

Spring Supplemental Budget

CITY BUDGET OFFICE ANALYSIS & RECOMMENDATIONS

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EXECUTIVE SUMMARY

Due to the unprecedentedly emergency brought about by the COVID-19 virus, the Spring Budget Monitoring Process (BMP) was delayed by several weeks and streamlined¹ to focus on the following adjustments:

- Technical true-ups
- Required compensation set-aside allocations to end the year on-balance
- Program carryovers that either 1) assist in supporting current Mayor and Council priority packages for FY 2020-21, 2) ensure the continuity of core services and operations through FY 2020-21, or 3) contribute to the City's fund to address urgent emergency response needs.
- No new requests for General Fund resources, except for requests for resources required to continue core, existing operations through FY 2019-20.

The City Budget Office's analysis and recommendations are based on these narrow criteria, discussed further below. CBO also continues to work closely with bureaus to identify, monitor, and address current year budget issues related to the impact of COVID-19 on revenues and expenditures. Year-end projections are included in each individual bureau review, including discussion of how the bureau has applied the Mayor's direction to limit non-essential spending.

General Fund Discretionary Changes

What follows are details of bureau requests and CBO recommendations for General Fund discretionary resources. More information is available in the individual bureau reviews.

Compensation Set-Aside

As part of budget development, CBO budgets in a central account a portion of the Current Appropriation Level associated with cost of living adjustments (COLA) and health benefit increases for General Fund bureaus. These funds are known as the "compensation set-aside." In most bureaus, these costs are absorbed by vacancies experienced in the regular course of business. However, when bureaus are at or close to full staffing through most of the year or have other personnel expenses like overtime, they can request the necessary compensation set-aside to cover personnel costs.

In the Spring Supplemental Budget, four bureaus have requested compensation set-aside totaling \$8.3 million.

- This represents the full compensation set-aside amount for the Office of Equity & Human Rights (\$55,000); the bureau's personnel costs increased significantly in FY 2019-20 for several reasons, including turnover leading to employees with higher starting salaries, higher wages for several positions related to the Bureau of Human Resources reconsideration and Classification Compensation process, and merit costs being higher than budgeted.
- This also represents the full amount of compensation set-aside for Portland Parks & Recreation (\$1.7 million) to cover current year personnel cost increases related to COLA and health benefits for permanent employees and minimum wage increases for seasonal and causal workforce.

¹ See the Mayor's Spring BMP Guidance Memo dated 3/23/2020, available at <https://www.portlandoregon.gov/cbo/article/757526>

- Portland Fire & Rescue requested \$3.5 million for retroactive COLA that was bargained in a Tentative Agreement between the City and the Portland Firefighter’s Association.
- The Portland Police Bureau requested \$3.0 million, which is less than the bureau’s full allocation. The Police Bureau’s personnel budget was reduced by \$2.0 million on a one-time basis in FY 2019-20 to account for projected vacancy savings; actual vacancies savings have exceeded this estimate, but these resources have been redirected to support overtime costs, premium pay, and payouts.

CBO has recommended all of these requests.

New Requests

Five requests for new General Fund resources were submitted totaling \$2.3 million. CBO recommended funding a request from the Peninsula-1 (PEN-1) Drainage District for \$75,000 required to maintain financial sustainability for the remainder of FY 2019-20; this does not reduce General Fund discretionary resources, but comes from a policy set-aside for the related Columbia River Levee project.

Although many bureaus project significant potential impacts to revenues and expenditures related to the COVID-19 emergency, Portland Parks & Recreation has experienced the most immediate hit to its revenue streams and operations. The bureau developed early estimates back in March that, despite quick action to reduce expenditures, costs already incurred for now canceled programming would lead to a \$3.1 million revenue gap in the current fiscal year. In addition to compensation set-aside, Parks is requesting \$1.4 million in unrestricted General Fund contingency to ensure that the bureau does not overspend its General Fund discretionary allocation. CBO has recommended that Council wait to allocate these resources until the Over-Expenditure Ordinance only because much better estimates about the total impact will be available by that time compared to initial projections.

Program Carryover

Typically, as part of the Spring Supplemental Budget, General Fund bureaus may request program carryover for projects which were budgeted in the current year but will not be encumbered or spent by the end of the fiscal year. These amounts are reduced from bureau budgets and set-aside for re-budgeting as part of the Proposed and Approved Budgets for the following year.

As noted above, Spring BMP guidance limited General Fund program carryovers to the following packages that:

1. Assist in supporting current Mayor and Council priority packages for FY 2020-21,
2. Ensure the continuity of core services and operations through FY 2020-21, or
3. Contribute to the City’s fund to address urgent emergency response needs.

CBO received a total of \$7.4 million in carryover requests². CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast. With this lens, CBO has recommended the following carryover packages:

- \$100,000 in the Bureau of Planning & Sustainability for the Age Friendly program, which has pivoted to focus on the Aging and Disability Community Project related to COVID-19;
- \$100,000 in the Office of Community & Civic Life to support a previously identified bureau-wide technology project;

² For context, in FY 2020-21, bureaus requested \$11.1 million, \$9.4 million of which was recommended.

- \$455,000 in the Office of Community & Civic Life to put in a policy set-aside to be allocated out to support communities not served by other relief efforts related to COVID-19;
- \$418,389 in the Office of Management & Finance Bureau of Revenue & Financial Services (OMF-BRFS) for the Clean Air Construction Compliance Database;
- \$200,000 in OMF-BRFS for consolidation of the Prime Contractor Development Program and Community Opportunities and Enhancement Programs;
- \$660,903 in OMF-BRFS for continued implementation of the Integrated Tax System Project;
- \$565,000 in underspending in OMF-BRFS to support unfunded revenue collection positions in FY 2020-21;
- \$200,000 in OMF-BRFS for a Procurement Disparity Study - this carryover has been previously authorized by Council for this purpose;
- \$300,000 in the Office of the City Attorney for implementation of a long-identified technology upgrade that is already in progress;
- \$358,648 in Portland Parks & Recreation for projects already authorized by Council;
- \$398,000 in Portland Parks & Recreation for fleet vehicle orders in progress by not expected to be delivered by the end of the fiscal year;
- \$122,000 in Prosper Portland to put in a policy set-aside to continue work on the development of the brownfields tax exemption program;
- \$75,000 for Prosper Portland to complete the Albina Vision plan via a contract that has already been encumbered; and
- \$880,662 in Special Appropriations for the Columbia River Levee Ready project.

Mid-Year Reductions and Returns

These recommended adjustments return resources to the General Fund:

- Fuel station debt service allocations were lower than anticipated. General Fund savings of \$512,465 are being recognized.
- The Office for Community Technology is returning \$350,894 in funding that was originally allocated anticipating that the bureau would relocate to privately owned space. The bureau instead moved into the Portland Building, resulting in much lower move costs.
- The Office of Management & Finance - CityFleet will not be charging customers for debt service on the fuel station replacement project in FY 2018-19. This results in a return to the General Fund of \$511,337.
- The Portland Police Bureau is returning a \$2.0 million planned cash transfer for RegJIN replacement to the General Fund.
- The Portland Police Bureau also included a \$834,619 request to carryover one-time funding related to the Body Worn Camera Program originally allocated in FY 2013-14. CBO recommends redirecting these resources to support existing critical City services in consideration of the FY 2020-21 forecasted revenue shortfalls.

Other Adjustments

The Spring Supplemental Budget includes numerous technical changes, primarily relating to internal bureau reallocations among major object categories or adjustments to interagency agreements to more

accurately reflect projected spending levels.

Non-General Fund Changes

Like in the General Fund, the Spring Supplemental Budget includes changes in other funds that are primarily technical and include truing up fund and project budgets to more accurately reflect year-end actuals. Per City Financial Policy, CBO also looks closely at requests to draw on fund contingency to review documentation and analysis about efforts to reprioritize funding within existing appropriations prior to reducing contingency resources. Due to COVID-19, bureaus made additional adjustments to reflect changes to project timelines, anticipated revenue, and operations.

Notable changes are discussed in detail in individual bureau reviews. Below are some of the key changes by bureau:

- The **Bureau of Development Services** is requesting to draw \$1.4 million from the Development Services Fund's contingency for unanticipated expenditures associated with several interagency agreements and to prevent over-expenditure. Program revenues are projected to end the year above budget due to revenues from several large projects, while spending on personnel services and external materials are forecasted to be significantly below budget due to measures to limit spending that the bureau put in place long before the COVID-19 crisis.
- The **Bureau of Environmental Services** is transferring \$50 million from the Sewer System Rate Stabilization Fund to cash finance capital projects. The bureau is transferring an additional \$9.0 million from this fund, plus another \$6.5 million from contingency, to compensate for lower-than-expected System Development Charge collections that pay for existing debt and to cover possible ratepayer revenue losses from COVID-19. In addition, the bureau is drawing \$1.0 million from its own compensation set-asides to prevent overspending personnel services.
- The **Portland Bureau of Transportation (PBOT)** is drawing \$1.75 million on its contingency and reducing capital outlay costs by \$11.8 million based on anticipated project delays. The bureau's fund projections demonstrate significant impacts to PBOT's revenue sources as a result of COVID-19; the total impact will depend on the length of time the lockdown order remains in effect and how quickly the economy recovers from the crisis.
- The **Portland Housing Bureau** is recognizing \$1.2 million in beginning fund balance and allocating \$180,974 in contingency for costs related to the Headwaters apartment complex roof failure. The bureau is also allocating \$1.0 million for debt issuance costs for the Portland Affordable Housing Bond and \$1.5 million in Tax Increment Financing resources to true up costs for a loan to the DePaul Treatment Center. As is customary in the Spring BMP, the bureau is adjusting multi-year affordable housing projects and carrying over resources for the homeownership program, resulting in a net carryover of \$12.1 million. The bureau does not anticipate significant current year impacts to revenues or expenditures due to COVID-19.
- **Portland Parks and Recreation** is truing up capital project costs based on anticipated year-end spending, as well as reflecting beginning fund balance and additional System Development Charge revenues. The bureau is moving \$45.7 million into contingency that will be rebudgeted in FY 2020-21. Parks does not anticipate significant current year impacts to non-General Fund resources related to COVID-19, but there is concern that all forms of System Development Charge revenues may decline.
- The **Portland Water Bureau** is drawing \$284,471 from the Water Fund's contingency for costs related to two ballot measures and \$170,000 from the Hydropower Operating Fund's contingency

for additional tree trimming expenses and transmission line maintenance. There are no major concerns with year-end projections at this point, but there is some risk that, due to the COVID-19 crisis, revenues from retail water sales and System Development Charges, as well as revenues from power sales (unrelated to COVID-19), will fall below what the bureau has projected.

Position Changes

There is only one requested position change in the Spring BMP. Following a reorganization of the Assets & Development Division, Portland Parks & Recreation is requesting to convert a previously limited-term position to full-time. The position previously worked on the 2014 Parks Replacement Bond and will support the development of Parks' strategic plan. This position was previously funded by capital resources but following conversion, the bureau will fund the position within its current allocation, reallocating an additional \$3,239 from its external materials and services budget. Given the importance of this work in the context of the bureau's future planning work, CBO recommends this request. However, given the current fiscal environment, CBO notes that the bureau may be required to reduce positions or funding elsewhere to support this permanent need.



Bureau of Emergency Communications

Analysis by Robert Cheney

INTRODUCTION

The Bureau of Emergency Communications' (BOEC) Spring Supplemental Budget submission increases their beginning fund balance to reflect the Comprehensive Annual Financial Report (CAFR) and re-programs current year personal services underspending to its materials and services budget to address capital needs. The bureau is in the process of developing a Capital Improvement Plan, as it possesses multiple assets and its capital needs are substantial. There exists a unique opportunity to develop a funding plan that defrays these outlays as BOEC began receiving increased State 911 tax revenue on January 1, 2020. However, Council may want to weigh the proposition of decreasing the bureau's General Fund allocation to fund other policy initiatives.

KEY DECISIONS

- Increase beginning fund balance in the Emergency Communications Fund by \$464,034 and increase the bureau's external materials & services budget to balance. (Recommended)
- Realign \$550,000 in current year Personal Services underspending to external materials & services to fund the purchase of 14 emergency operator consoles. (Recommended).

DISCUSSION OF REQUESTS

The bureau has seen multiple separations in the current fiscal year, with the number of emergency operations vacancies reaching 19 in April 2020. Given these vacancies, the bureau conservatively projects to underspend its current year personnel services budget by \$717,000. The bureau's request to move \$550,000 of this underspending to external materials and services is enough for it to purchase approximately 14 of the 46 consoles that need to be replaced.¹

City Financial Policy 6.11 groups capital assets into "Tangible Assets" and "Intangible Assets" and requires all assets within these parameters to be capitalized. BOEC has many assets that fall under this definition, including facilities, furniture, and computer software. Furthermore, City Financial Policy 2.03 states that "Each bureau that owns or manages capital assets or equipment shall develop and maintain a Capital Improvement Plan (CIP) that identifies the individual capital acquisitions, projects or procurements necessary to meet planned levels of service." In addition, the policy states that "At the time a new capital asset or equipment is planned in the CIP or requested through the Requested Budget, bureaus shall estimate the full operations and maintenance (O&M), major maintenance, and lifecycle replacements costs for that asset. A funding plan for the O&M, major maintenance, and lifecycle replacement costs shall be included as part of the Adopted Budget." To date, BOEC has identified capital outlays of \$23.3M for the next five years, and \$41.8M for the next 10 years.

¹ Per the bureau, a console has a useful life of 10-15 years. The BOEC consoles have not been replaced in 20 years.

Because this request re-allocates one-time savings to a known area of need, CBO recommend this request. However, because the bureau has several capital equipment and technological needs, CBO continues to encourage the bureau to create an asset management subfund within the Emergency Communications Fund and finish developing a publicly published Capital Improvement Plan (CIP) that identifies its capital assets and forecasts future outlays related to these assets as part of its annual Adopted Budget.

Furthermore, given that the bureau will begin seeing increased State 9-1-1 Tax revenue in the next fiscal year, CBO encourages the bureau to identify a funding plan for this CIP. However, given the current public health crisis and economic forecast, Council may instead consider if the increased external revenue warrants a reduction in the City’s General Fund allocation to BOEC. Such an action should incorporate potential capital budget deficits and potential impacts on core service levels.

YEAR-END PROJECTIONS

As stated above, the bureau projects to finish comfortably within budget due to personnel services underspending. The bureau will not see any reduced revenues in the current year as it projects to only under-collect its external revenue budget by \$28,000, which is mitigated by higher-than-budgeted Miscellaneous revenue totaling \$38,000 over budget. The bureau does not project to over-expend any expenditure object, despite purchasing personal protective equipment and more cleaning supplies in light of COVID-19.

SUPPLEMENTAL BUDGET CHANGES ALL FUNDS

BOEC budgets entirely out of the Emergency Communications Fund (Fund 202). It receives 60% of its total revenue from the City’s General Fund via a cash transfer. The remainder of its budget comes from payments by User Agencies, Public Records Request fees, Master Street Address Guide GIS work paid by the State, payments from the Port of Portland for Computer-Aided Dispatch services, and State 911 Tax Revenue.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$ 1,933,572	\$ 464,034	\$ -	\$ 2,397,606
Charges for Services	469,400	-	-	469,400
Intergovernmental Revenues	8,517,798	-	-	8,517,798
Fund Transfers - Revenue	16,926,716	-	-	16,926,716
Miscellaneous	20,000	-	-	20,000
Total Resources	\$27,867,486	\$464,034	\$0	\$28,331,520
Requirements				
Personnel Services	\$ 18,651,960	\$ (550,000)	\$ -	\$ 18,101,960
External Materials and Services	1,524,814	1,009,034	-	2,533,848
Internal Materials and Services	4,669,142	5,000	-	4,674,142
Capital Outlay	1,774,883	-	-	1,774,883
Debt Service	287,549	-	-	287,549
Fund Transfers - Expense	959,138	-	-	959,138
Total Requirements	\$27,867,486	\$464,034	\$0	\$28,331,520



**City
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Fire & Police Disability & Retirement

Analysis by Robert Cheney

INTRODUCTION

The Fire and Police Disability and Retirement Bureau (FPDR) requested two net-zero technical adjustments in its Spring Supplemental Budget submission. One package re-programs underspending to cover the costs associated with a new software module. The other package takes savings in pension costs and reallocates them to PERS contribution costs related to potential current year overtime use due to COVID-19, which the bureau remits to Portland Fire & Rescue and the Portland Police Bureau.

KEY DECISIONS

There are no major decision points for Council.

DISCUSSION OF REQUESTS

The bureau's net-zero adjustments proactively mitigate any potential cost-overruns in the sworn bureaus by augmenting their budgets with additional interagency revenue to cover potential overtime costs for currently active sworn employees' PERS contributions. Both Portland Fire & Rescue and the Portland Police Bureau use General Fund resources to pay sworn PERS contributions and are then reimbursed for those expenses by FPDR with revenue generated by its dedicated property tax levy.

YEAR-END PROJECTIONS

FPDR does not anticipate any risks to revenue, as 97% of their budgeted revenues are from a dedicated property tax levy, which is collected in November. Budgeted revenues are sufficient to cover budgeted expenses, as evidenced by the bureau's reallocation of underspending in the technical packages above.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

FPDR budgets primarily out of the Fire & Police Disability and Retirement Fund (Fund 800) and budgets \$1.5 million of Contingency resources in the Fire & Police Disability & Retirement Reserve Fund (Fund 801) in the event the FPDR Fund becomes depleted to the extent that current obligations cannot be met.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$ 18,241,801	\$ -	\$ -	\$ 18,241,801
Taxes	156,343,417	-	-	156,343,417
Interagency Revenue	1,594,954	-	-	1,594,954
Fund Transfers - Revenue	1,500,000	-	-	1,500,000
Bond and Note	52,900,000	-	-	52,900,000
Miscellaneous	1,958,200	-	-	1,958,200
Total Resources	\$232,538,372	\$0	\$0	\$232,538,372
Requirements				
Personnel Services	\$ 2,494,800	\$ -	\$ -	\$ 2,494,800
External Materials and Services	139,202,254	(1,038,000)	-	138,164,254
Internal Materials and Services	22,597,554	1,003,000	-	23,600,554
Capital Outlay	75,000	35,000	-	110,000
Debt Service	54,206,581	-	-	54,206,581
Fund Transfers - Expense	1,651,251	-	-	1,651,251
Contingency	11,560,932	-	-	11,560,932
Unappropriated Fund Balance	750,000	-	-	750,000
Total Requirements	\$232,538,372	\$0	\$0	\$232,538,372



INTRODUCTION

The Police Bureau is requesting program carryover totaling \$1.3 million and Compensation Set Aside resources totaling \$3.0 million, among other smaller adjustments. In alignment with updated program carryover guidance from the Mayor's Office, CBO is not recommending any of the bureau's program carryover requests, but does recommend that the one-time Body Worn Camera resources be returned to the General Fund to support critical services in FY 20-21. CBO recommends for the \$3.0 million in Compensation Set Aside request due to the overall uncertainty around personnel spending over the next several months and to offset projected losses in some external revenues. CBO also recommends the return of underspending on fuel station debt service to the General Fund. Given the internal controls the bureau has put on materials and services spending, CBO anticipates that the bureau will end the year within budget, and may underspend its discretionary allocation by up to 1% - 2%.

KEY DECISIONS

- Process program carryover requests totaling \$1.3 million for several projects that will not be completed in the current fiscal year. (Not recommended)
- Appropriate new General Fund discretionary resources of \$3.0 million from the Compensation Set Aside to cover personnel expenses. (Recommended)
- Return \$377,120 in fuel station debt service savings to the General Fund. (Recommended)
- Process several technical adjustments related to recognition of revenues and realignment of expenses across major object categories. New revenues are from external grants, RegJIN partner agencies, and from Fire & Police Disability & Retirement (FPDR). Realignment across major object categories primarily consists of redeploying underspending in internal materials and services to external materials and services. (Recommended)

DISCUSSION OF REQUESTS

Program Carryover

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that 1) assist in supporting current Mayor and Council priority packages for FY 2020-21; 2) ensure the continuity of core services and operations through FY 2020-21; or 3) return resources to the General Fund to contribute to the City's fund to address urgent emergency response needs. CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast.

