoing need for these positions. Rather, to the extent that one-time or ongoing funding is allocated to address homelessness issues, CBO recommends that funding be appropriated to the Joint Office of Homeless Services.

CBO Recommendation: $0, 0.00 FTE

Sherriff River Patrol of PP&R docks, PK_22, $98,000

This package would increase General Fund discretionary resources to fund an agreement for patrol services by Multnomah County Sheriff Department along docks at RiverPlace marina in addition to docks owned by Parks. For the past two years, City Council has approved one-time funding for this agreement. This ongoing funding would continue patrol services at Riverplace (South Waterfront Park) and other Parks' docks, such as Willamette Park and Cathedral Park.

Council initially approved the agreement with the Multnomah County Sherriff's Office in December 2014 (Ordinance 186921), which included funding $50,000 for costs associated with towing and storage of abandoned and derelict vessels, and $48,000 for 600 hours of service. In FY 2015-16, costs of the agreement were $112,500, exceeding the budgeted amounts.

Over the past three years, exclusions and warnings on Parks' docks have decreased from 55 in FY 2013-14 to five in FY 2014-15, and three in FY 2015-16. While the number of park exclusions have decreased, the demand for patrol services has remained consistent. Last year the bureau received 1,200-1,300 hours of sheriff services for 200—225 incidents, averaging 5-6 hours per incident. Currently, rangers do not provide patrol services to Parks' docks. Adding in-house capacity for these patrol services would be likely costlier than the annual agreement amount, but also require additional training and equipment.

Due to the limitation of ongoing resources, CBO does not recommend funding this request.

CBO Recommendation: $0

Pioneer Square Security Restroom Attendant, PK_23 $75,000, 0.00 FTE

This package would increase General Fund discretionary to fund the contract costs for security and restroom attendant services at Pioneer Courthouse Square. Pioneer Square is currently being rehabilitated, funded by a not-to-exceed amount of $10.0 million with 2014 Replacement Bond proceeds and $150,000 in SDC revenues. This updated facility will increase the number of restrooms from 8 to 11 while, and in response to City policy, create all-user restrooms.

Pioneer square receives approximately 25,000 – 40,000 visitors per month, and often a queue has formed for the restroom prior to its daily opening. Restrooms are currently serviced by Portland Habilitation Center, Inc. (PHC), contracted through Pioneer Square Inc. This additional $75,000 would specifically pay for adding security and restroom attendant services. No other partners to Pioneer Square Inc. are providing funding for this security cost.

Due of the high demand on the restroom facilities and because the design and construction has already been approved by Council, CBO recommends $52,000 of the requested $75,000. CBO recommends that the remaining $23,000 be funded by reallocating the savings realized in the "Realign Maintenance of non-City owned restrooms" package (PK_17).

CBO notes that this package demonstrates how facilities with more amenities or providing higher service levels tend to require additional funding, which will become more difficult to finance with the previously discussed O&M funding gaps. Council and Parks will need to identify tradeoffs to funding improvements, preferably at the time of design decision-making.

CBO Recommendation: $52,000, 0.00 FTE

Major Maintenance Requests, PK_24 through PK_40, $23,509,890

Parks requested $23.5 million in General Fund one-time resources to fund 17 major maintenance projects. The number and magnitude of the requests are representative of a larger issue: Portland Parks & Recreation lack sufficient resources to properly maintain all of its existing assets while also providing public services at the current level.

These requests also reflect the bureau's continued reliance upon one-time General Fund resources to address major maintenance issues across the bureau. Even with the recent approval of the $68.0 million Parks Replacement Bond and the $1.7 million annual major maintenance appropriation, Parks estimates an annual major maintenance gap of approximately $10 million in order to sustain current facilities. As a result of continued under-investment in major maintenance, bureau assets perform less efficiently, often causing greater service disruptions and costlier repairs.

Major maintenance projects that are requested through the capital set-aside process are ranked based on the likelihood and consequences of asset failure in terms of health and safety, service impacts, and environmental impacts. Legal, regulatory and financial factors, as well as an equity impact analysis by the bureau, are also given consideration. Scores are reviewed and validated by other City asset managers. In addition to asking about alternative funding sources,

CBO analyzed whether the assets should be considered for divestment by identifying (1) the additional costs of maintaining the asset and the future major maintenance needs over the next 10 years and (2) expected remaining lifespan of the asset.

Given this robust set of criteria and the limited availability of one-time funding, CBO recommends funding only for the Washington Park stairs, the bureau's project that is highest ranked by the validation committee (7th of 33 projects). This project will improve the staircase from the parking lot on Burnside Ave. to Washington Park. Due to potential life and safety risks, the current very poor condition, and large number of visitors to the park, this project ranked highest on the list.

CBO Recommendation: $500,000

Bureau Budget Summary – Request and Recommendations

Below is a summary of Portland Parks & Recreation's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 44,456,315	$ 95,260,775	$ -	$ -	$ 95,260,775
Taxes	500	500	-	-	500
Licenses & Permits	419,443	1,020,061	100,267	-	1,120,328
Charges for Services	43,496,350	34,027,266	(585,035)	-	33,442,231
Intergovernmental Revenues	2,288,271	345,199	-	-	345,199
Interagency Revenue	2,057,388	2,498,117	-	-	2,498,117
Fund Transfers - Revenue	6,103,368	1,997,382	20,550,000	(20,050,000)	2,497,382
Bond and Note Proceeds	12,916,768		-	-	-
Miscellaneous Sources	2,130,121	2,098,334	-	-	2,098,334
General Fund Discretionary	61,557,774	61,936,222	1,763,770	(1,949,379)	61,750,613
Total Resources	**$175,426,298**	**$199,183,856**	**$21,829,002**		**$199,013,479**
Requirements					
Personnel Services	$ 67,074,979	$ 68,573,769	$ (252,981)	$ (355,890)	$ 67,964,898
External Materials and Services	33,379,594	30,883,169	1,532,418	(1,593,489)	30,822,098
Internal Materials and Services	12,809,671	11,416,898	(435)	-	11,416,463
Capital Outlay	37,171,758	57,950,367	21,050,000	(20,050,000)	58,950,367
Debt Service	858,017	673,698	-	-	673,698
Fund Transfers - Expense	1,248,892	1,047,038	-	-	1,047,038
Contingency	22,720,087	28,476,225	(500,000)	-	27,976,225
Unappropriated Fund Balance	163,300	162,692	-	-	162,692
Total Requirements	**$175,426,298**	**$199,183,856**	**$21,829,002**		**$199,013,479**

Parks' operating budget is comparable to previous year; however, there are several changes noted by CBO:

- Customer Services has also steadily grown over the past few years as a result of an increase in fees permitted through the office. The FY 2017-18 budget of $2.3 million in permit fees is more aligned with the FY 2015-16 actual amount of $2.4 million.
- Adaptive and Inclusive Recreation remains budgeted at amounts comparable to previous years at approximately $200,000. However, actual expenditures have been closer to $450,000 per year. In previous years, CBO has recommended 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.
- Budget for unemployment claims was decreased by $100,000 (from $300,000 to $200,000) as reduction package in the FY 2016-17 Adopted Budget. In FY 2015-16, claims totaled $220,000. Parks has restored the claims budget to the pre-reduced amount of FY 2017-18, effectively spreading this FY 2016-17 cut across the bureau.

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											
Adds											
PK_18 - Convert PPS-Contracted Security Svcs to Rai	01	5.00	152,830	0	0	152,830	3.00	0	0	0	0
PK_19 - O&M for new Parks per City Code FIN 2.03.0	02	5.00	1,362,244	(251,097)	0	1,111,147	5.00	1,111,237	(308,097)	0	803,140
PK_20 - Health, Safety, and Environment Program	03	2.00	400,862	1,700,000	0	2,100,862	2.00	200,862	0	0	200,862
PK_21 - Springwater Trail Rangers & Campsite Clean-	04	4.00	363,760	0	0	363,760	0.00	0	0	0	0
PK_22 - Sheriff River Patrol of PP&R docks	05	0.00	98,000	0	0	98,000	0.00	0	0	0	0
PK_23 - Pioneer Square Security Restroom Attendant	06	0.00	75,000	0	0	75,000	0.00	52,000	0	0	52,000
PK_24 - Fernhill Park Drinking Fountain	07	0.00	0	300,000	0	300,000	0.00	0	0	0	0
PK_25 - Peninsula Community Center Roof	08	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
PK_26 - Mt. Scott Pool Air Handling Unit	09	0.00	0	750,000	0	750,000	0.00	0	0	0	0
PK_27 - Lan Su Chinese Gardens Roof Repair	10	0.00	0	500,000	0	500,000	0.00	0	0	0	0
PK_28 - Springwater Trail Bridges Outside of Portland	11	0.00	0	750,000	0	750,000	0.00	0	0	0	0
PK_29 - Critical Dock Repairs	12	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
PK_30 - ADA Transition Plan – Priority CIP Project	13	0.00	0	2,500,000	0	2,500,000	0.00	0	0	0	0
PK_31 - Required Backflow Preventer Upgrades	14	0.00	0	300,000	0	300,000	0.00	0	0	0	0
PK_32 - Kelly Point Park Parking Lot Reconstruction	15	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
PK_33 - Multnomah Arts Center – Repairs to Tiles on F	16	0.00	0	750,000	0	750,000	0.00	0	0	0	0
PK_34 - Irrigation Mainline Replacements-Lents/Laurlh	17	0.00	0	600,000	0	600,000	0.00	0	0	0	0
PK_35 - Washington Park Stearns Canyon Stairs	18	0.00	0	500,000	0	500,000	0.00	0	500,000	0	500,000
PK_36 - Pittock Mansion Drainage Repair	19	0.00	0	500,000	0	500,000	0.00	0	0	0	0
PK_37 - Mt Tabor Retaining Wall Repair	20	0.00	0	300,000	0	300,000	0.00	0	0	0	0
PK_38 - Buckman Track - Resurfacing Required	21	0.00	0	500,000	0	500,000	0.00	0	0	0	0
PK_39 - Seismic Retrofit of Highest-Risk Public Buildir	22	0.00	0	5,000,000	0	5,000,000	0.00	0	0	0	0
PK_40 - Delta Park Urban Forestry Maintenance Facili	23	0.00	0	2,000,000	0	2,000,000	0.00	0	0	0	0
Total Adds		*16.00*	*2,452,696*	*19,698,903*	*0*	*22,151,599*	*10.00*	*1,364,099*	*191,903*	*0*	*1,556,002*
Reductions											
PK_01 - Reduce Park Maintenance Capacity (Hvy Equ	01	(1.00)	(79,800)	0	0	(79,800)	0.00	0	0	0	0
PK_02 - Increased Compliance for Permitted Activities	02	0.50	(90,542)	0	125,000	34,458	0.50	(90,542)	0	125,000	34,458
PK_03 - Realignment: Dutch Elm Disease Treatment	03	0.00	0	0	0	0	0.00	0	0	0	0
PK_04 - Eliminate Funding for Buckman Pool Program	04	(1.00)	(93,528)	0	(44,158)	(137,686)	(1.00)	(93,528)	0	(44,158)	(137,686)

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

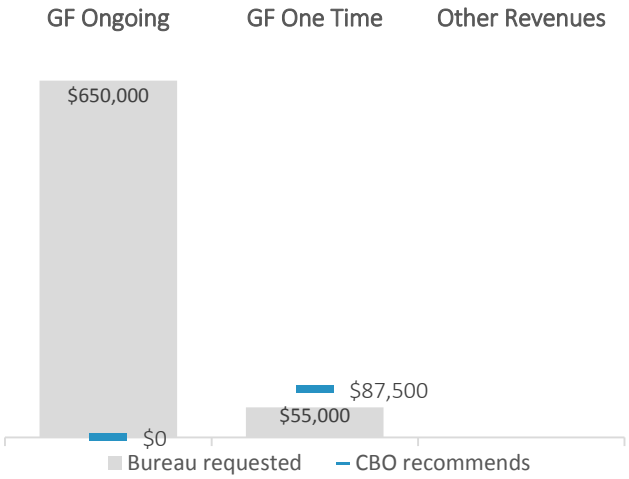
	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Parks & Recreation											
Reductions											
PK_05 - Sustainable Landscapes Initiative Implementa	05	0.00	(96,994)	0	0	(96,994)	0.00	(96,994)	0	0	(96,994)
PK_06 - Realignment: Summer Free for All Program	06	0.00	0	0	0	0	0.00	0	0	0	0
PK_07 - Automated bathroom lockup	07	0.00	(80,000)	0	0	(80,000)	0.00	(80,000)	0	0	(80,000)
PK_08 - Increase Urban Forestry Fees	08	0.00	(100,267)	0	100,267	0	0.00	(100,267)	0	100,267	0
PK_09 - Eliminate Maintenance at Ladd's Rose Garde	09	(1.00)	(96,668)	0	0	(96,668)	(1.00)	(96,668)	0	0	(96,668)
PK_10 - Sustainable Energy/Water Reductions Progra	10	0.00	(200,000)	2,500,000	0	2,300,000	0.00	0	0	0	0
PK_11 - Eliminate Funding for Fountains	11	(4.00)	(648,718)	100,000	0	(548,718)	0.00	0	0	0	0
PK_12 - Fee Increases in Arts & Music Programs	12	0.00	(70,000)	0	70,000	0	0.00	(70,000)	0	70,000	0
PK_13 - Eliminate Maintenance at Pittock Mansion Gr	13	(1.00)	(94,754)	0	0	(94,754)	(1.00)	(94,754)	0	0	(94,754)
PK_14 - Fee Increases at Community Centers	14	0.00	(100,000)	0	100,000	0	0.00	(100,000)	0	100,000	0
PK_15 - Eliminate Preschool Program	15	(20.27)	(686,558)	0	(835,877)	(1,522,435)	(20.27)	(686,558)	343,279	(835,877)	(1,179,156)
PK_16 - Reduce non-emergency Major Maintenance F	16	0.00	(750,000)	750,000	0	0	0.00	0	0	0	0
PK_17 - Realignment: SW 3rd & Clay Restroom	17	0.00	0	0	0	0	0.00	0	0	0	0
Total Reductions		*(27.77)*	*(3,187,829)*	*3,350,000*	*(484,768)*	*(322,597)*	*(22.77)*	*(1,509,311)*	*343,279*	*(484,768)*	*(1,650,800)*
Total Portland Parks & Recreation		**(11.77)**	**(735,133)**	**23,048,903**	**(484,768)**	**21,829,002**	**(12.77)**	**(145,212)**	**535,182**	**(484,768)**	**(94,798)**

Analysis by: Josh Harwood & Jessica Eden

Portland Development Commission

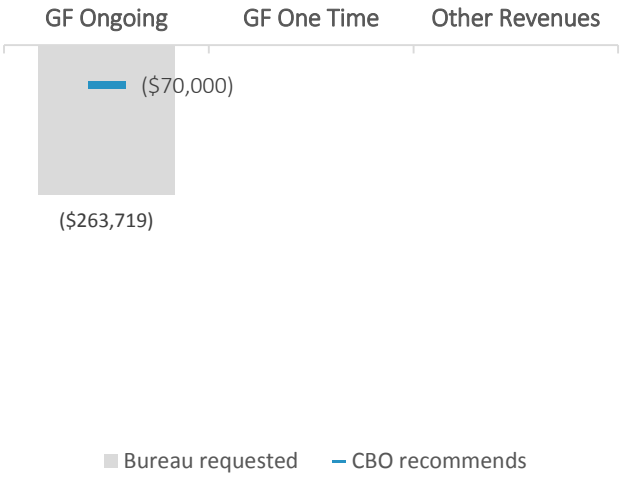
The Portland Development Commission's (PDC) requested base budget includes approximately $5.5 million in General Fund supporting citywide economic and workforce development activities. PDC proposes cutting funding for a new healthcare industry cluster and modestly cutting workforce and entrepreneurial support. PDC is also requesting additions totaling $705,000 that would support Tri-Met's proposed Division Bus Rapid Transit project, small business growth, the North/Northeast Community Development Initiative, Old Town/Chinatown Action Plan, and Greater Portland, Inc.

Adds



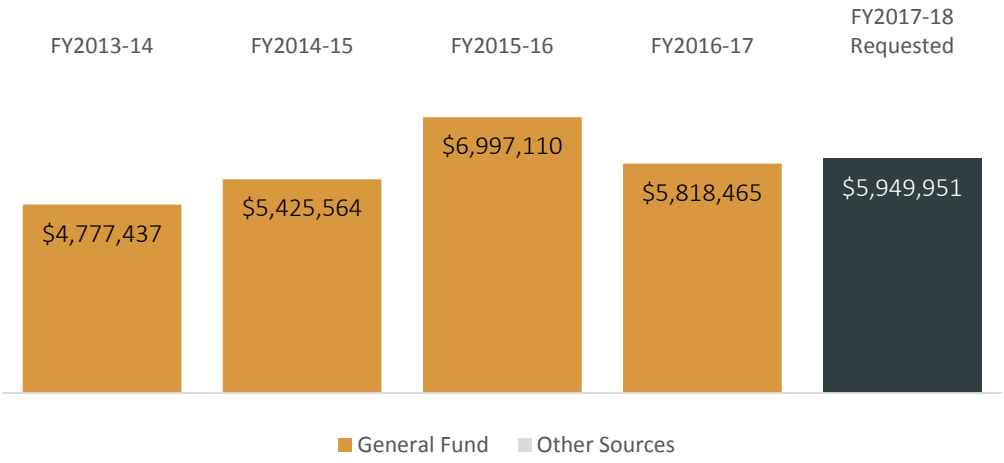
3.00 FTE Requested **0.00 FTE** Recommended

Reductions

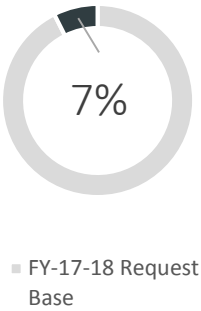


(0.00) FTE Requested **(0.00) FTE** Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



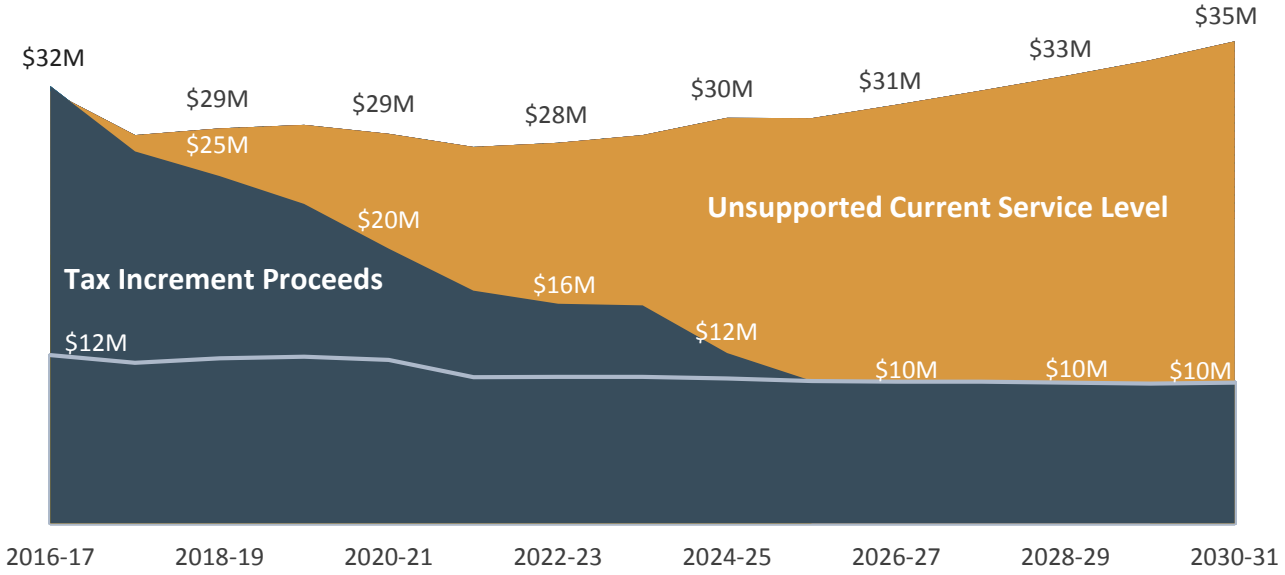
Key Issue

PDC Financial Sustainability Plan

PDC is close to completing a two-year effort to develop a long-term fiscal sustainability plan. The need stems from the long-expected decline in tax increment financing revenues over the next decade as urban renewal areas are retired. As a result, the organization has been getting smaller for much of the last decade, with roughly 25% fewer employees now relative to 2014. The assumptions in the current plan contemplate additional reductions, even if all revenue streams are fully realized. Figure 1 below shows PDC's structural budget problem.

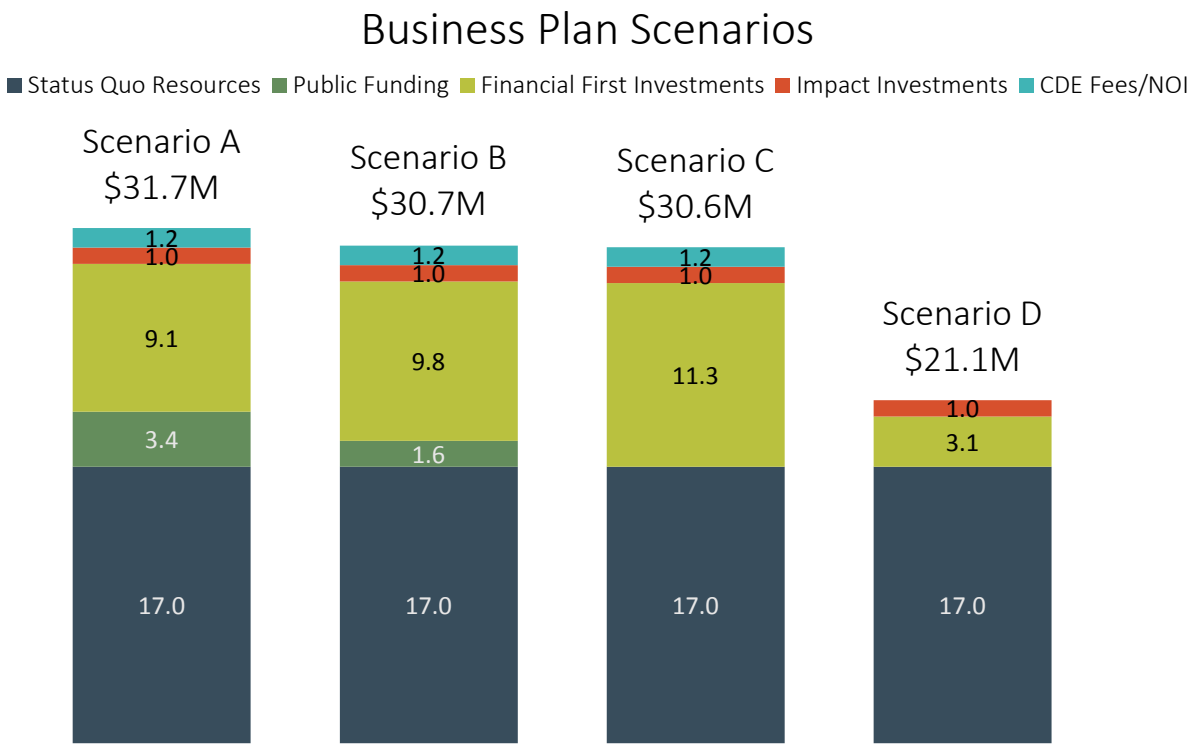
FIGURE 1. PDC Structural Operating Budget Deficit (Current Service Level)

Declining Tax Increment Funds leave PDC with a structural budget deficit



PDC's analysis at this point contains a variety of revenue scenarios, mostly resulting in different ways to maintain operations close to current levels. Information from PDC in February was used to create the graph below. It should be noted that each scenario provides roughly the same amount of revenue with the exception of Scenario D. However, what functions would be reduced or eliminated should scenario D – or any other revenue level be realized – have not been identified.

FIGURE 2. PDC Business Plan Scenarios



CBO's concern with the analysis thus far is the focus on backfilling revenues to maintain current organizational capacity; the current plan has a lack of prioritization of PDC's various programs and what the appropriate size should be within the broader citywide priorities. Ideally, PDC would show its Commission and City Council what programs each level of revenue would fund and what would not be funded if one or more of the revenue sources fail to materialize. Presumably, there are tipping points within many of PDC programs. Though business loan funding may be scalable, other programs may only be worthy of funding if the City can do so adequately. Additionally, as PDC further develops robust performance measures, CBO suggests that performance inform the prioritization process. This approach would allow policy makers to more transparently evaluate the tradeoffs associated with different levels of funding. Given the funding uncertainty surrounding PDC's future, a more comprehensive analysis describing which programs would be funded at different revenue levels would give policy makers more discrete choices relative to other City priorities.

Decision Package Analysis & Recommendations

Realignment, ZD_01, $0

PDC will realign funding from the Portland Film Office to the Healthcare Cluster. The position in the Portland Film Office is currently vacant and focusing on a Healthcare Cluster is part of PDC's strategic plan. CBO recommends this alignment.

CBO Recommendation: $0

Cluster/International, ZD_02, ($20,000)

PDC has elected to reduce the materials and services budget for Traded Sectors[1] and the International budget[2] order to comply with the 5% budget reduction guidance. PDC does not anticipate this reduction will have any impact to level of service. As this does not impact level of service, CBO recommends this reduction.

CBO Recommendation: ($20,000)

Adult & Youth Workforce Development, ZD_03, ($51,299)

The PDC has elected to reduce the Adult & Youth Workforce Development program by $51,299 in order to comply with the 5% budget reduction guidance. PDC currently invests approximately $2.8 million in workforce development programming. All workforce development programs are administered by Worksystems, Inc., which contracts with adult and youth development programs. Development providers include the following:

- Oregon Tradeswomen/Constructing Hope
- Immigrant and Refugee Community Organization (IRCO)
- SE Works, Central City Concern
- Human Solutions Inc.
- Native American Youth and Family Center
- New Avenues for Youth
- Portland Opportunities Industrialization Center (POIC)
- Portland Youth Builders

If funding is reduced, PDC will eliminate one workforce development provider.

The Workforce Development program targets very low income individuals that face significant barriers to employment; many of them are homeless or housing-vulnerable. The workforce development program has had proven results: 79% of adult and 69% of youth participants exit

[1] Traded Sector is a term that PDC uses for economic sectors. PDC also uses "cluster" and "Target Industry Cluster." Examples include: Athletic & Outdoor, Metals & Machinery, Green Cities, Technology & Media, and Healthcare

[2] There are four clusters with a materials and services budget of $50-$80k as well as an International program that crosses each of the four traded sectors.

the program with employment. CBO does not recommend this reduction as the programs have measurable outcomes that directly impact homelessness.

CBO Recommendation: $0

Entrepreneurship Support, ZD_04, ($50,000)

PDC has elected to reduce entrepreneurship support by $50,000 in order to comply with the 5% budget reduction guidance. This reduction will directly impact funding for programming pertaining to the small business growth initiative. PDC identified that current programming for startups leaves a service gap for Traded Sector startups[3] and intends to reprogram these funds to target this population more effectively. PDC is issuing an RFP for an external organization to provide direct assistance to these start-ups. Reducing the funding for this program will decrease the money available for the RFP. If the reduction is taken, the remaining budget will be $516,420. CBO recommends this reduction, given the relatively low impact to a program that is in flux. If PDC feels that this reduction to the amount available for the RFP is crucial, CBO suggests realigning other resources within one of the other three small business programs.

CBO Recommendation: ($50,000)

Healthcare Cluster, ZD_05, ($142,420)

PDC has elected to reduce funding for the realigned Healthcare Cluster in order to comply with the 5% reduction budget guidance. Healthcare is one of the largest employment sectors in the Portland economy and provides quality jobs. Furthermore, EMSI[4] data suggests that healthcare employment in Portland is growing faster than the national average.

PDC outlines their approach to traded sector development as "Investigate, Inventory, Convene and Diagnose." This takes, on average, six to twelve months. During the first year of this program, PDC anticipates developing a strategic plan to support anchor institutions and individual businesses, address industry workforce needs and opportunities, develop supply chain events to facilitate connections, and leverage research and development associated with anchor institutions to spur successful spin offs. PDC will continue to use EMSI data, internal research, and research of their partners to monitor the industry.

CBO does not recommend taking this reduction. There is substantial evidence demonstrating that this is a growing industry in Portland, and that public support has the potential to increase the number of quality jobs. PDC has also offered plans for specific actions they will accomplish during the first year, and a method to monitor impacts once a strategic plan is underway.

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[3] PDC differentiates between Traded Sector Start-Ups and other Start-Ups. Traded Sector startups address the need of fast growing, scalable start-up firms that specifically fall under the umbrella of one of the traded sectors.
[4] EMSI is company specializing in labor market data. http://www.economicmodeling.com/company/

CBO Recommendation: $0

Division BRT Local Action Plan Implementation, ZD_06, $275,000, 3.00 FTE

PDC is requesting ongoing funding for a community outreach worker, a workforce navigator, and a business technical assistance advisor, to help businesses navigate disruptions around Tri-Met's Division Bus Rapid Transit project. PDC requested $400,000 in one-time General Fund last year for this project, slated to start at the end of 2018. Based on scope of the project and a review of academic literature evaluating impacts of bus rapid transit projects, it does not appear that the level of disruption and potential economic impacts of going from a traditional bus line to a bus rapid transit line will require the level of outreach services that PDC is proposing. The economic and demographic challenges of this area are similar to changes going on in other places in the City – Cully, North Williams, and St. Johns show similar signs of disruption, albeit potentially at different stages of development. Furthermore, the project has been proposed for several years without moving forward to actual construction.

CBO does not recommend funding in FY 2017-18. PDC should continue to monitor progress. Should the project materially change – 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 Recommendation: $0, 0.00 FTE

Small Business Growth, ZD_07, $175,000

PDC is requesting $175,000 in ongoing resources to support two new cohorts of business owners enrolling in PDC's Increase Project. This project was funded on a one-time basis in FY 2015-16, and the ten participants have shown measurable results in terms of revenue and employment growth. The structure of the program allows for robust data gathering and has easily measurable outcomes. Though the participants are very small businesses, the first cohort has already demonstrated increased sales, employment, and expansion into new markets. Given the performance targets and data collection from the first cohort of participants in this program, CBO recommends funding with one-time resources. Should PDC meet its programmatic goals and demonstrate robust demand for the program, the City should consider providing ongoing resources.

CBO Recommendation: $87,500 one-time

N/NE Workforce & Business Development, ZD_08, $200,000

PDC is requesting $200,000 in ongoing resources to augment their efforts as part of the N/NE Community Development Action Plan, including a workforce navigator and providing business technical assistance. The plan calls for the use of $32 million in tax increment financing (TIF)

funds for economic development in the Interstate Corridor Urban Renewal Area. TIF funds cannot be used to pay for programs or initiatives such as workforce development or business technical assistance. However, PDC has existing programs that provide these services citywide. Though the funding of these programs may be insufficient to meet citywide demand for workforce navigation and business technical assistance, given limited General Fund resources, CBO recommends that PDC consider directing more existing resources to achieve the goals laid out in the Action Plan. CBO does not recommend funding this package with new General Fund resources.

CBO Recommendation: $0

Old Town/Chinatown Economic Development Grant, ZD 09, $30,000 one-time

This request is for the third year of a three-year grant based on the Old Town/Chinatown Action Plan. The first year was funded through a one-time request in the FY 2014-15 budget, while the second year is funded one-time in the current year. It requires the local community association to match the grant in order for it to be executed. The first year of funding was used to begin the process of developing metrics and defining deliverables. Currently, the district is in the process of hiring a director. Council has stated through their endorsement of the action plan that this part of the City is important and Old Town/Chinatown is the epicenter for non-profit homeless services, a stated priority for the FY 2017-18 budget. This represents the last of the City's three-year General Fund commitment as part of the plan. Due to the lack of available General Fund resources, CBO does not recommend funding at this time.

CBO Recommendation: $0

Greater Portland 2020, ZD 10, $25,000

City support for Greater Portland, Inc. (GPI) was reduced from $100,000 to $50,000 as part of the FY 2016-17 budget. The $25,000 in one-time resources was requested to help fund GPI's GP2020 program, which aims to bring together many regional partners together to promote trade and increased diversity in leadership. Based on the request, it is not entirely clear what the expected results of this investment are. Furthermore, the City already provides $50,000 to GPI annually. This is PDC's lowest priority request and, given limited resources, CBO does not recommend funding.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of PDC's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
General Fund Discretionary	5,818,465	5,508,670	441,281	(423,781)	5,526,170
Total Resources	**$5,818,465**	**$5,508,670**	**$441,281**	**(423,781)**	**$5,526,170**
Requirements					
External Materials and Services	5,818,465	5,508,670	441,281	(423,781)	5,526,170
Total Requirements	**$5,818,465**	**$5,508,670**	**$441,281**	**(423,781)**	**$5,526,170**

City of Portland

Decision Package Recommendations

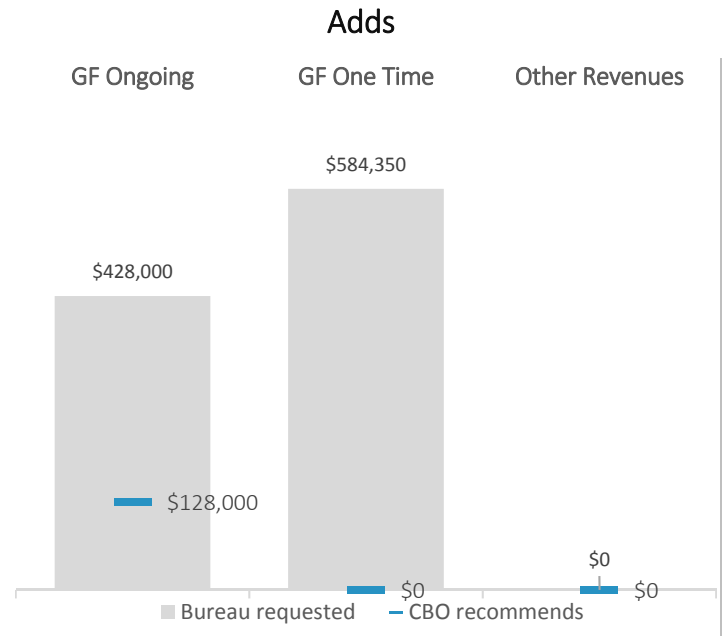
(Includes Contingency and Ending Balance)

		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 Development Commission											
Adds											
ZD_06 - Division BRT Local Action Plan Implementatio	06	0.00	275,000	0	0	275,000	0.00	0	0	0	0
ZD_07 - Small Business Growth	07	0.00	175,000	0	0	175,000	0.00	0	87,500	0	87,500
ZD_08 - N/NE Workforce & Business Development	08	0.00	200,000	0	0	200,000	0.00	0	0	0	0
ZD_09 - Old Town/China Town Economic Developmen	09	0.00	0	30,000	0	30,000	0.00	0	0	0	0
ZD_10 - Greater Portland 2020	10	0.00	0	25,000	0	25,000	0.00	0	0	0	0
Total Adds		*0.00*	*650,000*	*55,000*	*0*	*705,000*	*0.00*	*0*	*87,500*	*0*	*87,500*
Reductions											
ZD_02 - Cluster/International	02	0.00	(20,000)	0	0	(20,000)	0.00	(20,000)	0	0	(20,000)
ZD_03 - Adult & Youth Workforce Development	03	0.00	(51,299)	0	0	(51,299)	0.00	0	0	0	0
ZD_04 - Entrepreneurship Support	04	0.00	(50,000)	0	0	(50,000)	0.00	(50,000)	0	0	(50,000)
ZD_05 - Healthcare Cluster	05	0.00	(142,420)	0	0	(142,420)	0.00	0	0	0	0
Total Reductions		*0.00*	*(263,719)*	*0*	*0*	*(263,719)*	*0.00*	*(70,000)*	*0*	*0*	*(70,000)*
Realignments											
ZD_01 - Realignment- Film & Video to Healthcare	01	0.00	0	0	0	0	0.00	0	0	0	0
Total Realignments		*0.00*	*0*	*0*	*0*	*0*	*0.00*	*0*	*0*	*0*	*0*
Total Portland Development Commission		**0.00**	**386,281**	**55,000**	**0**	**441,281**	**0.00**	**(70,000)**	**87,500**	**0**	**17,500**

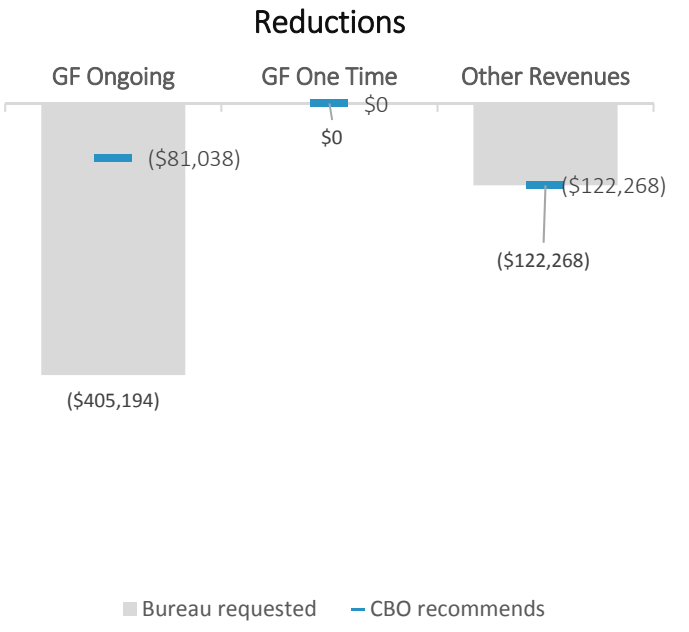
Analysis by: Jane Marie Ford

Bureau of Planning & Sustainability

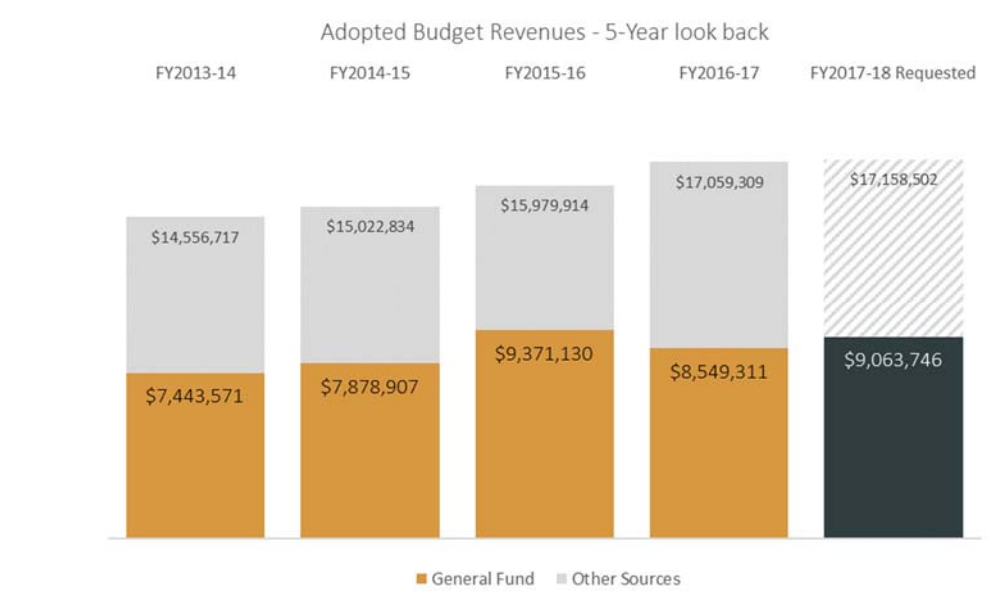
Portland's 2035 Comprehensive Plan was adopted on June 15, 2016, outlining land use and public investments to accommodate the City's projected growth of an estimated 260,000 new residents over the next 20 years. The Bureau of Planning & Sustainability (BPS) will operate at the intersection of key City priorities and strategic goals as it transitions focus to implementation of Comprehensive Plan policies.

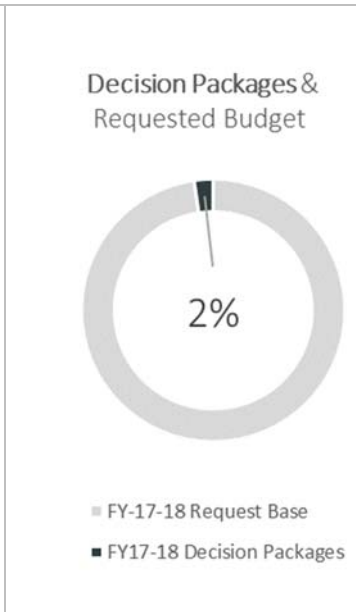


6.50 FTE Requested 1.00 FTE Recommended



(4.50) FTE Requested (1.25) FTE Recommended





Key Issues

Linking land use, transportation, and housing

In FY 2017-18, BPS will continue to play an important role in coordinating land use, transportation, and housing development as it moves forward in implementing the 57 transportation policies and 54 housing policies included in the 2035 Comprehensive Plan, ensuring that all Portlanders are able to live in a "Healthy Connected City." The bureau's requested budget highlights this work as follows:

Demographic and housing analysis. BPS has allocated responsibility for demographic and housing analysis among a team of employees, including an associate planner, the lead economic and industrial planner, a real estate development planner, and a GIS technician; some work is contracted out to consultants and Portland State University (PSU) for specialized assistance. Altogether, the bureau tracks and analyzes citywide development trends and market-rate housing production, and assesses related displacement risk. This work provides Citywide value in using an equity lens to design and evaluate policies, programs, and investments related to the State of Housing Emergency. The bureau also provides this analysis in collaboration with the Portland Housing Bureau, the Portland Development Commission, Portland Bureau of Transportation, and Bureau of Development Services.

Code development and implementation. BPS has requested funding to complete the Residential Infill and Better Housing by Design projects, both of which will revise development and design standards to facilitate growth that meets Portland's diverse housing needs. To date, these projects have been supported through a combination of grant funding, General Fund resources, and land use fee revenue via the Bureau of Development Services (BDS).

Community engagement. BPS is coordinating and convening ongoing community engagement work related to the Powell-Division Transit Corridor and Southwest Transit Corridor. The bureau is helping to ensure that these major public investments prioritize the transit access and affordable housing needs of low-income households and communities of color. The bureau has received grant funding from Metro for both projects to support development of equitable housing, defined as "diverse, quality, physically accessible, affordable housing choices with access to opportunities, services and amenities.[1]"

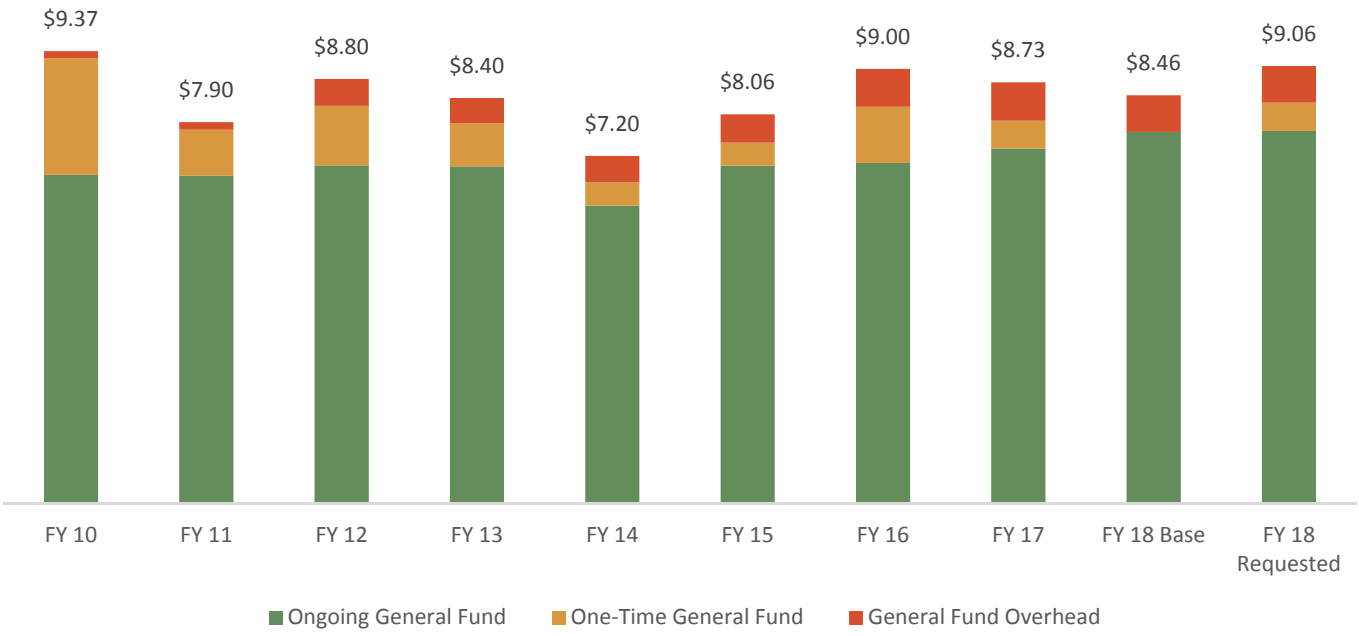
Base budget implications

CBO recommends that BPS and partner bureaus continue efforts to formalize and align Citywide efforts related to land use, transportation, and housing. CBO has recommended preserving funding for a Program Coordinator that would be allocated to this specific role, ensuring that the City's long-term development objectives are reflected in plans, projects, and investments moving forward. To the extent that this coordinating function represents a shift in bureau focus,

[1] Metro, "Equitable housing planning and development grants: Helping eliminate barriers to equitable housing development in the Portland region."

CBO recommends prioritizing these resources in BPS' base budget to ensure ongoing support. This is consistent with past budget recommendations that BPS prioritize core programs and priority projects within ongoing resources, reserving one-time General Fund resources – which have ranged from a low of $477,264 to a high of $2.4 million over the past seven years – for short, finite projects outside of the bureau's core mission and services. There may also be opportunities to leverage Citywide resources to fund work in BPS, such as utilizing land use fee revenue from BDS to support code development and revision work as legally permissible and or funding transportation-related work via PBOT.

BPS General Fund support has slowly climbed up from pre-recession levels, shifting away from one-time funding to increased ongoing resources



As the City bolsters its resilience against a likely economic downturn in the next few years, Council will need to balance dedicating resources to forward-focused planning work while also meeting current program needs. BPS' planning and code development work requires managing multi-year project commitments while also being responsive to emerging needs. BPS accommodates shifting priorities through use of a matrix staffing model, reallocating FTE and funding in order to be nimble and entrepreneurial; from a City budget perspective, this model can make it challenging to track the actual time and resources dedicated to a specific project. As such, CBO recommends that BPS use the operating project functionality in the City's accounting and budgeting systems. This approach would increase transparency of the City's funding and staff committed to a multi-year project over time and would enhance Council's ability to evaluate the tradeoffs associated with asking BPS to take on new responsibilities.

Smart Cities

The bureau has requested ongoing resources to support Portland's "Smart City" initiatives, which leverage the increasing volume of urban data to inform decision-making and improve service delivery. The Citywide collaboration to develop the Ubiquitous Mobility for Portland proposal for the U.S. Department of Transportation Smart City Challenge grant produced a network of specialists across bureaus. This includes projects underway in PBOT, BPS, the Bureau of Technology Services, CBO, and the Office of Community Technology to connect data generated by digital technologies to improve City services, optimize public resources, bolster resiliency, and develop new avenues for community engagement.

BPS has proposed creating a formalized governance structure to align Smart Cities priorities across the City, leveraging resources and promoting system-wide approaches and solutions. This structure is envisioned to include several workgroups and committees, guided by leadership from the Mayor's Office, focusing on data and analytics, sensors and Internet of Things (IOT) applications, vehicles and shared mobility, energy, and community engagement[2]. CBO recommends that this governance structure focus on the following:

Identify and prioritize City goals and projects. While the coordinating function is proposed to be centralized and funded in BPS, individual projects would be carried out by bureaus across the City. Ongoing resources for these projects will need to be identified within each bureau's existing resources, supported by grant resources, or funded through one-time investments with the intention that ongoing operations will be supported through existing resources or innovation cost-savings. The one-time and ongoing commitments created by these projects should be considered as part of the budget process so that Council can weigh these efforts alongside other City priorities.

Evaluate and integrate equity into auxiliary projects. BPS has demonstrated a commitment to prioritizing equity in its planning, outreach, and services. This expertise will help to ensure that Smart Cities investments are directed to addressing existing inequity, and that equity considerations are at the foundation of projects moving forward. Assessing equity impacts requires access to timely, reliable, disaggregated program-level data.

Support systems and policies facilitating the collection of and access to data. BPS is currently leading development of the City's updated open data policy as part of Portland's engagement with What Works Cities.[3] Part of the bureau's intended coordinating role is to lead a workgroup managing an open data and data analytics program in the City, including development of a data governance plan and guidelines for data inventory across all bureaus. Special consideration may

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[2] This initiative would, among other projects, build upon BPS' work using online platforms like Map App to broaden public participation at a lower cost to the City. As previously discussed by CBO, BPS planners dedicate between 20 and 40% of their time on public engagement, which was equivalent to a total of 9.84 FTE in FY 2016-17.

[3] As adopted by City Council in Resolution 37236

be given to meeting the needs of smaller bureaus with limited existing data tracking and analytical capacity in order to promote consistent collection of robust data Citywide.

BPS also requested funding for Smart Cities in the FY 2016-17 budget, which CBO did not recommend due to limited General Fund resources, concerns about bureau capacity due to existing projects related to core services, and the lack of detail available at that time. Over the last year, the vision, structure, and purpose of this function has been significantly refined to demonstrate the need to invest in ongoing Smart Cities support.

Decision Package Analysis & Recommendations

End of Metro Funds, PN_01, $(122,268), (1.00 FTE)

This decision package reduces projected FY 2017-18 grant revenue for two projects funded through the Metro 2015 Community Planning and Development Grants cycle. The bureau has included this as a decision package in order to highlight the potential impact of the General Fund reductions identified below.

Building Healthy Connected Communities Along the Powell-Division Corridor. This project is a collaborative effort between Portland, Gresham, Metro, and TriMet to promote a holistic development strategy alongside the Division Transit Project. BPS received a total of $539,000 to fund activities through FY 2017-18, and committed matching funds of $172,850 in the form of salary, benefits, and payroll taxes. This project has now transitioned into the design and construction phase; PBOT is leading the City's role in this process, but BPS will continue to lead community engagement efforts, placemaking and access plans, and anti-displacement and community stability efforts with the Portland Development Commission and Portland Housing Bureau. BPS intends to utilize ongoing General Fund resources to continue supporting this project; however, ongoing General Fund reductions may impact the bureau's ability to finish the project.

Better Housing by Design project. This project revises development and design standards in Portland's multidwelling zones outside of the Central City, with a focus on East Portland. BPS expects that the grant personnel budget for this project will be spent down by the end of the fiscal year, though the bureau may carry over some consultant funding into FY 2017-18. The bureau had intended to utilize ongoing General Fund resources to complete the project, but has included these funds as part of its five percent reduction packages (see below, PN_03). As such, the bureau has also submitted a request for one-time resources in PN_05 to complete the project.

Based on actual expenditures to date, there may be grant revenue carryover into FY 2017-18. At this time, CBO recommends the reduction based on bureau projected spending.

CBO Recommendation: ($122,268), (1.00 FTE)

General Fund Ongoing Cuts, PN_02, PN_03, PN_04, ($405,194), (3.50 FTE)

The cuts BPS has identified to meet the required five percent General Fund reductions would impact three major functions, described in further detail below. CBO has recommended a 1% reduction of ongoing funds, which totals $81,038. CBO has not recommended further ongoing cuts in order to prevent the bureau from returning to a dependency on serial one-time funding requests.

Climate Action Plan (Solar Initiative): This reduction would eliminate 0.50 FTE in the Sustainability Program intended to work on restarting the City's solar program. This includes taking part in the Resilient Power Work Group (RPWG) to "support public sector efforts to improve the resilience of Portland's neighborhoods and critical facilities with solar plus battery storage (s+s) [in order to] enhance the community's capacity to respond to disasters and climate impacts.[4]" This regional partnership includes the Portland Bureau of Emergency Management, Multnomah County, Oregon Department of Energy, Energy Trust of Oregon, Pacific Power, and Portland General Electric; the work aligns with the priorities identified in the 2016 Mitigation Action Plan and with City priorities around emergency preparedness.