The Police Bureau is requesting to reduce its external materials and services by \$1,324,619 and reprogram these resources in FY 20-21 for five distinct projects:

\$834,619	One-time allocation for equipment purchases for Body Worn Camera program
\$200,000	Update and modernize the 1 st floor of the Kelly Building
\$120,000	Complete a security camera upgrade at Central Precinct
\$120,000	Update electronic security system at Central Precinct
\$50,000	Architectural and design study for an elevator at the Training Center

The Police Bureau has requested (and received approval for) similar program carryover requests in recent years. In the FY 2018-19 Spring BMP Council approved carry over of \$120,000 for security cameras at Central Precinct, \$120,000 for the electronics upgrade at Central Precinct, and \$200,000 for upgrades at the Kelly Building. These projects have not been completed in the current year and the bureau is requesting to carry them over again. The bureau has also carried over resources in multiple years related to the design and elevator work at the Training Center and has carried over the one-time resources for Body Worn Cameras since the FY 2013-14 Spring BMP.

Given the stringent updated guidelines for program carryover, CBO does not recommend any resources be carried over into FY 2020-21 for these projects. CBO recommends that the one-time resources for the Body Worn Camera program be de-appropriated, but that these resources be redirected to support existing critical city services in consideration of the FY 2020-21 forecasted revenue shortfalls. The remaining \$490,000 will remain in the bureau’s current year budget and fall to balance with other unspent resources. Per Police Bureau staff, the security and electronic upgrade projects at Central Precinct may ultimately be encumbered in the current fiscal year.

The Police Bureau’s FY 2020-21 Requested Budget for external materials is currently set at \$18.5 million. To the degree that these projects remain high priorities for the bureau, even in the face of likely resource reductions, the bureau can continue working towards completion and prioritize them for funding within its FY 2020-21 budget.

Compensation Set Aside Request

The Police Bureau is requesting \$3.0 million from the Compensation Set Aside to support personal services spending in excess of the current personnel budget (\$169.6 million). The Police Bureau’s FY 2019-20 personnel services budget was reduced by \$2.0 million on a one-time basis as part of the Adopted Budget to account for projected vacancy savings. While the Police Bureau has experienced vacancy savings in excess of this one-time budget reduction throughout the course of the year, savings from these vacant positions have been redirected to support overtime costs, premium pay, and payouts.

The Police Bureau’s projections show personnel overspending of \$3.2 million over the current budget. CBO’s projections for personnel overspending are lower, closer to \$2.6 million, but not materially different. Given the importance of ensuring the Police Bureau has sufficient resources to provide flexible first responder services during the COVID-19 emergency, CBO recommends that the full \$3.0 in Compensation Set Aside be allocated to the Police Bureau in the Spring BMP. To the degree that these

resources are not required, they will fall to balance at year end and be available for allocation in the FY 2020-21 Fall BMP.

YEAR-END PROJECTIONS

CBO's year-end projections for the Police Bureau indicate the bureau will end the year within budget, but there is a high degree of uncertainty in the overall revenue and expense landscape given the COVID-19 emergency. The level of General Fund underspending in the Police Bureau is dependent on external variables affecting personnel costs and external revenues, as well as the bureau's success in curbing non-essential spending over the next several months.

As noted above, CBO's current projections show that the Police Bureau may overspend its personnel budget by \$2.6 million; this projection is conservative and assumes that overtime spending will continue apace despite indications that overtime usage may actually be slowing due to lower demand for secondary employment. Due to the evolving nature of the public health crisis, however, overtime projections are low confidence at this time.

The Police Bureau anticipates that external revenues are projected to be \$1.5 million less than budget due to shortfalls in secondary employment, photo enforcement, transit, and alarm registrations.

The Police Bureau's year-end projections suggest it will expend \$17.1 million in external materials and services, relative to a current year revised budget of \$20.4 million. However, given the Police Bureau's internal procedures to limit non-essential spending and that fact that a portion of these expenses that are COVID-19-related may be reimbursable, year-end spending may be closer to \$15 million - \$16 million. The bureau is requiring executive level sign-off for any expenditures over \$1,000 until the end of the fiscal year in response to essential spending guidance from the Mayor's Office.

If personnel spending trends do not spike over the next few months and the bureau is successful in limiting spending, the bureau may underspend its General Fund discretionary resources by 1% - 2%.

SUPPLEMENTAL BUDGET CHANGES TO THE GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Licenses & Permits	\$1,481,000	\$0	\$0	\$1,481,000
Charges for Services	\$3,891,680	\$0	\$0	\$3,891,680
Intergovernmental	\$6,892,022	\$0	\$0	\$6,892,022
Interagency Revenue	\$12,727,555	\$600,000	\$0	\$13,327,555
Miscellaneous	\$814,150	\$0	\$0	\$814,150
General Fund Discretionary	\$204,850,061	\$1,675,381	\$112,880	\$206,638,322
Total Resources	\$230,656,468	\$2,275,381	\$112,880	\$233,044,729
Requirements				
Personnel	\$169,567,499	\$3,799,038	\$0	\$173,366,537
External Materials and Services	\$20,355,398	\$514,911	\$112,880	\$20,983,189
Internal Materials and Services	\$38,645,051	-\$2,038,568	\$0	\$36,606,483
Capital Outlay	\$88,520	\$0	\$0	\$88,520
Fund Transfers - Expense	\$2,000,000	\$0	\$0	\$2,000,000
Total Requirements	\$230,656,468	\$2,275,381	\$112,880	\$233,044,729



**City
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Portland Fire & Rescue

Analysis by Robert Cheney

INTRODUCTION

Portland Fire & Rescue (PF&R) submitted a Spring Supplemental Budget that requests Compensation Set-aside for a retro-active Cost of Living Adjustment (COLA) that was bargained in a Tentative Agreement (TA) between the City and the Portland Firefighter's Association (PFFA). PF&R is also requesting several technical adjustments and is trueing up its external revenue budget to better match projections.

In light of COVID-19, the bureau is forecasting decreased building permit revenues. However, due to conservative estimates at the time of Budget Adoption, the bureau is revising its budget upward to reflect higher than projected revenues during the first eight months of the fiscal year.

KEY DECISIONS

- Appropriate \$3,526,232 in Compensation Set-aside resources to cover the costs of a retroactive COLA per the labor contract that has been tentatively agreed to by PFFA and the City (Recommended).
- Process Technical Adjustments related to Interagency Agreements with the Fire & Police Disability and Retirement Bureau, the Bureau of Environmental Services, City Fleet, and the Office of Management & Finance (Recommended).
- Transfer resources currently allocated in the General Fund and the General Reserve Fund to the bureaus' Capital Fund (Partially Recommended).

DISCUSSION OF REQUESTS

Compensation Set-aside Request

The Fire Bureau's request for compensation set-aside resources adheres to the letter and spirit of CBO policy which state that this funding be requested in instances where a bureau was at or near full staffing for the entire fiscal year and cannot absorb Cost of Living Adjustments within its Adopted personal services budget. The nuance lives in the fact that the COLA was not given at the beginning of the fiscal year, the point at which the previous labor contract ended. Rather, this COLA was bargained by the Portland Firefighters Association in the current fiscal year, and the City has reached a tentative agreement with the union to provide a retroactive COLA dating back to July 1, 2019. The projected costs of this adjustment and the request for revenue are congruent. CBO recommends this request given this contractual obligation.

Requests Related to Fire's Capital Improvement Plan

As part of FY 2019-20 Budget Development, PF&R worked with the City Budget Office and the Accounting Division in OMF to create the [Fire Capital Fund](#) (Fund 405). This fund was created to provide an

accounting and budgetary instrument that the bureau could use to sequester resources for capital costs related to its facilities, apparatus, equipment, and technological assets. The bureau requested to transfer resources into this fund in the FY 2019-20 Fall Supplemental Budget, but these requests were deferred pending the development and publishing of the bureau's Capital Improvement Plan. The bureau satisfied this condition with its FY 2020-21 Requested Budget. The following four requests represent the bureau's efforts to re-allocate and set aside funding for the outlays identified in their capital plan.

Transfer Boathouse Funding to Fire Capital Fund

Council appropriated \$500,000 for a boathouse at Fire Station 17 from the Fire Apparatus Replacement subfund within the General Reserve Fund in the FY 2019-20 Adopted Budget. These resources currently exist within the Fire Bureau's General Fund budget. However, due to the complexity of the project, the bureau will not be able to expend or encumber this money in the current year. The bureau is requesting that this funding be transferred to the Fire Capital Fund while the project is further developed, ensuring these funds will not fall to General Fund balance and become a discretionary resource that can be re-appropriated in the Fall Supplemental Budget. Standing on the principle that this funding originally existed in a protected fund, was appropriated for a specific purpose by Council but has not yet been spent and adheres to City Financial Policy 2.03 regarding Financial Planning and Capital Asset Management, CBO recommends this transfer.

Transfer Fire Apparatus Replacement Reserve to Fire Capital Fund

Similarly, the bureau is requesting that the remaining balance of the Fire Apparatus Replacement funding (totaling \$7,201,773) in the General Reserve Fund be transferred to the Fire Capital Fund. The purpose of the funding—providing resources for fire trucks and engines through FY 2025-26—does not change as a result of this transfer. This transfer moves the management of these funds from the Office of Management & Finance to Portland Fire & Rescue. As a result, when PF&R wishes to draw upon this reserve to make apparatus purchases, it will not require a Council Action to move the money between funds. Fire originally requested that this money be transferred in the Fall Supplemental Budget but had not yet transposed and publicly published its CIP. Having satisfied this condition, CBO recommends this transfer again standing on the principle that this discretionary resource originally existed in a protected fund, was appropriated for a specific purpose by Council but has not yet been spent, and adheres to City Financial Policy 2.03 regarding Financial Planning and Capital Asset Management.

Transfer Remaining Balance from a previous GO Bond in Fund 400 to the Fire Capital Fund

The Fire Bureau currently has \$654,916 in remaining balance in an [OMF-managed fund from a 1998 General Obligation Bond passed by voters to fund emergency facilities replacements for the then-named Bureau of Fire, Rescue, and Emergency Services.](#)¹ The bureau is requesting the balance of this restricted resource in this fund move from OMF management and into the Fire Capital Fund where it will be spent in accordance with the Bureau's CIP on facilities maintenance and repair. CBO recommends this request.

Transfer Current Year Capital Outlay Underspending to Fire Capital Fund

Of the same ilk as the above requests is a request to transfer \$650,000 in current year underspending within the bureau's Capital Outlay budget to the Fire Capital Fund. This request could be characterized as a non-programmatic carryover, as it is a request to take current year, unencumbered discretionary underspending currently allocated to their Capital Outlay budget and sequester it for future outlays. The bureau states that "this request aligns with Comprehensive Financial Management Policy 2.03 on Financial Planning, which requires bureaus to forecast asset management needs across the expected

¹ <https://www.portlandoregon.gov/citycode/article/592129>

lifecycle of assets and to identify anticipated funding gaps and prepare a strategy to address them. Setting aside funds that were not needed this fiscal year is one of PF&R's strategies for prolonging the life of its apparatus reserve funds." The bureau is correct to state that this request comports with Citywide financial policy, and absent competing needs this would be a sound allocation of resources. However, in light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that 1) assist in supporting current Mayor and Council priority packages for FY 2020-21; 2) ensure the continuity of core services and operations through FY 2020-21; or 3) return resources to the General Fund to contribute to the City's fund to address urgent emergency response needs. CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast.

This, paired with the fact that the Bureau's Apparatus Capital Plan has a robust funding source plan through FY 2025-26, provide a set of circumstances that cause CBO to recommend against this request despite a sound argument for it. CBO recommends that, in accordance with revised budget guidance, the bureau not expend or encumber this underspending and allow it to fall to year-end balance to be appropriated for more exigent needs in the FY 2020-21 Fall Supplemental Budget.

Technical Adjustments

The bureau also submitted several technical adjustments, including an increase in Internal Agency revenue from the Fire & Police Disability & Retirement Bureau for potential overtime increases related to COVID-19; moving \$12,451 from EMS to IMS to fund the Public Safety Workgroup Manager; and increasing payment to the Bureau of Environmental Services for testing and abatement services, and; an reduction in payment to City Fleet for debt service. CBO recommends these requests.

YEAR-END PROJECTIONS

Portland Fire & Rescue projects to finish the FY 2019-20 within budget. The bureau's request for Compensation Set-aside will allow it to not over-expend its personal services budget, and the bureau is reducing non-essential spending by suspending apparatus purchases, station improvements, and non-emergency building system replacements for the remaining of the current fiscal year in accordance with revised budget guidance. Personnel services costs can vary due to changes in overtime, and a decreased traveler's pool² this year has pushed overtime spending upwards. However, the bureau does not forecast higher-than-average overtime spending in the final two months of the fiscal year. The bureau has spent approximately \$1.0 million on personal protective equipment and other COVID-19 related expenses for firefighters in the current fiscal year, but still projects to underspend its external materials and services budget.

PF&R increased its external revenue budget to match actuals as revenue from the first eight months of the fiscal year outpaced forecasts. The bureau had planned to use the Spring Supplemental Budget to revise external revenues even higher before COVID-19 reduced building permit revenues.

² The "Traveler's Pool" is a group of newly-certified firefighters that are deployed to different stations to backfill vacation and sick leave taken by firefighters. Having a traveler's pool allows the bureau to backfill leave with straight time. If there are fewer firefighters in the traveler's pool, then overtime is used to backfill leave to ensure minimum mandatory staffing levels are met.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

Portland Fire & Rescue budgets out of the General Fund (Fund 100) and the Fire Capital Fund (Fund 405). All contingency costs are related to future capital outlays. The bureau generates approximately 5% of its revenue from external sources, with the remained funded by General Fund resources and reimbursements from FPDR.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$ 631,710	\$ -		\$ 631,710
Taxes				\$ -
Licenses & Permits	\$ 2,963,000	\$ 175,000		\$ 3,138,000
Charges for Services	\$ 1,738,800	\$ (50,000)		\$ 1,688,800
Intergovernmental Revenues	\$ 2,704,550	\$ -		\$ 2,704,550
Interagency Revenue	\$ 9,487,678	\$ 400,000		\$ 9,887,678
Fund Transfers - Revenue	\$ 807,000	\$ 9,006,689	\$ (650,000)	\$ 9,163,689
Bond and Note				\$ -
Miscellaneous	\$ 235,000	\$ -		\$ 235,000
General Fund Discretionary	\$116,573,709	\$ 3,526,232		\$120,099,941
General Fund Overhead	\$ 73,068	\$ -		\$ 73,068
Total Resources	\$135,214,515	\$13,057,921	(\$650,000)	\$147,622,436
Requirements				
Personnel Services	\$108,806,508	\$ 4,051,232		\$112,857,740
External Materials and Services	\$ 9,276,617	\$ (47,568)		\$ 9,229,049
Internal Materials and Services	\$ 7,627,862	\$ 47,568		\$ 7,675,430
Capital Outlay	\$ 8,889,528	\$ 654,916		\$ 9,544,444
Bond Expenses		\$ -		\$ -
Fund Transfers - Expense	\$ 307,000	\$ 1,150,000	\$ (650,000)	\$ 807,000
Contingency	\$ 307,000	\$ 7,201,773		\$ 7,508,773
Unappropriated Fund Balance				\$ -
Total Requirements	\$135,214,515	\$13,057,921	(\$650,000)	\$147,622,436



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Portland Bureau of Management Emergency

Analysis by Kea Cannon

INTRODUCTION

The Portland Bureau of Emergency Management (PBEM) is requesting minor technical adjustments and recognizing additional grant revenues as part of its FY 2019-20 Spring Budget Monitoring Process (BMP) submission. Notable changes include increased costs for personnel services related to overtime for COVID-19 response and general staffing changes that have been made throughout the fiscal year. Technical adjustments net to zero, while the additional grant revenue results in a 14% or \$527,273 increase to the bureau's total budget appropriation for the fiscal year.

KEY DECISIONS

- Process \$260,573 in technical adjustments within Fund 100 in response to projected bureau spending for the remainder of FY 2019-20. Of this, \$225,000 is moved into Personnel Services to cover additional expenditures related to COVID-19 response and bureau staffing changes. (Recommended)
- Appropriate \$527,273 in Fund 217 for additional grant revenues received. (Recommended)
- Process a \$5,000 technical adjustment from external materials and services to internal materials and services to support the creation of an interagency agreement between PBEM and the Office of Management and Finance for the Public Safety Work Group. (Recommended)

YEAR-END PROJECTIONS

PBEM projects to underspend its General Fund budget by 16% or \$668,441 in an effort to limit non-essential external materials and services (EMS) spending as directed by revised budget guidance. The result is planned underspending in EMS by 51% or \$569,079 and in capital outlay by 68% or \$24,182.

CBO notes that the bureau was unable to expend the \$125,000 allocated for the Crisis Information Management System replacement project in this fiscal year as planned. PBEM is not requesting carryover of these resources either, noting that the bureau will reconsider this project in the future at a time that feels more appropriate.

Projected expenditures for Personnel are 98% of budget. PBEM has made a technical adjustment increasing the personnel budget by 10% or \$225,000 to cover anticipated overtime and other staffing changes. The bureau estimates additional overtime due to the pandemic response maintaining Emergency Coordination Center (ECC) activation.

Projections for Grant Fund expenditures are normal, reflecting planned underspending due to fully budgeting multi-year grant awards at once. The bureau will continue to maintain its grant expenditures into FY 2020-21, serving largely as pass-through to the Regional Disaster Preparedness Organization (RDPO) among other organizations.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

The Portland Bureau of Emergency Management made minor adjustments to the General Fund and the Grant Fund – both summarized in the Changes to All Funds chart below. Notable changes include increasing Personnel Services by 10% to accommodate overtime costs associated with COVID-19 response within Fund 100 for a net zero adjustment. The bureau also increased Intergovernmental (grant) revenues by 14% or \$527,273, increasing the bureau’s total budget for FY 2019-20 by this amount.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Intergovernmental Revenues	\$ 3,833,169	\$ 527,273	\$ -	\$ 4,360,442
Interagency Revenue	86,000	-	-	86,000
General Fund Discretionary	2,097,662	-	-	2,097,662
General Fund Overhead	2,023,795	-	-	2,023,795
Total Resources	\$ 8,040,626	\$ 527,273	\$ -	\$ 8,567,899
Requirements				
Personnel Services	\$ 2,945,115	\$ 254,852	\$ -	\$ 3,199,967
External Materials and Services	4,146,383	232,994	-	4,379,377
Internal Materials and Services	913,354	39,427	-	952,781
Capital Outlay	35,774	-	-	35,774
Total Requirements	\$ 8,040,626	\$ 527,273	\$ -	\$ 8,567,899



**City
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Portland Parks & Recreation

Analysis by Asha BellDuboset

INTRODUCTION

Portland Parks & Recreation's (Parks or PP&R's) FY 2019-20 Spring Supplemental Budget includes fifteen requests, three of which impact the General Fund. This includes \$1.4 million in new General Fund contingency resources, \$1.7 million in Compensation-Set Aside, \$1.6 million in General Fund program carryover, and ten other budget adjustment requests.

Parks is projecting to overspend its \$72.4 million General Fund allocation by \$1.4 million. The projected gap primarily results from the COVID-19 crisis and the resulting closures and reduction of fee-generating summer programming. The bureau has taken steps to reduce expenditures, but some costs had already been incurred for planned programming that would have been covered by fee revenues.

Parks has also included \$1.6 million in one-time General Fund program carryover requests for projects that will not be completed by fiscal year end. CBO recommends a portion of these requests that either contribute to the fiscal sustainability of the bureau or reflect in-process work; however, especially in the current fiscal environment, is a decision for Council whether these projects remain priorities compared to other reductions that will need to be considered as part of the FY 2020-21 budget.

KEY DECISIONS

- Appropriate \$1,418,400 in General Fund contingency to cover possible recreation program fee revenue gap. (Not recommended at this time)
- Process General Fund program carryovers totaling, \$845,639. (Partially recommended, \$658,648)
- Process General Fund fleet program carryover, \$771,300. (Partially recommended, \$398,000)
- Allocate \$1,735,868 in General Fund compensation set-aside for regular staffing costs, to cover current year personnel cost increases related to COLA and health benefit increase for permanent employees and minimum wage increases for the bureaus seasonal and casual workforce. (Recommended)

DISCUSSION OF REQUESTS

New General Fund Requests

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance stated that no new requests for General Fund contingency would be entertained, except for requests for resources required to continue core, existing operations through FY 2019-20.