Land use, development, transportation, and transit planning coordination: This position was cut on a one-time basis in FY 2016-17 in order to fund other one-time bureau priorities. The intent for this role is to ensure that the City's long-term development and equity objectives are integrated in regional transportation and housing plans, as discussed above under Key Issues.

Demographic and housing analysis: The bureau has submitted decision packages reducing funding across several positions and external contracts related to demographic and housing analysis, a service which BPS provides to other bureaus as well as meeting BPS needs. The bureau has historically had a Management Analyst position dedicated to this function, which was also submitted as a cut last year; CBO recommended against this reduction based on the importance of this work related to City priorities around housing, service delivery, livability, and equity. As discussed under the Key Issues section, this work is currently distributed between several internal positions and external support. This decision package includes reducing contract funding and 0.25 FTE from the demographic and housing analysis function. CBO has recommended this one percent reduction due to limited ongoing General Fund resources, but also recommends that the bureau continue to prioritize this work within its base budget due to the alignment with the State of Housing Emergency.

CBO Recommendation: ($81,038), (0.25 FTE)

Housing, PN_05, $756,350, 4.50 FTE

This decision package includes three separate components:

[4] Resilient Power Work Group Charter (Portland, OR), provided by the Bureau of Planning & Sustainability

Complete Residential Infill Project (one-time: $387,000, 2.25 FTE). BPS was allocated $332,212 in FY 2015-16 to develop recommendations and zoning code changes to facilitate infill development within single-family dwelling neighborhoods. The bureau's recommendations were accepted by Council as "general conceptual parameters for subsequent zoning code and zoning map amendments" in December 2016.[5] At this time, the bureau estimated additional funding needs of approximately $100,000 for public outreach in FY 2016-17 and $200,000 to continue supporting two full-time planners funded through one-time resources from the Bureau of Development Services.

The bureau has seven FTE dedicated to code development, including five positions funded through land use fee revenues from the Bureau of Development Services (BDS). The two positions funded through ongoing General Fund resources respond to time-sensitive, priority projects, as well as provide core code editing and development services to other bureau planning projects; larger projects, like the Residential Infill project, require additional staff. Due to limited one-time General Fund resources, CBO recommends that BPS prioritize completing this project with core staff; alternatively, to the extent that land use fee revenue is available and appropriate for this project, remaining project costs could be funded through additional one-time support from BDS.

Complete the Better Housing by Design Project (one-time: $197,000, 1.25 FTE). This project was discussed in more detail above under PN_01 and PN_03. By not taking the PN_03 reduction package, BPS may be able to complete this project without additional General Fund resources; if needed, land use fee revenue may also be an appropriate funding source.

SW Corridor Equitable Housing strategy (ongoing: $172,000, 1.00 FTE). Metro, TriMet, and regional partners are several years into the process of planning for light rail development along the southwest regional corridor. BPS was recently awarded $100,000 from Metro as part of the first round of Equitable Housing and Development Grants to develop an equitable housing strategy in partnership with the City of Tigard. The goal is to ensure that low-income households share in the positive benefits of the expected development of new transit and housing between Portland, Tigard, and Tualatin.

BPS hopes to build on this work through ongoing personnel and contract support until the rail line opens in the mid-2020s. In addition to the land use, development, transportation, and transit planning coordinator position discussed above, the bureau has also requested funding for an ongoing Program Coordinator, as well as support for Portland Development Commission staff time and a contract with the University of Oregon for technical assistance. BPS has stated that this work will be a top bureau priority over the next decade; as such, given limited ongoing resources, CBO recommends prioritizing this work within the bureau's base budget as discussed under the Key Issues section.

[5] Resolution 37252

CBO Recommendation: $0, 0.00 FTE

Smart Cities, PN 06, $256,000, 2.00 FTE

This request includes two positions. A management analyst would formalize a Citywide structure to support Smart Cities efforts, coordinating both internal projects and external collaborations with public, nonprofit, and private entities. While the funding environment is uncertain at this time, there may continue to be grant resources available to support individual Smart Cities projects. This position would increase the City's capacity to seek and manage these funding opportunities. CBO recommends funding this position, which will help to align Smart Cities priorities across the City and promote efficiencies through enterprise solutions.

BPS has also requested funding for a second management analyst to continue work on the low-cost urban air quality measurements project. This was proposed as a one-time effort to be completed by September 2017,[6] supported by $100,000 in grant funding awarded in FY 2016-17. Given limited ongoing resources, CBO recommends that the governance committee consider this project along with other proposed investments in order to prioritize funding.

CBO Recommendation: $128,000, 1.00 FTE

[6] News Release from the Bureau of Planning & Sustainability, 9/26/2016

Bureau Budget Summary – Request and Recommendations

Below is a summary of the Bureau of Planning & Sustainability's operating budget, which includes the Community Solar Fund and Solid Waste Management Fund.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 2,773,911	$ 3,652,316	$ -	$ -	$ 3,652,316
Licenses & Permits	2,957,729	2,995,133	-	-	2,995,133
Charges for Services	2,806,284	3,002,909	-	-	3,002,909
Intergovernmental Revenues	1,791,732	1,385,059	(122,268)	-	1,262,791
Interagency Revenue	870,940	741,500	-	-	741,500
Miscellaneous Sources	83,313	92,423	-	-	92,423
General Fund Discretionary	7,754,521	7,697,555	607,156	(560,194)	7,744,517
General Fund Overhead	794,790	759,035	-	-	759,035
Total Resources	**$19,833,220**	**$20,325,930**	**$484,888**	**$ (560,194)**	**$20,250,624**
Requirements					
Personnel Services	$ 11,434,177	$ 11,728,757	$ 322,183	$ (370,194)	$ 11,680,746
External Materials and Services	2,897,566	2,449,770	152,705	(180,000)	2,422,475
Internal Materials and Services	2,456,944	2,348,224	10,000	(10,000)	2,348,224
Debt Service	62,016	67,638	-	-	67,638
Fund Transfers - Expense	192,699	177,563	-	-	177,563
Contingency	80,361	68,293	-	-	68,293
Unappropriated Fund Balance	2,709,457	3,485,685	-	-	3,485,685
Total Requirements	**$19,833,220**	**$20,325,930**	**$484,888**	**$ (560,194)**	**$20,250,624**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

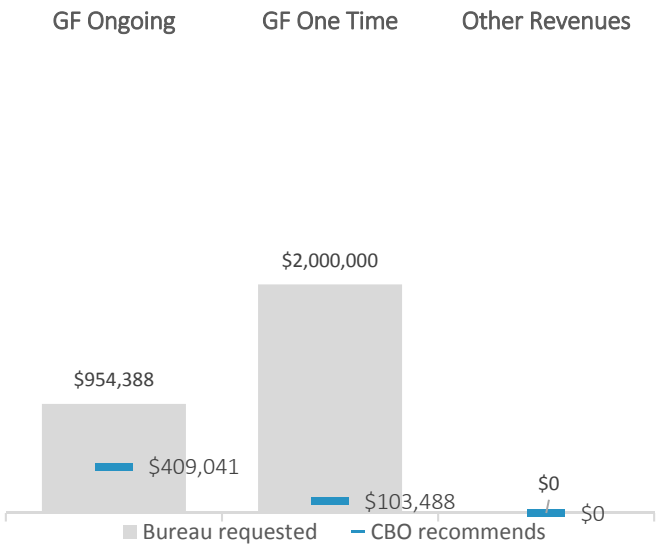
		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Planning & Sustainability											
Adds											
PN_05 - Housing	01	4.50	172,000	584,350	0	756,350	0.00	0	0	0	0
PN_06 - Smart Cities	02	2.00	256,000	0	0	256,000	1.00	128,000	0	0	128,000
Total Adds		*6.50*	*428,000*	*584,350*	*0*	*1,012,350*	*1.00*	*128,000*	*0*	*0*	*128,000*
Reductions											
PN_01 - End of Metro Funds	01	(1.00)	0	0	(122,268)	(122,268)	(1.00)	0	0	(122,268)	(122,268)
PN_02 - GFOG 1% cuts	02	(0.25)	(81,038)	0	0	(81,038)	(0.25)	(81,038)	0	0	(81,038)
PN_03 - GFOG 2% cuts	03	(1.60)	(162,078)	0	0	(162,078)	(0.00)	0	0	0	0
PN_04 - GFOG 2% cuts	04	(1.65)	(162,078)	0	0	(162,078)	(0.00)	0	0	0	0
Total Reductions		*(4.50)*	*(405,194)*	*0*	*(122,268)*	*(527,462)*	*(1.25)*	*(81,038)*	*0*	*(122,268)*	*(203,306)*
Total Bureau of Planning & Sustainability		**2.00**	**22,806**	**584,350**	**(122,268)**	**484,888**	**(0.25)**	**46,962**	**0**	**(122,268)**	**(75,306)**

Analysis by: Katie Shifley & Claudio Campuzano

Portland Police Bureau

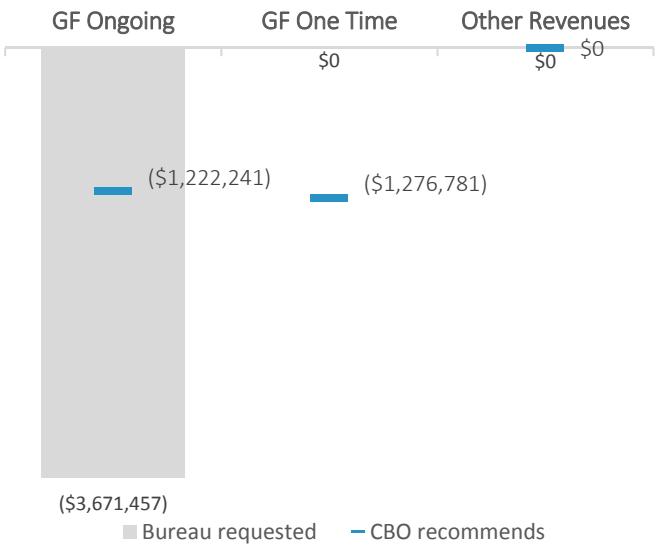
The Portland Police Bureau continues to face a staffing shortage associated with an ongoing wave of retirements. In response, last year's budget included a significant increase to the recruiting and background investigation function, and the new contract with the Portland Police Association is expected to increase recruitment and retention. Until staffing levels are restored, many specialty units have been reassigned to patrol in an effort to carry on the basic functions of the bureau. Meanwhile the bureau is working to address the requirements of the 2014 settlement agreement with the U.S. Department of Justice.

Adds



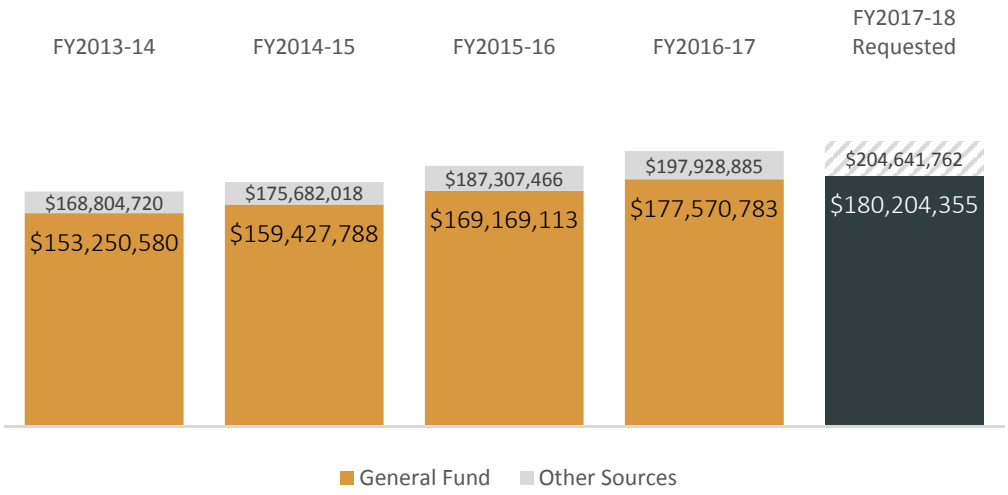
10.00 FTE Requested **8.00 FTE** Recommended

Reductions

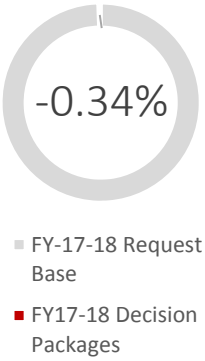


(14.00) FTE Requested **(11.00) FTE** Recommended

Adopted Budget Revenues - 5-Year look back



Decision Packages & Requested Budget



Key Issues

Staffing Shortage

The FY 2016-17 CBO budget review discussed staffing and recruitment at length. The bureau continues to have many vacancies, both sworn and non-sworn professional staff.

Sworn vacancies as of February 2017:

Classification	Authorized	Vacancies	Vacancy %
Officer	657	31	4.7%
Sergeant	135	19	14.1%
Detective	90	7	7.8%
Criminalist	15	1	6.7%
Lieutenant	30	3	10.0%
Captain	14	1	7.1%
Commander	5	0	0.0%
Assistant Chief	3	0	0.0%
Chief	1	0	0.0%
Total	**950**	**62**	**6.5%**

This compares to 43 sworn vacancies at the time of the writing of last year's review, 68 sworn vacancies in July 2016, and 80 in October 2016.

In June 2016, CBO worked with the Mayor's Office to convene a GATR session[1] to examine short, medium, and long-term options for ensuring adequate resources were assigned to patrol. A follow-up session occurred in November 2016.

Among the actions that were explored, the bureau has reassigned 21 officers from specialty units and made an operational change, moving from a three-shift model to a five-shift model in order to meet peak staffing needs. This approach was later refined in October 2016 to a four-shift model. There has been impact from this reallocation of resources, most notable in units such as the Drugs and Vice Division (DVD) where there is less capacity to assign new cases for investigation as compared to prior years. In order to bridge service gaps in the Strategic Services Division (SSD), limited term Crime Analysts were added when officers were re-deployed to patrol.

In October 2016, a new collective bargaining agreement (CBA) was ratified by the Portland Police Association (PPA). This agreement addressed a number of compensation and recruitment issues intended to improve hiring and retention over the next several years, including:

- The creation of the 6th, 7th, and 8th year steps in the salary rates, on January 1st of 2017, 2018, and 2019, respectively.
- The addition of a recruitment incentive that provides up to $5,000 to new officers and $10,000 to lateral recruitments.

[1] Government, Accountability, Transparency, Results (GATR).

- The addition of a 'finder's fee' of $1,000 for new officers and $2,000 for lateral recruitments.
- A retire/rehire program that allows officers to retire with FPDR benefits and be rehired as a PERS OPSRP employee.

Attrition. Attrition over the next several years will be impacted by a number of factors that are difficult to predict. There are currently approximately 50 sworn staff eligible to retire with an additional 44 that will be eligible by the end of 2017. Some might wait until the full implementation of the higher pay scale, some might participate in the retire/rehire program thus lowering the attrition rate, and some might choose to retire at the next 27-pay period lookback in September 2017.

Attrition in years with a 27-pay period lookback has been between 40 and 52 sworn members in recent years in contrast to roughly half that in years without. Typical attrition has been 2-3 per month, jumping to over 20 in months with the longer lookback.

While retirement is a big factor, voluntary resignations are also a contributing component, making up 17 of 52 total sworn separations in FY 2015-16. This is particularly true of officers; 14 of 31 officer separation in that fiscal year were the result of voluntary resignations.

Recruitment. Recruitment on the other hand, is also difficult to predict and influenced by a number of factors: recent changes in the process that allow for rolling applications, the number of background investigators and their efficiency, the effectiveness of the contract changes in attracting new officers, the number of academies held by the state (and PPB's ability to reserve seats in them).

The bureau projects needing 76 hires per year to overcome attrition and fill vacancies, according to the GATR materials. The decision package requesting additional background investigators, however, indicates that the bureaus capacity to hire would be 37 offers extended per year. At 37 hires per year, the gap will likely grow; this reflects a conservative programmatic perspective. In recent years, the most officers that have been hired in a single year was 53 in FY 2010-11. If the bureau is able to achieve between 53 and 76 per year, the bureau would likely reach full staffing towards the end of FY 2020-21.

Vacancy Savings and Overtime

With all positions funded and over 90 vacancies, including sworn and non-sworn, the bureau will continue to see significant vacancy savings. At an average cost of $110,000 per position per year, this could result in savings of roughly $8.0 million per year, depending heavily on the rate of attrition and hiring.

While the savings can be utilized for short-term needs such as additional limited-term background investigators, a significant portion of the savings will fund items related to the vacancies including:

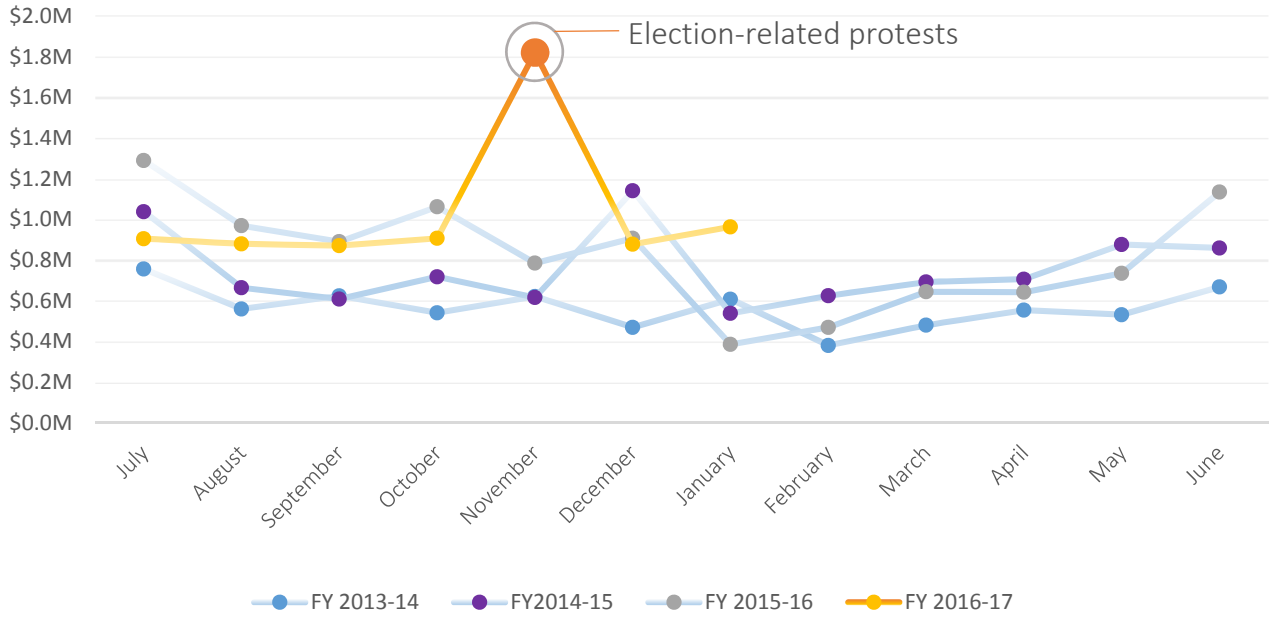
Overtime to address the personnel shortage. Through the first seven months of FY 2016-17, the bureau calculated that it had spent $1.6 million on personnel shortage backfill. While high, that figure is $0.7 million lower than the same period last year, mostly as a result of the move to four shifts from three.

Leave Payouts. As attrition occurs, departing staff receive payouts for accrued leave. While the bureau has an established budget for leave payouts including excess compensatory time, vacancies are expected to fund a large portion. Through seven months of this fiscal year, which included a 27 pay period lookback in October, the bureau has already spent $860,000 more than the base budget amount of $1.75 million.

Training Premium. With the influx of new officers, those officers are required to patrol with a trainer during the majority of the first 18 months on the force. In addition to not being available for patrol (thus continuing the need for overtime shift backfill), the trainers receive a 10% premium, which increases the cost of staffing patrol services. After a period of working with trainers in the same vehicle ('in car') new officers are then monitored by trainers from an adjoining district. During this period, the trainer still receives the premium but is available to count toward minimum staffing requirements.

In addition to vacancy-related overtime, the bureau is anticipating continued increased overtime associated with demonstrations. While traditionally not a significant driver of overtime, the bureau has paid $1.4 million in demonstration-related overtime through January 2017. The bureau conservatively expects this trend to continue in the current political climate.

Overtime is generally trending lower than last year but higher than historically. Events such as the election in November can have significant impacts.

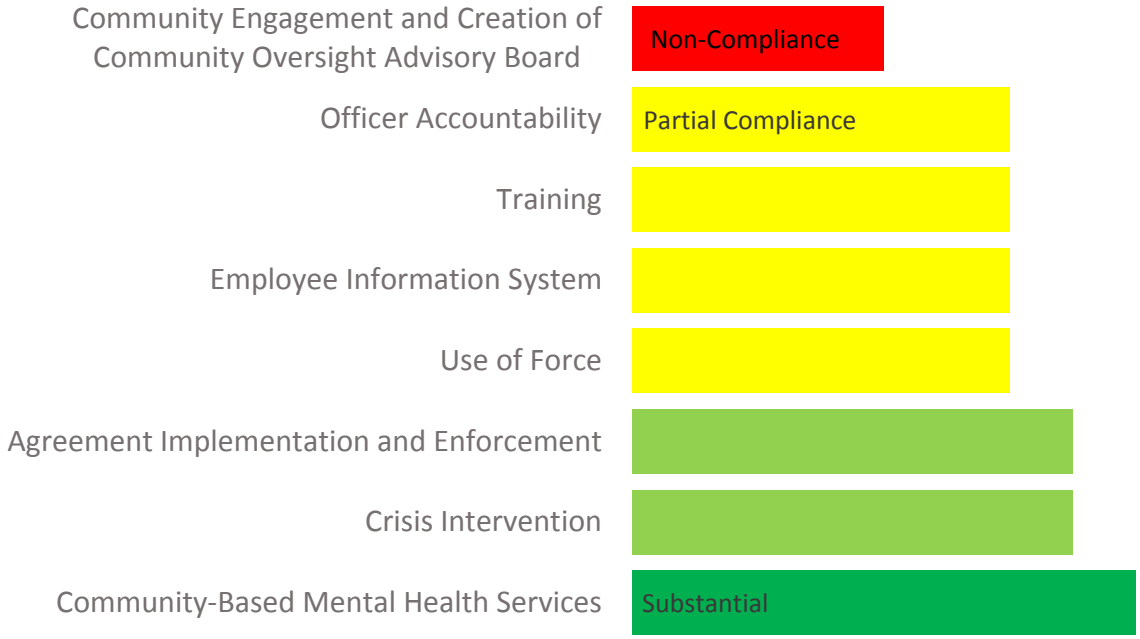


Nonetheless, substantial vacancy savings are expected, and those savings could be utilized for a number of investments, including continuing a number of limited term positions that were begun in the FY 2016-17 Fall BMP. The decision packages below discuss some of those possibilities for the utilization of the one-time resource.

United States Department of Justice Agreement – Compliance Status

The United States Department of Justice (DOJ) issued its second periodic compliance assessment report in August 2016. The assessment provides analysis and technical assistance to guide compliance for the provisions of the DOJ agreement, and generally notes improvements in compliance except for the provisions around Community Engagement.

2016 DOJ assessment shows partial or substantial compliance for all provisions except Community Engagement



The Community Engagement provision is in non-compliance for reasons largely out of the Police Bureau's control. For example, several of the non-compliant action items critical to the Community Engagement provision are items related to the Community Oversight Accountability Board (COAB), the status of which is unknown and currently under negotiation with the DOJ. PPB is, however, specifically responsible for developing and finalizing a Community Engagement and Outreach Plan. This plan is in the beginning stages of development, but progress has been hindered by organizational issues in the COAB; the DOJ considers this task to be in partial compliance. The bureau is working to develop metrics to evaluate and quantify the Police Bureau's community engagement and outreach efforts, but this work is challenging as there is no common or standardized definition of "community policing".

Other notable highlights from the 2016 DOJ Assessment of the City's compliance efforts:

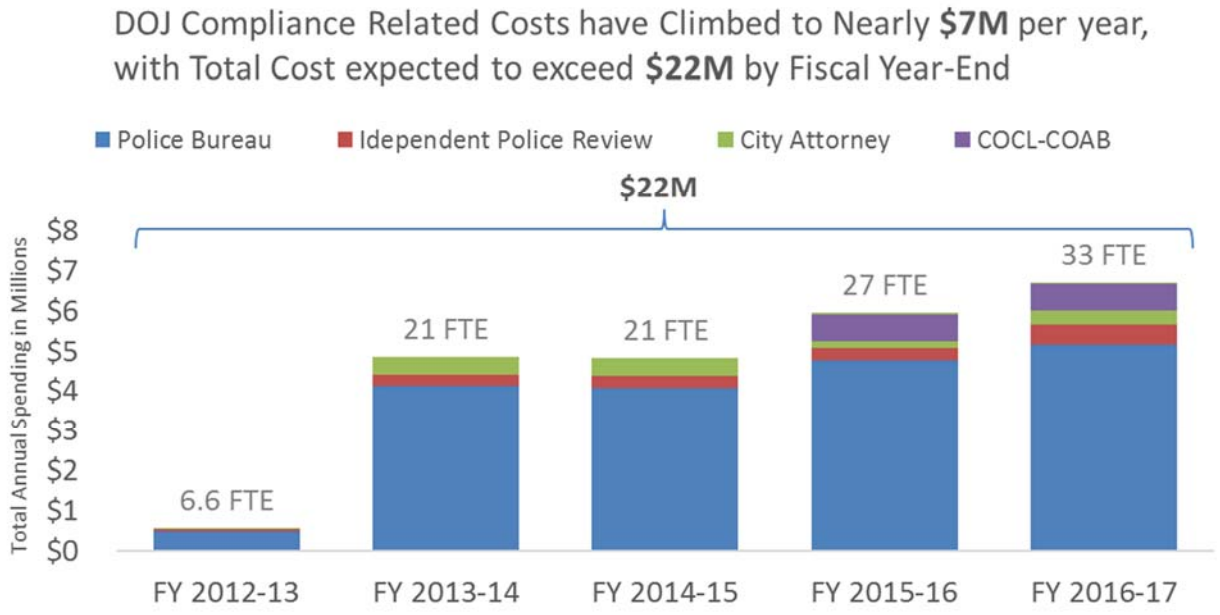
- Use of force reports are more rigorous than in the past, but deficiencies in policy and reporting protocols render statistics on use of force unreliable. A general assessment of officers' actual use of force would be premature, as reports have suffered from incomplete narratives, missing data, or both.
- The DOJ had high praise for the success of BHU's Behavioral Response teams, as well as PPB's leadership on the establishment of the Unity Center, Portland's only Psychiatric Emergency Services Facility.
- Substantial and renewed efforts around building community trust and accountability within the bureau are warranted.
- Training needs assessments have advanced substantially, but delays in training tracking software have hindered progress.