COVID-19 Impacts

In the FY 2019-20 Spring Supplemental budget, Parks is requesting \$1.4 million in General Fund

contingency resources to fill a projected General Fund revenue budget gap. On March 20th, 2020 the bureau announced that community centers, pools, and other indoor facilities would remain closed through April 28th. Following the announcement of the Governor's shelter in place order and declaration of a State of Emergency March 23rd, 2020, Parks stopped all programming through June 6th, 2020. The bureau released a low confidence estimate of \$1.4 million net revenue loss due to recreation program closures from mid-March through the end of the fiscal year. The bureau laid off 752 casual employees, but still anticipates a budget gap due to expenses incurred before programming was cancelled and reimbursements issued due to closures.

While this request meets the Mayor's updated Spring BMP guidance, it is not necessary for Council to allocate these resources now. Given the current fiscal environment, CBO recommends the bureau continue to minimize expenses and bring an updated request in the Over-Expenditure Ordinance. The bureau has taken significant steps to reduce spending, and other expenditures may be eligible for federal reimbursement. Delaying this request will allow the bureau to develop higher confidence year-end projections.

General Fund Program Carryover

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that 1) assist in supporting current Mayor and Council priority packages for FY 2020-21; 2) ensure the continuity of core services and operations through FY 2020-21; or 3) return resources to the General Fund to contribute to the City's fund to address urgent emergency response needs. CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast.

General Fund Program Carryover

In the FY 2019-20 Spring Supplemental Budget Parks is requesting to carryover \$845,639 in General Fund Discretionary resources to continue work on four distinct projects, including:

- \$488,639 Vision Planning/Financial Plan (***Partially recommended***)
- \$300,000 for transition planning for Multnomah Arts Center and the Community Music Center (***Recommended***)
- \$22,000 for Interstate Firehouse Cultural Center (IFCC) community engagement (***Not recommended***)
- \$35,000 for WiFi for Zone Maintenance facilities (***Not recommended***)

Parks Long Range Vision Plan & Financial Sustainability Plan. Parks is requesting to carryover \$488,639 in General Fund resources from several prior year financial planning projects that have been folded into a single effort to develop a Sustainable Future Plan. This includes \$261,970 of resources originally appropriated to develop the Parks Long-Range Vision plan through 2035¹ and \$150,000 for the Cost of Service and Financial Sustainability plan work², both originally allocated in the FY 2018-19 Adopted Budget (prior CBO analysis [found here](#)). The bureau identified this underspending in its FY 2020-21

¹ FY 2018-19 Fall Supplemental Budget Reviews – Portland Parks & Recreation. Pages 27-35.
<https://www.portlandoregon.gov/cbo/article/701056>

² FY 2018-19 Fall Supplemental Budget Reviews – Portland Parks & Recreation. Pages 27-35.
<https://www.portlandoregon.gov/cbo/article/701056>

Requested Budget as a potential resource to support the first two years of the Sustainable Future position which will develop a funding plan that would set the bureau on the path to fiscal sustainability. Given the continued structural financial challenges facing the bureau, **CBO recommends carrying over the \$358,648 for the Sustainable Future position.**

CBO notes that these funds represent a one-time resource (over two years), while the bureau intends the position to be ongoing. City Financial policy Financial Policy 2.04 states that *one-time funds are resources that should be used for one-time programs and projects with a defined end date, bridge funding, or to address citywide liabilities that are not included in the City's five-year forecast.*³ To that end, Parks will need to identify an ongoing resource for this position by making an internal reallocation after FY 2020-21 should the bureau wish to continue the position.

CBO, while recommending the full request for the PP&R Sustainable Future position, reiterates the suggestion made in the FY 2020-21 Parks Requested Budget review ([found here](#)) that this position prioritize helping provide the comprehensive information required for Council to make an informed decision should the bureau request a CAL methodology change as part of the FY 2020-21 Fall Supplemental Budget.⁴

Multnomah Arts Center (MAC) and Community Music Center Transition (CMC). Parks is requesting to carry over \$300,000 in General Fund resources to continue the transition planning for the Multnomah Arts Center and the Community Music Center. In FY 2019-20 the bureau identified a nearly \$600,000 net operating gap at these two facilities and received funding to support operations as well as hire a consultant to develop a plan to make these facilities fiscally sustainable. While the bureau received bridge funding in the FY 2019-20 Adopted Budget, the bureau only requested funds to support Multnomah Arts Center operations through the end of the calendar year and partial funding to support current service delivery at Community Music Center. While these funds were originally requested to support transition planning, the bureau will use these to support the continued operation of the facility in the next fiscal year and will prioritize transition work within existing resources. Although allowing this carryover will require additional cuts across the City in the current fiscal environment, not providing this carryover could prompt the closure of these assets. Thus, CBO recommends this carryover to facilitate the transition of these assets as originally intended.

Interstate Firehouse Cultural Center (IFCC). Parks is requesting \$22,000 for the Interstate Firehouse Cultural Center. Since 2014 the IFCC has housed Parks staff but has not been open for programming. In FY 2018-19 Parks requested \$50,000 to work on creating a service delivery model at the site that would generate resources to restart programming at the facility (prior CBO analysis can be [found here](#)). The bureau carried over \$25,000 in the current year to bolster community engagement efforts – this request is to continue that work (analysis of that request can be [found here](#)).⁵ These funds would be used to cover the costs of a facilitator, meeting supplies, community engagement forums and to cover short-term rental fees. Given the COVID-19 crisis, allocating funding specifically for this work will drive the need for additional General Fund reductions in FY 2020-21; as a result, CBO does not recommend this carryover.

WiFi for Zone Maintenance Facilities. In the FY 2019-20 Spring Supplemental budget, Parks is requesting to carry over \$35,000 to fund WiFi in the zone maintenance facilities. The bureau states that lack of sufficient WiFi adversely impacts the productivity of over 100 zone maintenance staff who work without

³ City of Portland Financial Policy 2.04. <https://www.portlandoregon.gov/citycode/article/200795>

⁴ CBO FY 2020-21 Parks Requested Budget Review. <https://www.portlandoregon.gov/cbo/article/754863>

⁵ FY 2018-19 Fall Supplemental Budget Reviews – Portland Parks & Recreation. Pages 27-35.

<https://www.portlandoregon.gov/cbo/article/701056>

workstations and must document daily work on their iPhones. Per the Mayor's updated Spring Supplemental guidance, CBO does not recommend this request.

Fleet Carryover

Parks is requesting to carryover \$771,300 in General Fund Discretionary ongoing resources to fund the purchase of 14 new vehicles. Per Fleet several of the vehicles will be encumbered by year-end and will require payment from the current year budget; thus those funds should not be carried over. CBO also is not recommending a portion of the request that was identified as a duplicate or unfunded, requiring more information. CBO recommends funding \$398,000 of this carryover request to support vehicles in the request that will not be encumbered by year end but do have projected delivery dates.

TECHNICAL ADJUSTMENTS

PP&R's Spring Supplemental budget includes technical adjustment requests that represent net zero changes and have no General Fund impact, including:

- Recreation Services division technical adjustment. ***(Recommended)***
- Land Stewardship technical adjustments. ***(Recommended)***
- Operations and Strategies division technical adjustments. ***(Recommended)***
- Assets & Development and Capital Improvement program technical adjustments. ***(Recommended)***

OTHER ADJUSTMENTS

Parks' Spring Supplemental budget includes five requests that are technical in nature but represent contingency adjustments, internal transfers, and one mid-year reduction. These requests will have no service level impacts. Notable changes are summarized below.

Capital Program Adjustments

Parks Spring Supplemental budget trues up capital projects based on anticipated year-end spending, as well as reflecting beginning fund balance and additional System Development Charge revenues. The bureau is moving \$45.7 million into contingency that will be rebudgeted in FY 2020-21. CBO recommends this request.

Internal Transfers

Cash Transfer Levy Balance to Finance. The Parks Local Option Levy is a temporary five-year Levy that was passed by Portland voters in 2003. In this request, the bureau is transferring the remaining balance and closing out the fund. The current balance of the Levy fund is \$3,412. CBO recommends this request.

Conversion of a limited-term position to permanent. Following a reorganization of the Assets & Development Division, the bureau is requesting to convert a previously limited-term position to full-time. The position previously worked on the 2014 Parks Replacement Bond and will support the development of Parks' strategic plan. This position was fully funded by capital resources but following conversion, the bureau will fund 20% of the position within its General Fund allocation, reallocating an additional \$3,239 from its external materials and services budget. Given the importance of this work in the context of the bureau's future planning work, CBO recommends this request. However, given the current fiscal environment, CBO notes that the bureau may be required to reduce funding elsewhere to support this permanent need.

Urban Forestry adjustments. Parks Urban Forestry is transferring \$19,328 from its personnel services budget to its internal materials and services budget. This internal transfer reduces casual staff to account for a charge from the Bureau of Technology Services. CBO recommends this request.

Mid-Year Reductions

PP&R's FY 2019-20 Spring Supplemental Budget includes a return to the General Fund \$129,612 due to completion of the FY 2019-20 fuel station project and line of credit. The project was completed, and this reduced debt service costs. CBO recommends this request.

YEAR-END PROJECTIONS

General Fund

PP&R implemented FY 2019-20 budget reductions, which impacted staff, services, and programs, and was on track for a balanced budget as of March 1, 2020. PP&R's FY 2019-20 current revised General Fund Budget is \$97.8 million. Year-end projections from March indicate that the bureau will spend 98% or \$95.5 million. Due to the timing of the COVID-19 crisis in relation to bureau year-end projections, the impact of lost revenue related to Parks programming is not captured. Further, the bureau made efforts to reduce expenditures, laying off 752 casual staff but could not reduce all costs related to planned programming. On April 16th, the bureau announced extended closures through June 6th. To that end, updated projections that remove Recreation fee revenues budgeted in Charges for Services indicate that the bureau will overspend its General Fund allocation. Should programming remain consistent with current service levels, the bureau does not expect that COVID-19 will impact any of their other revenue streams in the current fiscal year.

Other Funds

In addition to the General Fund, Parks' budget includes six additional funds including: the Parks Endowment Fund, a Capital Projects Fund, two Enterprise Funds (Golf & PIR), and two Special Revenue Funds (Parks Memorial Fund and the Parks Local Option Levy Fund). FY 2019-20 year-end projections indicate that the bureau will spend 97% of its non-General Fund budget.

SUPPLEMENTAL BUDGET CHANGES TO THE GENERAL FUND

The FY 2019-20 Spring Supplemental Budget increases Portland Parks & Recreation's General Fund budget by \$560,471, increasing Parks' FY 2019-20 Revised Budget to \$98.4 million. Parks requested to reduce \$1.4 million in Charges for Services revenue and fill that with a \$1.4 million General Fund contingency request. CBO recommended that the bureau delay this request until the Overexpenditure Ordinance as it is unclear what the impact of revenue gap created by cancellation of summer programming will be at this time. Further, as the table below indicates, the bureau reduced its General Fund Discretionary allocation by \$857,929 in the current year, primarily to fund programming in FY 2020-21.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Licenses & Permits	\$ 379,460	\$ -	\$ -	\$ 379,460
Charges for Services	\$ 18,675,351	\$ (1,406,400)	\$ 1,418,400	\$ 18,687,351
Intergovernmental	\$ 138,723	\$ -	\$ -	\$ 138,723
Interagency Revenue	\$ 3,692,978	\$ 70,000	\$ -	\$ 3,762,978
Fund Transfers - Revenue	\$ -	\$ 2,625	\$ -	\$ 2,625
Miscellaneous	\$ 760,413	\$ -	\$ -	\$ 760,413
General Fund Discretionary	\$ 74,163,427	\$ 1,407,717	\$ (857,929)	\$ 74,713,215
Total Resources	\$97,810,352	\$73,942	\$560,471	\$98,444,765
Requirements				
Personnel	\$ 64,142,358	\$ 1,611,902	\$ -	\$ 65,754,260
External Materials and Services	\$ 22,897,854	\$ (885,782)	\$ 187,171	\$ 22,199,243
Internal Materials and Services	\$ 10,751,780	\$ (679,678)	\$ 373,300	\$ 10,445,402
Capital Outlay	\$ 18,360	\$ 27,500	\$ -	\$ 45,860
Total Requirements	\$97,810,352	\$73,942	\$560,471	\$98,444,765

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

In the FY 2019-20 Spring Supplemental Budget non-General Fund adjustments increased the bureau current revised budget by \$2.6 million, or just under 1%. Year-end projections are subject to change should operations at Enterprise Fund properties change before the end of the fiscal year.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$163,838,886	-\$1,075,084	\$ -	\$162,763,802
Licenses & Permits	\$1,129,460	\$0	\$ -	\$1,129,460
Charges for Services	\$49,440,391	\$2,893,600	\$ 1,418,400	\$53,752,391
Intergovernmental	\$8,274,159	\$0	\$ -	\$8,274,159
Interagency Revenue	\$3,692,978	\$70,000	\$ -	\$3,762,978
Fund Transfers - Revenue	\$7,541,887	\$2,625	\$ -	\$7,544,512
Bond & Note Proceeds	\$12,369,000	\$366,206	\$ -	\$12,735,206
Miscellaneous	\$5,792,668	-\$1,681,745	\$ -	\$4,110,923
General Fund Discretionary	\$74,163,427	\$1,407,717	\$ (857,929)	\$74,802,215
Total Resources	\$326,242,856	\$1,983,319	\$ 560,471	\$328,875,646
Requirements				
Personnel	\$75,134,955	\$1,958,902	\$ -	\$77,093,857
External Materials and Services	\$107,091,976	-\$15,441,281	\$ 187,171	\$91,837,866
Internal Materials and Services	\$14,747,237	-\$665,031	\$ 373,300	\$14,455,506
Capital Outlay	\$102,028,952	-\$38,469,925	\$ -	\$63,559,027
Debt Service	\$1,050,085	\$325,000	\$ -	\$1,375,085
Fund Transfers - Expense	\$2,356,484	\$2,625	\$ -	\$2,359,109
Contingency	\$23,669,126	\$54,273,029	\$ -	\$77,942,155
Ending Fund Balance	\$164,041	\$0	\$ -	\$164,041
Total Requirements	\$326,242,856	\$1,983,319	\$ 560,471	\$328,786,646



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Bureau of Environmental Services

Analysis by Yung Ouyang

INTRODUCTION

The Bureau of Environmental Services' (BES) primary request in this Spring BMP is a fund-level adjustment request that has several components involving transfers from its Rate Stabilization Fund and draws from contingency. Other requests include appropriating additional grants revenues and several minor, technical adjustments. Ratepayer revenues are projected to be \$7.5 million below the pre-Spring BMP budget, while System Development Charges (SDCs) may end the year at \$8.0 million below, both due to the COVID-19 crisis. The pandemic's effects on the bureau in FY 2019-20 are expected to be manageable.

KEY DECISIONS

- Make fund level adjustments, including:
 - Transfer \$50.0 million from the Rate Stabilization Fund (RSF) to the Sewer System Construction Fund to cash finance CIP projects; (Recommended)
 - Transfer an additional \$9.0 million from the RSF to the Sewer System Operating Fund and draw \$6.5 million from that fund's contingency to compensate for lower than expected SDC collections that pay for existing debt and to cover possible ratepayer revenue losses from COVID-19; (Recommended)
 - Draw \$1,023,700 from the compensation set-asides of two funds to prevent overspending personnel services. (Recommended)
- Adjust grants budget for two projects by a total of \$904,271 to align the budget to current estimates. (Recommended)

DISCUSSION OF REQUESTS

Draw from Rate Stabilization Fund to cash finance CIP projects

\$50 million of the total \$59 million draw from the Rate Stabilization Fund (RSF) was already planned before the COVID-19 crisis, with the bureau intending to delay to the fall of next year the bond sale that was originally planned for the spring of this year. BES expects this adjustment to cash finance CIP projects will reduce or delay future borrowings for capital projects, ultimately reducing borrowing costs and associated annual debt service payments while maintaining some flexibility to respond to any unforeseen COVID-19 impacts.

Additional draws from Rate Stabilization Fund and contingency resulting from COVID-19

Uncertainties created by the pandemic account for the additional \$9.0 million draw from the RSF, as well as a \$6.5 million draw from the Sewer System Operating Fund's contingency. Of this \$15.5 million total, \$8.0 million will be transferred to the Sewer System Debt Redemption Fund to cover lower-than-expected SDC collections and pay down existing debt, and \$7.5 million will cover possible ratepayer revenue losses from COVID-19. Per City Financial Policy, requests to allocate contingency resources should include documentation and analysis which demonstrates bureau efforts to reprioritize funding within existing appropriations and includes an assessment as to why internal realignment of funding is not possible or recommended. BES's year-end projection of Charges for Services in the Operating Fund is similar to CBO's high-level, conservative projection, and the draws are recommended.

BES has indicated that future year rate increases are not expected to be impacted by the additional draws from the RSF because the bureau is reducing future expenses, including delaying projects and implementing personnel cost reductions. These additional draws are also being implemented to begin lowering the balance in the RSF to a level that balances industry standards with ratepayer affordability.

Compensation Set Aside draws to prevent overspending personal services

The final component of this request involves draws from the bureau's "compensation set-asides" in the Sewer System Operating Fund and the Environmental Remediation Fund. BES does not include cost-of-living increases in its budgeting of personnel costs but relies on savings from vacancies to fund the increases, while setting aside funds in special accounts to draw from in case the savings from vacancies are inadequate. The amount in the set-aside in the Operating Fund is \$2.5 million, from which the bureau is drawing \$1.0 million, and BES is drawing the total \$23,700 budgeted in the Environmental Remediation Fund's set-aside. CBO's high-level projection of BES's year-end spending on personnel services is in line with the bureau's, so the draws are recommended.

YEAR-END PROJECTIONS

BES's primary operating fund is the Sewer System Operating Fund, and the discussion here will focus on that fund. The other funds managed by the bureau do not have any issues in regard to year-end projections, and many of the variances between budget and year-end projections in these funds can be explained by the bureau's delaying of a bond sale originally scheduled for spring of this year.

Revenues

After accounting for a potential \$7.5 million reduction in ratepayer revenues due to the COVID-19 pandemic, BES projects Charges for Services to end the year at 97% of the budgeted amount. CBO's high-level, conservative year-end projection of Charges for Services in the Operating Fund is only 1.5% higher than the bureau's and also does not account for any potential impacts from the pandemic. The bureau also projects a potential \$8.0 million reduction in SDC revenues due to the crisis. As noted in the discussion on fund level adjustments above, BES is transferring additional resources from the Rate Stabilization Fund and from contingency to mitigate the effects of the potential revenue losses.

Expenditures

After drawing \$1.0 million from the Sewer System Operating Fund's compensation set-aside in this Spring BMP, BES projects to spend 97% of its budget in personnel services in that fund, and CBO's high-level projection for this category is in line with the bureau's. Similarly, after transferring \$6.1 million from capital outlay, BES projects external materials and services to end the year at 94% of the new budgeted amount. The bureau notes that while quantifiable information remains somewhat unknown as of April

2020, cost increases related to the bureau's COVID-19 response (i.e., overtime, equipment and supplies) are expected to be offset in FY 2019-20 by cost reductions within the Operating Fund.

Capital outlay is projected at year-end to be only 74% of budget due to project delays. Total CIP expenditures are projected to be 78% of the Revised Budget. The CIP projects with the greatest under-expenditures include:

- Columbia Boulevard Wastewater Treatment Plant (CBWTP) Secondary Treatment Expansion Program (STEP) (under budget by \$8 million)
- Tryon Creek Wastewater Treatment Plant Headworks Improvements (under budget by \$3.5 million)
- Hillsdale Crest RDII (under budget by \$5 million)
- NW Thurman Reconstruction (under budget by \$4.5 million)
- South Tanner Reconstruction (under budget by \$3.5 million).

BES has halted non-essential external recruiting efforts and has begun to assess potential delays to projects, both capital and operating. However, the bureau believes that the impacts of such delays are unlikely to have a significant impact to FY 2019-20 expenditures, with any savings from pausing or ceasing those efforts materializing in FY 2020-21. BES states that capturing those savings, in addition to expense reductions resulting from mandatory furloughs and reductions to merit and COLA increases in FY 2020-21, will offset some of the impact of utilizing additional cash balances to manage revenue declines in the current fiscal year.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

BES's FY 2019-20 budget is contained in the following six funds:

- Sewer System Operating Fund
- Sewer System Construction Fund
- Sewer System Debt Redemption Fund
- Sewer System Rate Stabilization Fund
- Environmental Remediation Fund
- Grants Fund

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$ 431,472,582	\$ -	\$ -	\$ 431,472,582
Licenses & Permits	1,995,000	-	-	1,995,000
Charges for Services	402,272,800	(7,500,000)	-	394,772,800
Intergovernmental	2,330,150	904,271	-	3,234,421
Interagency Revenue	2,470,727	50,000	-	2,520,727
Fund Transfers - Revenue	396,908,590	77,000,000	-	473,908,590
Bond & Note Proceeds	235,100,000	(58,000,000)	-	177,100,000
Miscellaneous	13,926,800	-	-	13,926,800
Total Resources	\$1,486,476,649	\$12,454,271	\$0	\$1,498,930,920
Requirements				
Personnel	\$ 85,728,062	\$ 1,214,136	\$ -	\$ 86,942,198
External Materials and Services	81,094,339	6,038,985	-	87,133,324
Internal Materials and Services	51,381,655	38,752	-	51,420,407
Capital Outlay	136,949,923	(6,218,173)	-	130,731,750
Debt Service	186,750,305	-	-	186,750,305
Debt Service Reserves	71,433,409	-	-	71,433,409
Fund Transfers - Expense	407,830,913	77,000,000	-	484,830,913
Contingency	465,308,043	(65,619,429)	-	399,688,614
Total Requirements	\$1,486,476,649	\$12,454,271	\$0	\$1,498,930,920

SUPPLEMENTAL BUDGET CHANGES TO THE SEWER SYSTEM OPERATING FUND

The Sewer System Operating Fund is the bureau's primary operating fund.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$ 77,632,014	\$ -	\$ -	\$ 77,632,014
Licenses & Permits	1,995,000	-	-	1,995,000
Charges for Services	396,308,600	(7,500,000)	-	388,808,600
Intergovernmental	180,000	-	-	180,000
Interagency Revenue	2,055,827	50,000	-	2,105,827
Fund Transfers - Revenue	167,657,886	39,000,000	-	206,657,886
Miscellaneous	4,738,000	-	-	4,738,000
Total Resources	\$650,567,327	\$31,550,000	\$0	\$682,117,327
Requirements				
Personnel	\$ 84,886,545	\$ 1,288,191	\$ -	\$ 86,174,736
External Materials and Services	76,713,446	6,038,985	-	82,752,431
Internal Materials and Services	49,006,188	36,726	-	49,042,914
Capital Outlay	135,857,985	(7,218,173)	-	128,639,812
Debt Service	4,001,940	-	-	4,001,940
Debt Service Reserves	180,000	-	-	180,000
Fund Transfers - Expense	235,770,331	38,000,000	-	273,770,331
Contingency	64,150,892	(6,595,729)	-	57,555,163
Total Requirements	\$650,567,327	\$31,550,000	\$0	\$682,117,327



**City
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Portland Water Bureau

Analysis by Yung Ouyang

INTRODUCTION

The Portland Water Bureau's (PWB's) FY 2019-20 Spring BMP submission includes two requests that draw from contingency and several other requests of a technical nature. There are no major concerns with year-end projections at this point, but there is some risk that, due to the COVID-19 crisis, revenues from retail water sales and System Development Charges, as well as revenues from power sales (unrelated to COVID-19), will fall below what the bureau has projected.

Spending on capital outlay in the main operating fund is projected to end the year at 79% of budget due to project delays, but this is not unusual for the bureau. Social distancing is affecting the performance of capital related work, but the bureau has not cited this as a reason for the under-expenditure in capital outlay. Measures to limit spending that the bureau has put in place are expected to have only a minor effect, as year-end spending on personnel services is projected to be 93% of budget, and external materials and services to be 95% of budget, in the Water Fund.

KEY DECISIONS

- Draw from contingency in two requests for additional expenses:
 - \$284,471 from the Water Fund's contingency for costs related to two ballot measures that were referred to the voters in the 2019 November ballot; (Recommended)
 - \$170,000 from the Hydropower Operating Fund's contingency for additional tree trimming expenses and transmission line maintenance. (Recommended)
- Appropriate \$12,000 in interagency revenue for work that bureau staff conducted on behalf of a commissioner's office. (Recommended)
- Adjust budgets to align with current expectations of year-end spending and other true-ups:
 - Adjust the beginning balances of various funds to accord with ending balances in the FY 2018-19 CAFR; (Recommended)
 - Align the budget to reflect the October 2019 Water Revenue bonds sale and February 2020 bonds refunding; (Recommended)
 - Increase the cash transfers between the Water Fund and the Water Construction Fund by \$1.2 million for additional capital revenue; (Recommended)
 - Appropriate \$144,255 in grant revenues for three projects that increase the resiliency of the City's water system; (Recommended)

- Adjust two interagency agreements involving the bureau's Hydroelectric Power Division. (Recommended)

DISCUSSION OF REQUESTS

The only significant requests in the Water Bureau's FY 2019-20 Spring BMP submission involve draws from the contingencies of the Water Fund and the Hydropower Operating Fund. Per City Financial Policy, requests to allocate contingency resources should include documentation and analysis which demonstrates bureau efforts to reprioritize funding within existing appropriations and includes an assessment as to why internal realignment of funding is not possible or recommended. Concerning the draw for the two November 2019 ballot measures, while the bureau projects enough underspending in its external materials and services budget in the Water Fund to cover this expenditure, due to the uncertainties created by the COVID-19 crisis, the bureau prefers to draw the funds from contingency to maintain more flexibility for unexpected expenditures during the rest of the year. The \$284,471 draw is 0.3% of the amount in the Water Fund's contingency before any Spring BMP adjustments.

On the other hand, no savings are projected in expenditures in the Hydropower Operating Fund, which is also experiencing a lower than expected collection of power sales revenue, so a \$170,000 draw from that fund's contingency for additional tree trimming and transmission line maintenance expenses is justifiable. This \$170,000 draw represents 11.0% of the amount budgeted in the Hydroelectric Power Operating Fund's contingency before any Spring BMP adjustments. CBO recommends both requests.

YEAR-END PROJECTIONS

Revenues

The Water Bureau's year-end projection for Charges for Services in the Water Fund assumes a 5% decrease to retail water sales in the fourth quarter of the fiscal year due to the COVID-19 emergency. The bureau notes that additional retail water sales losses as a result of COVID-19 related closures would be a further risk to this projection. Despite this decrease, the bureau is still expected to end the year at budget for this major revenue category.

In the Water Construction Fund, Charges for Services are projected to be \$1.5 million, or 43%, above budget due to higher than planned System Development Charges (SDCs). Indeed, the actual amount collected up to the end of March is already above the budgeted amount of \$3.5 million. The bureau notes that SDC revenue may decrease if development activity slows in the fourth quarter of the year due to the pandemic.

In the Hydroelectric Power Operating Fund, miscellaneous revenues are projected to be 14% below budget primarily due to reduced power sales. This projection assumes that the year-to-date shortfall of power sales will remain, but not worsen. The majority of power sales happen during the winter, so while a dry spring would result in lower power sales than projected, reserves should be able to cover any additional shortfall.

Expenditures

Capital Outlay in the Water Fund is projected to be under budget by \$30.6 million, or 21%, primarily due to shifting expenditures related to project timing, particularly with the Willamette River Crossing project. The bureau notes that construction activities on new capital projects are proceeding during the COVID-19 crisis as scheduled while staff is practicing social distancing. Maintenance-related capital improvements to the water system such as replacements of mains and hydrants, and services performed by bureau field

staff, have been limited due to the need to comply with social distancing.

The bureau is projecting an underspending of 7% in personnel services and an underspending of 5% in external materials and services in the main operating fund, the Water Fund. Since all external recruitments have been halted, PWB anticipates current vacancies will remain unfilled. In addition, the bureau has halted position reclassifications. On the external materials and services side, measures that the bureau is taking to limit spending include:

- Cancellation of non-essential travel and the postponing of most trainings;
- Pausing contracts for services related to video/public events, Bull Run tours, and strategic planning;
- Holding off on purchasing equipment and supplies.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

The Water Bureau's FY 2019-20 budget is contained in the following six funds:

- Water Fund
- Water Bond Sinking Fund
- Water Construction Fund
- Hydroelectric Power Operating Fund
- Hydroelectric Power Renewal Replacement Fund
- Grants Fund

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$165,434,285	\$ 32,955,268	\$ -	\$198,389,553
Charges for Services	207,077,493	-	-	207,077,493
Intergovernmental	526,000	144,255	-	670,255
Interagency Revenue	3,840,560	132,000	-	3,972,560
Fund Transfers - Revenue	304,680,018	(10,853,734)	-	293,826,284
Bond & Note Proceeds	144,185,000	44,313,163	-	188,498,163
Miscellaneous	7,967,146	-	-	7,967,146
Total Resources	\$833,710,502	\$66,690,952	\$0	\$900,401,454
Requirements				
Personnel	\$ 82,748,172	\$ -	\$ -	\$ 82,748,172
External Materials and Services	43,237,026	(57,906)	-	43,179,120
Internal Materials and Services	22,305,420	631,979	-	22,937,399
Capital Outlay	145,693,803	144,255	-	145,838,058
Debt Service	66,826,344	52,858,275	-	119,684,619
Debt Service Reserves	39,943,010	(14,846,604)	-	25,096,406
Fund Transfers - Expense	303,687,924	(10,853,734)	-	292,834,190
Contingency	105,945,771	37,392,039	-	143,337,810
Ending Fund Balance	23,323,032	1,422,648	-	24,745,680
Total Requirements	\$833,710,502	\$ 66,690,952	\$ -	\$900,401,454

SUPPLEMENTAL BUDGET CHANGES TO THE WATER FUND

The Water Fund is the bureau's primary operating fund.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$ 97,597,314	\$ 44,509,985	\$ -	\$ 142,107,299
Charges for Services	203,577,493	-	-	203,577,493
Intergovernmental	526,000	-	-	526,000
Interagency Revenue	3,765,560	12,000	-	3,777,560
Fund Transfers - Revenue	201,126,574	(11,440,386)	-	189,686,188
Miscellaneous	3,021,074	-	-	3,021,074
Total Resources	\$509,614,015	\$33,081,599	\$0	\$542,695,614
Requirements				
Personnel	\$ 82,380,478	\$ -	\$ -	\$ 82,380,478
External Materials and Services	41,148,440	(227,906)	-	40,920,534
Internal Materials and Services	22,094,023	632,377	-	22,726,400
Capital Outlay	145,693,803	-	-	145,693,803
Debt Service	5,017,731	-	-	5,017,731
Fund Transfers - Expense	108,997,423	586,652	-	109,584,075
Contingency	104,282,117	32,090,476	-	136,372,593
Total Requirements	\$509,614,015	\$33,081,599	\$0	\$542,695,614



**City
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Bureau of Development Services

Analysis by Yung Ouyang

INTRODUCTION

The Bureau of Development Services' (BDS) Spring BMP includes three requests to draw from its contingency in the Development Services Fund for unanticipated expenditures in various interagency agreements, as well as four more minor, technical requests. Program revenues are projected to end the year above budget due to revenues from several large projects, while spending on personnel services and external materials are forecasted to be significantly below budget due to measures to limit spending that the bureau put in place long before the COVID-19 crisis. The bureau states that revenue for the remainder of the fiscal year and beyond is highly unpredictable, and that the outbreak will affect the overall economy, construction activity, and both the timing and size of projects received by BDS.

KEY DECISIONS

- Appropriate \$25,000 in interagency revenue from the Bureau of Planning & Sustainability (BPS) for work related to the Portland Clean Energy Fund. (Recommended)
- Reduce the interagency agreement with OMF-CityFleet by \$11,771 due to a reduction of fuel station debt service costs. (Recommended)
- Draw from the Development Services Fund's contingency for additional expenses in three requests:
 - \$205,000 to the interagency agreement with OMF-Facilities for project management costs related to the 1900 Building bathroom remodel project; (Recommended)
 - \$1,165,000 to the interagency agreement with the OMF-Bureau of Technology Services (BTS) to add an appropriation for expenditures associated with additional storage area network costs, desktop and server support, and additional costs associated with the development of new computer systems; (Recommended)
 - \$28,000 to the interagency agreement with BPS for services provided by a Business Systems Analyst to the BDS Technology Support Team. (Recommended)

DISCUSSION OF REQUESTS

In three requests, BDS requests to draw a total of \$1.4 million from the Development Services Fund's contingency for unanticipated expenditures associated with several interagency agreements and to prevent over-expenditure. Two of BDS's other requests will increase its contingency by \$36,771, resulting in a net reduction in contingency of \$1,361,229, or 2.5%.

Per City Financial Policy, requests to allocate contingency resources should include documentation and

analysis which demonstrates bureau efforts to reprioritize funding within existing appropriations and includes an assessment as to why internal realignment of funding is not possible or recommended. Although major underspending is projected in the bureau's budgets for personnel services and external materials and services (see below), BDS prefers to draw from contingency for these additional expenses instead of transferring savings from those categories. BDS states that it is not making FTE adjustments in the BMP and prefers to leave the EMS budget intact. The bureau notes that whether adjustments are offset with a change to contingency or another major object category, these are adjustments to the budget rather than actual spending, and that actual contingency at the end of the fiscal year will depend on actual spending and revenue collections, not budget.

Interagency agreement with OMF-Facilities (\$205,000)

BDS notes that the timing and scope of the bathroom remodel project at the 1900 Building was not known at the time of budget development, and that an unforeseen factor affecting the timeline was a leak originating in the 7th floor of the 1900 Building which caused damage to restrooms below and increased the urgency of the project.

Interagency agreement with OMF-BTS (\$1,165,000)

The bureau states that the full scope of BTS services needed for the development, maintenance, and support of the Portland Online Permitting System (POPS) project were not known at the time of budget development.

Interagency agreement with BPS (\$28,000)

This adjustment is being made because the percent of time spent at BDS by the BPS Business Services Analyst on POPS support was increased mid-fiscal year.

YEAR-END PROJECTIONS

BDS notes that revenues across all major categories are projected to be higher than budget due to higher than expected demand for services during FY 2019-20 up until March 2020. In particular, applications for permits on several large projects brought in significant revenue to the bureau. Indeed, year-to-date actuals for Charges for Services and Licenses and Fees are already either close to the budgeted amount or above it as of the end of March. The bureau states that because of the cyclical nature of the construction industry, its revenues fluctuate significantly in response to changes in demand for services. Furthermore, due to the current COVID-19 pandemic, revenue for the remainder of the fiscal year and beyond is highly unpredictable. The outbreak will affect the overall economy, construction activity, and both the timing and size of projects received by BDS. In informal discussions with CBO, the bureau has indicated that a significant reduction in revenues from smaller projects may occur.

On the expenditures side, the bureau has already been limiting spending due to the downturn in development activity that began a couple of years ago, long before COVID-19. For example, BDS implemented a hiring freeze, so the 9% difference between budgeted and projected spending in personnel services is due to vacant positions. External materials and services are projected to be underspent by 27% even with the \$2.4 million transfer from that category to capital outlay.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

BDS's entire budget is in the Development Services Fund. Program revenues are budgeted in Charges for Services and Licenses & Permits.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$ 80,615,435	\$ -	\$ -	\$ 80,615,435
Licenses & Permits	35,848,891	-	-	35,848,891
Charges for Services	13,326,191	-	-	13,326,191
Interagency Revenue	1,238,434	25,000	-	1,263,434
Fund Transfers - Revenue	1,100,775	-	-	1,100,775
Miscellaneous	4,216,041	-	-	4,216,041
Total Resources	\$136,345,767	\$25,000	\$0	\$136,370,767
Requirements				
Personnel Services	\$ 57,426,597	\$ -	\$ -	\$ 57,426,597
External Materials and Services	9,039,476	(2,400,000)	-	6,639,476
Internal Materials and Services	10,967,757	1,386,229	-	12,353,986
Capital Outlay	-	2,400,000	-	2,400,000
Bond Expenses	1,443,126	-	-	1,443,126
Fund Transfers - Expense	2,536,838	-	-	2,536,838
Contingency / Unappropriated Fund Balan	54,931,973	(1,361,229)	-	53,570,744
Total Requirements	\$136,345,767	\$25,000	\$0	\$136,370,767



**City
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Portland Housing Bureau

Analysis by Jane Marie Ford

INTRODUCTION

The Portland Housing Bureau's (PHB's) Spring Supplemental Budget primarily includes typical adjustments to multi-year affordable housing project budgets, changes to PHB-owned building budgets and other non-General Fund programs, and technical adjustments. CBO has recommended all changes as requested. The requested changes result in a net appropriation decrease of \$12.1 million in the current fiscal year, which will be carried over into FY 2020-21. The bureau does not expect that COVID-19 will have a significant impact on revenue or expenditure streams in the current fiscal year.

KEY DECISIONS

There are no major decision points for Council.

DISCUSSION OF REQUESTS

Housing Property Adjustments

The bureau's requested adjustments transfer \$152,000 in General Fund resources to help replenish the Risk Mitigation Pool (RMP). This adjustment matches a contract amendment recently approved by Council (see [Ordinance 189918](#)). The RMP has seen an increase in claims paid out to help project owners fund the cost of repairs and operational revenue gaps that can occur with permanent supportive housing (PSH) units, including a large claim for a fire in the current fiscal year. As more PSH units come online in the next few years, the bureau expects a continued increase in annual claims paid out.

PHB is also recognizing \$1.2 million in beginning fund balance and allocating \$180,974 in contingency in the Housing Property Fund for costs related to the Headwaters apartment complex roof replacement.

Affordable Housing Project Rebudgets

As housing projects span multiple fiscal years, PHB trues up project budgets in the Spring and Fall Supplemental Budgets to better reflect when funds will be spent. In the FY 2019-20 Spring BMP, PHB is reducing approximately \$9.6 million based on updated construction and financing disbursement timelines. These funds will be carried over into in FY 2020-21.

Homeownership Program Changes

In addition to technical adjustments to homeowner program budgets, PHB is carrying over \$1.9 million in Community Development Block Grant underspending that will be reallocated in FY 2020-21 for home repair grants and loans. Another \$800,000 is being de-appropriated to reflect that the Accessory Dwelling Unit program for low-income N/NE homeowners will not be moving forward. This net reduction is partially offset by an increase in appropriations for Prosper Portland homebuyer support to better reflect planned program spending.

Other Adjustments

The bureau is allocating \$1.0 million for debt issuance costs for the Portland Affordable Housing Bond and \$1.5 million in Tax Increment Financing resources in the Gateway Center Urban Renewal Area to true up costs for a loan to the DePaul Treatment Center authorized by Council in March (see [Ordinance 189872](#)). Additional technical changes include realignments based on current vacancies and an adjustment to the interagency agreement with the Office of Equity & Human Rights (OEHR) to reflect service level changes based on OEHR's relocation to the Portland Building.

YEAR-END PROJECTIONS

PHB does not expect to see significant impacts to revenue streams based on the COVID-19 emergency in the current fiscal year. The bureau already reprioritized just over \$1.0 million in General Fund resources from one-time projects to provide emergency cash assistance to households experiencing a loss of income due to the pandemic. PHB expects to see cost savings in FY 2019-20 through canceled travel, and has a higher than usual number of vacancies, which will contribute to savings across the bureau.