CBO notes that, currently, there is no single City entity tasked with ensuring overall compliance with the DOJ Agreement. PPB recently realigned several positions to form the Strategic Development and Oversight Group (SDOG) to manage all PPB-related DOJ action items. PPB staff collaborates with other organizations affected by the DOJ agreement (e.g. BOEC, the Auditor's Office, City Attorney's Office, COAB), but is primarily focused on achieving compliance with PPB-specific action items.

Cost of DOJ Compliance and DOJ Related Budget Requests

The Police Bureau budget naturally comprises the largest share of DOJ compliance-related spending, with 26 FTE and approximately $5.3 million in planned spending directly attributable to compliance in FY 2016-17[2]. This is roughly 75% of total DOJ compliance-related spending, the remaining $1.4 million of which is budgeted in the Attorney's Office, Independent Police Review, and the COCL-COAB.

[2] This includes a one-time realignment that supports an additional position focused on DOJ compliance in the Attorney's Office.



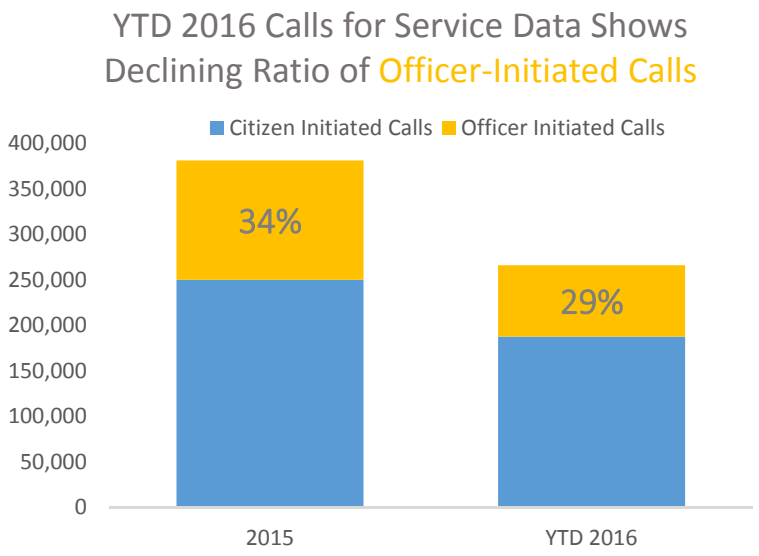
The majority of the Police Bureau's DOJ compliance-related spending is driven by investments in the Behavioral Health Unit, the Training Division, additional Internal Affairs Investigators, and analysts in the Strategic Services Division. The Police Bureau has two requests in its FY 2017-18 budget related to DOJ compliance: the bureau is requesting 1.0 Program Manager in the Training Division to implement the new Learning Management System (PL_11) and requests to realign vacancy savings to fund an additional position in the Attorney's Office (PL_14).

In addition to specific budgetary requests, the Police Bureau has also made internal realignments to redirect resources to DOJ compliance issues. Actual and anticipated spending on DOJ-related technology investments, including the Learning Management System and the Employee Information System, are being funded internally by delaying other planned technology procurements. The bureau has also reclassified existing positions to create the Strategic Development and Oversight Group, comprised of a Captain and a Principal Management Analyst, with responsibility for overall compliance with the DOJ agreement.

Police Bureau Performance Measures

Performance Measure information submitted by the Police Bureau indicates that FY 2017-18 performance is largely expected to be in line with the prior year. That said, the net impact of decision packages put forward by the bureau (which assumes they are all adopted) is expected to result in a:

- 3 percentage-point decrease in the number of residents who feel safe walking at night
- 2 percentage-point decrease in the number of citizens who rate service as good or better
- 3 percentage-point increase in new hires that are female
- 4 percentage-point increase in new hires that are from communities of color

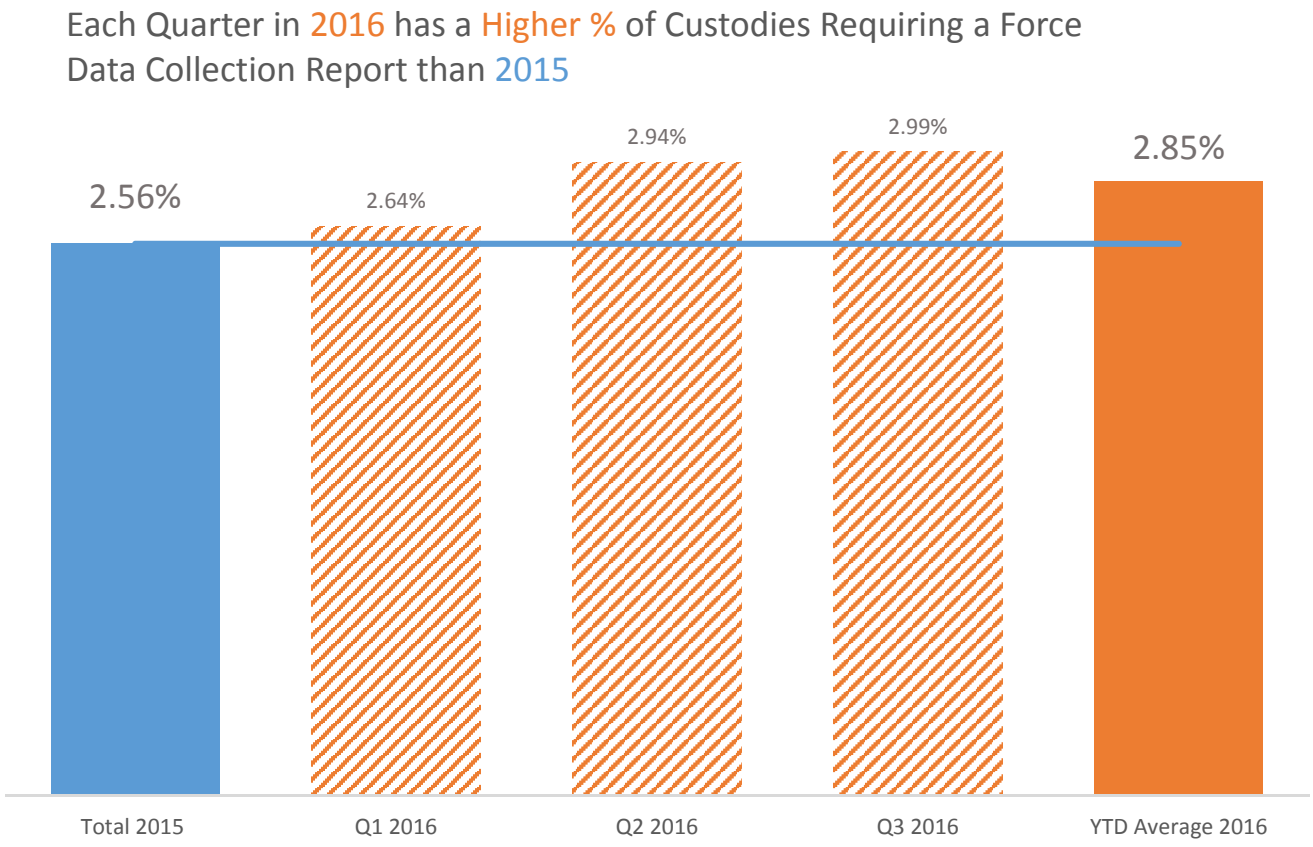


Other measures that are expected to change in FY 2017-18 are reflective of larger ongoing trends. For example, the total number of incidents dispatched will likely continue to climb in the coming year, thereby reducing the number of self-initiated calls by officers. The declining ratio of self-initiated calls to citizen-initiated calls – exacerbated by the patrol staffing shortage – impacts patrol officers' ability to engage in proactive community policing as opposed to responding to dispatch calls. **Time spent on calls is also increasing, which further compounds the patrol staffing challenges.**

The Police Bureau is anticipating that its key performance measures related to Use of Force (the percentage of total PPB custodies in which there was *no* Force Data Collection Report (FDCR) level force event) will remain static from FY 2016-17 to FY 2017-18[3]. The percentage of custodies resulting in a FDCR-level event increased from 2.5% to 2.9% from FY 2014-15 to FY 2015-16, and is anticipated to be 2.9% in FY 2016-17.

2016 Q3 calendar year data from the Strategic Services Division, with 2.99% of total custodies resulting in a FDCR-level event (178 FDCR cases out of 5,691 custodies), suggests this upward trend is continuing into the current fiscal year. Strategic Services Division reported 162 FDCR cases out of 6,854 custodies, or 2.4%, in Q3 2015.

[3] CBO notes that the Police Bureau is reporting these figures inversely from previous years; the figure reported to CBO is now based on the *lack* of force event rather than the occurrence of one. The percentages referenced show this measure as previously reported.



A number of KPM's and bureau performance reporting metrics have changed due to the switchover to the National Incident Based Reporting System (NIBRS), which occurred in April 2015. Two years of NIBRS data will be available in FY 2017-18, allowing for trend comparisons of crime data that are not currently possible.

Decision Package Analysis & Recommendations

Add Sr. PASS in Professional Standards Division, Dec Pkg #PL_13 $81,813, 1.00 FTE

A Senior Police Administrative Support Specialist is requested to support the Police Review Board (PRB) function of the Professional Standards Division. The position would be funded with General Fund discretionary resources. Currently one Program Specialist runs the PRB process with facilitation performed by outside contractors. The requested position, by taking over scheduling and note-taking responsibilities, would allow the current Program Specialist to replace the outside contractor and increase programmatic efficiency and timeliness by not being constrained by vendor availability. The contract offset was not included in the decision package because current City Code does not allow in house staff to facilitate. A code change is being developed that would allow non-sworn staff to facilitate. This would offset the cost of the position by $40,000.

In light of Citywide resource constraints, CBO does not recommend this add, even at the potentially reduced amount. Should the bureau identify additional realignments necessary to fully fund the position, the position authority could be included at a later stage of the budget process.

CBO Recommendation: $0, 0.00 FTE

Add Three Background Investigators in Personnel, Dec Pkg #PL_12 $260,553, 3.00 FTE

This request would convert three limited term Assistant Program Specialists to regular, increasing the number of regular non-sworn FTE performing background investigations to 18. These limited term positions were created in the FY 2016-17 Fall Budget Monitoring Process (BMP) and were funded in the current fiscal year with vacancy savings. In addition to the 18 approved positions, four sworn staff are currently working as background investigators.

According to PPB figures, each background investigator is estimated to perform roughly 24 investigations per year. Of those, approximately 7% are extended offers of employment. That results in roughly 1.7 offers extended per background investigator per year. However, recent changes in the staffing and operation of the unit as well as anticipated changes in the quality of the applicants being passed through to background investigation are anticipated to increase – possibly by a significant factor - the number of offers extended per investigator per year.

In light of uncertainty around both the rate of attrition and the rate of hire, CBO recommends that these three limited term positions be continued, funded with vacancy savings, for a period of up to two additional fiscal years. To the degree that the bureau is trying to address a staffing shortage, that implies a short- to medium-term need for increased investigation resources. Moreover, waiting to make a permanent staffing decision until changes in recruitment and investigation processes have been implemented and the impacts assessed would allow the bureau to determine what an appropriate number of investigators would be when staffing stability is achieved.

Furthermore, CBO recommends that the need for additional one-time General Fund resources be reassessed later in the budget process, based on a finer analysis of projected bureau vacancy savings. Depending on the rate of net hires, the bureau could possibly have sufficient vacancy savings in the next year or two to fund these positions without additional resources.

Additionally, CBO recommends that the bureau track, at the applicant level, the disposition of all background investigations resulting from the first wave of the new recruitment screening process. To the degree that this process yields an offer percentage significantly higher than 7%, the impact on net hires could be substantial – both minimizing the need for additional investigators, but also potentially creating issues related to vacancy savings needed for overtime and training premiums as the wave of new officers passes probation.

Finally, CBO recommends that the bureau continue to assess whether an increase in limited term staffing would be appropriate in the event that additional vacancy savings is available and background investigation is identified as a chokepoint for an increased rate of hiring.

CBO Recommendation: $0, 3.00 FTE

Mobile Data Computer Replacement Pre-Funding, Dec Pkg #PL_16 $2,000,000

Several years ago, due to fiscal constraints, the Bureau of Technology Services ceased collecting replacement reserve funding for public safety electronic equipment, including the Police Bureau's Mobile Data Computers (MDCs). MDCs are the computers installed in most police vehicles; they are critical to the work of the bureau. Subsequent to a budget note in the FY 2016-17 Adopted Budget, BTS will begin collecting the electronic equipment replacement reserve again. However, the current reserve balance is underfunded to address the upcoming refresh of the necessary technology. This request is to fund that technology refresh.

The most recent replacement of MDCs was in 2012. These units typically have a useful life of 4-5 years. The bureau has roughly 370 units in service with a small inventory (~17) of replacements that were purchased at the last deployment. After four to five years, the fail rates of the equipment increases, leading to downtime and increased costs to keep the current MDCs functioning.

The bureau conducted a Request for Information and a vendor fair in 2016. Based on the information gathered, the bureau is developing a Request for Proposals that will be ready in March 2017. Based on the current procurement timeline, deployment is not expected to move forward until fall of 2018, during the FY 2018-19 fiscal year. While Police IT staff have a high level of confidence that a like-for-like replacement of the existing system would cost roughly the same as the previous deployment - $2 million – the hope is to take advantage of gains in the technology and increase the functionality of the units. The additional cost of these enhancements is not yet known.

Given that funding will not be needed until FY 2018-19, CBO does not recommend one-time funding this year. Moreover, CBO suggests that Police, BTS, and the Executive Oversight Committee for public safety project funding work together to develop a funding plan composed of some or all of the following components:

- *Current MDC Replacement Funding.* Currently, there is roughly $919,022 in the replacement fund for this equipment from prior to the curtailment of collections in the rate. This figure incorporates replacement funding that is no longer needed that was previously collected for future siren replacement.
- *FY 2017-18 Replacement Funding*. Due to the renewed replacement funding collections, Police will pay $465,464 during FY 2017-18, which can be utilized in FY 2018-19 for the planned replacement.
- *Federal or State Forfeiture Funding.* The Drug and Vice Division (DVD) of the Police Bureau is the designated division for oversight and management of funds and other

assets seized as part of a drug trafficking investigation. These funds are managed and accounted for separately from the Police Bureau's General Fund. The bureau has $3.2 million included in the Requested Budget. Of that amount, PPB has not identified specific uses. Police fiscal staff have noted that, per federal rules, these funds cannot supplant the local budget nor be used for operating or recurring costs. In light of the infrequent nature of the purchase and the commitment to once again collect replacement reserves, CBO recommends Police explore use of these funds.

- *Public Safety System Revitalization Project Balance.* As the PSSRP project nears completion, a project balance consisting of General Fund and Technology Services Fund contributions are requested by BTS and recommended by CBO to be moved to the Technology Services Fund to pay for public safety technology projects. CBO recommends that the Executive Oversight Committee, charged with prioritizing these resources, consider any unfunded portion of this project as a priority.
- *Body Worn Camera Funding.* In the FY 2015-16 Spring Budget Monitoring Process, the bureau carried over $834,619 for the implementation of body worn cameras. This funding was allocated several years ago and has been carried forward several times. To meet the City Council budget guidance requirement to provide 2% reduction options, Police put forward the elimination of most of the ongoing funding for this program (see PL_03). Should City Council choose not to move forward with the program, the one-time resources would become available. Alternately, should the program continue to develop, yet not need the full amount in the near term, the excess could be used to fund a portion of the MDC need. (Note that CBO has recommended using the unneeded FY 2017-18 amount for General Fund balancing and would therefore not be available if CBO's recommendation is approved.)
- *Materials and Services Base Budget*. The bureau maintains an external materials and services budget that allows for the periodic replacement of equipment that does not need to be replaced annually. A reduction of that budget has been put forward a cut of $796,259 as a reduction option. In the event that that reduction is not taken, the bureau could prioritize a portion of that replacement funding for the MDC gap.
- *Vacancy Savings.* As discussed above, the bureau is likely to have considerable vacancy savings in FY 2017-18. A portion of that savings could potentially be transferred to the materials and services budget to fund the MDC replacement.

CBO Recommendation: $0

First 1% Reduce Body Worn Camera Program, Dec Pkg #PL_03 ($1,276,781), (2.00) FTE

In FY 2016-17, PPB received $1.7 million in ongoing funding and 4.0 FTE to implement a body worn camera program throughout the bureau. This funding augmented a one-time amount of $834,619 that was added to the bureau's budget several years ago and has been carried forward for several years.

That program is still in the early stages of development. Since implementation has not begun and a therefore reduction to the program would not have a perceptible impact on bureau operations, the bureau offered a partial reduction of the program as an ongoing cut. Nonetheless, it is still the bureau's stated intention to proceed in developing a program; therefore, roughly $400,000 and 2.0 FTE (3.0 FTE including one funded in BTS through an interagency agreement) are preserved in the bureau's Requested Budget. These positions would continue to develop the program including procurement, policy development, and planning of operational issues including those around storage, retention, retrieval, and redaction of footage.

The ongoing costs of the program are estimated at a low level of confidence, with costs likely exceeding the initial estimates. The bureau expects that an additional amount in excess of the current budget would be necessary for a stabilized program based on experience and similar contracts for service at other law enforcement departments of similar size.

In light of the continued efforts at implementation and without any executive direction to change course, CBO does not recommend an ongoing cut to the program. Nonetheless, it is very unlikely that the bureau will require the full funding in FY 2017-18. Therefore, CBO recommends the bureau's cut package to be accepted on a one-time basis.

CBO Recommendation: ($1,276,781), (2.00) FTE

First 1% Combine Family Services & Youth Services, Dec Pkg #PL_06 ($182,772), (1.00) FTE

This reduction would eliminate a captain position, and as a result, the Family Services Division and the Youth Services Division would be under a single Police Captain. Each division currently maintains a Police Lieutenant and these would continue to serve the remaining captain, thus maintaining span of control.

The two units currently operate out of separate locations, so unifying the management would create challenges for the remaining Police Captain, requiring the position to split time between the locations. Additionally, the elimination of a position would reduce management's capacity to maintain contact and attend meetings with community partners.

In light of Citywide balancing needs and Police Bureau add requests, CBO recommends this reduction. However, based on recent conversations with bureau management, an alternate reduction may be put forward during the budget process, depending on further assessment of the management challenges associated with this package.

CBO Recommendation: ($182,772), (1.00) FTE

Second 1% Eliminate Mounted Patrol Unit, Dec Pkg #PL_07 ($1,039,469), (8.00) FTE

As part of the 2% reduction options, the bureau has put forward the elimination of the mounted patrol. This is the fourth time since 2009 that the bureau has proposed this reduction. CBO, in the past, has recommended either reductions or the elimination of MPU when offered for Council consideration. The FY 2013-14 Adopted Budget did eliminate funding for the MPU.

However, prior to implementation, at the direction of the Mayor's Office and with temporary support from the Friends of the Mounted Patrol, the unit was partially preserved through the elimination of positions in other divisions within the bureau.

As it is currently constituted, the unit consists of a Police Sergeant, four Police Officers, an Equestrian Trainer, a full-time Stable Attendant and two half-time Stable Attendants. Due to the staffing shortage, three of the officers have been reassigned, leaving just the sergeant and one officer to patrol on most days. Elimination would result in the reassignment of the sworn staff.

In addition to identified personnel savings, the package would reduce roughly $200,000 in materials and services which support training, veterinary services, housing, and care for the horses.

Over the years, the unit has been housed in a number of locations, most recently at the Lake Oswego Hunt Club. This location is temporary pending the identification of a new permanent location. While the current location serves the horses well for stabling, the office unit where the officers stage and write reports is in a trailer near the east landing of the Hawthorne bridge. Besides the operational challenge of not having office space co-located with the barn, this site and trailer are not City-owned and may not be available in the future.

Alternative location options include the Rivergate Impound Lot (identified as PPB's first choice), Alpenrose Dairy, and Centennial Mills, a property slated for redevelopment by the Portland Development Commission. At any location, significant upgrades would be necessary for the MPU to conduct operations and provide care for the horses. Estimates have ranged from $600,000 to build an arena and move existing stalls and other equipment to Rivergate to over $5.0 million to build a new complex at another property no longer under consideration. While these costs can be partially offset with $400,000 provided by the Friends of the Mounted Patrol as part of the agreement to preserve of the unit in FY 2013-14, there is a large unfunded relocation cost.

For the last several years, the unit has focused mainly on its mission of positive community engagement. When fully staffed, the unit reports approximately 15,000 contacts a year. The unit also attends events in both a community engagement and policing/crowd management capacity – roughly 25-30 events per year.

CBO recommends this reduction. While the unit is well-loved by Portlanders, it is consistently ranked as a lower-priority/less-core service by the Police Bureau. By eliminating the unit as part of this budget process, the City would avoid the costs associated with relocating the stable and would avoid any ongoing costs of increased rental agreements and maintenance for a new facility.

CBO notes, however, that unlike many reductions that can be restored with relative ease, elimination of this unit would likely be permanent given the costs and training associated with start-up.

CBO Recommendation: ($1,039,469), (8.00) FTE

Second 1% Reduce Equipment Replacement, Dec Pkg #PL_08 ($796,259)

This request would eliminate funding from the bureau's materials and services budget. The bureau has a number of expenses that are primarily fixed or vary little year-to-year. Typically, the bureau utilizes underspending to address recurring expenses that are not annual. These include equipment replacement, but can also include strategic planning expenses and other periodic services. The bureau is currently in the process of developing an analysis of these periodic expenses to determine an appropriate budget and replacement plan.

The Requested Budget, inclusive of this request, would reduce the bureau's entire external materials and services budget to $11.4 million. Year-end actuals have exceeded this amount in each of the last two years, with spending between $12.6 and $12.7 million in those years.

CBO does not recommend this reduction at this time since reducing this budget is likely to cause the bureau to delay equipment replacement and/or request one-time funding on an unplanned basis.

CBO Recommendation: $0

Fund SCT with Recreational Marijuana Tax Revenue, Dec Pkg #PL_01, Realignment

This package requests to realign $2,151,442 in General Fund resources with revenue from the recently established 3% tax on the sale of recreational marijuana. The General Fund resources currently support the Service Coordination Team (SCT) program in the Police Bureau's Behavioral Health Unit (BHU).

The Recreational Marijuana Tax was approved by voters in November 2016. The Revenue Division has projected annual revenue from the recreational marijuana tax to be approximately $3 million. Per resolution 37217 approved by Council in June 2016, the following are allowable uses for the proceeds of the tax:

1) Drug and alcohol education and treatment programs, including but not limited to services that increase access to these programs and programs that support rehabilitation and employment readiness.
2) Public safety investments to reduce impacts of drug and alcohol abuse such as police DUII training and enforcement, support for firefighter paramedics, street infrastructure projects that improve safety, other initiatives to reduce the impacts of drug and alcohol abuse;
3) Support for neighborhood small businesses, especially women-owned and minority-owned businesses, including but not limited to business incubator programs, management training, and job training opportunities; and providing economic opportunity and education to communities disproportionately-impacted by cannabis prohibition.

The Police Bureau has identified the work of the SCT to be closely aligned with the first allowable use: support of drug and alcohol treatment programs. The SCT is a program that offers treatment and housing to the City of Portland's most frequent drug and property crime offenders and puts offenders on a track to self-sufficiency. The goal of this program is to help offenders address underlying issues of addiction and concomitant issues of housing insecurity and unemployment. The SCT model is to first provide housing, and then supportive rehabilitation. This program has successfully graduated over 180 former drug offenders, and external analysis suggests that the recidivism rate among graduates is reduced by 91%. This program is well-regarded and the Police Bureau does not intend to reduce or eliminate this program if this realignment is not included in the FY 2017-18 budget.

CBO recommends this realignment. Generally speaking, the goals of the SCT program are well-aligned with the allowable uses adopted by Council for marijuana tax proceeds. Taking advantage of this realignment reduces the program's reliance on General Fund support, creating additional flexibility to prioritize General Fund dollars for other Council priorities. It should be noted that this is an ongoing request that effectively sequesters a large portion of estimated marijuana tax revenues. In future years, should Council decide to redirect marijuana tax proceeds away from the SCT program toward other allowable uses, the General Fund will need to backfill this program. General Fund resources may also be required to support this program if tax revenues do not meet revenue projections.

CBO Recommendation: $0

Marijuana Tax to Support Traffic Division, Dec Pkg #PL_02, Realignment

This package requests to realign $500,000 in General Fund resources with revenue from the recently established 3% tax on the sale of recreational marijuana. The General Fund resources currently support the DUII training and enforcement activity within Police Bureau's Traffic Division.

The Police Bureau has identified the DUII training and enforcement activities in the Traffic Division to be closely aligned with the second allowable use noted above, public safety investments to reduce the impact of drug and alcohol abuse. The $500,000 in current General Fund support includes officer time for 1,850 DUII investigations and arrests, testing, court time associated with DUII cases, officer training to recognize DUII violations, DUII processing, and major crash investigation procedures.

CBO recommends this realignment. Generally speaking, the goals of the DUII activities within the Traffic Division are well-aligned with the allowable uses adopted by Council for marijuana tax proceeds. Taking advantage of this realignment reduces the program's reliance on General Fund support, creating additional flexibility to prioritize General Fund dollars for other Council priorities. As with the SCT, this is an ongoing request that effectively sequesters a portion of estimated marijuana tax revenues, and the Traffic Division will need additional General Fund support if Council, in future years, decides to redirect marijuana tax proceeds away from DUII

training and enforcement activities. General Fund resources may also be required to support this program if tax revenues do not meet revenue projections.

CBO Recommendation: $0

Reduction of Strength Programs, Dec Pkg #PL_04, ($211,589)

This reduction package would eliminate three Crime Prevention Program Administrators (CPPA) positions in the Family Services Division. Two CPPA positions are permanent positions and one is a limited term position effective through August 2018. These CPPAs are responsible for administering the Police Bureau's Strength Programs: Women Strength, Girl Strength, and Boy Strength.