Moving forward, it is unclear how COVID-19 may impact revenues from short-term rentals and the Construction Excise Tax, which represent a combined \$11.0 million of PHB's current year-to-date actual revenue. The bureau has generally used conservative estimates in forecasting these sources, which are relatively new and had just begun to stabilize before COVID-19. This practice means that the bureau has already collected real revenue beyond budgeted estimates in FY 2019-20, and may not see as steep of a decline in FY 2020-21 as would otherwise be expected.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$ 12,825,864	\$ 1,538,903	\$ -	\$ 14,364,767
Taxes	5,100,000	-	-	5,100,000
Charges for Services	6,873,397	250,000	-	7,123,397
Intergovernmental	73,973,713	(12,822,310)	-	61,151,403
Interagency Revenue	130,808	(25,178)	-	105,630
Fund Transfers - Revenue	7,152,096	152,000	-	7,304,096
Bond & Note Proceeds	-	1,000,000	-	1,000,000
Miscellaneous	7,886,738	4,000	-	7,890,738
Miscellaneous Fund Allocation	600,000	-	-	600,000
General Fund Discretionary	37,424,732	-	-	37,424,732
Total Resources	\$151,967,348	(\$9,902,585)	\$0	\$142,064,763
Requirements				
Personnel	\$ 10,609,222	\$ 35,297	\$ -	\$ 10,644,519
External Materials and Services	126,339,446	(10,798,611)	-	115,540,835
Internal Materials and Services	2,186,341	2,000	-	2,188,341
Capital Outlay	6,732,540	-	-	6,732,540
Debt Service	1,468,750	1,000,000	-	2,468,750
Fund Transfers - Expense	4,290,734	152,000	-	4,442,734
Contingency	340,315	(293,271)	-	47,044
Total Requirements	\$151,967,348	(\$9,902,585)	\$0	\$142,064,763



**City
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Bureau of Planning & Sustainability

Analysis by Michelle Rubin

INTRODUCTION

The Bureau of Planning and Sustainability (BPS) Spring Supplemental Budget includes a series of technical adjustments, two requests for General Fund program carryover, and adjustments to interagency agreements and grant revenues. The bureau expects significant impacts from the COVID-19 emergency on revenues in its Solid Waste Management Fund, but the extent of these impacts is currently unknown.

KEY DECISIONS

- Process \$246,000 total in General Fund carryover, including \$100,000 for the Age-Friendly City Program (Recommended) and \$146,000 for equity programming (Not Recommended)
- Appropriate interagency revenues amounting to \$55,009 from the Portland Bureau of Transportation (PBOT), Portland Housing Bureau (PHB), Bureau of Environmental Services (BES) and the Bureau of Development Services (BDS) for various projects and \$26,027 in additional grant revenues (Recommended)

DISCUSSION OF REQUESTS

General Fund Program Carryover

Age-Friendly Program

BPS is requesting \$100,000 in General Fund program carryover for continued work on the Age-Friendly Program. In the FY 2019-20 Adopted Budget, the bureau received \$200,000 in one-time General Fund resources, including 1.55 FTE, for the development of an Age-Friendly City Government program framework to promote age-friendly operations, services, and practices that accommodate the needs of older adults.¹ Program underspending in FY 2019-20 is due to delays in hiring a program manager. Due to the current COVID-19 emergency, the Age-Friendly Cities Program has pivoted its focus to managing the Aging and Disability Community Project (ADCP) through the Emergency Coordination Center. This is a new project, which aims to “catalog best practices, develop, and implement approaches in response to COVID-19 related to older adults and people with disabilities.” BPS states that the ADCP work plan is consistent with the work the BPS Age-Friendly program was developing.

In FY 2020-21, the carryover resources would be used to accomplish the following:

- **Advance Portland’s age friendliness by promoting existing City efforts:** This includes (1) drafting a summary report on the implementation of age-friendly policies in Portland’s 2035 Comprehensive Plan, and (2) consulting with BPS and other bureaus to advance age-friendly

¹ For analysis on the FY 2019-20 Age-Friendly City Government request, please see: <https://www.portlandoregon.gov/cbo/article/714558>

approaches and outcomes within existing programs and services.

- **Improve age-friendly intergenerational community engagement:** This includes efforts to advance age- and ability-specific engagement in events such as Sunday Parkways and AARP Neighbor Walks, and focused outreach with communities of color.

CBO recommends this request given the nexus with the current health emergency, and that this population is particularly vulnerable to the virus. However, given the current financial context Council should determine the extent to which this project remains a priority in FY 2020-21.

Equity Program

BPS is also requesting \$146,000 in personnel underspending to fund work related to equity. These resources are the result of a vacancy in the bureau's equity manager position. The bureau is planning to hire a new equity manager by June 2020 and has reassigned two existing staff to create an Equity Program within BPS. This program would be responsible for programming the requested \$146,000 in carryover resources in the next fiscal year. The bureau states that the carryover resources could support one or all of the following: (1) Creation of BPS Equity Team; (2) Implementation of BPS's Racial Equity Plan; (3) Support for Climate Justice and the Climate Action Plan, and/or (4) Support for COVID-19 Recovery.

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that 1) assist in supporting current Mayor and Council priority packages for FY 2020-21; 2) ensure the continuity of core services and operations through FY 2020-21; or 3) return resources to the General Fund to contribute to addressing emergency response needs. CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast. Although this request is aligned with Citywide equity goals, it represents a new effort and is loosely defined. In addition, it is not clear whether this one-time request would support an ongoing program, which would create a funding gap moving forward. Under the current financial situation, allocating these resources will require more cuts elsewhere in the FY 2020-21 budget. As a result, CBO recommends the bureau proceed with hiring the existing equity manager position and forming the planned three-person team, but does not recommend this additional carryover request.

New Revenue, Interagency Agreements, and Technical Adjustments

The bureau is requesting several technical adjustments that predominantly reallocate budget between major object categories, including reallocating bureau salary savings to resource contracts for grants associated with the Anti-Displacement Action Plan project.

In alignment with the City's Interfund Lending Financial Policy (FIN- 2.18), BPS submitted an Interfund Loan Request in April 2019, the purpose of which was to cover upfront costs related to the Portland Clean Energy Fund (PCEF) administration. In FY 2019-20, BPS budgeted \$2,253,075 to be transferred as an interfund loan from the Solid Waste Management Fund (SWMF) to PCEF. BPS' Spring Supplemental Budget reflects that no internal transfer was required to take place between the SWMF and PCEF in FY 2019-20 due to PCEF tax proceeds exceeding what the bureau projected.

BPS is appropriating \$26,027 in additional grant revenues in FY 2019-20, including: (1) \$3,624 from the Burnside Bridge Earthquake Ready grant; (2) \$22,153 from a Metro Recycle grant, and (3) \$250 from a Washington County Master Recycle grant. The bureau is also adjusting several interagency agreements,

including:

- Increasing an IA with BDS for BPS support of the City's online permitting system by \$28,000, which will fund a Business System Analyst to assist with testing and improving the system and allocating \$25,000 for a new IA for BDS support of the Portland Clean Energy Fund.
- Reducing an IA with PBOT for equity analysis by \$33,011 to reflect program cancellation, increasing an IA for PBOT support of the Public Trash Cans Expansion Program by \$7,000, and appropriating \$10,000 for a new IA with PBOT for BPS to provide Transportation Modeling.
- Increasing IAs for floodplain management work by \$24,010 each with BDS and BES, which will allow BPS to complete work associated with the City's Floodplain Management Update Program.
- Appropriating \$2,000 from a new IA with PHB to support a Geographic Information System (GIS) Web Developer to develop and host the Preference Policy web application. The agreement totals \$8,000; BPS plans to expend the remaining \$6,000 in FY 2020-21.

YEAR-END PROJECTIONS

CBO does not anticipate any major concerns across BPS' various funds. In order to limit non-essential spending as directed by the Mayor in response to the COVID-19 emergency, BPS has suspended travel through the end of this fiscal year and frozen all hires aside from the equity manager position.

The bureau is expected to spend or encumber approximately 98% of its current year General Fund allocation. BPS projects external materials and services underspending of approximately \$94,000, or 8%, due to efforts to limit non-essential spending. In addition, the bureau projects under-collection of \$93,000 in interagency revenues due to position vacancies and hiring freezes since March 2020. The bureau expects to underspend grant resources by \$651,260 and plans to carry over unspent grants through the FY 2020-21 Fall Budget Monitoring Process.

In the Portland Clean Energy Fund, BPS projects it will underspend its personnel budget by approximately 19%, or \$228,854, due to delays in hiring. BPS also projects significant underspending in PCEF external materials and services—30%, or \$243,500—due to contracts exceeding anticipated timelines.

The bureau also expects underspending in the Solid Waste Management Fund external materials and services budget of approximately 23%. The bureau states that most of this will be committed by year end, except approximately \$700,000 budgeted for the Public Trash Cans Program, which has seen delays in contracting. BPS projects to fully collect residential franchise and commercial tonnage fees as planned through June 30, 2020. However, the bureau expects significant impacts from the COVID-19 emergency to Solid Waste Management revenues, especially to collection of the commercial tonnage fee. The extent of these impacts is currently unknown; the bureau believes it will have more information in Fall 2020.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$ 10,966,535	\$ -	\$ -	\$ 10,966,535
Taxes	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000
Licenses & Permits	\$ 3,323,996	\$ -	\$ -	\$ 3,323,996
Charges for Services	\$ 4,121,057	\$ -	\$ -	\$ 4,121,057
Intergovernmental Revenues	\$ 2,307,046	\$ 26,027	\$ -	\$ 2,333,073
Interagency Revenue	\$ 1,021,940	\$ 55,009	\$ -	\$ 1,076,949
Fund Transfers - Revenue	\$ 9	\$ -	\$ -	\$ 9
Bond and Note	\$ 2,253,075	\$ (2,253,075)	\$ -	\$ -
Miscellaneous	\$ 127,525	\$ -	\$ -	\$ 127,525
General Fund Discretionary	\$ 9,110,719	\$ (246,000)	\$ 146,000	\$ 9,010,719
General Fund Overhead	\$ 762,776	\$ -	\$ -	\$ 762,776
Total Resources	\$83,994,678	(\$2,418,039)	\$146,000	\$81,722,639
Requirements				
Personnel Services	\$ 14,708,180	\$ (306,038)	\$ 146,000	\$ 14,548,142
External Materials and Services	\$ 6,145,874	\$ 41,638	\$ -	\$ 6,187,512
Internal Materials and Services	\$ 2,131,044	\$ 99,436	\$ -	\$ 2,230,480
Bond Expenses	\$ 2,329,893	\$ (2,253,075)	\$ -	\$ 76,818
Fund Transfers - Expense	\$ 1,180,283	\$ -	\$ -	\$ 1,180,283
Contingency	\$ 16,609,264	\$ -	\$ -	\$ 16,609,264
Unappropriated Fund Balance	\$ 40,890,140	\$ -	\$ -	\$ 40,890,140
Total Requirements	\$83,994,678	(\$2,418,039)	\$146,000	\$81,722,639



**City
Budget
Office**

Office of Community & Civic Life

Analysis by Kea Cannon

INTRODUCTION

The Office of Community & Civic Life's (Civic Life)'s requested FY 2019-20 Spring Supplemental Budget changes include carrying over \$757,500 in bureau General Fund and Recreational Cannabis Tax underspending, de-appropriating \$64,000 in lost revenue due to the COVID-19 crisis, and making various technical adjustments. Accounting for requested changes, Civic Life anticipates ending the fiscal year having spent nearly 100% of its FY 2019-20 budget. As requested, adjustments for carryover would decrease Civic Life's FY 2019-20 total budget by 6% or \$1,021,731.

KEY DECISIONS

- Process \$183,00 in program carryover in General Fund underspending for the 311 program, and transfer to Chief Administrative Officer's (CAO) FY 2020-21 budget. (Not Recommended)
- Process \$119,500 in General Fund underspending and carryover for bureau-wide technology solutions, including Citizen Lab pilot. (Partially Recommended)
- Process \$455,000 in General Fund underspending and carryover for COVID-19 community response, supporting unemployment benefits and Universal Representation for immigrants and refugees, and the houseless population. (Recommended)
- Process \$210,000 in Recreational Cannabis Tax Fund resources as carryover and transfer to Prosper Portland as planned. (Recommended)
- Reduce FY 2019-20 revenue projections for the Noise (\$24,000) and Liquor Licensing (\$40,000) programs due to COVID-19 economic impacts. (Recommended)

DISCUSSION OF REQUESTS

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that:

- 1) Assist in supporting current Mayor and Council priority packages for FY 2020-21;
- 2) Ensure the continuity of core services and operations through FY 2020-21; or
- 3) Return resources to the General Fund to contribute to the City's fund to address urgent emergency response needs.

CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast.

311 Program Carryover (\$183,000)

Civic Life is requesting \$183,000 in program underspending for 311 be carried over and transferred to the Office of Management and Finance (OMF), Chief Administrative Officer (CAO) in order to expedite 311 program implementation in FY 2020-21. The underspending primarily comes from delays in hiring (\$158,000) and contracted services (\$25,000).

This program is supported by ongoing General Fund resources, totaling \$1.9 million in FY 2020-21. Therefore, allocating additional one-time resources does not fill a funding gap, but would allow the program to move forward more quickly than the current schedule. However, given the City's General Fund outlook, CBO instead recommends these resources fall to balance within the General Fund to offset anticipated reductions for the City in FY 2020-21.

Bureau Technology Solutions Carryover (\$119,500)

Civic Life has submitted two carryover requests of General Fund underspending to support two technology solutions for the bureau.

AMANDA 7 Technology Solution

Civic Life is working closely with the Bureau of Technology Services (BTS) to develop a bureau-wide technology solution that would support eight programs with online payments, applications, trainings, communications, and to assist the bureau with teleworking needs. Civic Life reallocated \$400,000 in its base FY 2020-21 Requested Budget for this need from several programs including Cannabis Licensing, Noise, Liquor, Advisory Boards and Commissions, Communications, and Neighborhood Services. The bureau is requesting to carry over \$100,000 in General Fund underspending from FY 2019-20 to fully fund the \$500,000 low-confidence estimated solution. Civic Life notes this work is already underway, with the first phase anticipated to be completed by Winter 2020, and the remainder completed in FY 2021-22.

Under the current guidance, CBO recommends this request as this work supports the continuity of core services and operations through FY 2020-21 for various bureau programs. Civic Life has struggled to process payments during the State issued "Stay Home Stay Safe" guidance during the pandemic. For some businesses, Cannabis Licensing and other transactions requires cash transactions under the current federal banking restrictions. During this time, fewer payments for Cannabis Licensing have been processed, something that this technology solution would help resolve. Additionally, online solutions would provide easier and equitable access to online applications, forms, and trainings for local businesses, residents, and volunteers. However, CBO notes that the cost estimate is low confidence and these resources could be used to help solve for the budget gap anticipated as a result of the COVID-19 crisis. As such, CBO notes that the Mayor and City Council could elect to allow these funds to fall to balance to use to offset FY 2020-21 reductions.

Citizen Lab Pilot

\$19,500 is requested to develop a pilot with Citizen Lab to integrate a digital participation platform for informing and engaging with community members. This pilot, depending on how it is scoped, would complement the City's 311 program and POWR project. This platform would close the feedback loop for community outreach and engagement.

Where current City services allow the City to push *out* information, this platform would allow the community to share information *back to* the City in real time. This technology solution would improve the City's outreach and engagement to a wider, hopefully more representative portion of the Portland community. The Civic Life proposes piloting this, along with the Portland Bureau of Transportation, and

SmartCities. Conversations around a pilot have not yet commenced, and many details are not yet clear.

Although this platform may prove to be an effective complement to other City programs like 311, CBO does not recommend this request under current guidance as it is a new project and, if successful, would add new ongoing costs (estimated at \$19,500 to \$27,500 depending on the scope). To the extent this project is a top priority for the bureau and the partners noted above, the work could be prioritized within existing resources in FY 2020-21 or delayed to a later time.

COVID-19 Community Response Carryover (\$455,000)

Civic Life proposes to fund three different efforts in the community supporting undocumented workers, immigrants and refugees, houseless individuals, and mixed-status families who may not be eligible for CARES stimulus and unemployment benefits. Civic Life has identified \$455,000 in anticipated General Fund underspending via personnel vacancy savings (\$280,000) and external materials and services non-essential spending savings in the Graffiti, Community Safety, Disability programs, and other special projects to support these vulnerable populations (\$175,000).

\$200,000 Universal Representation (Equity Corps of Oregon)

Equity Corps of Oregon is a community-led Universal Representation program providing culturally competent navigation, legal consultation, and legal representation for low-income immigrants and refugees in deportation proceedings who live or work in Portland. In FY 2018-19, the City allocated one-time funding of \$500,000 to Innovation Law Lab to help start Equity Corps. These funds were matched by Multnomah County, and the State of Oregon allocated another \$2.0 million. With these resources, Equity Corps has assisted 489 people in 255 cases.

Equity Corps put forward a request to the City for another \$500,000 in FY 2020-21 to continue Universal Representation for low-income immigrants and refugees. The proposed \$200,000 carryover from Civic Life would help to fund this request. Equity Corps has also received \$1.0 million from the State of Oregon for FY 2020-21.

\$250,000 Oregon Workers Relief Fund

The Oregon Workers Relief Fund is led by a coalition of community organizations to support Oregon workers who will not receive federal stimulus due to their immigration status, estimated to affect 74,000 in the state. The goal is to issue a \$1,440 one-time check to those in need for a total funding need of \$106.5 million. Civic Life proposes to allocate its available underspending, \$250,000, towards this need.

With this amount, the City would be assisting approximately 173 households, covering 60% of a typical weekly wage. CBO notes this funding would add to resources from other partners: \$10.0 million from the State of Oregon Emergency Board, \$185,000 from private foundations, \$51,000 in individual donations, \$300,000 from nonprofits, and \$1.8 million has been requested via grant applications.

\$5,000 Street Roots Vendor Assistance Fund

Street Roots vendors are individuals who are currently experiencing houselessness and poverty, who sell newspapers to passersby for income. Under the “Stay Home Stay Safe” guidance, these transactions cannot occur, and vendors may not qualify for assistance under the current stimulus relief. Civic Life proposes allocating \$5,000 in bureau underspending towards this need.

CBO Recommendation

While this request does not aim to continue core services or support a current Council priority package, it does respond to an urgent and acute need related to the COVID-19 crisis and aligns with the City’s equity

goals. Given that this request responds to a COVID-19-related emergency need for a population that would not otherwise be served, CBO recommends this request.

However, the scale and scope of need far surpasses what this package or the City can address. Given the widespread need, the number of organizations working on this issue, and the requests being made to bureaus across the City, CBO recommends that Civic Life work with Council Offices to coordinate the City's response to the needs of individuals and families who are not eligible for federal assistance in a way that maximizes impact and assistance with limited discretionary resources. CBO recommends placing the \$455,000 in Civic Life underspending into a policy set-aside account for allocation as part of the FY 2020-21 Fall BMP.

YEAR-END PROJECTIONS

Overall Civic Life projects to end FY 2019-20 having expended nearly 100% of its budget across all funds, after accounting for Spring BMP adjustments. The bureau operates within three funds: the General Fund, Recreational Cannabis Fund, and Cannabis Business License Fund. There are brief actions and risks to note within two of these funds based on year-end projections.

Fund 100 – General Fund

Civic Life made revenue reduction adjustments to anticipated Noise Permitting (\$24,000) and Liquor Licensing (\$40,000) receipts for FY 2019-20 due to COVID-19. These same trends may continue into FY 2020-21.

Noise permits related to events have dropped to zero as events are canceled, and the bureau anticipates construction noise permits will also decrease by 15% for the remainder of the current fiscal year. Liquor license revenues for temporary sales licenses have dropped to zero, and Civic Life projects renewals and new licenses to decrease by 50% for the remainder of the year as well. In both instances the bureau made reductions to personnel expenses – *not eliminating FTE* – by not filling a vacant position and to external materials and services.

There are risks to these projections, as estimated losses are based on little information, unprecedented times, and are linked to health and safety recovery in addition to economic recovery. Should losses be greater than anticipated, Civic Life will need to make additional reductions to these programs in the Over-Expenditure Ordinance.

Fund 228 – Cannabis Business License Fund

Civic Life anticipates collecting \$1.3 million in revenues for this program and expects to see approximately 19% underspending. This would result in adding \$246,147 to fund reserves, which would help offset potential economic fluctuations around Cannabis businesses during the COVID-19 pandemic and as this new market reaches equilibrium (market saturation). It is unknown how much the pandemic will impact this industry at this time.

Additionally, Civic Life plans to move forward with a technology solution funded by Cannabis License reserves to aid in the processing of cash-only payments. Under this pandemic and being cash-only, Civic Life has not collected or processed all revenues for this program. There is a risk that the bureau is over-projecting revenues until payments can be processed. This processing will not occur until the City is no longer teleworking, the time for which is undetermined at the time of this analysis.

SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

The chart below reflects the budgetary changes as discussed above. Civic Life is decreasing Charges for Services based on anticipated revenue losses due to COVID-19, recognizing planned revenues of \$10,000 in miscellaneous for reimbursement for the NPNS program, carrying over \$757,500 in General Fund Discretionary resources and reducing General Fund Discretionary by \$150 for the fuel station debt service interagency agreement.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Charges for Services	\$ 395,377	\$ (64,000)	\$ -	\$ 331,377
Intergovernmental Revenues	352,498	-	-	352,498
Interagency Revenue	125,905	-	-	125,905
Miscellaneous	-	10,000	-	10,000
General Fund Discretionary	11,678,068	(757,650)	202,500	11,122,918
General Fund Overhead	552,594	-	-	552,594
Total Resources	\$ 13,104,442	\$ (811,650)	\$ 202,500	\$ 12,495,292
Requirements				
Personnel Services	\$ 6,408,595	\$ (648,500)	\$ 199,500	\$ 5,959,595
External Materials and Services	5,989,900	(163,000)	3,000	5,829,900
Internal Materials and Services	705,947	(150)	-	705,797
Total Requirements	\$ 13,104,442	\$ (811,650)	\$ 202,500	\$ 12,495,292

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

The chart below reflects changes to all funds within Civic Life. Different from the chart above is the reduction and transfer of \$210,000 to Prosper Portland for Recreational Cannabis grant funds.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Charges for Services	\$ 1,689,912	\$ (64,081)	\$ -	\$ 1,625,831
Intergovernmental Revenues	352,498	-	-	352,498
Interagency Revenue	125,905	-	-	125,905
Miscellaneous	-	10,000	-	10,000
Miscellaneous Fund Allocation	1,390,000	(210,000)	-	1,180,000
General Fund Discretionary	11,678,068	(757,650)	202,500	11,122,918
General Fund Overhead	552,594	-	-	552,594
Total Resources	\$ 15,788,977	\$ (1,021,731)	\$ 202,500	\$ 14,969,746
Requirements				
Personnel Services	\$ 7,501,777	\$ (648,500)	\$ 199,500	\$ 7,052,777
External Materials and Services	7,438,250	(373,000)	3,000	7,068,250
Internal Materials and Services	848,950	(231)	-	848,719
Total Requirements	\$ 15,788,977	\$ (1,021,731)	\$ 202,500	\$ 14,969,746



**City
Budget
Office**

Prosper Portland

Analysis by Yung Ouyang

INTRODUCTION

Prosper Portland has two requests to carry over General Fund one-time resources for work on the Brownfields Property Tax Exemption Program and the Albina Vision project, for a total of \$197,000. As in prior years, the agency projects to completely spend its allocation of General Fund and Cannabis Tax resources, with the exception of the funds that it is requesting to carry over. All of the agency's Economic Development activities funded by these resources are facing a substantial impact due to COVID-19, with Prosper shifting from focusing on business growth to stabilization in the current economic environment.

KEY DECISIONS

- Process program carryovers for:
 - The Brownfield Property Tax Exemption Program: \$122,000 of General Fund one-time resources. (Not recommended)
 - Albina Vision: \$75,000 of General Fund one-time resources. (Recommended)

DISCUSSION OF REQUESTS

Carryover for the Brownfield Property Tax Exemption Program

The 2016 Oregon State Legislative Session enacted House Bill 4084 authorizing local governments to provide property tax incentive programs for brownfield cleanup. Prosper Portland is requesting to carry over \$122,000 of the \$150,000 in General Fund one-time resources originally appropriated in FY 2018-19 and subsequently carried over into FY 2019-20 for work on this project. The support of Multnomah County and Portland Public Schools is necessary prior to implementing this program, as legislation requires 75% of the taxing jurisdictions to approve. Currently, the program is working through legislative fixes in order to gain the County's support.

CBO is not recommending the carryover request at this time. In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that 1) assist in supporting current Mayor and Council priority packages for FY 2020-21; 2) ensure the continuity of core services and operations through FY 2020-21; or 3) return resources to the General Fund to contribute to the City's fund to address urgent emergency response needs. CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast. Although this request has a nexus with the Mayor's climate action goals, the program may not be ready for rollout in FY 2020-21. As such, CBO recommends deappropriating the funds from Prosper's FY 2019-20 budget and placing them in a policy set-aside, to be restored to the agency's budget during the FY 2020-21 Fall BMP if significant progress has been made on the effort.

Otherwise, the funding will be available to reallocate to priority projects or offset reductions to General Fund revenues in FY 2020-21.

Carryover for Albina Vision

The agency is also requesting to carry over the totality of the \$75,000 in General Fund one-time resources appropriated for the Albina Vision project in FY 2019-20. The funding was allocated to conduct community engagement efforts to capture how Portlanders envision the future of Albina and the Rose Quarter and coordinate engagement activities with adjacent efforts in N/NE Portland and the Broadway Corridor. The grantee, the Albina Vision Trust, first experienced delays due to staff selection issues; COVID-19 further impacted the grantee’s ability to start the community engagement process. CBO is recommending this carryover because Prosper Portland has already entered into a contract with the Trust, obligating the City to pay the organization in FY 2020-21.

YEAR-END PROJECTIONS

Prosper Portland projects to spend the totality of its allocation of General Fund and Cannabis Tax resources, with the exception of the funds it is requesting to carry over into the next year. It should be noted that 51% of the agency’s General Fund dollars and 87% of its Cannabis Tax resources are granted to outside entities.

All of Prosper Portland’s Economic Development activities funded by these resources—including traded sector business support, small business support, and workforce support—are facing a substantial impact due to COVID-19. While these funds were intended to be spent to help grow businesses, the rapidly changing environment is compelling the bureau to use these resources to help stabilize businesses instead.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

Prosper Portland’s budget in the General Fund includes General Fund discretionary resources and Cannabis Tax dollars (“Miscellaneous Fund Allocation” in the table below).

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
General Fund Discretionary	\$ 6,871,994	\$ (197,000)	\$ -	\$ 6,674,994
Miscellaneous Fund Allocation	\$ 737,126	\$ -	\$ -	\$ 737,126
Total Resources	\$7,609,120	(\$197,000)	\$0	\$7,412,120
Requirements				
External Materials and Services	\$ 7,609,120	\$ (197,000)	\$ -	\$ 7,412,120
Total Requirements	\$7,609,120	(\$197,000)	\$0	\$7,412,120



**City
Budget
Office**

Office of Equity & Human Rights

Analysis by Jane Marie Ford

INTRODUCTION

The Office of Equity & Human Rights is requesting compensation set-aside and recognizing new revenue to help cover projected personnel and internal materials and services over-expenditures in the current year budget. The bureau is participating in City emergency coordination efforts, but does not expect to see significant impact to expenditures or revenues related to COVID-19.

KEY DECISIONS

- Allocate \$55,000 in compensation set-aside to cover projected personnel over-expenditure. (Recommended)
- Appropriate \$23,584 in interagency revenues for services to be provided to the Portland Committee on Community-Engaged Policing Program. (Recommended)

DISCUSSION OF REQUESTS

Personnel costs in the Office of Equity & Human Rights (OEHR) increased significantly in FY 2019-20 due to several key factors, including:

- Normal turnover in staff increased payroll costs because new staff were hired with a starting salary significantly higher than their predecessors;
- Internal resources were reallocated to expand a part-time position;
- Staff salaries for several positions were increased as a result of the Bureau of Human Resources reconsideration and Classification Compensation (Class/Comp) process; and
- Merit costs were higher than budgeted.

As a result, the bureau projects to overspend its personnel budget by just over \$71,000. Of that gap, \$23,584 is being funded through an interagency agreement with the Portland Commission on Community-Engaged Policing Program for a variety of administrative functions and policy support. The remaining resources are requested from the Office of Equity & Human Rights' compensation set-aside allocation. CBO recommends the \$55,000 of requested compensation set-aside given the bureau's lack of alternative resources to cover increased personnel costs. CBO notes that the personnel gap is an ongoing issue that is being addressed in FY 2020-21 through cuts to the bureau's external materials and services budget and may require additional reductions as discussed in detail below.

The bureau is also facing higher-than-anticipated costs in internal materials and services. OEHR is requesting to reallocate savings from the Portland Commission on Disability program, which has been on hiatus, and to recognize outside training revenue to cover this gap.

YEAR-END PROJECTIONS

With these Spring BMP adjustments, the bureau is expected to end the year within appropriations. OEHR is seeing some savings due to postponed events, trainings, and task force meetings, and may have additional savings pending how the Black Male Achievement Program Summer Youth Experience moves forward at the end of the fiscal year. However, the bureau is also processing a number of merit pay increases for positions with anniversary dates prior to the merit freeze for non-represented employees, which includes retroactive payments that have not yet been reflected on the bureau's payroll. This may require additional adjustments in the FY 2019-20 Over-Expenditure Ordinance if the bureau is not able to manage this through other savings. CBO notes that continued increases in personnel costs will likely require further reductions to ongoing program expenses in FY 2020-21.

SUPPLEMENTAL BUDGET CHANGES TO THE GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Charges for Services	\$ -	\$ 4,305	\$ -	\$ 4,305
Interagency Revenue	-	23,584	-	23,584
General Fund Discretionary	1,242,486	55,000	-	1,297,486
General Fund Overhead	852,290	-	-	852,290
Total Resources	\$2,094,776	\$82,889	\$0	\$2,177,665
Requirements				
Personnel	\$ 1,679,777	\$ 78,584	\$ -	\$ 1,758,361
External Materials and Services	189,884	(13,000)	-	176,884
Internal Materials and Services	225,115	17,305	-	242,420
Total Requirements	\$2,094,776	\$82,889	\$0	\$2,177,665



**City
Budget
Office**

Office of the Portland Children's Levy

Analysis by Asha BellDuboset

INTRODUCTION

The Office of the Portland Children's Levy's (Children's Levy or PCL) Spring Supplemental Budget includes two technical adjustment requests. These requests will have no impact on General Fund appropriations.

KEY DECISIONS

There are no major decision points for Council.

DISCUSSION OF REQUESTS

The Children's Levy has submitted two requests for technical adjustments in the FY 2019-20 Spring Supplemental Budget that align projected interest revenue, materials and services expenses and beginning fund balance with year end projections.

Interagency Agreement with OMF-Bureau of Technology Resources (\$3,163)

Due to an increase in technology services costs, the PCL is requesting to increase its internal materials services budget by \$3,163. The Children's Levy will balance the increase in technology services costs by decreasing external materials and services. Year-end projections indicate that the Levy will expend 84% of its external materials and services budget. There are no service level impacts as a result of this reduction.

Resource Adjustments

The Children's Levy is requesting to increase its contingency budget by \$966,466, including: an increase of \$1,083,857 to the Levy's Beginning Fund Balance to align with CAFR actuals, a projected interest income estimate of \$353,346 that was previously unbudgeted, and a projected decrease of \$470,757 in new property tax revenues.

YEAR-END PROJECTIONS

The Office of the Portland Children's Levy is anticipated to exceed projected miscellaneous revenues by 28% as a result of increased interest revenues and an increase in beginning fund balance. Children's Levy expenditures will decrease by 15% overall, primarily driven by a decrease in the Office's external materials and services spending and a 1% reduction in expected personnel costs.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

In the FY 2019-20 Spring Supplemental Budget, the Portland Children's Levy is increasing its budget by \$966,446, or 2.9%. This increase is a result of bringing budgeted beginning fund balance in alignment with CAFR actuals and recognizing additional interest income, along with projected reductions in new property tax revenues in FY 2019-20. The COVID-19 crisis is not expected to impact PCL revenues in the current fiscal year.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$9,649,722	\$1,083,857	\$ -	\$10,733,579
Taxes	\$22,001,560	-\$470,757	\$ -	\$21,530,803
Miscellaneous	\$0	\$353,346	\$ -	\$353,346
Total Resources	\$31,651,282	\$966,446	\$ -	\$32,617,728
Requirements				
Personnel Services	\$902,324	\$0	\$ -	\$902,324
External Materials and Services	\$23,603,572	-\$3,163	\$ -	\$23,600,409
Internal Materials and Services	\$53,242	\$3,163	\$ -	\$56,405
Fund Transfers - Expense	\$25,000	\$0	\$ -	\$25,000
Contingency	\$7,067,144	\$966,446	\$ -	\$8,033,590
Total Requirements	\$31,651,282	\$966,446	\$ -	\$32,617,728



**City
Budget
Office**

Office for Community Technology

Analysis by Katie Shifley

INTRODUCTION

The Office for Community Technology (OCT) has submitted two requests. One is to return \$350,000 in unnecessary resources for relocation costs, and the second is to recognize revenue from the Mt Hood Cable Regulatory Commission for an ascertainment study that will assist with planning for the Comcast renegotiation and other initiatives. CBO recommends both requests, as well as other minor technical adjustments. OCT is expected to end the year within budget, but CBO recommends that the bureau take a close look at planned materials and services expenses to determine whether they are essential or if they can be delayed to help offset known revenue shortfalls in FY 2020-21.

KEY DECISIONS

- Return \$350,894 in unspent resources for physical relocation costs to the General Fund. (Recommended)
- Recognize \$80,000 in intergovernmental revenues from the Mt Hood Cable Regulatory Commission (MHCRC) for cost related to an ascertainment study. (Recommended)

DISCUSSION OF REQUESTS

Return of Relocation Costs to the General Fund

During the FY 2018-19 Spring BMP, Council approved OCT's request to carry over \$382,000 in General Fund resources into FY 2019-20 to cover office relocation costs. Of this total, \$120,000 was FY 2018-19 underspending in OCT's budget and \$262,000 was allocated as new General Fund resources. OCT's original plan was to relocate from its space in Revenue Division offices, and the costs for tenant improvements and project management were expected to be substantial. However, space in the newly constructed Portland Building was identified for OCT and the majority of these relocation expenses were not incurred. The \$32,000 difference between the initial carryover request and the \$350,000 that OCT is returning to the General Fund was spent on initial move-in costs charged by OMF-Facilities and the Bureau of Technology Services. CBO recommends this action as requested.

YEAR-END PROJECTIONS

CBO's year-end projections suggest that OCT will end the year within budget. In addition to the \$350,000 return to the General Fund, OCT is likely to underspend its General Fund allocation \$100,000 or more by fiscal year end.

Intergovernmental revenues are coming in lower than budgeted due to vacant positions that are backstopped by intergovernmental revenues from MHCRC. General Fund-backed vacancy savings are also substantial, and OCT is projected to underspend its personnel budget overall by about \$400,000.

OCT has significant external materials and services spending still planned for the remainder of the year. The largest of OCT’s materials and services expenses is the contract with Open Signal (approximately \$1.0 million), but almost \$500,000 in additional materials and services expenditures (professional services, consulting, communication, miscellaneous, etc.) are planned. The majority of these expenses have been encumbered; however, it is not clear if they are for contracted services for which the City is now obligated to pay or for services that are flexible in nature. CBO recommends that OCT evaluate whether or not it deems its encumbered and remaining materials and services expenses to be essential or required, and let those resources fall to balance if they are not.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Intergovernmental Revenues	\$1,109,546	\$80,000	\$0	\$1,189,546
General Fund Discretionary	\$2,808,916	-\$350,894	\$0	\$2,458,022
Total Resources	\$3,918,462	(\$270,894)	\$0	\$3,647,568
Requirements				
Personnel Services	\$1,650,490	-\$100,000	\$0	\$1,550,490
External Materials and Services	\$1,730,229	\$88,388	\$0	\$1,818,617
Internal Materials and Services	\$537,743	-\$259,282	\$0	\$278,461
Total Requirements	\$3,918,462	(\$270,894)	\$0	\$3,647,568



Transportation

Analysis by Shannon Fairchild

INTRODUCTION

The Portland Bureau of Transportation (PBOT) submitted two decision packages which make several technical adjustments to the Bureau's FY 2019-20 budget. Changes include a \$1.75 million draw on contingency to fund planned fund transfers and a \$11.8 million reallocation of capital outlay to materials and services within the capital program. The bureau is not requesting FTE or allocating General Transportation Revenue to new items. The Bureau's fund projections demonstrate significant impacts to PBOT's revenue sources as a result of COVID-19. Data from the Oregon Department of Transportation (ODOT) shows statewide vehicle traffic is down 40% compared to baseline expectations with similar reductions in revenue from gas taxes—a critical resource for the bureau. Similarly, parking revenues decreased by 85% to 90% compared to baseline. Total losses experienced by PBOT will depend on the length of time the lockdown order remains in effect and how quickly the economy recovers from the crisis.

KEY DECISIONS

- Reduce contingency from the Transportation Operating Fund by \$1.18 million and \$564,986 from the Parking Facilities Fund. (Recommended)
- Transfer \$500,000 from the Parking Facilities Fund to the Transportation Operating Fund to pay for improvements to Parking Enforcement's new office space at the Naito and Davis SmartPark garage. (Recommended)
- Reduce Capital Outlay by \$11.8 million as a result of capital project delays. (Recommended)

DISCUSSION OF REQUESTS

Technical Adjustments

The bureau submitted two decision packages focused on technical adjustments. The Bureau also made several adjustments to the Parking Facilities Fund, including a \$500,000 increase in the cash transfer to the Transportation Operating Fund, a \$2.76 million reduction in revenues due to COVID-19 and a corresponding \$564,966 decrease in the Parking Facilities Fund's contingency.

Other technical adjustments include debt service payment for the final payment to Multnomah County for the Sellwood Bridge and the correction of budget data for a loan to the Government Bond Redemption Fund. In addition, the bureau is carrying over revenue for several multi-year planning projects to the FY 2020-21 Adopted Budget. These projects include: Complete Streets (\$89,2000 carryover), Freight Master Plan (\$120,000), Seismic Plan (\$100,000), Active Transportation (\$150,000), Transportation Planning (\$52,648).

The bureau also made several technical adjustments associated with its Capital Improvement Plan (CIP). Overall, PBOT is expecting to spend 40% of its CIP due to project delays which will shift construction costs

to the next fiscal year. Adjustments to these projects will be made in subsequent budget processes. These projects include:

- Naito Parkway
- Capitol Hwy: Mult Village – W Portland
- Halsey: 114th-162nd
- 42nd Ave Bridge
- Foster Woodstock

CBO recommends these requests.

YEAR-END PROJECTIONS

Transportation Operating Fund

The bureau is projecting tax revenues from the State and the local 10 cent gas taxes to be 86% the Bureau's Transportation Operating Fund budget. These projections are based on statewide projections for fuel sales, scaled to local traffic impacts which assume losses of 21% in March; 50% in April; 38% in May and 21% in June. Since the start of the shut-down order, on-street parking revenues have declined by approximately 90% compared to original projections and parking citation revenues have declined by nearly 100%. Total parking revenues losses total \$3.9 million per month.. Preliminary estimates for total FY 2019-20 losses compared to budget range from \$6.5 to \$8.5 million.

The bureau is also determining the impact of COVID-19 on permit revenues as development projects initiated before the pandemic continue to work their way through the permitting process. Finally, intergovernmental revenues are projected to be within ten percent of budget, which include revenues from the State Highway Fund. This revenue source is impacted by reductions in motor fuels sales, weight-mile taxes and DMV fees, all of which are experiencing varying levels of losses. ODOT's forecast anticipates that motor fuels sales will recover to normal recessionary levels beginning in late May, with weight-mile taxes experiencing a slower recovery. The bureau will continue to refine its projections and financial forecast as more information becomes available.

On the expense side of the Transportation Operating Fund, total personnel services are projected to be within ten percent of the Fund's budget. In response to the current crisis, PBOT has taken steps to reduce personnel costs, including anticipated savings from furloughs and the suspension of COLA and merit increases for non-rep staff. Discretionary material and service expenditures have also been frozen. Finally, unappropriated ending fund balance is projected to be \$246,193,512. The increase over the FY 2019-20 revised budget is due to underspending on capital projects. This funding will be carried over to FY 2020-21.

Parking Facilities Fund

Service charges and fees are projected to be 25% below budget (\$2.7 million) as revenues from parking fees are 85-90% below forecast due to the impacts of COVID-19. Rent revenue from the parking garage's retail space is estimated to be 25-30% below budget as a result of the three-month rent deferral option on city owned retail space. Like the Transportation Operating Fund, total losses to the Parking Facilities Fund will depend on length of the stay at home order and the rate the economy recovers.

The bureau has also taken steps to reduce the fund's external material and service and personnel related costs; however, operational expenses such as security and janitorial services continue throughout the downturn in order to protect and maintain the city's assets. Internal materials and services costs are also expected to be 55-60% (\$2.8 million) due to delays in major maintenance projects. The bureau notes that

fund level expenses such as cash transfers and debt services will continue to be incurred regardless of operations. The fund has already incurred approximately 70% of these costs.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

Account Type	Major Object Name	2019-20 SPRING Revised Base	2019-20 SPRING Requested Adj	CBO	
				Recommended Adj	2019-20 SPRING Recom Total
R	Beginning Fund Balance	281,016,319.00	(167,645.00)	-	280,848,674.00
	Taxes	21,400,000.00	-	-	21,400,000.00
	Licenses & Permits	16,102,192.00	-	-	16,102,192.00
	Charges for Services	93,124,862.00	(2,756,430.00)	-	90,368,432.00
	Intergovernmental	139,454,596.00	-	-	139,454,596.00
	Interagency Revenue	34,607,659.00	7,000.00	-	34,614,659.00
	Fund Transfers - Revenue	33,029,468.00	500,000.00	-	33,529,468.00
	Bond & Note Proceeds	15,438,121.00	-	-	15,438,121.00
	Miscellaneous	4,286,430.00	-	-	4,286,430.00
	Miscellaneous Fund Allocation	2,002,613.00	-	-	2,002,613.00
	General Fund Discretionary	-	-	-	-
R	Total:	640,462,260.00	(2,417,075.00)	-	638,045,185.00

Account Type	Major Object Name	2019-20 SPRING Revised Base	2019-20 SPRING Requested Adj	CBO	
				Recommended Adj	2019-20 SPRING Recom Total
E	Personnel	131,025,875.00	6,094,369.00	-	137,120,244.00
	External Materials and Services	89,369,546.00	7,760,078.00	-	97,129,624.00
	Internal Materials and Services	43,760,594.00	(3,176,319.00)	-	40,584,275.00
	Capital Outlay	163,973,634.00	(11,850,000.00)	-	152,123,634.00
	Debt Service	20,777,233.00	3,333,500.00	-	24,110,733.00
	Debt Service Reserves	1,673,047.00	-	-	1,673,047.00
	Fund Transfers - Expense	17,173,155.00	(2,833,500.00)	-	14,339,655.00
	Contingency	172,709,176.00	(1,745,203.00)	-	170,963,973.00
E	Total:	640,462,260.00	(2,417,075.00)	-	638,045,185.00



City Budget Office

Council Offices

Analysis by Angela Butel

INTRODUCTION

Council Offices have submitted three requests for the FY 2019-20 Spring Supplemental Budget, all for internal transfers or minor adjustments, which CBO recommends as requested. All five offices project to end the year under budget, with more significant underspending projected for the Offices of the Mayor and the Commissioner of Public Works.

KEY DECISIONS

- **Office of the Commissioner of Public Affairs:** Transfer \$7,500 from external materials and services to internal materials and services to cover costs related to staff cell phones. (Recommended)
- **Office of the Commissioner of Public Utilities:** Transfer \$12,000 from external materials and services to internal materials and services to cover the costs of an interagency agreement with the Portland Water Bureau. (Recommended)

DISCUSSION OF REQUESTS

The Commissioners of Public Affairs and Public Utilities are utilizing underspending in external materials and services to cover the costs of the transfers to internal materials and services.

The request from the Office of the Commissioner of Public Utilities is related to the transfer of an employee to the Water Bureau; this employee continues to partially support the Commissioner's Office, so the interagency agreement allows the Commissioner's Office to cover a portion of staff costs for this position. The Office decided to transfer the employee to avoid any potential conflicts of interest, as the employee is currently running for an open City Council seat.

YEAR-END PROJECTIONS

Council Offices are entirely funded by the General Fund. All five offices anticipate ending the fiscal year with some amount of underspending. While fairly minimal for the Offices of the Commissioners of Public Affairs, Public Safety, and Public Utilities, projected underspending for the Offices of the Mayor and the Commissioner of Public Works is more significant, at \$286,785 and \$189,374 respectively. In both cases this is primarily driven by external materials and services underspending and vacancy savings. Some portion of this underspending will be requested as carryover in the Over-Expenditure Ordinance to cover transition costs for the Offices of the Commissioners of Public Utilities and Public Works, once more is known about what those costs will be.

Though Council Offices play a central role in guiding the City's response to the COVID-19 crisis, the crisis is not projected to significantly affect Council Office budgets beyond the Citywide effects to the General Fund caused by projected lower tax revenues.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

All five Council Offices are fully funded by the General Fund.

Office of the Mayor

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				\$ -
General Fund Discretionary	\$ 1,675,831	\$ (14)		\$ 1,675,817
General Fund Overhead	\$ 1,992,680	\$ -		\$ 1,992,680
Total Resources	\$3,668,511	(\$14)	\$0	\$3,668,497
Requirements				
Personnel Services	\$ 2,595,292	\$ -		\$ 2,595,292
External Materials and Services	\$ 253,914	\$ -		\$ 253,914
Internal Materials and Services	\$ 819,305	\$ (14)		\$ 819,291
Total Requirements	\$3,668,511	(\$14)	\$0	\$3,668,497

Office of the Commissioner of Public Affairs

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
General Fund Discretionary	\$ 660,238	\$ -		\$ 660,238
General Fund Overhead	\$ 694,036	\$ -		\$ 694,036
Total Resources	\$1,354,274	\$0	\$0	\$1,354,274
Requirements				
Personnel Services	\$ 1,015,954	\$ -		\$ 1,015,954
External Materials and Services	\$ 58,724	\$ (7,500)		\$ 51,224
Internal Materials and Services	\$ 279,596	\$ 7,500		\$ 287,096
Total Requirements	\$1,354,274	\$0	\$0	\$1,354,274

Office of the Commissioner of Public Safety

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
General Fund Discretionary	\$ 586,147	\$ -		\$ 586,147
General Fund Overhead	\$ 654,127	\$ -		\$ 654,127
Total Resources	\$1,240,274	\$0	\$0	\$1,240,274
Requirements				
Personnel Services	\$ 994,839	\$ -		\$ 994,839
External Materials and Services	\$ 36,309	\$ -		\$ 36,309
Internal Materials and Services	\$ 209,126	\$ -		\$ 209,126
Total Requirements	\$1,240,274	\$0	\$0	\$1,240,274

Office of the Commissioner of Public Utilities

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
General Fund Discretionary	\$ 584,505	\$ -		\$ 584,505
General Fund Overhead	\$ 664,770	\$ -		\$ 664,770
Total Resources	\$1,249,275	\$0	\$0	\$1,249,275
Requirements				
Personnel Services	\$ 981,856	\$ -		\$ 981,856
External Materials and Services	\$ 69,045	\$ (12,000)		\$ 57,045
Internal Materials and Services	\$ 198,374	\$ 12,000		\$ 210,374
Total Requirements	\$1,249,275	\$0	\$0	\$1,249,275

Office of the Commissioner of Public Works

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
General Fund Discretionary	\$ 575,147	\$ -		\$ 575,147
General Fund Overhead	\$ 654,127	\$ -		\$ 654,127
Total Resources	\$1,229,274	\$0	\$0	\$1,229,274
Requirements				
Personnel Services	\$ 984,197	\$ -		\$ 984,197
External Materials and Services	\$ 49,327	\$ -		\$ 49,327
Internal Materials and Services	\$ 195,750	\$ -		\$ 195,750
Total Requirements	\$1,229,274	\$0	\$0	\$1,229,274



INTRODUCTION

The City Budget Office (CBO) is requesting two minor adjustments in the FY 2019-20 Spring Supplemental Budget, both related to increases in interagency agreements. The bureau is projecting year-end underspending of \$429,617, driven by vacancy savings, savings from cancelled travel and events due to the COVID-19 crisis, and efforts by the bureau to freeze non-essential spending in line with the Mayor's guidance. The bureau is choosing to forgo planned carryover requests in order to return this underspending to the General Fund for urgent emergency response needs.

KEY DECISIONS

- Process an adjustment of \$20,000 to reflect an increase to CBO's interagency agreements with the Portland Water Bureau and the Bureau of Environmental Services for support of the Portland Utility Board. (Recommended)
- Transfer \$15,000 from capital outlay to internal materials and services to cover an increase to CBO's interagency agreement with the Bureau of Technology Services. (Recommended)

DISCUSSION OF REQUESTS

Interagency Agreement for PUB Support

CBO has 1.5 FTE who support the Portland Utility Board (PUB), a community advisory board that provides oversight of the Portland Water Bureau (PWB) and the Bureau of Environmental Services (BES). These staff are fully funded by interagency agreements with PWB and BES. In FY 2018-19, the program grew from 1.0 FTE to 1.5 FTE, but CBO did not bill the utility bureaus to cover the increased costs incurred. This request reflects an increase in the interagency agreements, totaling \$20,000, to cover the additional costs for FY 2019-20 and moving forward. Since the costs for the current year have already been incurred, the \$20,000 for FY 2019-20 will return to the General Fund as part of the bureau's underspending.

Increased Interagency Agreement with BTS

CBO is projecting to overspend its interagency agreement with the Bureau of Technology Services (BTS) by \$15,000 in the current year. This is due to staff computer monitor replacement, purchase of new RSA tokens to support remote work, and BTS staff support for PatternStream, the publishing software used to produce the City's budget document. CBO is requesting to transfer \$15,000 from capital funds earmarked for the Budget Software Implementation project to internal materials and services to cover these costs. Sufficient underspending is projected in the bureau's capital outlay to cover this request.

YEAR-END PROJECTIONS

CBO is projected to end the year with underspending of \$429,617. This underspending is due primarily to vacancy savings; savings on budget software replacement costs from using in-house resources rather than consulting services; and cancellation of planned travel and the City’s annual Community Budget Forums due to the COVID-19 crisis. The bureau is also projecting some savings in the current year from implementation of the Mayor’s directives around wage and EMS freezes and furloughs.

In addition to taking these steps to limit nonessential spending, CBO is electing not to make planned carryover requests, instead allowing year-end underspending to return to the General Fund to help cover urgent needs. Carryover requests CBO had planned to make included \$100,000 to support a second phase of the Portland Insights Survey, \$40,000 for a limited-term analyst to support analytical workload during the second phase of the budget software implementation, and a \$100,000 contribution to a policy reserve for future budget software replacement.

While there are minimal risks to delaying the first two planned carryover requests, CBO noted in its FY 2020-21 Requested Budget analysis that even maintaining a consistent contribution of \$100,000 annually to a policy reserve would leave a gap of \$800,000 to be filled by the General Fund at the end of the current budget software life cycle, anticipated for FY 2025-26. While it is consistent with the Mayor’s guidance to forgo the contribution this year, doing so further increases the urgency for CBO to continue assessing solutions for funding future technology replacement.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

All of CBO’s budget is in the General Fund.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Interagency Revenue	\$ 290,476	\$ 20,000		\$ 310,476
General Fund Discretionary	\$ 1,397,636	\$ -		\$ 1,397,636
General Fund Overhead	\$ 1,589,440	\$ -		\$ 1,589,440
Total Resources	\$3,277,552	\$20,000	\$0	\$3,297,552
Requirements				
Personnel Services	\$ 2,583,430	\$ 20,000		\$ 2,603,430
External Materials and Services	\$ 257,242	\$ -		\$ 257,242
Internal Materials and Services	\$ 230,493	\$ 15,000		\$ 245,493
Capital Outlay	\$ 206,387	\$ (15,000)		\$ 191,387
Total Requirements	\$3,277,552	\$20,000	\$0	\$3,297,552



**City
Budget
Office**

Office of the City Attorney

Analysis by Asha Bellduboset

INTRODUCTION

The Office of the City Attorney's FY 2019-20 Spring Supplemental Budget consists of three requests including one program carryover, one technical adjustment, and one draw on policy set aside resources. The City Attorney is expected to spend 98% of its FY 2019-20 budget.

KEY DECISIONS

- Process program carryover of \$300,000 for software replacement. (Recommended)
- Process technical adjustment of \$65,000 moving resources between major object categories. (Recommended)
- Process Water Main Break Claims policy set-aside request of \$6,078. (Recommended)

DISCUSSION OF REQUESTS

The City Attorney's Office requests a \$300,000 in program carryover, \$65,000 technical adjustment and a \$6,078 reimbursement for a settled water main break claim. In accordance with the Mayor's updated budget guidance, CBO recommends these requests.

Technology Carryover

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that 1) assist in supporting current Mayor and Council priority packages for FY 2020-21; 2) ensure the continuity of core services and operations through FY 2020-21; or 3) return resources to the General Fund to contribute to the City's fund to address urgent emergency response needs. CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast.

The City Attorney's FY 2019-20 Spring Supplemental Budget request includes one General Fund program carryover of \$300,000 for software replacement. The office carried over a balance of \$200,000 from FY 2017-18 to FY 2018-19 during the Spring BMP last year (CBO's prior review of that request can be found [here](#)).¹ At that time, three different technologies were failing and in need of replacement. The City Attorney has successfully replaced its litigation discovery program and temporarily replaced its discovery management, trial presentation software but has yet to replace the last component. The City Attorney is working with Procurement on the request for proposals (RFP) but due to the COVID-19 crisis is considering delaying the release of the RFP until the beginning of the next fiscal year, at which time the

¹ City of Portland – Budget Office: Office of the City Attorney FY 2018-19 Spring Supplemental Budget Review. Pages 106 – 109. <https://www.portlandoregon.gov/cbo/article/729306>

Office expects to fully expend these funds.² This request will allow the Office to ensure continuity of core services and operations through FY 2020-21. The Office would otherwise be unable to fund this purchase within their existing budget; the new technology is ultimately expected to lead to efficiencies in operations and ensure timely revenue collections through successful litigation. As such, CBO recommends this request.

Interagency Agreement adjustments

In FY 2020-21 Spring Supplemental budget the Office of the City Attorney is requesting to increase its internal materials and services budget by \$65,000 as a result of increased interagency agreement costs related to OMF-Facilities and OMF- Bureau of Technology Service agreements. Before the COVID-19 crisis, the office incurred expenses for additional network storage space, telecom upgrades, and out-of-support server upgrades. As a result of the COVID-19 crisis, the Office increased its inventory of laptops, tablets, and remote access tokens. These expenses combined increased the service level of the existing BTS agreement by \$45,000. Workstation improvements and upgrades to conference room communication technology and general office repairs increased the service level agreement with OMF-Facilities by \$20,000. These increases will be balanced by a \$65,000 reduction in the Office’s external materials and services budget. The technical adjustment for technology resources has helped the office to continue providing core legal services to customer bureaus, particularly during the COVID-19 crisis.

Water Main Break Claims

Pursuant to council Ordinance No. 189572, Council directed the City Budget Office to allocate \$250,000 in unrestricted General Fund Contingency resources to a policy set-aside account in the FY 2018-19 Over-Expenditure Ordinance to resolve claims related to a March 16, 2019 water main burst in Northeast Portland.³ During the FY 2019-20 Fall Supplemental Budget the City Attorney requested \$133,534 for two settled water main break claims (prior CBO analysis can be found [here](#)).⁴ The City Attorney is requesting a final amount of \$6,078 for an additional claim submitted after the Fall BMP. Including this request, the total claims processed were just under \$140,000 of General Fund discretionary resources. CBO recommends this request since it ties to an existing policy set-aside allocation. The remaining \$110,388 will revert to the General Fund.

YEAR-END PROJECTIONS

The Office of the City Attorney is projected to end the year in balance. The FY 2019-20 Spring Supplemental budget will reduce the Offices current year appropriation by 2%. Risks related to COVID-19 crisis are not expected to impact the Office’s current year expense budget, but the office has responded to the Mayor’s updated budget guidance by reducing all non-essential spending, which has reduced year end materials and services projected expenditures by just over \$61,000. Internal materials and services are expected to remain within budget although the Office did see an uptick in these costs as a result of urgent technology upgrades, facilities maintenance, and COVID-19 response.

² The Office will have a better idea of how much new software will cost after RFP responses are received. The \$300,000 budget is based on previous software implementation and best estimates based on available research. The Office hopes to spend less, but also needs to be sure enough funding is available to complete the project.

³ Ordinance No. 189572 Establish process for resolving claims related to the water main break on March 16, 2019 ordinance. Accessed April 24, 2020. <https://efiles.portlandoregon.gov/Record/13112791/File/Document>

⁴ City of Portland – Budget Office: Office of the City Attorney FY 2019-20 Fall Supplemental Budget Review. Pages 106 – 108. <https://www.portlandoregon.gov/cbo/article/743155>

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

The FY 2019-20 City Attorney's Spring Supplemental budget decreases the Offices budget by 2% or \$293,292 of the Attorney's General Fund appropriation in fiscal year 2019-20. This reduction is primarily the funds requested to be carried over into the Offices FY 2020-21 appropriation for technology solutions.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Charges for Services	\$ 30,000	\$ -	\$ -	\$ 30,000
Interagency Revenue	\$ 7,093,940	\$ -	\$ -	\$ 7,093,940
General Fund Discretionary	\$ 3,798,326	\$ (293,922)	\$ -	\$ 3,504,404
General Fund Overhead	\$ 3,996,724	\$ -	\$ -	\$ 3,996,724
Total Resources	\$14,918,990	(\$293,922)	\$0	\$14,625,068
Requirements				
Personnel Services	\$ 12,813,962	\$ -	\$ -	\$ 12,813,962
External Materials and Services	\$ 979,933	\$ (358,922)	\$ -	\$ 621,011
Internal Materials and Services	\$ 1,125,095	\$ 65,000	\$ -	\$ 1,190,095
Total Requirements	\$14,918,990	(\$293,922)	\$0	\$14,625,068



City Budget Office

Office of Government Relations

Analysis by Kea Cannon

INTRODUCTION

The Office of Government Relations (Government Relations or OGR) is requesting minor technical adjustments to several interagency agreements for its FY 2019-20 Spring Budget Monitoring Process (BMP) submission. The bureau has also taken action to reduce non-essential spending in response to COVID-19 economic impacts to the City, resulting in a small amount of General Fund projected underspending by the close of this fiscal year.

KEY DECISIONS

There are no major decision points for Council.

YEAR-END PROJECTIONS

Government Relations anticipates expending 96% or \$1.98 million of its total budget of \$2.0 million in FY 2019-20. The bureau is fully staffed, resulting in very little underspending across the bureau. In response to COVID-19 and revised budget guidance to limit all non-essential external materials and services spending, OGR has reduced out-of-town travel, office supplies, and in-person training and professional development expenditures. This is estimated to result in savings of approximately \$66,466 or 21% of the bureau's EMS budget. Overall, OGR anticipates underspending of 4% or \$88,627 for FY 2019-20.

SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

The chart below reflects the minor technical adjustments made as part of this Spring BMP. There are no changes to Government Relations' FY 2019-20 total budget appropriation.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Intergovernmental Revenues	\$ 35,000	\$ -	\$ -	\$ 35,000
Interagency Revenue	196,000	-	-	196,000
General Fund Discretionary	874,561	-	-	874,561
General Fund Overhead	967,084	-	-	967,084
Total Resources	\$ 2,072,645	\$ -	\$ -	\$ 2,072,645
Requirements				
Personnel Services	\$ 1,547,976	\$ -	\$ -	\$ 1,547,976
External Materials and Services	321,466	(10,000)	-	311,466
Internal Materials and Services	203,203	10,000	-	213,203
Total Requirements	\$ 2,072,645	\$ -	\$ -	\$ 2,072,645



Special Appropriations

Analysis by Kea Cannon

INTRODUCTION

Special Appropriations are primarily used for General Fund expenditures which are not specific to a bureau, are related to multi-bureau efforts, or provide Citywide benefits. Special Appropriations has submitted eight requests for budget modification as part of the FY 2019-20 Spring Budget Monitoring Process (BMP). Most requests are technical adjustments; however, there are also requests for additional resources, carryover, and recognizing additional revenues. As requested, adjustments for carryover would decrease Special Appropriations' FY 2019-20 total budget by 3%, or \$655,470.