Women Strength: this program has been in existence since 1979 and offers self-defense courses and personal safety workshops to women. These courses are offered 2-3 times per month, with an estimated 1,000 participants per year. A significant portion of the participants have experienced domestic violence. The courses are taught by police officers and community members, who volunteer approximately 1800 hours per year to the program.

Girl Strength: this program offers workshops and camps for girls ages 10-14 years. The programs are designed to teach girls about healthy relationships, violence prevention, sexual assault, assertiveness, trafficking prevention, safety planning, and child abuse. Programs offered in schools and at community organizations such as Hacienda, Girl Scouts, NAYA, and IRCO. The program is taught by officers who volunteer over 2000 hours annually. The program serves between 800 – 1,000 girls each year, with approximately 43% identifying as non-white (based on a 5 year total).

Boy Strength: this program is relatively new, and is managed by the limited term CPPA position. The program offers camps and workshops to empower middle school aged boys to make healthy choices and to be allies in ending violence against women and girls. Since the program's inception in 2014, over 700 boys have participated. Over 17 volunteers participate in the program, donating over 1,000 volunteer hours annually.

The Police Bureau put forward this reduction after concluding that, of all Police Bureau activities, these programs are least closely aligned with the bureaus core functions. CBO concurs that these programs do not have demonstrable impacts on crime reduction, but does not recommend the reduction given the strong community engagement component of this work and the fact that this relatively low cost program successfully leverages thousands of volunteer hours. The Police Bureau has not yet established performance measures around community engagement, but intends to with the development of the Community Engagement and Outreach plan guided by the DOJ agreement. CBO does recommend, however, that the Police Bureau explore alternative funding models for these programs, including grant funding or transferring administration to closely aligned community partners.

CBO Recommendation: $0.0, 0.0 FTE

Reduction of GREAT Program, Dec Pkg #PL_05, ($164,587), (1.0 FTE)

This package would eliminate the police officer position assigned to support and coordinate the Gang Resistance Education and Training (GREAT) program. This position is located within the Youth Family Services Division, and provides coordination for all non-law enforcement engagement activities with schools.

The GREAT program is a program offered by police departments nationwide; until 2013 the Portland Police Bureau received a federal grant to administer this program. The curriculum focuses on teaching life skills that help students avoid youth violence, delinquency and gang involvement. The City of Portland GREAT program does not attempt to track its efficacy vis-à-vis gang activity reduction, but the national GREAT program cites external program evaluations that found a 39% reduction in the likelihood a graduate of the GREAT program will participate in gang activity within a year of graduation, relative to students that did not participate. Four years post-graduation, graduates are still 24% less likely to have joined a gang[4]. While it is unclear if the Portland Police Bureau's GREAT program achieves similar outcomes, it is clear that there is significant value in the community engagement aspect of this program. The program is not geared specifically toward high risk youth, but tends to be offered primarily in east and north Portland schools.

The GREAT program is taught by approximately 30 sworn officers, 10 of whom are School Resource Officers, in middle schools. In FY 2015-16, the program was offered in 51 locations and recognized 1,516 student graduates. The GREAT curriculum is also offered in elementary schools, summer programs, and has a family education subprogram. In FY 2015-16, 19 families participated in the GREAT Family Program, including Somali-American families in east Portland.

CBO does not recommend this police officer position be eliminated, given the program's strong focus on community engagement and positive youth engagement. The Police Bureau has not yet established performance measures around community engagement, but intends to with the development of the Community Engagement Plan guided by the DOJ agreement. However, CBO recommends the Police Bureau 1) explore options to fund this program via a shared local partnership model with local schools and community organizations and 2) explore whether this program can be successfully managed by a Crime Prevention Program Administrator to reduce costs and return an officer to patrol.

CBO Recommendation: $0.0, 0.0 FTE

Add Crime Analysts – Strategic Services Division, Dec Pkg #PL_09, $208,256, 2.0 FTE

This package requests 2.0 FTE crime analysts in the Strategic Services Division (SSD) to provide analytical support to Police Bureau precincts. This request is to convert to permanent 2.0 FTE civilian crime analysts approved in the FY 2016-17 Fall BMP and hired in February 2017. The

[4] Esbensen, F.-A., D. Peterson, T. J. Taylor, and D. W. Osgood. 2012. "Is G.R.E.A.T. Effective? Does the Program Prevent Gang Joining? Results from the National Evaluation of G.R.E.A.T.," St. Louis, MO: University of Missouri-St. Louis.

responsibilities of the limited term crime analysts had previously been performed by two police officers, but in October 2016 these officers were transferred back to patrol to address the patrol staffing shortage. The training period for a new civilian crime analyst is extensive; analysts are highly specialized with advanced degrees, but significant training is required to familiarize analysts with PPB's complex data systems and police procedures.

The evidence for incorporating data analytics in police decision-making is well documented; data analytics has been shown to have a force multiplier effect as well as reduce crime through more effective deployment of resources. PPB has stressed the importance of data analytics both in DOJ compliance, providing information to the public to build community trust, and transitioning to a data-driven (as opposed to complaint driven) policing model.

Currently, precinct command staff does not receive standardized reports or statistical information on crime activity in their precincts, nor do they receive analytical support for precinct operations. This is in part due to the changeover from the bureau's previous crime database to the current system NIBRS, but also due to the lack of experienced crime analysts available to provide this support. The permanent crime analysts will provide standard precinct reports to command staff going forward, as well as provide ad hoc analysis for patrol operations on request. The analysts will also improve SSD's capacity to respond to external information requests (e.g. Open Data Initiative requests, academic partners, Mayor and Council Offices, etc.).

The Police Bureau currently has 6.0 FTE crime analysts providing analytical support to tactical and operational activities; 3.0 FTE are located in SSD and the remainder provide unit-specific support to Drugs and Vice, Gang Enforcement, and Transit (paid for by Trimet). There are additional 7.0 FTE analysts focused on DOJ compliance, 6.0 of which are located in SSD and 1.0 in the Behavioral Health Unit. The three analysts in SSD who do not focus on DOJ requirements are assigned to tasks related to the Neighborhood Improvement Locations (NILOC) grant, GIS analysis, and bureau performance management tracking.

The Matrix staffing study recommended as "high" priority that "SSD develop a strategic plan that outlines the specific objectives and overall mission of the [organization] moving forward, identifying priorities within the various services provided by the unit." PPB is exploring models for structuring data analytics functions, particularly those in place in Denver and Seattle. CBO recommends that any future requests for crime analyst positions or analytical resources be accompanied by a comprehensive strategic plan for PPB's crime analytics function as well as trackable performance measures for this function.

CBO recommends ongoing General Fund support for these 2.0 FTE crime analyst positions. If ongoing funding is not included in the Adopted Budget, CBO recommends that two vacant officer positions be reclassified as crime analysts to ensure sufficient analytical support for Police Bureau activities.

CBO Recommendation: $208,356, 2.0 FTE

Add Sex Assault Victim Advocate and Crime Analyst, Dec Pkg #PL_10, $294,678, 3.0 FTE

The Sex Crimes Unit (SCU) is part of PPB's Detective Division and is dedicated to investigating felony sex crimes. The SCU has position authority for 12.0 detectives, 1.0 Detective Supervisor, 2.0 victim advocates, 1.0 program coordinator, and 0.5 Public Safety Aide. Of the 12 detective positions, 10 positions are filled. In addition to the 2.0 victim advocates, the SCU has 2.0 limited term grant-supported victim advocates. This package requests 2.0 FTE permanent victim advocates and 1.0 FTE crime analyst for the unit.

Several factors have contributed to a change in workload in the SCU in recent years:

- In 2007 and in 2014, the Auditor's Office conducted separate audits of the SCU, citing a failure to adhere to a victim-centered approach to sex crime investigation. The Auditor's Office recommended, and the SCU adopted, a policy requiring the SCU to contact 100% of victims within 48 hours of case assignment.
- This, coupled with a recent change in state law extending the statute of limitations for sex assault reporting from 6 years to 12 years, has dramatically increased the number of sex assault cases that are assigned a victim advocate. A total of 133 cases were assigned to victim advocates in 2008 compared to 674 cases assigned in 2015.
- Finally, the national movement to eliminate the backlog of untested (Sexual Assault Forensic Evidence (SAFE) kits and to test 100% of SAFE kits going forward has increased the workload in the SCU. The SCU began testing 100% of SAFE kits in 2014 and is working to eliminate a backlog of 1700 untested kits.

These policy changes have resulted in a significant workload increase in workload for SCU Victim Advocates, and the SCU-adopted victim-centered approach now provides a higher level of service to victims of sex crimes. Victim Advocates, per SCU staff, are critical to the investigation of sex assault cases. Every single victim is assigned an advocate, whose primary responsibility it is to provide support to the victim, collaborate with detectives on the investigation, and help the victim navigate their options. SCU staff notes that, given the primacy of victim's wishes and the policy goal of maintaining a compassionate approach, there is no definitive timeline for case closures or trials.

In 2016, 607 cases were assigned to advocates, 52 of which were assigned to a grant-funded advocate that is dedicated solely to the SAFE kit backlog per the terms of the grant. With three advocates available to take other cases, advocates are being assigned an average of 185 case per year. SCU indicated that a target workload for advocates is between 125-150 cases per year. CBO recommends the addition of 1.0 Victim Advocate to bring caseloads to a more manageable level and ensure continuity should grant-funded positions expire.

The SCU is also requesting 1.0 FTE Crime Analyst to support sex assault investigations. It is likely that this analyst would also provide analytical support to other units within the Detective Division, such as Homicide. There are currently no permanent crime analysts supporting the Detective Division, but a limited term crime analyst was approved in the FY 2016-17 Fall BMP.

According to SCU staff, approximately 50% of sex assault cases are considered complex enough to benefit from analytical support. This support would include statistical analysis, social media and cell phone data analysis, providing location data to map crimes in multi-victim cases, and provide tracking of sex crimes statistics and analysis of data input in the SCU's SAMS system.

CBO recommends the limited term crime analyst position be converted to permanent in light of the likely positive impact on solving sex crimes and the ability to successfully prosecute. CBO also recommends that any future requests for crime analyst positions or analytical resources be accompanied by a comprehensive strategic plan for PPB's crime analytics function as well as trackable performance measures for this function.

To the degree that ongoing General Fund support is not available to convert this position to permanent, CBO recommends that PPB reclassify an existing vacant position, either police officer or civilian support staff, to provide analytical support to the Detective Division.

CBO Recommendation: $200,685, 2.0 FTE

Program Manager for Learning Management System, Dec Pkg #PL 11, $103,488, 1.0 FTE

This request is to convert a limited term Program Manager in the Training Division that was created in fall 2016 and funded out of vacancy savings. This position had not yet been filled as of February 2017. This position will be tasked with preparing and reviewing training materials, monitoring training compliance, assisting in the production of e-learning programs, and providing training to end-users on the new Learning Management System.

The Training Division is responsible for training new officers and providing ongoing training to sworn officers, including Annual In-service Training. The DOJ settlement agreement includes several action items related to training, most specifically 81a and 81b. Among other training related requirements, the DOJ agreement specifies that:

- The bureau shall develop and implement a process that provides for the collection, analysis, and review of data regarding the effectiveness of training for the purpose of improving future instruction, course quality, and curriculum. These evaluations shall measure and document student satisfaction with the training received; student learning as a result of training; and the extent to which program graduates are applying the knowledge and skills acquired in training to their jobs.
- The bureau shall ensure that the Training Division is electronically tracking, maintaining, and reporting complete and accurate records of current curricula, lesson plans, training delivered, attendance records, and other training materials in a central, commonly-accessible, and organized file system. Each officer's immediate supervisor shall review the database for the officers under his/her command at least semi-annually.
- The Training Division shall report training delivered and received semi-annually to the Assistant Chief of Operations and, during the pendency of the Agreement, to DOJ.

The Training Division has 3.0 FTE dedicated to training. These FTE are responsible for performing training needs assessments, developing online learning, and developing lessons plans and presentations. The Learning Management System (LMS) program manager position will work in tandem with this team to structure the system and processes to meet the bureau's training needs and achieve compliance with DOJ requirements. The position will also be responsible for training end users on system use and overall monitoring of training compliance. Given the technical skill set required to set up the LMS and the temporary increase in workload, CBO recommends the position be funded on a two-year limited term basis to provide capacity to get the LMS to go-live and set up the policies and procedures to ensure its continued use.

The Training Division has indicated that the implementation of the LMS will likely reduce administrative workload in the Training Division. There are currently four PASS positions in the Training Division. To the degree that the Police Bureau determines this is an ongoing need, CBO recommends that one of these positions, or another vacant position in the bureau, be reclassified as a program manager in the future.

CBO Recommendation: $103,488, 1.0 Limited Term FTE

Increase IA with City Attorney for DOJ Support, Dec Pkg #PL_14, Realignment

This package requests to realign $165,250 in personal services underspending from vacancy savings to fund a Deputy City Attorney dedicated to DOJ policy directives. This position was approved in FY 2016-17 on a limited basis and was filled in fall 2016. CBO notes that this FY 2017-18 request was matched by the City Attorney's Office with an ongoing position; this has been changed to reflect the temporary nature of this funding source and workload.

The Police Bureau has over 200 directives that inform bureau operations and procedures. The DOJ agreement identifies 47 of these policies, largely those related to the pillars of the DOJ agreement (i.e. use of force, training, mental health services, crisis intervention, officer accountability, and community engagement), that require DOJ approval in order for the City to achieve substantial compliance with the agreement. Internal legal analysis is a critical component of the approval process.

The Strategic Services Division (SSD) realigned internal resources to create a DOJ Policy Team in SSD, comprised of a Police Lieutenant, a Sr. Management Analyst, and a Management analyst, upon realizing that additional focus and capacity was required to develop, vet, and implement new and/or revised bureau polices related to the DOJ agreement. There is currently a City Attorney working with this group to approve DOJ related PPB policies. This attorney will step back from the detailed policy work and focus on managing the bureau's overall compliance with the DOJ policy requirements, focus on serving as lead attorney in DOJ proceedings, and general coordination with DOJ representatives. The requested Attorney position is embedded with the PPB policy team to reduce inefficiencies in vetting and implementing policies. The bureau has noted a significant increase in the throughput of revised policies under this arrangement, and is eager to continue DOJ policy work under the current structure.

CBO recommends this attorney position be funded, via internal realignment, on a limited term basis to increase the rate of DOJ approval of Police Bureau policy changes that are required by the DOJ agreement. These policies will inform the officer protocols and training that are the cornerstone of DOJ compliance. This workload is temporary in nature and the need for it is highly dependent on ongoing negotiations with the DOJ. CBO recommends the need for this position be reassessed as part of the FY 2018-19 budget development process.

CBO Recommendation: $0

Realign Resources for MCDA Subpoena Services, Dec Pkg #PL 15, Realignment

This package requests to realign $368,640 in personal services budget to fund 3.0 FTE investigator positions in the Multnomah County District Attorney's Office (MCDA). Historically, the Police Bureau has provided the services of 3.0 FTE investigators to assist the MCDA with prosecutions. The officers conduct investigation of cases and grand jury matters, serve subpoenas, locate witnesses, prepare diagrams and court exhibit, take photographs of crime scenes, and perform various assignments from the Deputy District Attorneys. However, in response to the patrol staffing shortage, these officers were returned to patrol duty. This request would provide funding for the MCDA to hire 3.0 FTE investigators to replace the investigators that returned to patrol, maintaining continuity of investigative support of prosecutions.

Council has previously approved this action in ordinance 188087, authorizing the Chief of Police to execute an IGA with MCDA for PPB to fund the hiring of 3.0 investigators. However, CBO notes that there does not appear to be a particular rationale for this arrangement other than historical agreement; this arrangement was first put in place at least 15 years ago, according to PPB staff. It is unclear what responsibility PPB has to provide or finance investigative support for MCDA prosecutions. Clearly the direct provision or indirect funding of these services are important to successful prosecution, and generally have a positive impact on the effectiveness of the region's criminal justice system, but these services are not core bureau activities and do not directly inform any of the Police Bureau's key performance measures. Reexamining this arrangement will be particularly important as the PPB continues to hire new officers, thereby reducing the vacancy savings cushion, but faces an 18-month lag time before new officers are approved for independent patrol.

CBO recommends this realignment, given that it has already been approved by Council, but also recommends that the Police Bureau consider renegotiating the terms of this agreement, or include this agreement in its considerations of shared service delivery opportunities.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of the Police Bureau's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 3,196,694	$ 4,462,751	$ -	$ -	$ 4,462,751
Taxes	-	-	2,651,442	-	2,651,442
Licenses & Permits	1,481,000	1,381,000	-	-	1,381,000
Charges for Services	2,560,672	2,661,364	-	-	2,661,364
Intergovernmental Revenues	9,677,010	9,645,471	-	-	9,645,471
Interagency Revenue	5,804,870	7,238,080	-	-	7,238,080
Miscellaneous Sources	834,550	860,050	-	-	860,050
General Fund Discretionary	177,570,783	183,572,866	(3,368,511)	(1,269,424)	178,934,931
Total Resources	**$201,125,579**	**$209,821,582**	**($717,069)**	**$ (1,269,424)**	**$207,835,089**
Requirements					
Personnel Services	$ 146,522,277	$ 151,796,401	$ (1,195,860)	$ (60,858)	$ 150,539,683
External Materials and Services	20,180,915	21,875,024	(1,700,595)	793,934	20,968,363
Internal Materials and Services	34,053,387	35,938,157	2,179,386	(2,002,500)	36,115,043
Capital Outlay	362,000	212,000	-	-	212,000
Contingency	7,000	-	-	-	-
Total Requirements	**$201,125,579**	**$209,821,582**	**($717,069)**	**$ (1,269,424)**	**$207,835,089**

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

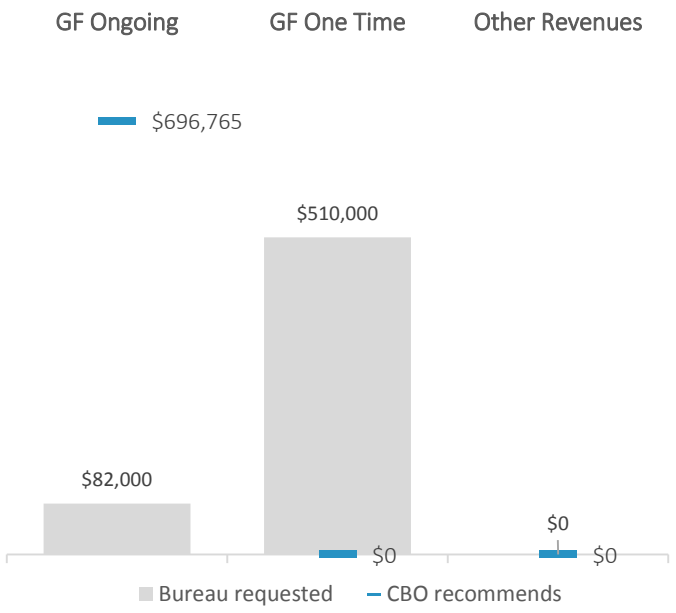
	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Police Bureau											
Adds											
PL_12 - Add three background investigators in Person	01	3.00	260,553	0	0	260,553	3.00	0	0	0	0
PL_09 - Add Crime Analysts - Strategic Services Divisi	02	2.00	208,356	0	0	208,356	2.00	208,356	0	0	208,356
PL_10 - Add Sex Assault Victim Advocates & Crime Ar	03	3.00	300,178	0	0	300,178	2.00	200,685	0	0	200,685
PL_11 - Program Manager for Learning Management S	04	1.00	103,488	0	0	103,488	1.00	0	103,488	0	103,488
PL_13 - Add Sr. PASS in Profesional Standards Divisic	05	1.00	81,813	0	0	81,813	0.00	0	0	0	0
PL_16 - Mobile Data Computer Replacement pre-fundi	06	0.00	0	2,000,000	0	2,000,000	0.00	0	0	0	0
Total Adds		*10.00*	*954,388*	*2,000,000*	*0*	*2,954,388*	*8.00*	*409,041*	*103,488*	*0*	*512,529*
Reductions											
PL_03 - First 1%- Reduce Body Worn Camera Prograr	01	(2.00)	(1,276,781)	0	0	(1,276,781)	(2.00)	0	(1,276,781)	0	(1,276,781)
PL_04 - First 1% Reduction of Strength Programs	02	(2.00)	(211,589)	0	0	(211,589)	0.00	0	0	0	0
PL_05 - First 1%- Reduction of the GREAT program	03	(1.00)	(164,587)	0	0	(164,587)	0.00	0	0	0	0
PL_06 - First 1% Combine Family Svs. & Youth Svs.	04	(1.00)	(182,772)	0	0	(182,772)	(1.00)	(182,772)	0	0	(182,772)
PL_07 - Second 1%- Eliminate Mounted Patrol Unit	05	(8.00)	(1,039,469)	0	0	(1,039,469)	(8.00)	(1,039,469)	0	0	(1,039,469)
PL_08 - Second 1%- Reduce equipment replacement f	06	0.00	(796,259)	0	0	(796,259)	0.00	0	0	0	0
Total Reductions		*(14.00)*	*(3,671,457)*	*0*	*0*	*(3,671,457)*	*(11.00)*	*(1,222,241)*	*(1,276,781)*	*0*	*(2,499,022)*
Realignments											
PL_01 - Fund SCT with recreational marijuana tax reve	01	0.00	(2,151,442)	0	2,151,442	0	0.00	(2,151,442)	0	2,151,442	0
PL_02 - Marijuana tax to support Traffic Division	02	0.00	(500,000)	0	500,000	0	0.00	(500,000)	0	500,000	0
PL_14 - Increase IA with City Attorney for DOJ support	03	0.00	0	0	0	0	0.00	0	0	0	0
PL_15 - Realign resources for MCDA subpoena servic	04	0.00	0	0	0	0	0.00	0	0	0	0
Total Realignments		*0.00*	*(2,651,442)*	*0*	*2,651,442*	*0*	*0.00*	*(2,651,442)*	*0*	*2,651,442*	*0*
Total Portland Police Bureau		**(4.00)**	**(5,368,511)**	**2,000,000**	**2,651,442**	**(717,069)**	**(3.00)**	**(3,464,642)**	**(1,173,293)**	**2,651,442**	**(1,986,493)**

Analysis by: Doug Le

Special Appropriations

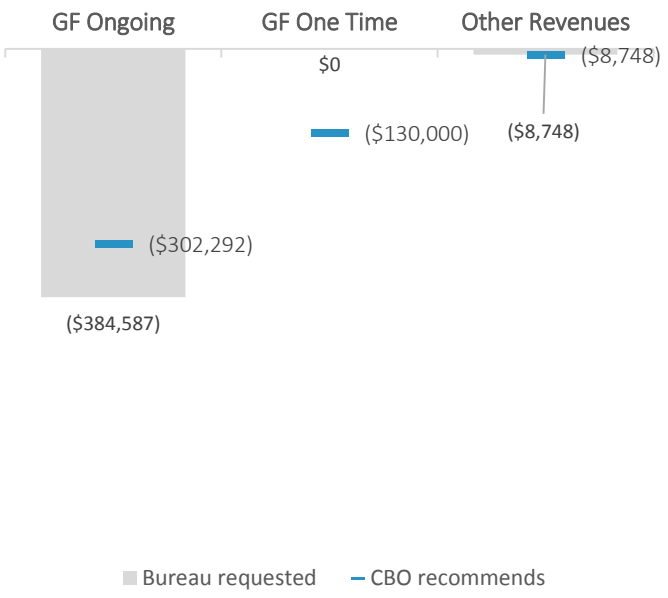
Special Appropriations are primarily used for General Fund expenditures which are not specific to a bureau and often provide Citywide benefits. In FY 2016-17, the administration of special appropriations was transferred to the Office of Management and Finance, Grants Division.

Adds

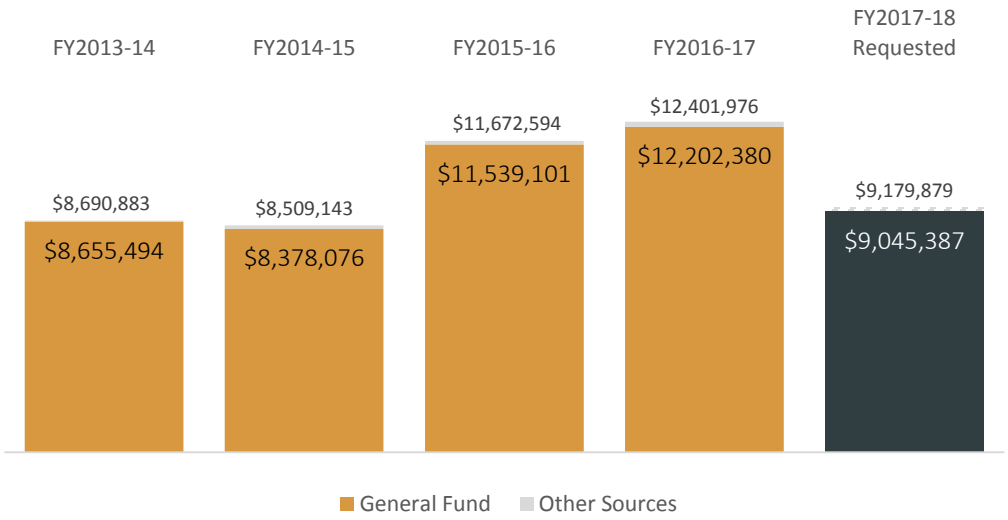


0.00 FTE Requested 0.00 FTE Recommended

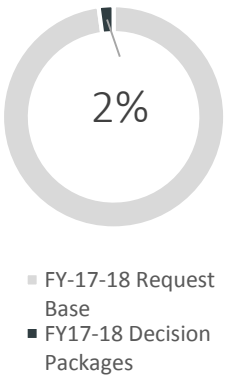
Reductions



(0.00) FTE Requested (0.00) FTE Recommended



Decision Packages & Requested Budget



Decision Package Analysis & Recommendations

Add Packages

Levee Ready, SA_01, $350,000

The levee system along the Columbia River extends from Sauvie Island to Troutdale. Currently this system is under the federal recertification process, which must occur this year otherwise owners (including the City) 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 identify any construction requirements required to re-certify to new FEMA standards. City Council entered into an Intergovernmental Agreement (IGA) with the jurisdictional partners in November 2015, outlining the terms of an Oregon Infrastructure Finance Authority loan (IFA) to cover and share project costs. The FY 2016-17 Adopted Budget included $1,688,435 to cover the entirety of the City's required contribution to loan repayment for engineering fees of the Levee Ready Project.

This package would provide $350,000 in additional funding for the City's share of the costs related to program support, analysis, and development of governance alternatives for long-term operations and management of the Levee Ready Project. CBO recommends this decision package, as it reflects the City's commitment to the regional partners regarding the City's share of the costs of the Levee Ready Columbia project.

CBO Recommendation: $350,000

Last Thursday, Gang Impacted Family Team Project, & RACC Special Appropriations Add; SA_03, SA_15, & SA_17; $242,000

Three separate organizations submitted requests for supplemental appropriations programmatic funding, as detailed below:

In the FY 2016-17 Adopted Budget, the Last Thursday event received $30,000 in ongoing General Fund resources. This package would add an additional $82,000 in ongoing General Fund resources to support operating expenses of the event.

In FY 2016-17, the Gang Impacted Family Team (GIFT) program was funded by Portland Police Bureau (PPB) salary savings when it was discovered that no Special Appropriation request had been made. This package would allow the City to continue the funding for the program through Special Appropriations.

This request provides additional funding to the Regional Arts and Culture Council to fund two new grants: Capacity Building Initiative for Culturally Specific Organizations and Equity Investments.

In the FY 2016-17 budget, the Grants division led a competitive grant-making process with $1 million in one-time general fund special appropriation resources to fairly and transparently allocate requests from community organizations for funding. Should Council wish to fund any of

these requests, CBO recommends that Council again set aside funding for competitive allocation. Due to limited available resources and due to support for the competitive grant-making process, CBO does not recommend any of these individual requests.

CBO Recommendation: $0

Portland United Against Hate Competitive Funding Pool, SA_21, $346,765

The Office of Neighborhood Involvement (ONI) requested $465,000 in one-time General Fund resources to enhance reporting of hate crimes, hate speech, and acts of intimidation; train and support targeted communities on their rights and how to respond; and collect, analyze and share data on incidence of acts of hate. $118,235 of the request would pay for a position and associated materials and services costs in ONI to collect data on hate acts, maintain a centralized reporting database, and coordinate with impacted communities. The remaining $346,765 was requested to be granted out by ONI to 8 community partners who would engage and support affected communities to enhance incidence reporting and individuals' sense of safety and empowerment.

Although ONI's proposal included a competitive grant process, the proposal was originally constructed with eight pre-identified community partners. In addition, the Auditor's November 2016 report specifically noted ONI's lack of accountability with regards to its grantees, including the lack of performance accountability. Having processed $1 million in competitive community grants in the current year, Special Appropriations is well positioned to run a similar process for these competitive grants, in collaboration with ONI and OEHR. CBO recommends that the position remain funded in ONI but the grant funding be placed in Special Appropriations for the competitive allocation process.

CBO Recommendation: $346,765

5% Reduction Packages

The following decision packages comply with the budget guidance of proposing 5% General Fund reduction for Council consideration. CBO recommends these reductions with two notable exceptions based on demonstrated program performance and/or stated City priorities.

Last Thursday 5% Cut, SA_02, ($1,539)

This special appropriation provides funding for the Last Thursday events during the months of June, July, and August in the Alberta community.

CBO Recommendation: ($1,539)

Future Connect 5% Cut, SA_04, ($27,992)

This special appropriation provides $545,662 to fund the Future Connect Scholarship. Through this program, the City supports 215 first generation college students with tuition assistance and

wrap-around services to help with attending and completing a college degree. As the reduction may notably impact the number of students served, CBO does not recommend this reduction.

CBO Recommendation: $0

City Membership and Dues 5% Cut, SA_05, ($16,122)

This special appropriation provides $314,273 to fund the costs related to the City memberships in various organizations to which the City subscribes as a municipality.

CBO Recommendation: ($16,122)

Mt Hood Cable 5% Cut, SA_06, ($14,791)

This program provides $288,330 to fund cable regulatory and consumer protection services countywide.

CBO Recommendation: ($14,791)

All Hands Raised 5% Cut, SA_07, ($9,747)

This special appropriation provides $200,000 to support improved efficiency, alignment, and ultimately outcomes among local students.

CBO Recommendation: ($9,747)

CASH Oregon 5% Cut, SA_08, ($3,939)

This program provides $76,789 to support free tax preparation services to low income and disadvantaged individuals in Portland and Multnomah County.

CBO Recommendation: ($3,939)

Village Market 5% Cut, SA_09, ($3,386)

This program provides $66,000 to support the Village Market for low-income residents in North Portland Neighborhoods.

CBO Recommendation: ($3,386)

Specified Animals 5% Cut, SA_10, ($3,095)

This program provides $60,339 to support specific animal control and nuisance complaints in the City through an IGA with Multnomah County.

CBO Recommendation: ($3,095)

VOZ 5% Cut, SA_11, ($1,576)

This special appropriation provides $31,520 to support the Portland Day Labor Hire Site.

CBO Recommendation: ($1,576)

Restorative Justice 5% Cut, SA_12, ($1,436)

This special appropriation provides $28,000 to support the Restorative Justice program for schools with disproportionate disciplinary issues.

CBO Recommendation: ($1,436)

Clean and Safe District 5% Cut, SA_13, ($1,1,96)

This program provides $23,314 to support the City's share of the downtown Business Improvement District.

CBO Recommendation: ($1,196)

Citizen Utility Board Bill Insert 5% Cut, SA_14, ($513)

This program provides $10,260 to fund the costs of bill inserting to all Water Bureau accounts describing the partnership between the City and Citizen Utility Board.

CBO Recommendation: ($513)

Office of Youth Violence Prevention 5% Cut, SA_16, ($54,303)

The Office of Youth Violence Prevention assists in building a more family friendly city and increases public safety through community problem solving efforts. The Office has a budget of $1,123,558 in FY 2016-17. This package would reduce funding to programs serving youth at risk and their families. As a prioritized public safety function, CBO does not recommend this reduction.

CBO Recommendation: $0

Regional Arts & Culture Council 5% Cut, SA_18, ($212,658)

This decision package would reduce the ongoing funding for the Regional Arts and Culture Council by $212,658. The agency receives General Fund of $4,097,276 in FY 2016-17.

CBO Recommendation: ($212,658)

COCL/COAB 5% Cut, SA_19, ($40,721)

This decision package would reduce the appropriation for the Compliance Officer/Community Liaison (COCL) and Community Oversight Advisory Board (COAB) by $40,721. The program has a budget of $793,772 in FY 2016-17. Currently, the COCL/COAB is being restructured and funding requirements are unknown.

CBO Recommendation: ($40,721)

Fund DOJ Position with COCL/COAB, SA_20, ($130,000)

The City Attorney requested funding for an ongoing Senior Policy Advisor (AT_06) that will work in the Mayor's Office and will interact with all elected officials to manage the DOJ settlement. This position will work closely with the Portland Police Bureau (PPB) and the City Attorney's Office to facilitate the timely and complete compliance with the DOJ agreement.

This position will facilitate the conclusion of the DOJ settlement in a timely manner. CBO recommends funding a limited term position for two years with the second year built into the CAL target. CBO recommends funding this position by reducing ongoing funding for the Compliance Officer Community Liaison and Community Oversight Advisory Board (COCL/COAB) by $130,000 (one time). Currently, the COCL/COAB is being restructured and funding requirements are unknown, but CBO believes that a $130,000 reduction in the $800,000 budget would leave ample funding for the COCL contract ($355,000) and other necessary costs. See MY_04 for additional information.

CBO Recommendation: ($130,000)

Bureau Budget Summary – Request and Recommendations

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Intergovernmental Revenues	$ 65,024				
Interagency Revenue	134,572	134,492			134,492
General Fund Discretionary	12,031,231	8,671,753	207,413	(375,235)	8,503,931
General Fund Overhead	171,149	174,969	(8,748)		166,221
Total Resources	**$12,401,976**	**$8,981,214**	**$198,665**	**($375,235)**	**$8,804,644**
Requirements					
Personnel Services	$ 464,349	$ 348,253			$ 348,253
External Materials and Services	11,770,822	8,552,451	198,665	(375,235)	8,375,881
Internal Materials and Services	166,805	80,510			80,510
Total Requirements	**$12,401,976**	**$8,981,214**	**$198,665**	**($375,235)**	**$8,804,644**

The FY 2017-18 Requested Budget for Special Appropriations includes a base budget of $8,981,214, five add packages totaling $592,000, and 15 cut packages totaling $393,335. CBO recommends funding for the Levee Ready Project and Portland United Against Hate Competitive Funding Pool; CBO does not recommend budget reductions for the Future Connect Scholarship and the Office of Youth Violence Prevention. Please see the section Decision Package Analysis & Recommendations above for discussion of these items.

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

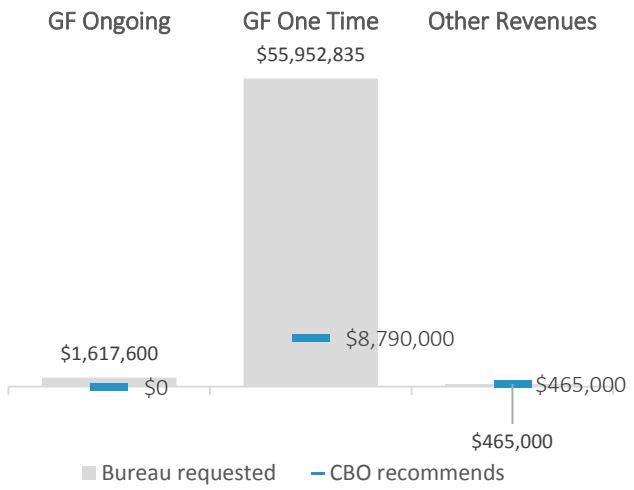
	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Special Appropriations											
Adds											
SA_01 - SA - Levee Ready	01	0.00	0	350,000	0	350,000	0.00	0	350,000	0	350,000
SA_03 - Last Thursday - Add $82K	02	0.00	82,000	0	0	82,000	0.00	0	0	0	0
SA_15 - Spec Apps Gang Impacted Family Team Prog	03	0.00	0	60,000	0	60,000	0.00	0	0	0	0
SA_17 - RACC Special Appropriations-Add	04	0.00	0	100,000	0	100,000	0.00	0	0	0	0
SA_21 - Special Approps Competitive Grants	NA	0.00	0	0	0	0	0.00	0	346,765	0	346,765
Total Adds		*0.00*	*82,000*	*510,000*	*0*	*592,000*	*0.00*	*0*	*696,765*	*0*	*696,765*
Reductions											
SA_02 - Last Thursday - 5% cut	01	0.00	(1,539)	0	0	(1,539)	0.00	(1,539)	0	0	(1,539)
SA_04 - Spec Apps Future Connect	02	0.00	(27,992)	0	0	(27,992)	0.00	0	0	0	0
SA_05 - Spec Apps City Membership & Dues	03	0.00	(7,374)	0	(8,748)	(16,122)	0.00	(7,374)	0	(8,748)	(16,122)
SA_06 - Spec Apps Mt Hood Cable Regulatory	04	0.00	(14,791)	0	0	(14,791)	0.00	(14,791)	0	0	(14,791)
SA_07 - Spec Apps All Hands Raised	05	0.00	(9,747)	0	0	(9,747)	0.00	(9,747)	0	0	(9,747)
SA_08 - Spec Apps CashOregon	06	0.00	(3,939)	0	0	(3,939)	0.00	(3,939)	0	0	(3,939)
SA_09 - Spec Apps Village Market	07	0.00	(3,386)	0	0	(3,386)	0.00	(3,386)	0	0	(3,386)
SA_10 - Spec Apps Specified Animals	08	0.00	(3,095)	0	0	(3,095)	0.00	(3,095)	0	0	(3,095)
SA_11 - Spec Apps VOZ	09	0.00	(1,576)	0	0	(1,576)	0.00	(1,576)	0	0	(1,576)
SA_12 - Spec Apps Restorative Justice	10	0.00	(1,436)	0	0	(1,436)	0.00	(1,436)	0	0	(1,436)
SA_13 - Spec Apps Clean & Safe District	11	0.00	(1,196)	0	0	(1,196)	0.00	(1,196)	0	0	(1,196)
SA_14 - Spec Apps Citizen Utility Board Bill Insert	12	0.00	(513)	0	0	(513)	0.00	(513)	0	0	(513)
SA_16 - Spec Apps Off of Youth Violence & Prev	13	0.00	(54,303)	0	0	(54,303)	0.00	0	0	0	0
SA_18 - RACC Special Appropriations	14	0.00	(212,658)	0	0	(212,658)	0.00	(212,658)	0	0	(212,658)
SA_19 - COCL/COAB Special Appropriations	15	0.00	(40,721)	0	0	(40,721)	0.00	(40,721)	0	0	(40,721)
SA_20 - Fund DOJ Position with COCL/COAB dollars	NA	0.00	0	0	0	0	0.00	0	(130,000)	0	(130,000)
Total Reductions		*0.00*	*(384,266)*	*0*	*(8,748)*	*(393,014)*	*0.00*	*(301,971)*	*(130,000)*	*(8,748)*	*(440,719)*
Total Special Appropriations		**0.00**	**(302,266)**	**510,000**	**(8,748)**	**198,986**	**0.00**	**(301,971)**	**566,765**	**(8,748)**	**256,046**

Analysis by: Yung Ouyang

Portland Bureau of Transportation

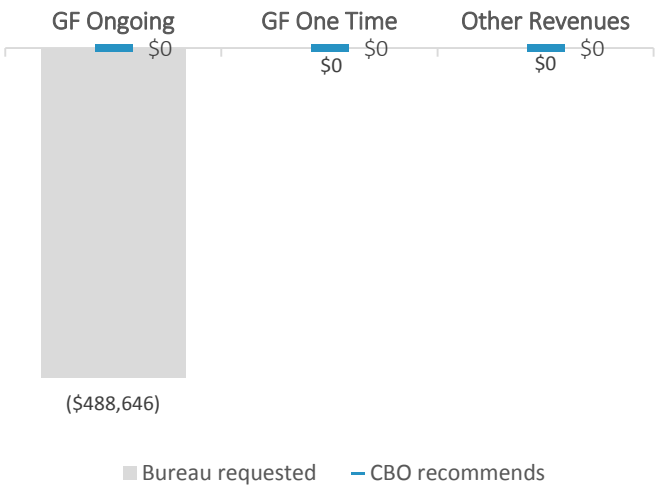
In January 2017, the Portland Bureau of Transportation (PBOT) began collecting revenues from the four-year gas tax approved by voters for both maintenance and safety purposes, estimated to yield $16 million/year in new revenue, while permit and parking revenues are projected to remain robust over PBOT's five-year forecast. The bureau continues to request significant funds ($51.6 million) from the General Fund Capital Set-Aside to address the bureau's major maintenance backlog needs, including a $5.0 million request to replace street corners with ADA-accessible curb ramps and avoid a potential lawsuit. PBOT is also requesting $2.2 million from the General Fund for seven Vision Zero projects and $2.8 million in General Fund dollars to support an expansion of response to future extreme winter events.

Adds

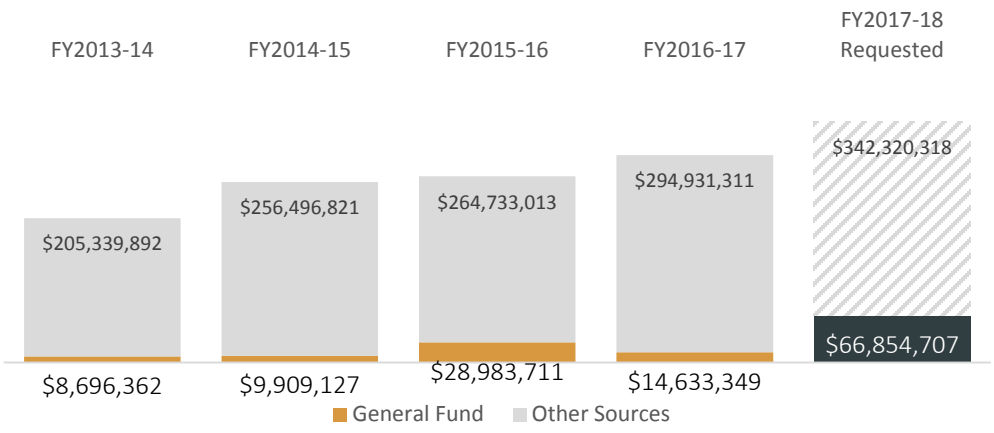


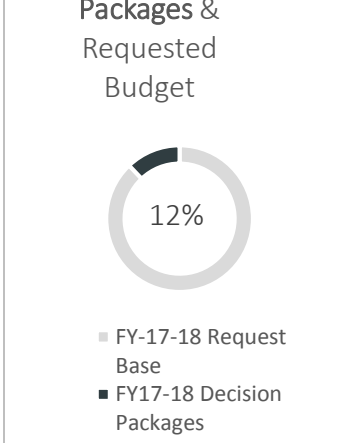
10.00 FTE Requested **5.00 FTE** Recommended

Reductions



(4.00) FTE Requested **(0.00) FTE** Recommended





Key Issues

PBOT's Five-Year Financial Forecast, Maintenance Requirements, & Debt Service

PBOT's primary source of discretionary operating revenue or General Transportation Revenue (GTR) is the State Highway Trust Fund ("gas tax"). Because the tax's components are not indexed to inflation, and with vehicles becoming more fuel efficient, PBOT projects discretionary revenues to grow slowly (at about 0.8%/year) in future years despite the recent economic recovery. This is consistent with the Oregon Department of Transportation's forecast of a flattening in State Highway Fund revenues over the long-term.

By managing bureau resources and increasing parking revenues to reflect recent growth, PBOT's FY 2017-22 financial forecast is balanced and does not require reductions from the current year level. Major changes to the prior five-year forecast include an $8.5 million increase due to additional parking permit revenues resulting from the addition of two permit zones and an expansion of five other ones. Moreover, parking revenues from FY 2015-16 ended that year higher than expected, and Multnomah County reimbursed PBOT for Sellwood Bridge services from the year before, providing the bureau with an additional $8.0 million in FY 2016-17. However, higher inflation factors increased costs by $3.0 million over the forecast.

Major Maintenance Backlog

Despite additional revenues from the new local gas and heavy vehicle taxes (see update below), existing resources are inadequate to maintain and operate the system, with maintenance backlogs growing annually under current funding levels. In its 2015 Citywide Assets Report, the bureau concluded that additional investments of $197-$213 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 $132 million per year for a 10-year period is needed, and $74 million are needed to maintain the current pavement conditions alone and prevent further deterioration of arterial and collector streets. The FY 2017-18 budget includes $12.8 million of GTR for street maintenance - less than 10% of the bureau's target investment and 17% of the minimum level needed to maintain current pavement conditions. The new gas tax is expected to generate roughly $16 million per year; however, 44% is planned to be spent on safety purposes, with 56% dedicated to street maintenance needs.

Bureau Debt Service

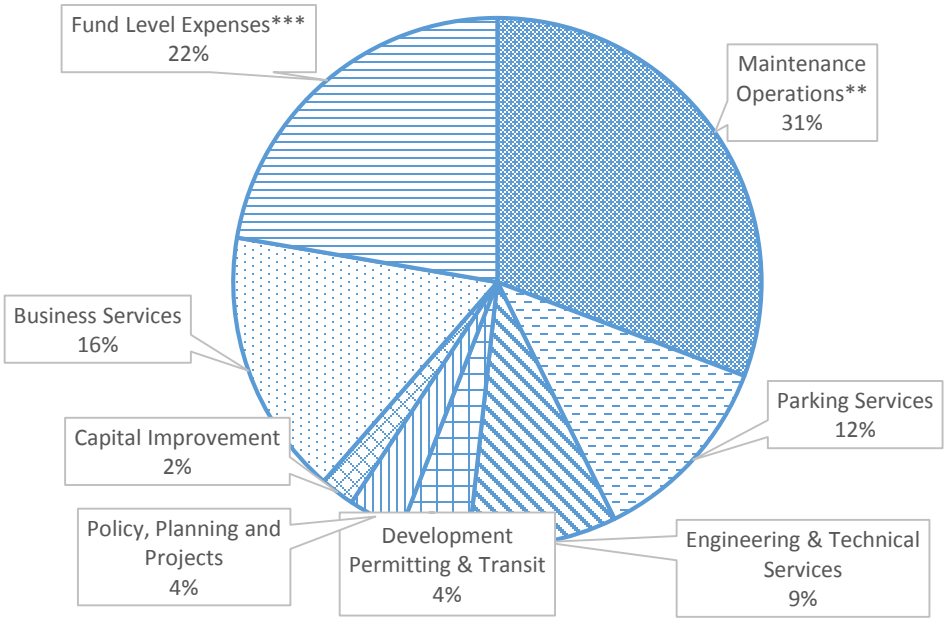
Another large bureau expenditure obligation is debt service: 13% of discretionary transportation revenue is dedicated to debt service on gas tax revenue bonds, limited tax revenue bonds, and a portion of the City's pension obligation bonds. Debt payments have increased as the bureau took on payments for bonds related to the Portland-Milwaukie Light Rail and the Sellwood Bridge Replacement projects; an estimated average of $9.0 million/year will be spent on debt service for these projects over the life of the debts. The amount of

ongoing GTR dedicated for debt totals $14.5 million in FY 2017-18, with the largest percentage (39%) allocated to the bureau's portion of the City's pension debt. 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 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 projects not core to the bureau's mission that would dedicate GTR to debt service payments for many years. While the FY 2017-18 Requested Budget does not include any General Fund requests for work on the Southwest Corridor High Capacity Transit Project, which was funded for three consecutive years, the construction of a light rail line is a distinct possibility. With the uncertainty of future federal funds for transportation infrastructure, local governments may have to self-fund in order to build the scoped project should the region decide to move forward with it.

The pie chart below illustrates how the bureau plans to spend ongoing GTR in FY 2017-18.

FY 2017-18 Expenses Backed by Ongoing General Transportation Revenues (GTR) Totaling $129.7 Million*



*The amount of ongoing GTR needed is actually $21.1 million lower (or about $108.6 million) due to overhead recovery

** Includes $12.8 million for street maintenance

***Includes the $14.5 million in debt service discussed above

Trade-Offs in Utilization of Discretionary Revenues to Match Grants versus Rehabilitating Streets

The City's financial policies prioritize the maintenance of existing assets over the construction of new infrastructure during times of limited resources. Nevertheless, PBOT has devoted a portion of its discretionary resources – GTR - to the matching of outside grants to fund projects in its Capital Improvement Plan (CIP), while completely eliminating funds for contract paving. Data from PBOT indicate that over the last five years, from FY 2011-12 to FY 2015-16, the bureau devoted an average of $1.85 million of GTR and about $0.44 million of System Development Charges (SDC) each year to match an average of about $4.4 million of grant funding annually. Thus, the amount of grant funding leveraged is about 240% of the GTR utilized.

Each year, as a part of the City's Capital Set-Aside process, PBOT submits some of its major paving projects to be considered for funding by General Fund one-time resources. These projects usually do not rank high in the Capital Set-Aside process that assesses the submitted projects by criteria heavily oriented towards the risks of failure, and the risks associated with the failure of pavement are relatively low compared to those associated with the failure of other City assets such as bridges and building roofs. During the FY 2016-17 budget development process, seven paving projects were ranked along with other City infrastructure maintenance projects, and the costs of these paving projects averaged $2.0 million, ranging from a low of $786,451 for surface treatment to a high of $3,280,000 for a complete rebuilt. Thus, even if PBOT does utilize its GTR to fund a paving project instead of using it to match additional resources from outside entities, it would still only be able to fund a very limited number of such projects each year while foregoing any additional resources from granting entities such as the federal government or the State of Oregon.

It can also be argued that the City should continue to build new infrastructure to accommodate its projected growth. The Comprehensive Plan update approved by City Council last year predicted that about 260,000 more people will be living in Portland by 2035. The increase translates to potentially half a million more daily solo trips, adding to congestion despite the high utilization of bicycles and public transit. Therefore, it may be necessary for the City to continue to invest in new infrastructure that accommodates not only additional motor vehicles but also bicycles, pedestrians, and mass transit.

Finally, PBOT has indicated that the maintenance of existing assets can be a significant element of projects in its CIP. An example of a recently completed project that used GTR to match grants and accomplished major reconstruction of paving is the Division Streetscape project which focused on SE Division between 12th Avenue and Cesar E. Chavez Blvd. The project's milling, paving, and striping costs made up approximately 17% of the overall contract. During FY 2013-14 and FY 2014-15, $1,011,347 of GTR was spent to match $2,214,041 of grant funding for the project, so the GTR leveraged more than twice its amount in grant funds. However, it is usually difficult to obtain grant funding for projects with major reconstruction as a component.

There is a good case to be made for the way PBOT has prioritized its limited discretionary resources to match grants while foregoing utilization of such funds to rehabilitate some of its most damaged pavement. There is an opportunity cost to this decision, however, and CBO recommends that Council continue to be mindful of the trade-offs in devoting the bureau's GTR to maintenance of existing infrastructure versus the construction of new assets.

Update on New Gas Tax and Heavy Vehicle Use Tax

Collection of the new, temporary, four-year gas tax passed by voters and the heavy vehicle use tax passed by City Council began on January 1st, 2017. Per City Code, the January payments and motor fuels tax reports from the businesses required to collect the taxes are not due to the Oregon Department of Transportation (ODOT) until February 25th, and ODOT will not report to or pay the City this January collection until mid-March. PBOT projected annual revenues to be $16 million for the gas tax and so is anticipating to end FY 2016-17 with $7-8 million, accounting for declines in sales caused by the recent snow storms and the shorter month of February. The heavy vehicle use tax is expected to bring in $2.5 million annually.

Although collection started in January, PBOT began work funded by the new revenues last year. Up to the end of January, the bureau has completed 23 base repair projects, which rebuild limited sections of pavement from the ground up to the surface pavement, and spent roughly $561,000 on the efforts. PBOT anticipates completing at least 12 more such projects by year-end, with total spending on base repairs projected to be $711,000 by the end of June.

Spending on capital projects (the Fixing Our Streets program or FOS) up to the end of January is $805,168, with work started on 16 projects, with the largest amount spent on the Foster Road: 82nd – 90th Ave. SE project ($445,872). Other FOS projects that the bureau has started work on include the Central City Multi-Modal Safety, Vermont: Oleson-Capitol SW, and the 50th:Division-Hawthorne SE projects. Bureau project work to date has predominantly consisted of public involvement, scoping, and design work. Some of the projects will be out for bid in the spring, with construction starting in the summer. No projects are anticipated to be finished by fiscal year end.

SoloPower Loan Guarantee

In 2011, the City dedicated $5 million of PBOT's parking meter revenue to guarantee half of a $10 million loan made by the Oregon Energy Department to SoloPower, a private start-up headquartered in California, in order to bring the company's manufacturing plant to Portland. The City has received a letter from the Attorney General on behalf of the Department of Energy calling on the guarantee by the City. Under the terms of the guarantee, PBOT will be required to pay monthly payments to the State. In a separate intergovernmental agreement with the Portland Development Commission (PDC), PDC has pledged urban renewal revenues to backstop the $5 million guarantee. If the loan guarantee is called, PDC would "reimburse" PBOT by funding a PBOT project with $5 million of tax increment financing. PDC has decided that it

would fund $5 million of the costs of renovating the 10th and Yamhill Garage, the total cost of which is $22.4 million, and PBOT would then not need to fund that portion with parking garage revenues. PDC is contributing to that project in order to meet its policy objectives, to meet project type and location eligibility requirements associated with its particular type of funding, as well as to meet its obligation to backfill the $5 million loan guarantee. PBOT has included this $5 million obligation its Five Year Forecast.

Bike Share Program Update

Portland's Bike Share Program (BikeTown) started operation in July 2016 with no financial dependence on PBOT's discretionary revenue source as one of its goals. With a FY 2016-17 budget of $3.2 million, the program is funded with $2.0 million from Nike and $1.2 million in fees and other sponsorship revenues. Plan options for using the system include paying for single rides, day passes, and annual memberships. The bureau plans to continue its partnership with the Community Cycling Center to provide discounted memberships and cash membership options to low-income residents. PBOT has budgeted $3.2 million to pay a private company, Motivate, to operate the program, and there is also a small amount of bankcard fees that the City has to pay. Up to the end of January 2017, the program has collected $593,889 in membership fees, $5,000 from Metro, as well as the $2.0 million donation from Nike. As of the end of December 2016, PBOT has paid about $1.2 million of its contract with Motivate and expects to pay up to $2.7 million to the company by year-end. The program's budget for FY 2017-18 is expected to remain at $3.2 million, with Nike once again contributing $2.0 million. In December 2016, the company signed a five-year agreement with the City for a total of $10.0 million. In mid-January, the bureau released a report on the accomplishments of the program as well as the results of a survey that the bureau says show that the program supported local businesses and tourism, as well as reduced car trips.

One unexpected problem has been the performance of the GPS on the bicycles which often does not reliably show the location of the bike, particularly when it is parked next to buildings. The program has partially mitigated the issue with design features, including the density and number of stations, a financial deterrent to park outside of a station, and a reward to users to bring the bike back to a station. Technological solutions are also being tried and evaluated. The bicycles' supplier has reported that 18% of trips ended outside one of the stations, but users rebalanced 55% of these bikes without the need for vehicle pickup, reducing the cost and carbon footprint of Motivate staff to rebalance the bikes with vans.

With regard to utilization rates, the bike share industry uses a metric that PBOT believes to be imperfect, that of trips per bike per day. For Portland's system, the calculation for the last six months of 2016 for this measure is 1 trip per bike per day, which is comparable to the first calendar year figures for cities of comparable land-use densities. However, PBOT believes that the figure for its system is under-reported versus those of comparable cities because of a shorter fair weather window and the fact that BikeTown's pricing plan does not artificially

create separate trips. The bureau expects usage of the program to grow in 2017 as it is still a relatively new service and more people are becoming familiar with this transportation option. PBOT staff plan to continue its review of ridership demographics, looking for opportunities to encourage more residents to use the system and bring it to new neighborhoods.

Decision Package Analysis & Recommendations

Major Maintenance and Asset Replacement, TR_01, $51,571,835

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 $51.6 million for 15 maintenance projects. Along with projects submitted by other bureaus, PBOT's projects were scored and ranked by the City's Capital Set-Aside validation committee based on several criteria, including the risk and consequence of failure. CBO recommends funding projects that received the highest scores, while also considering the limited amount of funds available during this budget development process. As a result of project scoring, CBO recommends $7.2 million in funding for the following five PBOT projects:

- The replacement of corners with ADA-accessible curb ramps totaling 1,000 ramps ($5.0 million). These ramps were not installed when the roads were improved between 2001 and 2014. Fixing the curb ramps will avoid a potentially expensive lawsuit;
- The repair and improvement of 26 Rectangular Rapid Flashing Beacons, mostly in outer East Portland ($100,000);
- The rebuilding or replacement of up to five traffic signals subject to failure ($950,000);
- The upgrade or replacement of the 20 most deficient guardrail sites in the city ($500,000); and
- The construction of a multi-use pathway on N. Greeley Avenue to enable safe usage by bicyclists and pedestrians ($650,000).

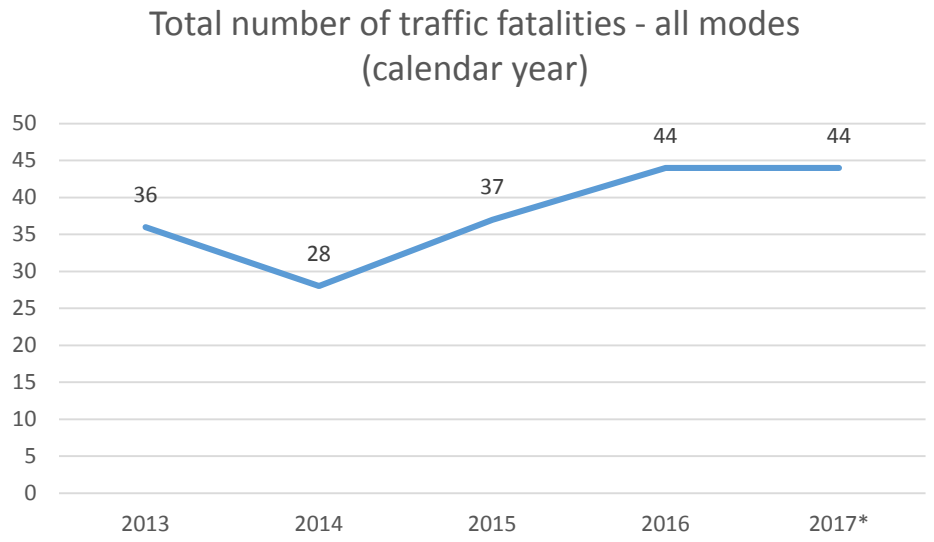
Funding for these projects comprise 73% of the total Citywide Capital Set-Aside allocation.

Although the funding of Capital-Set Aside requested projects may impact two of PBOT's Key Performance Measures (KPMs) in the medium- to long-term ('*percentage of PBOT-owned bridges in non-distressed condition'* and '*percentage of "busy" (collector/arterial) streets in fair or better condition'*), these measures would likely not be impacted by funding in FY 2017-18 as it typically takes multiple years for projects to be completed. CBO also notes that pavement projects tend not to score highly in the ranking process because of the relatively low risk associated with failure of the pavement.

CBO Recommendation: $7,200,000

Vision Zero, TR_02, $2.2 million

There are seven components to this request for one-time General Fund resources focused on improving transportation safety in the city, with three dedicated to capital improvements and changing street design, three on public engagement and education, and one on improving data analysis. The components focused on infrastructure improvements cost more to implement but are scalable. Although PBOT has not provided requested information on how each component of the request would improve the bureau's safety performance measures, the bureau has noted that changing street design is important in reducing crashes, and that street redesign is most effective when paired with other actions. PBOT's Requested Budget anticipates a decline of two traffic fatalities (from 44 to 42) in 2018, provided all $2.2 million in requested additional funding is granted. This reduced level would still be higher than in the three years before 2016 (see chart below).



*Projected

Component SD1: Intersection safety improvements at High Crash Corridors ($650,000)

This component has an estimated cost of $1 million ($350,000 from non-General Fund sources), and will improve safety at the top five most dangerous intersections in Portland and construct improvements on two corridors. PBOT has provided data from San Francisco's transportation authority which shows the percentage reduction in collisions resulting from the implementation of specific engineering solutions that the bureau wants to implement with this component. For example, HAWK beacons reduced collisions by 69%, while pedestrian refuge islands resulted in a 56% decrease in collisions. CBO recommends funding this component because capital safety improvements implementing street redesigns have been shown to improve safety, and the additional General Fund resources complement other funding that has already been identified, including $1.3 million of General Fund for safety improvements on Outer Halsey and Outer

Division, funds identified for Outer Glisan from the new gas/heavy vehicle taxes, a federal grant, and the bureau's own discretionary resources, as well as grant funding from Oregon's Highway Safety Implementation Program.

Component SD7: Improve access to transit stops along key bus routes ($320,000)

In addition to improving safety, the implementation of this component may improve PBOT's Key Performance Measure on the *percentage of trips made by people walking and bicycling, including to transit,* although the bureau has not indicated that there would be any perceptible improvement in that measure as a result of funding this package. The costs of this component can be broken down into: $20,000 to identify locations and design suggested improvements, $15,000 to manage and conduct outreach for each of three priority transit stops projects, and $85,000 to build safety enhancements at each of the three projects. To evaluate locations, PBOT would analyze crash data; on-boarding and off-boarding data; and lack of sidewalk, lighting, and other features at transit stops. CBO recommends funding this component as it may improve not only the bureau's performance of its safety metrics but also its active transportation measure.

Component S3: Change street design to support reductions in speed limits ($500,000)

PBOT intends to implement improvements on four to six streets at a cost of $500,000, or an average of $100,000 per street, which includes some staff time to manage the project. While the bureau has not detailed the estimated costs of the components of work on each street, it has provided CBO with a spreadsheet of construction cost estimates that lists the average cost of various safety improvements (e.g., a stop sign or a standard curb extension). Thus, it can be concluded that improvements on each street have different costs depending on differences in their current configurations and the specific improvements needed. PBOT has indicated that an evaluation of past road diet efforts has indicated that they have on average resulted in a 37% reduction in crashes, and lane reductions is one of the tools that this component may use to supplement reductions in speed. CBO recommends funding this component since street redesigns have proven to be an effective means to improve safety, working along with reductions in speed limits. However, CBO also recommends that Council consider the other impacts of road diet efforts, including the effects of increased congestion on businesses.

Component EA1: Education campaigns to build public awareness ($200,000)

CBO does not recommend funding this component because of the one-time nature of the public education effort. As noted in prior reviews of similar requests, CBO believes that one-time efforts will have limited impact as only a relatively small number of persons will be reached by the campaign, and for only a short amount of time. While PBOT has provided survey data from an evaluation of an advertising campaign conducted in San Francisco that shows that the ads had a positive effect on driving and other behaviors, CBO is concerned that any benefits from a one-time education campaign will be short-lived. If this is a priority intervention, CBO

recommends that the bureau secure ongoing funding for public education efforts to have a continuous impact.

Component EA3: Targeted efforts to engage middle and high school students ($200,000)

PBOT notes that its Safe Routes to School program reaches approximately 40,000 students every year and believes that the program has been effective in teaching children how to safely walk and bike to school, although the bureau has not provided data to support this. As with the recommendation for component EA1, CBO does not recommend a one-time expansion of the program as it will reach only a limited cohort of students. If the intervention is deemed effective, PBOT should attempt to secure ongoing funding that would reach many more future cohorts as well.

Component EA7: Community grant program to support a variety of safety-related efforts ($210,000)

Approximately $25,000 of the request would be used for personnel and materials to manage the program, with the rest dedicated to small grants that range from $10,000 to $30,000. PBOT has listed five criteria with which to evaluate the effectiveness of the granting program, including ability to reach Communities of Concern and estimated reduction in traffic fatalities and all crashes. Accountability efforts will include requiring the grantee to provide performance measures related to safety, clear objectives consistent with the Vision Zero Action Plan adopted by Council, and outreach to underserved communities in different languages. While CBO appreciates the bureau's effort to incorporate culturally-specific outreach, education, and design opportunities in its work to improve safety in Communities of Concern, funding is not recommended at this time due to the limited amount of one-time resources available. Available funds have been recommended for capital improvements that are proven to be effective in reducing fatalities and injuries.

Component EA5: Eliminate deficiencies in PBOT's understanding of street safety through improved data collection and analysis ($120,000)

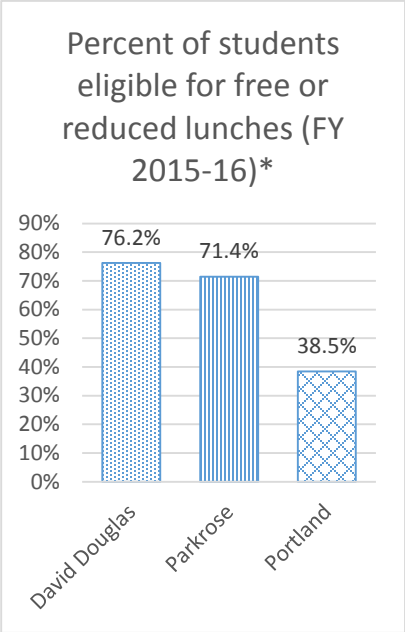
PBOT claims that it lacks the necessary staff to perform analyses on crash data, with only a single Senior Traffic Engineer currently devoted to the effort. The position is in high-demand and is also assigned to many Fixing Our Streets projects. Thus, the bureau is requesting funding to contract out analysis work and/or hire a limited term position to complete its studies. The funding would provide additional analyses on the application of countermeasures including road diets, medians/crossing islands, and roundabouts, by following Best Engineering Practices. The bureau's goal is to perform a detailed analysis of each of the High Crash Corridors and estimate the costs and benefits of various interventions. As CBO advocates the use of data and metrics in decision-making processes and PBOT would otherwise have to reduce services elsewhere to fund the effort itself, it is recommending funding for this component.

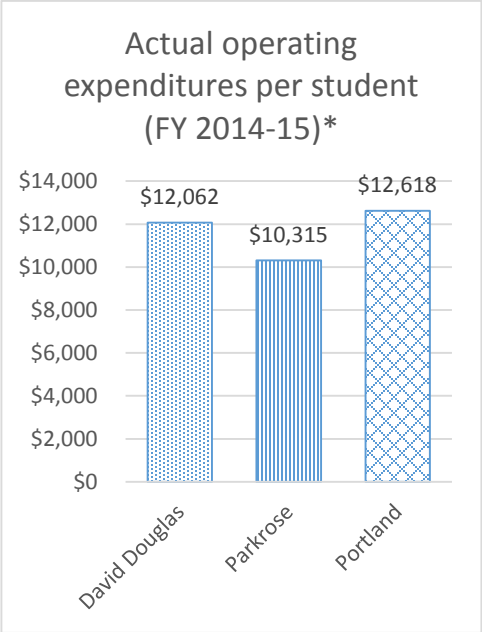
CBO Recommendation: $1,590,000

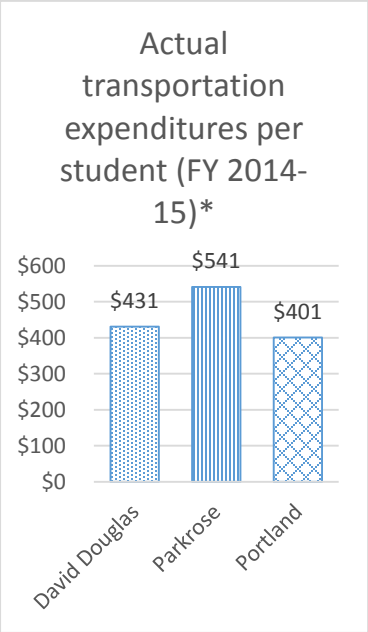
Youth Bus Pass, TR_03, $967,000

The City has funded 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. As with last year, PBOT is requesting that the FY 2017-18 contribution of $967,000 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 $967,000 contribution is one-third of the costs of the entire program as designated by TriMet, with the school district and TriMet each also paying a third of the costs. TriMet has, in the past, not provided an explanation of how it calculated the $3.0 million figure for the total cost of the program.

CBO does not recommend committing any City funds, either from the General Fund or General Transportation Revenue, to the Youth Bus Pass, as funding student transportation is not a core service of the City. In addition, by funding this proposal, the City may be perpetuating an inequity since David Douglas and Parkrose School District students generally experience a higher level of poverty than PPS students and do not qualify for the passes. In contrast, PPS is able to spend more on its students while less of that spending is for transportation purposes than the other two districts (see charts below). CBO also discourages the use of "serial one-time" allocations for services that are known to be ongoing.







Source: Oregon Department of Education

CBO Recommendation: $0

Snow and Ice Weather Response, TR_04, $2,831,600, 5.00 FTE

PBOT requests $1,617,600 of ongoing General Fund and $1,214,000 of one-time General Fund resources to add five new positions and purchase equipment and contract services to significantly expand its ability to respond to snow and ice events. Of the ongoing funds, $300,000 would be placed in contingency to be used to pay private companies for snow removal if their services are needed. Of the $1.2 million devoted to equipment purchases, the components of the largest dollar amounts are: $342,000 for a grader, $200,000 for eight sanders/salters, $150,000 for two storage tanks, $150,000 for six new plow blades, $120,000 for eight portable electronic message signs, and $100,000 for four fixed electronic message signs. The bureau states that throughout the year when there are no such snow or ice events, the new positions would "create the nucleus of a shoulder maintenance program" that would result in streets being less susceptible to undermining from debris accumulation and water runoff, and hence reduce maintenance costs. Furthermore, the bureau has year-round plans for some of the equipment, for example, the grader can be used for pavement base repair.

PBOT estimates that it has spent at least $4.0 million responding to the extreme snow and ice events this winter, including $2.2 million on labor, $1.6 million on materials, equipment, and repairs, as well as over $100,000 for Seattle's help in snow removal. This is a preliminary estimate as the bureau continues to perform recovery work, including fixing potholes, sweeping sand, and replacing pavement markings. PBOT also notes that much of the regular work that it had previously scheduled was disrupted due to having to respond to the events, including paving work. Furthermore, the bureau estimates that it has lost about $770,000 of parking meter revenue and $290,000 of citation revenue. The bureau states that some of the costs and lost revenue were assumed in its budget, but the events of this winter may also impact the funding of future Vision Zero CIP projects in its Five Year Forecast. With regard to possible reimbursements from FEMA, the bureau reported $2.2 million as its estimated costs, but it is still too early to know whether FEMA will reimburse any of the expenses.

CBO does not recommend funding this request. On average, the city experiences one major storm per winter, and there is insufficient data to determine how often the extreme weather experienced this winter will be repeated in the future. Furthermore, PBOT has recently announced an expansion of its snow and ice response plan, with the bureau expecting to pre-treat and/or plow 1,100 to 1,600 lane miles of streets, including an additional 340 lane miles on the routes allowing children to get to school. PBOT notes that depending on the intensity, duration, and the type of precipitation, plows can traverse their assigned routes two to three times in 12 hours. The bureau typically budgets $750,000 each year for such emergencies and assumes these funds would be used, but it also has $2.5 million in operating contingency for cost-of-living-adjustments and other purposes that are often not utilized but would need to be replenished if spent; these resources should be sufficient to address most winter needs.

CBO Recommendation: $0, 0.00 FTE

General Fund Cut – Residential Street Cleaning 1 & 2, TR_05 & TR_06, ($488,646), (4.00) FTE

TR_05 and TR_06 propose to reduce the PBOT's ongoing General Fund allocation by 1% and 4%, respectively, and both involve cutting the program to clean residential streets. A 1% reduction in the bureau's General Fund allocation translates to a 10% overall reduction in service and the elimination of a sweeper position. The bureau states that this scenario would result in at least a 10% reduction in the amount of debris removed, and it would take the remaining two sweepers longer to clean the streets and a more than 10% decrease in total curb miles cleaned.

If both reductions are implemented, resulting in the elimination of three more positions, the bureau states that the reduction of sweeping to only once a year is ineffective and would then recommend that all residential street cleaning be eliminated. PBOT would then assign the remaining sweeper to street preservation, as such work depends on debris removal to ensure the longevity of the preservation. Staff reductions, though, would only be accomplished through attrition, with no layoffs, and existing staff would be transferred to positions that are vacant.

Prior to the bureau's recent commitment to expand snow and ice storm response, the elimination of these positions would have had a minimal impact on such functions. With the expansion, however, PBOT states that the 1% reduction would result in the loss of an operator with anti-icing/de-icing responsibilities and that one de-icer can pretreat 70 to 80 lane miles in eight hours. A 5% reduction in the bureau's General Fund allocation would eliminate three operators with ice-related responsibilities. The likelihood that some areas would not be treated prior to a storm increases as more positions are eliminated, and pre-treatment of pavement prior to an event is considered a best practice, according to the bureau. Nevertheless, CBO notes that the skills needed to perform the anti-icing/de-icing functions would still be retained within the bureau as it has committed to no layoffs, with transfers of staff to other positions if the reductions in PBOT's General Fund allocation are realized.

CBO does not recommend any reductions in street cleaning for the following reasons: 1) with the expansion in the bureau's response to snow and ice events, eliminating the street cleaning positions that also perform anti-icing or de-icing functions may result in some areas of the city not being treated prior to a storm; and 2) the loss of street cleaning may create unsafe conditions for drivers and bicyclists in the form of large pools of water and piles of debris; and 3) with the passage of the new gas tax by voters that the City has only begun collecting, reducing any services provided by PBOT would send the wrong message regarding the City's commitment to working with its residents and voters to provide for the city's transportation needs.

CBO Recommendation: $0, 0.00 FTE

PW Permitting, TR_07, $200,000, 2.00 FTE

CBO recommends this request to add two positions funded by permit fees to review and inspect construction work due to increased development permitting activities. PBOT has a counter-cyclical reserve for its permitting program. Funded at $4.0 million, the reserve would help the bureau sustain the program and avoid layoffs through a short-term economic downturn.

CBO Recommendation: $200,000, 2.00 FTE

Streetcar – Add Positions, TR_08, $183,000, 2.00 FTE

This request to add two Streetcar positions - one to address training and documentation of preventive maintenance processes and the other for field support - is funded by additional fare revenues and funds from TriMet. PBOT expects total streetcar ridership to end FY 2016-17 at 5.0 million, a 16% increase over the prior year. The large increase is due to completion of maintenance work on the Broadway Bridge during FY 2015-16. CBO recommends this request.

CBO Recommendation: $183,000, 2.00 FTE

Regulatory Operations – Add Position, TR_09, $82,000, 1.00 FTE

CBO recommends this proposal to add a Regulatory Program Specialist funded by $82,000 in penalty fees as requested. In response to an increase in workload, the position would review applications and provide investigations and audits of towing contractors. The number of tows increased from 24,698 in 2015 to 27,251 in 2016, while revenues increased from $235,912 in FY 2014-15 to $253,300 in FY 2015-16. PBOT is considering a fee increase, which would be brought forward to Council in May this year for implementation in FY 2017-18.

CBO Recommendation: $82,000, 1.00 FTE

Realignment Packages Converting Positions to Permanent, TR_10-13, $0

CBO recommends PBOT's four realignment packages to convert 17.8 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. Five positions (4.80 FTEs) funded by Private-for-Hire fees in the Private-for-Hire Towing program to provide regulatory services due to dramatic growth in the Transportation Networking Companies industry ($227,976);
2. Nine positions created to address increases in permitting activities due to the continuing uptrend in workload related to permit applications and inspections ($535,708);
3. One position to provide parking management services and customer support for on-street parking ($73,932); and

4. Three positions funded by traffic fine revenues and GTR that provide transportation demand services ($257,976).

CBO Recommendation: $0

Other Realignment Packages, TR 14-17, $0, 2.50 FTE

CBO recommends PBOT's four realignment packages affecting various positions:

1. Adding a Management Analyst position authorized during the FY 2016-17 Fall Supplemental Budget but inadvertently left out of the City's budget system ($95,334);
2. Adding a Public Works Supervisor to manage swing shift staff ($95,334);
3. Add two positions in the Traffic Investigation program to respond to inquiries about safety concerns and work on visibility complaints ($163,700);
4. Eliminate 1.50 FTE in the Parking Operations program and move the funding to materials and services to support meter operations ($114,100).

CBO Recommendation: $0, 2.50 FTE

Bureau Budget Summary – Request and Recommendations

Below is a summary of PBOT's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$ 81,109,640	$133,550,379	$ -	$ -	$133,550,379
Taxes		18,500,000	-	-	18,500,000
Licenses & Permits	7,831,200	9,681,300	82,000	-	9,763,300
Charges for Services	80,596,478	84,932,519	200,000	-	85,132,519
Intergovernmental Revenues	116,793,756	110,823,712	183,000	-	111,006,712
Interagency Revenue	31,933,016	31,916,212	-	-	31,916,212
Fund Transfers - Revenue	22,603,431	19,590,833	57,081,789	(48,291,789)	28,980,833
Bond and Note	31,000,000	7,124,506	-	-	7,124,506
Miscellaneous	4,173,430	2,204,447	-	-	2,204,447
Total Resources	**$376,040,951**	**$418,323,908**	**$57,546,789**	**($48,291,789)**	**$428,178,908**
Requirements					
Personnel Services	$ 92,411,566	$ 98,863,882	$ 6,631,670	$ (4,971,770)	$100,623,782
External Materials and Services	72,100,078	63,458,637	8,753,284	(7,208,184)	65,003,737
Internal Materials and Services	34,110,533	32,646,322	-	-	32,646,322
Capital Outlay	49,900,829	74,721,760	42,161,835	(36,111,835)	81,271,760
Bond Expenses	14,873,775	15,980,592	-	-	15,980,592
Fund Transfers - Expense	12,828,819	10,180,939	-	-	10,180,939
Contingency	98,142,304	120,798,729	-	-	120,798,729
Unappropriated Fund Balance	1,673,047	1,673,047	-	-	1,673,047
Total Requirements	**$376,040,951**	**$418,323,908**	**$57,546,789**	**($48,291,789)**	**$428,178,908**

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											
Adds											
TR_02 - Vision Zero	01	0.00	0	2,200,000	0	2,200,000	0.00	0	1,590,000	0	1,590,000
TR_04 - Snow and Ice Weather Response	02	5.00	1,617,600	1,214,000	0	2,831,600	0.00	0	0	0	0
TR_01 - Major Maintenance and Asset Replacement	03	0.00	0	51,571,835	0	51,571,835	0.00	0	7,200,000	0	7,200,000
TR_03 - Youth Bus Pass	04	0.00	0	967,000	0	967,000	0.00	0	0	0	0
TR_07 - PW Permitting - Add Positions	05	2.00	0	0	200,000	200,000	2.00	0	0	200,000	200,000
TR_08 - Streetcar - Add Positions	06	2.00	0	0	183,000	183,000	2.00	0	0	183,000	183,000
TR_09 - Regulatory Operations - Add Position	07	1.00	0	0	82,000	82,000	1.00	0	0	82,000	82,000
Total Adds		*10.00*	*1,617,600*	*55,952,835*	*465,000*	*58,035,435*	*5.00*	*0*	*8,790,000*	*465,000*	*9,255,000*
Reductions											
TR_05 - General Fund Cut - Residential Street Cleanir	01	(1.00)	(97,729)	0	0	(97,729)	0.00	0	0	0	0
TR_06 - General Fund Cut - Residential Street Cleanir	02	(3.00)	(390,917)	0	0	(390,917)	0.00	0	0	0	0
Total Reductions		*(4.00)*	*(488,646)*	*0*	*0*	*(488,646)*	*0.00*	*0*	*0*	*0*	*0*
Realignments											
TR_16 - Traffic Investigations - Add Positions	01	2.00	0	0	0	0	2.00	0	0	0	0
TR_15 - Environmental Services - Add Position	02	1.00	0	0	0	0	1.00	0	0	0	0
TR_10 - Regulatory Operations - Convert LT to Perma	03	0.00	0	0	0	0	0.00	0	0	0	0
TR_11 - Development Services - Convert LT to Permai	04	0.00	0	0	0	0	0.00	0	0	0	0
TR_12 - Parking Operations - Convert LT to Permaner	05	0.00	0	0	0	0	0.00	0	0	0	0
TR_13 - Active Transportation - Convert LT to Permane	06	0.00	0	0	0	0	0.00	0	0	0	0
TR_14 - Parking Operations - Position from Fall 2016 I	07	1.00	0	0	0	0	1.00	0	0	0	0
TR_17 - Parking Operations - Cut Vacant Positions	08	(1.50)	0	0	0	0	(1.50)	0	0	0	0
Total Realignments		*2.50*	*0*	*0*	*0*	*0*	*2.50*	*0*	*0*	*0*	*0*
Total Portland Bureau of Transportation		**8.50**	**1,128,954**	**55,952,835**	**465,000**	**57,546,789**	**7.50**	**0**	**8,790,000**	**465,000**	**9,255,000**

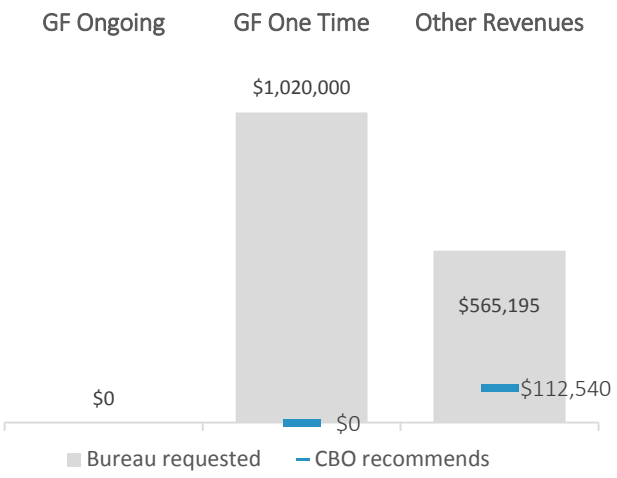
Analysis by: Shannon Fairchild

Portland Water Bureau

The Water Bureau requested FY 2017-18 budget includes $95.6 million in operating expenses and $109 million for capital expenses. There are 5 decision packages that include requests for additional FTEs. If all five positions are approved, there will be 586.35 FTE authorized for FY 2017-18. CBO recommends one position.

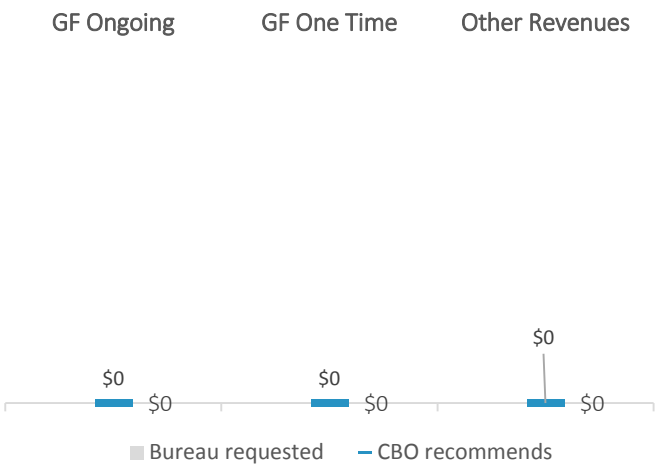
There is one decision package that requests $1.02 million from the General Fund for preservation work at Mt. Tabor. City Council approved a resolution in 2015 to spend at least $4 million over four years for the project. However, given other City priorities and underspending on the project in the current year's General Fund appropriation, CBO does not recommend the request at this time.

Adds

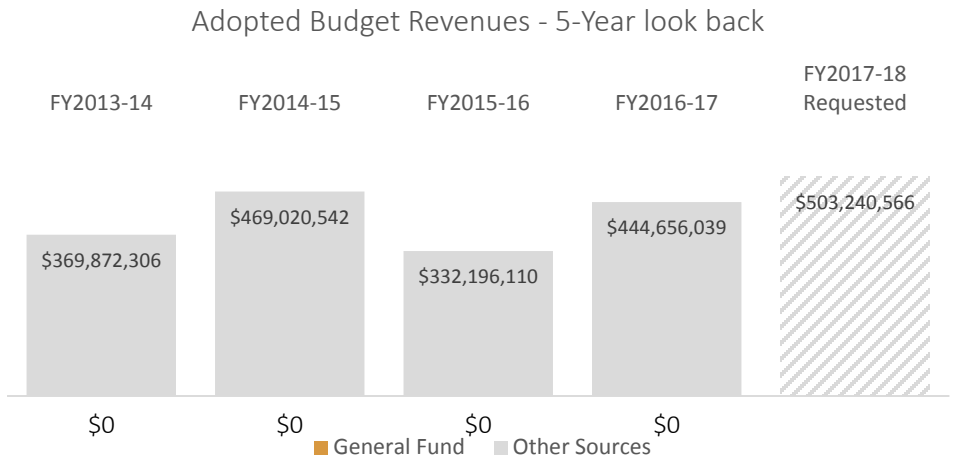


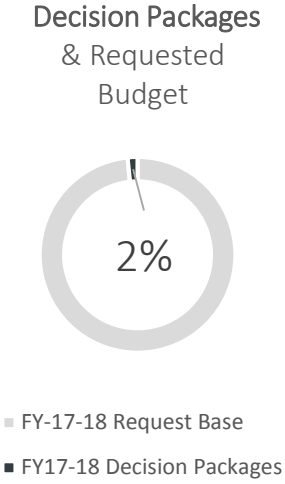
5.00 FTE Requested 1.00 FTE Recommended

Reductions



(0) FTE Requested (0) FTE Recommended





Key Issues

FY 2017-18 Budget and Rates

The Portland Water Bureau, as part of its FY 2017-18 budget, has requested a 6.7% rate increase. This amounts to an increase of roughly $2.28 on the monthly bill for the typical family household, totaling $36.11 for water. Combined with the Bureau of Environmental Services requested rate increase of 2.85%, the rate increase for the typical family household will be 4.11% for water, wastewater, and stormwater services. Assuming approval of all budget requests for both bureaus and absent any other changes, the average monthly bill for a typical household would be $107.89.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Maintain current service level	3.30%	3.00%	3.70%	2.90%	3.40%
Operating Fund Surplus	-1.00%				
Wholesale & Other Revenues Updates	-0.30%	-0.10%			
Operating Budget Additions	0.40%				
Portland Building Renovation				3.00%	
Capital Program	4.30%	8.20%	9.80%	9.90%	5.70%
Rate Stabilization Account		-4.40%	-6.80%	-9.10%	-2.40%
FY 2017-18 Forecasted Rates	**6.70%**	**6.70%**	**6.70%**	**6.70%**	**6.70%**
Forecasted Typical Retail Water Bill (per month; 5 ccf/month)					

As the table indicates, the bureau forecasts rate increases over the next five years. At the forecasted rates, the typical retail customer will pay $46.80 a month for water in FY 2021-22 or a compounded increase of 29.6%.

Rate increases are driven by a number of factors. For example, the capital program is a major driver of rate increases through the forecast period. The bureau is planning a bond issue in the spring of 2018 for $99 million with annual bond issuances planned through FY 2021-22; the debt service for the bonds are financed through rate increases. Further, escalation factors like personnel costs and material and utility costs will increase rates 3.30% in FY 2017-18 in addition to other factors like the Portland Building Renovation which are forecasted to increase rates 3.0% in FY 2020-21.

The bureau will draw on the Rate Stabilization Account to smooth rate increases in FY 2018-19 through FY 2021-22. The current balance of the Rate Stabilization Account is $37.7 million. The bureau plans to draw the account down to $9.9 million by the end of the forecasted period.

Changes to the Operating Budget

The bureau's requested operating budget is estimated to increase by 6.0% in FY 2017-18 to $95.6 million from the FY 2016-17 adopted budget. The requested budget includes six decision packages, totaling $1.6 million. Of this, $0.6 million (5.0 FTE) would be funded by water sales revenue which would have an ongoing impact on the operating budget. The remaining $1

million in funds are requested from General Fund resources. The remaining increase is due to a projected $500,000 cost increase in bank card fees for customers paying for their water bills with credit cards. This increase is in addition to the $1.4 million budgeted amount for bank fees in FY 2016-17. The 6.0% increase in the FY 2017-18 operating budget also includes 3.0 permanent FTE and 3.0 limited term FTE that were added during the Fall BMP to assist with lead testing. The remainder of the increase is attributed to inflationary costs and increased personnel costs.

Current Five-Year Capital Improvement Plan (CIP)

The bureau forecasts $627.3 million in capital expenditures (amount includes bureau overhead costs) over the next five years, including $529.9 million in direct capital. The bureau estimates that it will fund 27% of the five-year CIP with cash resources and approximately 64% from bond proceeds. The remaining 9% will be paid for with capital revenues.

Compared to last year's CIP, there are several changes that resulted in a net increase of $46.1 million or 12% when comparing the capital plan between FY 2017-18 through FY 2020-21 (i.e. the four common years shared by the plan calculated using the CIP total in current dollars). A comparison of the four common years of the FY 2016-21 CIP to the FY 2017-22 CIP shows a $40 million increase in Administration and Support, specifically bureau support. This funds the Water Bureau's contribution to the renovation of the Portland Building. The change is also largely driven by an increase of approximately $17 million in the Washington Park Reservoir 3 project. The increase is attributed to the difference between the estimated construction cost in the previous plan and the amount of the recently finalized construction contract reflected in the FY 2017-18 through FY 2021-22 CIP. Total projects costs are now estimated to be $190,000,000 and the bureau has high confidence in this estimate. The remainder of the increase is in the treatment program for Headworks Facility Master Plan improvements and the chlorine scrubber replacement.

The requested budget includes 8 projects that are new to the capital plan in FY 2017-18. The estimated cost of the new projects is $9,821,000 over five years. Fifty-eight percent of the new spending is for distribution-related projects. The remaining new spending is for supply (34%) and transmission storage projects (7%).

New Projects in FY 2017-18 Plan	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total	Confidence
Fulton Pump Mains Replacement	$ 60,000	$ 570,000	$ 630,000	$ 30,000	$ 2,835,000	$ 4,125,000	Low
NE 49th and Roselawn	$ 127,000	$ 101,000	$ 678,000	$ 10,000	$ -	$ 916,000	Low
SE 20th Avenue Oak Street North of SE Pine S	$ 330,000	$ -	$ -	$ -	$ -	$ 330,000	Low
SW Boones Ferry Road at SW Arnold Bridge	$ 356,000	$ -	$ -	$ -	$ -	$ 356,000	Low
Road 10E MP 6.2-8.2	$ 135,000	$ 110,000	$ 1,407,000	$ -	$ -	$ 1,652,000	Low
Vivian Groundwater Improvements	$ 160,000	$ 340,000	$ 830,000	$ 400,000	$ -	$ 1,730,000	Low
Conduit 3 Internal Inspection	$ 62,000	$ -	$ -	$ -	$ -	$ 62,000	Low
Sandy River Crossing Outfall	$ 190,000	$ 274,000	$ 186,000	$ -	$ -	$ 650,000	Low
Total	**$ 1,420,000**	**$ 1,395,000**	**$ 3,731,000**	**$ 440,000**	**$ 2,835,000**	**$ 9,821,000**	

The CIP includes funds in the Treatment program that can be used for changes to the way the bureau treats water for corrosion control. The bureau will bring a proposal to Council in March 2017 that includes building new corrosion control capacity at the Lusted Hill treatment facility. The CIP includes $34.5 million over the next five years for unspecified treatment work and the bureau has said that it would not need to increase rates to accommodate this construction if approved.

After the bureau submitted its FY 2017-18 budget request, routine monitoring in the Bull Run watershed to comply with the Bull Run Treatment Variance detected the parasite *Cryptosporidium* in the Bull Run water source. The budgetary consequences of findings are unknown at this time but could impact the bureau in at least two ways. First, after several positive tests in January and February, the bureau stopped supplying the water from Bull Run to customers and switched to the bureau's groundwater source in the Columbia South Shore Wellfield. Groundwater is a more expensive source for the bureau due to the electricity needed to pump the water. The total cost implication of the switch will depend on when the bureau returns to using water from Bull Run. However, the bureau estimates electricity and maintenance costs of using groundwater are about $1 million per month. Second, the City currently has a variance that allows it to use water from Bull Run without treating for *Cryptosporidium*. The positive *cryptosporidium* tests require the bureau to conduct increased testing and monitoring for the next year. Findings from those tests will determine if additional treatment will be needed, potentially requiring the construction of a treatment facility. Cost estimates for such a facility are uncertain and would depend on the particular treatment technology selected. In 2009, the bureau estimated that the design and construction costs of the ultraviolet (UV) facility would be $100 million. A current estimate would likely be higher and would be a substantial unbudgeted expense for the bureau.

Decision Package Analysis & Recommendations

Unidirectional Flushing, WA_01, $77,800, 1.00 FTE

This request is for 1.0 FTE to support the bureau's unidirectional flushing team. Unidirectional flushing (UDF) is a method for cleaning water distribution pipes. Left in the system, sediment, biofilm, and deposits in the pipelines can reduce the effectiveness of disinfection treatment and potentially foster the growth of microbes. Unidirectional flushing can improve water quality by flushing those from the system. This is particularly important for an unfiltered system like Portland's, where UDF has been used as a key mitigation strategy when water quality issues are observed. UDF is also used to identify broken valves and improve hydraulic capacity.

The number of miles the bureau's UDF program flushes each year varies by geography and system priorities. Currently, areas identified for flushing are based on water quality needs. The bureau's UDF program is staffed by a program coordinator (Engineering Tech III), a UDF Field Service Mechanic (Water Operations Mechanic) and a combination of temporary staff assigned to the unit when one is available (i.e. a community services aide (CSA) or other utility worker

positions). The flushing is done by a crew of two people--the UDF Field Mechanic and a temporary staff person that is available to help. However, depending on CSA staff has been problematic. CSA positions are temporary which results in turnover and time spent recruiting and training new CSAs. This request would permanently staff the UDF program.

The bureau estimates that with the UDF program's current staffing levels, it would take approximately 70 years to flush the entire distribution system. While there is not accepted industry guidance on the appropriate amount of flushing, the bureau provides that the general rule of thumb is to flush the entire system every 5 to 10 years. The bureau estimates it would be able to flush approximately 20%-25% more of its distribution system by permanently staffing this position. CBO notes that the bureau will not achieve the 5 to 10-year benchmark with one additional person. However, the additional FTE would provide a consistent third staff person and assist the bureau in conducting its unidirectional study in FY 2017-18. The bureau is currently working on a Water Research Foundation flushing study with assistance from an outside consulting firm.

Overall, CBO is supportive of permanently staffing the UDF team. However, CBO recommends delaying this request pending the completion of the study. Further, CBO encourages the bureau to establish an approach for demonstrating the value of expanding the UDF team based on the unidirectional study and other analysis so that a strong business case can be made for future investment in this program.

CBO Recommendation: $0, 0.00 FTE

Records Management, WA 02, $129,650, 1.00 FTE

This is the second year the bureau is requesting a position focused on records management. This request is driven by the bureau's need for a records management process and procedure. The bureau is required to manage records according to state law, city code, and legal hold standards set by the City Attorney. Over the past several years, the City has increased its focus on records retention through the adoption of TRIM as the City's primary archival system and updates to processing records requests.

While the bureau has taken steps to meet its immediate, short-term needs with contract staff and using existing staff (e.g. archiving files to prepare for the Portland Building Renovation Project), this position would develop and guide process improvements bureau wide. Information from the bureau demonstrates that opportunities for improvement exist in how the bureau responds to legal and legislative requirements for records management. For example, the bureau's current process for responding to record requests is somewhat ad hoc, leaving opportunity for consistency and transparency improvements in how the bureau responds to these requests.

CBO recognizes that efficiencies would likely result by creating a process that guides improvements bureau wide, including how records are classified and preserved as well as establishing a more transparent process for retrieving records and responding to legal holds. That said, it is incumbent on bureau leadership to define the importance of record management at the bureau, including the responsibilities of individual employees. Because this has not been defined, a backlog of records has not been retained according to adopted schedules.

Given other more urgent needs, the relatively small indirect impact on core service and the size of the bureau's existing staff, CBO does not recommend funding this request. Rather, CBO suggests the bureau realign existing staff responsibilities so that time is devoted to establishing a process that bureau leadership can enforce.

CBO Recommendation: $0, 0.00 FTE

Bureau Administrative Support, WA_03 $112,540, 1.00 FTE

This position is focused on providing administrative support to the bureau's Deputy Director and the individual groups managed by the deputy. With the addition of the Deputy Director position to bureau leadership over a year ago, the bureau shifted oversight of the groups Public Information and Involvement, Business Operations, Emergency Management and Security to the Deputy Director.

Without administrative support, the Deputy Director has been challenged to address some of the core functions that have been assigned to that position. This includes bureau strategic planning and implementation of the equity plan. Currently, administrative support from the other areas of the bureau, including the Director's administrative support, has provided support on an ad hoc basis.

Given the Deputy Director's current workload, the support the position would provide to other units that report to the deputy, and the extent that the deputy will have more time to devote to the bureau's priorities, CBO recommends this position.

CBO Recommendation: $112,540, 1.00 FTE

Water Loss Control, WA_04, $134,500, 1.00 FTE

This request is for a position to develop and implement the bureau's water loss control program. In 2016, the bureau completed a Water Audit and Strategic Loss Control Plan. The plan included several non-binding recommendations to improve the reliability and confidence in water loss data and to help manage water losses in the water system. The bureau cites one of the plan's recommendations to create a Program Coordinator position to oversee annual water audits and manage the program, as evidence to support the addition of a full-time position.

Based on the findings in the report and information provided by the bureau, CBO agrees that the bureau should take steps to address water loss, though noting that a zero real loss target is

not achievable. The plan makes a number of recommendations to begin this work which can be done with existing staff and resources. For example, the plan suggests conducting more small meter and wholesale meter testing and field validation of suspected data and billing issues. The plan also recommends conducting more proactive leakage detection and to standardize leak reporting. These are all things that can be done without a coordinator.

Thus, relative to the other urgent needs within the bureau and the pressure to minimize rates, CBO recommends the bureau take a collaborative bureau-wide approach to address water loss using existing staff and resources rather than delegating the tasks to a new FTE program coordinator.

CBO Recommendation: $0, 0.00 FTE

Emergency Management, WA 05, $110,705, 1.00 FTE

This request is for a program specialist position to augment the bureau's existing Emergency Management Program. In FY 2009-10, the bureau had 3.25 to 3.5 FTE working on emergency management (a Program Manager, Program Coordinator, Program Specialist and part-time admin support). Staff levels were decreased by 1 and 2 FTE between 2010 and 2016 due to budget cuts and realignments. Currently, there are two Emergency Management staff. This request would bring the team back to 3 FTE. The position would support emergency functions, equipment maintenance, and training so that the bureau's Emergency Operations Center is ready to be activated in the event of an emergency. According to the bureau, emergency plan updates, training coordination, and exercise planning and support are not receiving adequate attention.

Like the Water Bureau, other large City bureaus have emergency management teams to focus on emergency preparedness. For example, BES and Parks each have one emergency response person on staff. The City also has the Portland Bureau of Emergency Management that focuses on developing the city's mitigation, preparedness, response and recovery capabilities.

Aside from the desire to improve the bureau's emergency response ability, there is no unique, urgent need for more staff to accomplish this work. Given that the bureau already has two staff, which is one more than both BES and Parks, the bureau should have sufficient resources to execute emergency management effectively. CBO does not recommend funding this position.

CBO Recommendation: $0, 0.00 FTE

Tabor Preservation Project 06, $1,020,000

On July 15, 2015, City Council approved resolution No. 37146 making financial obligations and other commitments for work at Mount Tabor. The resolution included 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. Because the reservoirs are no longer part of the water system, these funds are being requested from the General Fund and not included as part of the water rate increase.

In FY 2016-17 budget, the Water Bureau requested and received $750,000 in General Fund resources to fund the first year's activities to fulfill this obligation. The $750,000 included about $400,000 to hire a preservationist, $200,000 for internal costs, and $150,000 for planning and permitting. Of the $750,000 budget, the Water Bureau estimates it will spend $220,000 in FY 2016-17. This includes $157,000 for the preservationist to update the 2009 Mt. Tabor Reservoirs Historic Structures Report to reflect current preservation needs and costs and $63,000 on historic preservation consultant services, internal costs and any other requirements. The Water Bureau will request to carry over the $530,000 in unspent funds. In addition, the Water Bureau requests $1,020,000 in one-time General Fund resources for FY 2017-18. Together, the $1,550,000 would fund a prioritized list of preservation projects to be completed in FY 2017-18, including cleaning, patchwork and repairing concrete, metalwork, painting and internal costs.

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. Last year, the Water Bureau 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 80% 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 is reflected in the Water Bureau's FY 2017-18 request for funding, 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 ongoing 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 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 the total estimated project costs for an interpretive program could cost up to $800,000. The bureau plans to bring a contract to the City Council for approval in March 2017 for interpretive services for the Mt. Tabor Reservoirs. Development of the historical interpretive program will involve public input through a series of workshops. The bureau is requesting $199,691 over four years to complete the initial work. Funding for the interpretative work is not part of the FY 2017-18 request but will be requested in the FY 2016-17 Spring BMP.

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 needs that compete for one-time General Fund resources. CBO supports the bureau's intent to carryover current fiscal year funds to begin work on the priority list of projects next year. CBO recommends the bureau request additional General Fund support during the Fall BMP if they have capacity to use the funding in FY 2017-18.

CBO Recommendation: $0

Bureau Budget Summary – Request and Recommendations

Below is a summary of Portland Water Bureau's budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	$200,349,066	$219,020,395	$ -	$ -	$219,020,395
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses & Permits		$ -	$ -	$ -	$ -
Charges for Services	$165,665,337	$176,339,675	$ 565,195	$ (452,655)	$176,452,215
Intergovernmental Revenues	$ 555,000	$ 526,000	$ -	$ -	$ 526,000
Interagency Revenue	$ 3,534,320	$ 3,305,748	$ -	$ -	$ 3,305,748
Fund Transfers - Revenue	$179,612,612	$217,473,633	$ 1,020,000	$ (1,020,000)	$217,473,633
Bond and Note	$ 91,875,000	$ 99,045,000	$ -	$ -	$ 99,045,000
Miscellaneous	$ 3,413,770	$ 4,965,315	$ -	$ -	$ 4,965,315
General Fund Discretionary	$ -	$ -	$ -	$ -	$ -
General Fund Overhead	$ -	$ -	$ -	$ -	$ -
Total Resources	**$645,005,105**	**$720,675,766**	**$ 1,585,195**	**$ (1,472,655)**	**$720,788,306**
Requirements					
Personnel Services	$ 66,704,235	$ -	$ 535,195	$ (427,655)	$ 70,511,211
External Materials and Services	$ 30,242,593	$ -	$ 1,050,000	$ (1,045,000)	$ 43,860,243
Internal Materials and Services	$ 20,779,345	$ -			$ 22,656,382
Capital Outlay	$ 55,882,000	$ -		$ -	$ 78,310,000
Bond Expenses	$ 60,698,563	$ -		$ -	$ 60,049,540
Fund Transfers - Expense	$185,204,118	$ -	$ -	$ -	$222,967,883
Contingency	$102,889,753	$ -	$ -	$ -	$ 96,607,803
Unappropriated Fund Balance	$122,604,498	$ -	$ -	$ -	$125,825,244
Total Requirements	**$645,005,105**	**$ -**	**$ 1,585,195**	**$ (1,472,655)**	**$720,788,306**

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											
Adds											
WA_01 - Unidirectional Flushing	01	1.00	0	0	77,800	77,800	0.00	0	0	0	0
WA_02 - Records Management	02	1.00	0	0	129,650	129,650	0.00	0	0	0	0
WA_03 - Bureau Administrative Support	03	1.00	0	0	112,540	112,540	1.00	0	0	112,540	112,540
WA_04 - Water Loss Control	04	1.00	0	0	134,500	134,500	0.00	0	0	0	0
WA_05 - Emergency Management	05	1.00	0	0	110,705	110,705	0.00	0	0	0	0
WA_06 - Tabor Preservation Project	06	0.00	0	1,020,000	0	1,020,000	0.00	0	0	0	0
Total Adds		*5.00*	*0*	*1,020,000*	*565,195*	*1,585,195*	*1.00*	*0*	*0*	*112,540*	*112,540*
Total Portland Water Bureau		**5.00**	**0**	**1,020,000**	**565,195**	**1,585,195**	**1.00**	**0**	**0**	**112,540**	**112,540**