KEY DECISIONS

- Appropriate \$75,000 in new General Fund resources for PEN 1 to ensure the drainage district remains financially solvent through FY 2019-20. CBO has recommended funding this from policy set-aside. (Recommended)
- Appropriate \$19,321 in new General Fund resources for P'5 as part of a budgetary correction. These funds should have been appropriated in the Current Appropriation Level (CAL) target for FY 2019-20. (Recommended)
- Process \$880,662 in program carryover for the Levee Ready Columbia program. (Recommended)
- Appropriate \$130,871 in new revenue for the Office of Youth Violence Prevention from TriMet per the intergovernmental agreement. (Recommended)

DISCUSSION OF REQUESTS

Appropriate \$94,321 in new General Fund resources for PEN 1 and P'5

PEN 1 is requesting \$75,000 in new, one-time General Fund resources to maintain the drainage district's financial solvency through the remainder of FY 2019-20. Funds would sustain essential operations and ensure the district can meet its commercial loan reserve obligation. CBO recommends this request, as the risk of failure of PEN 1 would fall to the City. This funding supports the district's transition to a new structure and funding plan by 2025. This does not impact unrestricted General Fund contingency, as CBO has recommended funding this request out of the policy set-aside for the related Columbia River Levee Ready project.

There is also a budget correction request of \$19,321 in one-time General Fund resources that should have been allocated to Portland's Centers for the Arts (P'5) as part of its FY 2019-20 Current Appropriation Level (CAL) Target. The City Budget Office (CBO) has corrected this for FY 2020-21's CAL Target. P'5 includes City-owned assets operated by Metro, such as the Keller Auditorium, Schnitzer Concert Hall, and Hatfield Hall. This an ongoing funded contract with Metro; therefore, CBO recommends this request to fulfill that obligation.

Appropriate \$130,871 in new revenue for the Office of Youth Violence Prevention

The Office of Youth Violence Prevention (OYVP) is recognizing revenue from TriMet that should have been included in the FY 2019-20 Adopted Budget, but was inadvertently not accounted for within OYVP and Special Appropriations. Funds from TriMet support the Street Level Gang Outreach workers on TriMet buses and the MAX. This is an ongoing agreement and does not reflect an increased level of service or changes to the agreement. CBO recommends this request.

Process \$880,662 in General Fund program carryover for Levee Ready Columbia

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that 1) assist in supporting current Mayor and Council priority packages for FY 2020-21; 2) ensure the continuity of core services and operations through FY 2020-21; or 3) return resources to the General Fund to contribute to the City's fund to address urgent emergency response needs. CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast.

Special Appropriations is requesting to carry over \$880,662 for the Levee Ready Columbia project. The City entered into a multi-jurisdictional partnership in FY 2014-15 to support the Levee Ready Columbia group as the region moved forward with the requirement to re-certify the levee to meet new FEMA standards. The City, as part of the group, entered into an Oregon Infrastructure Finance Authority loan (IFA) to cover its share of costs. In the FY 2016-17 Adopted Budget, the City allocated \$1.68 million to cover the entirety of the City's required contribution to the loan repayment. Funds have been held in a policy set-aside reserve account, and previously drawn upon for annual repayment costs. Additionally, in response to COVID-19, the City allocated \$705,291 from the Levee set-aside to fund the incident budget for COVID-19 response. The current remaining \$880,662 are the funds being requested for carryover as part of this Spring BMP. As this is a large contractual agreement that the City has entered into, and the funds have been set aside specifically for this short-term loan, CBO recommends this request.

YEAR-END PROJECTIONS

Special Appropriations serves primarily as a pass-through for specific programs and projects; therefore, year-end projections for both Fund 100 – General Fund, and Fund 214 – Open and Accountable Elections Fund plan to fully expend FY 2019-20 budget allocations.

SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

The chart below reflects changes made to the General Fund, and the All Funds chart includes General Fund and the Open and Accountable Elections Fund. These charts reflect the quantitative adjustments as discussed in this review. Note, that CBO has recommended the \$75,000 request for PEN 1, but it is out of Special Appropriations Contingency. This is different that how the bureau requested the funds, hence the reduction listed below.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Interagency Revenue	\$ 388,775	\$ -	\$ -	\$ 388,775
General Fund Discretionary	15,300,543	(786,341)	(75,000)	14,439,202
General Fund Overhead	181,085	-	-	181,085
Total Resources	\$ 15,870,403	\$ (786,341)	\$ (75,000)	\$ 15,009,062
Requirements				
Personnel Services	\$ 872,608	\$ 90,000	\$ -	\$ 962,608
External Materials and Services	12,854,615	(474,925)	-	12,379,690
Internal Materials and Services	437,889	23,584	-	461,473
Fund Transfers - Expense	500,000	-	-	500,000
Contingency	1,205,291	(425,000)	(75,000)	705,291
Total Requirements	\$ 15,870,403	\$ (786,341)	\$ (75,000)	\$ 15,009,062

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$ 1,175,066	\$ -	\$ -	\$ 1,175,066
Intergovernmental Revenues	-	130,871	-	130,871
Interagency Revenue	388,775	-	-	388,775
Fund Transfers - Revenue	2,966,472	-	-	2,966,472
Miscellaneous Fund Allocation	165,780	-	-	165,780
General Fund Discretionary	15,300,543	(786,341)	(75,000)	14,439,202
General Fund Overhead	181,085	-	-	181,085
Total Resources	\$ 20,177,721	\$ (655,470)	\$ (75,000)	\$ 19,447,251
Requirements				
Personnel Services	\$ 1,112,806	\$ 90,000	\$ -	\$ 1,202,806
External Materials and Services	16,880,728	(347,294)	-	16,533,434
Internal Materials and Services	478,896	26,824	-	505,720
Fund Transfers - Expense	500,000	-	-	500,000
Contingency	1,205,291	(425,000)	(75,000)	705,291
Total Requirements	\$ 20,177,721	\$ (655,470)	\$ (75,000)	\$ 19,447,251



**City
Budget
Office**

Office of Management & Finance

Analysis by Shannon Fairchild and Michelle Rubin

INTRODUCTION

The Office of Management & Finance is expected to end the year within appropriation levels across all funds. In addition to a series of more technical budget adjustments, the bureau is requesting \$2.1 million in General Fund program carryover, \$15.8 million in net non-General Fund contingency draws across all funds (primarily for health fund adjustments and debt retirement), and \$826,346 in total General Fund resources for both the Homelessness and Urban Camping Impact Reduction Program (HUCIRP), the Clean Air Construction Standard, and liquidated damages within the Procurement Services Division.

KEY DECISIONS

- Process General Fund program carryovers totaling \$2,122,292. (Partially recommended)
- Recognize adjustments to customer interagency agreements in CityFleet (\$2,052,235 million net adjustment), Facilities Services (\$4.2 million net adjustment), Technology Services (\$879,725 net adjustment) and make related contingency adjustments. (Recommended)
- Appropriate \$226,346 in General Fund contingency in the Procurement Services Division to support grants related to the Clean Air Construction Standard compliance and liquidated damages (Not Recommended)
- Move \$83,085 in Salary contingency in the Risk Insurance and Claims and Workers Compensation Fund to personnel services and \$445,000 from contingency to external materials and services and internal materials and services within these funds to prevent overspending (Recommended)
- Increase contingency in the Technology Services Operating Fund by \$3,861,383, the net change of annual reassessments of project budgets that span multiple years and other adjustments. (Recommended)
- Appropriate \$600,000 in General Fund resources to Homelessness and Urban Camping Impact Reduction Program's (HUCIRP) to address a projected year end budget shortfall. (Not Recommended)
- Decrease contingency in the Health Insurance Operating Fund by \$2.9 million and transfer to external materials and services in the event of higher medical claims from COVID-19. (Recommended)
- Transfer \$5,602,000 million from the EBS Fund to the Technology Services Fund; this amount is equal to the EBS fund balance the EBS fund is expected to be close and absorbed into the Technology Services Fund by fiscal year-end (Recommended)

DISCUSSION OF REQUESTS

General Fund Carryover – Recommended Requests

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance limited General Fund carryover requests to packages that 1) assist in supporting current Mayor and Council priority packages for FY 2020-21; 2) ensure the continuity of core services and operations through FY 2020-21; or 3) return resources to the General Fund to contribute to the City's fund to address urgent emergency response needs. CBO has analyzed and developed recommendations based on these narrow criteria, with the recognition that the City is facing the need to make additional reductions to General Fund allocations for FY 2020-21 based on the current financial forecast.

Based on these guidelines, CBO recommends program carryover for the following requests:

BRFS Clean Air Construction Compliance Database Carryover

The Procurement Services Division, within BRFS, is requesting \$418,389 of General Fund program carryover related to the Clean Air Construction (CAC) Program. These resources will be used for the CAC compliance online database. A Request for Proposal is currently under development and the Division expects to have an award for the vendor executed in the Fall of 2020.

In the FY 2019-20 Adopted Budget, Procurement Services received \$458,000 in one-time resources to support CAC program implementation. The FY 2019-20 Adopted Budget also included a budget note stating that program funding would be withheld until commitments from partner jurisdictions were finalized. Due to these delays, relatively little was spent in the current fiscal year.

This request relates to the Division's FY 2020-21 Decision Package request for total of \$327,782 in additional resources to continue developing the Clean Air Construction Program (CAC), which includes materials and services resources to support the Clean Air Construction Online database.¹

CBO recommends this request as it appears to align with Spring BMP General fund program carryover guidance by (1) assisting in supporting current Mayor and Council priority packages for FY 2020-21, and (2) ensuring the continuity of core services and operations through FY 2020-21.

Procurement PCDP/COEP Consolidation

The Procurement Services Division is also requesting \$200,000 of General Fund personnel underspending from vacancies in the Goods and Services program to be carried forward to fund the Prime Contractor Development Program (PCDP) and Community Opportunities and Enhancements Program (COEP). The Division is implementing consolidation of the COEP and PCDP programs, resulting in the elimination of one Coordinator II FTE. The requested carryover would cover the costs of the position that will manage both programs and the Community Equity and Inclusion Committee (CEIC).

There is no direct expected savings with this consolidation because neither of the program's positions are funded in the Division's FY 2020-21 base budget. In the Division's FY 2020-21 budget submission, there was \$481,668 of expenditures in the COEP and PCDP budgets related to administrative costs that assumed program revenue would be available. The bureau had planned to bring forward the Code and Administrative rules for COEP prior to the end of FY 2019-20 but has delayed this timeline due to COVID-19; it now expects to bring them forward in the first half of FY 2020-21. Carrying over these resources will

¹ Of this total request, \$136,184 is for ongoing General Fund resources, with the remainder anticipated revenue from partner jurisdictions. For CBO's analysis on the Division's FY 2020-21 Request please see: <https://www.portlandoregon.gov/cbo/article/754860>

plug a one-time budget gap until program revenues are available.

The bureau plans to supplement this with \$145,000 in ongoing funding that it identified within their budget in order to manage the two programs.

CBO recommends this request for carryover as COEP and PCDP are Council-identified priority programs and the carryover ensures the continuity of core services and operations through FY 2020-21. However, as CBO has identified several times, the actual ongoing revenue for COEP is still unknown, in that the final administrative rules have not been developed to determine the methodology and scope of ongoing charges. Procurement Services is still currently developing a funding strategy with relevant bureau stakeholders, which may veer from the initial methodology of 1%. CBO notes that that continued uncertainty regarding ongoing funding will likely result in additional one-time asks to the General Fund to support program costs.²

Procurement Disparity Study

The Procurement Services Division is also requesting \$200,000 in General Fund program carry over to partially fund a disparity study that would explore a refreshed social equity in contracting strategy and provide legal support for the race and gender-based policies of the City as they relate to construction projects. The funds are being requested in anticipation of the Auditor's Office Contracting for Social Equity audit and recommendations, which are expected to be published in summer 2020. The City's previous disparity study from 2009 is no longer considered sufficient to provide legal support for equity goals and programs. It is the opinion of the City Attorney's Office that, in the event of a legal challenge, the 2009 Disparity Study would not be considered current and it would likely be legally insufficient to uphold the City's equity policies and programs.

This request comes from underspending originally identified in FY 2017-18 and FY 2018-19 that has continued to be carried over, with the premise that the bureau would continue to identify underspending to fully fund the project (estimated then at \$1.0 million). In its Spring BMP submission, the bureau is only carrying forward \$200,000 of the full \$400,000 it had previously carried over. However, the bureau has signaled that it may request additional funding in FY 2020-21 to fully fund the study based on case studies from other jurisdictions of a similarly scaled study are estimated at \$500,000 minimum.

CBO recommends this request as it aligns with previously identified Council priorities, and relates to a legal risk to the City. However, given the current financial condition, Council should determine the extent to which setting aside funds for an updated disparity study remains a priority in the coming fiscal year as an additional request for General Fund resources will be required to execute the study.

Integrated Tax System Project Carryforwards

The Revenue Division, within BRFS, submitted two decision packages related to the Integrated Tax System (ITS) program: (1) Requested carryover of ITS project underspending to support the continuation of the project in FY 2020-21, and (2) Revenue Division non-ITS Project personnel services underspending to reduce Future ITS debt service costs.

The **ITS project underspending package** requests carryover of \$1.05 million in projected FY 2019-20 ITS Project underspending into the FY 2020-21 budget for the ITS project, which includes \$660,903 in General Fund Discretionary resources. The underspending in FY 2019-20 project funds is the result of lower than expected personnel costs and internal service funds charges. The Division states that this carry forward

² For additional analysis on the COEP and PCDP program, please see CBO's FY 2020-21 Review of OMF's Requested Budget: <https://www.portlandoregon.gov/cbo/article/754860>

would help ensure that the project maintains all dedicated funding needed for successful completion. ITS go-live is expected in August 2020 and project completion is slated for June 30, 2021; this may be extended due to COVID-19 impacts.

The Division states it plans to continue work on the project through FY 2020-21 as planned and budgeted and that it is too early in the project to estimate at what level the bureau will expend budgeted resources, including contingency resources available and currently budgeted in the Bancroft Bond fund. CBO recommends this request as it supports a Council priority project through FY 2020-21. CBO recommends carryover of \$660,903 in General Fund discretionary resources and notes that the bureau can rebudget the remaining \$390,597 in underspending that comes from loan proceeds in its FY 2020-21 budget without Council approval.

The requested **carryover for non-ITS project Revenue Division underspending** requests \$565,000 in General Fund resources be carried forward to help reduce future ITS debt service costs. These resources come from general personnel underspending in the Revenue Division, a result of existing staff charging their time to the ITS project. These funds would help reduce the total amount needed to be borrowed and later recovered by the cost recovery financing plan and partner jurisdictions to fund the ITS project. The Division estimates that these resources would reduce the ongoing debt service payments by approximately \$68,000 per year, or \$680,000 over a 10-year timeframe.

CBO strongly supports the reduction of future debt service costs, but given the current financial condition resulting from the COVID-19 emergency, CBO does not recommend that Council approve the request to carryover these resources for the ITS project. CBO recommends that instead of reducing debt services, these resources support the Revenue Division's FY 2020-21 Decision Package for \$1.2 million and 8.0 FTE to maintain current General Fund revenue collection levels; this would reduce the request to \$617,218.³

General Fund Program Carryover – Not Recommended

BHR GF Pay Equity Compliance Carryover (\$78,000)

The Bureau of Human Resources (BHR) is requesting \$78,000 in program carryover in current year underspending from executive recruitment funding. BHR would like to re-appropriate these resources in FY 2020-21 to engage a consultant to review the current compensation and pay structure and to develop a starting pay calculator. BHR estimates that the total project cost is approximately \$150,000.

This request is part of the City's effort to stay in compliance with Oregon's Equal Pay Act. In December 2018, the City took the initial steps to implement the Equal Pay Act, well ahead of many other jurisdictions. This work reflects the City's commitment to equal pay for equal work, which included a statistical analysis that attempted to determine employees' "justifiable wage" and made proactive increases to employees pay. Concurrent to the pay equity analysis, the City implemented a new classification and compensation structure that reduced the total number of classifications Citywide from around 400 to about 100 and widened both the higher and lower ends of the pay bands for all classifications.

To ensure legal compliance with the Equal Pay Act, the request would provide funding for a pay equity analysis on the new compensation and classification structure. The Act requires employers to demonstrate a good faith effort to identify wage differentials every three years. To comply with the Act, the City would need to complete the updated pay equity analysis on the new class comp structure by the

³ The bureau initially requested that \$753,815 of the total as ongoing General Fund Resources. For CBO's analysis of the initial request, please see: <https://www.portlandoregon.gov/cbo/article/754860>

end of 2021.

Considering the updated Spring BMP guidance and the narrowed criteria that CBO has analyzed packages, CBO does not recommend this request. As noted in CBO's FY 2019-20 and 2020-21 budget reviews, pay equity wage changes and the wider compensation bands have increased personnel costs and cost exposure across all City bureaus, including BHR. Given the importance and cost implications of this work, CBO encourages the bureau to continue to refine the City's compliance methodology for the Oregon Equal Pay Act and return to Council in the FY 2020-21 Fall Supplemental Budget with a subsequent budget request, including a detailed proposal, timeline and cost estimate to implement the second pay equity analysis and starting pay calculator.

311 Program Carryover (\$0)

Civic Life is requesting \$183,000 in program underspending for 311 be carried over and transferred to OMF from Civic Life in order to expedite the 311-program implementation in FY 2020-21. The underspending primarily comes from delays in hiring (\$158,000) and contracted services (\$25,000).

This program is supported by ongoing General Fund resources, totaling \$1.9 million in FY 2020-21. Allocating additional one-time resources would allow the program to move forward more quickly than the current schedule. However, given the City's General Fund outlook, CBO recommends these resources fall to balance within the General Fund to offset anticipated reductions for the City in FY 2020-21.

New General Fund Requests

In light of the COVID-19 economic impacts to the City and community, the Mayor's updated Spring BMP guidance stated that no new requests for General Fund contingency would be entertained, except for requests for resources required to continue core, existing operations through FY 2019-20. In line with this, CBO does not recommend either of the following requests for new resources:

Procurement Liquidated Damages

The BRFS Procurement Division is requesting \$26,346 in General Fund contingency resources associated with liquidated damages from FY 2018-19. Per Procurement Administrative Rules (ADM – 1.20), liquidated damages are assessed when contractors fail to comply with the Workforce Training and Hiring Program; this revenue is then granted to organizations supporting the Workforce Training and Hiring Program goals. OMF unintentionally omitted this typical request for carryover in the FY 2018-19 Spring BMP. In the FY 2019-20 Fall BMP, the bureau requested and received \$62,632 in program carryover associated with liquidated damages but under-calculated its request by \$26,346. The bureau submitted a General Fund contingency request because, by this point in time, the external revenues from contractors have fallen to General Fund balance. Per the administrative rules these resources do need to be granted out to organizations; however, the expenses could reasonably be absorbed within the bureaus existing resources. In light of the stringent budget guidance for the Spring BMP, CBO does not recommend this request.

Procurement Clean Air Construction COBID Grants

This decision package requests \$200,000 in General Fund contingency to fund direct financial assistance to COBID-certified firms to bring "Tier 0" nonroad equipment into compliance prior to the January 1, 2021 CAC deadline. This request is in response to State Volkswagen funded grants to COBID-certified

firms for this purpose will not be available until early 2021 at the earliest.⁴ It is CBO's understanding that due to COVID-19, the CAC Regional Workgroup has discussed the potential to delay some of the CAC compliance timelines to give contractors extra time in preparation for the first deadline, but have not settled on a specific timeline as of yet. Based on the stringent guidelines for requesting General Fund contingency resources in the Spring FY 2019-20 BMP, and the possibility that the CAC compliance deadline may be delayed, CBO does not recommend this request for new resources at this time. If this remains a bureau priority in FY 2020-21 and additional General Fund resources are still necessary prior to the availability of the State grant funds, the bureau could bring forward a request for resources in the Fall Budget Monitoring Process.

To the degree that Council wishes to allocate new funds for this request, resources should be included in the Division's FY 2020-21 budget, as the bureau has since indicated that it is unlikely to expend the resources in the current Fiscal Year.

Additional Funding for HUCIRP

The bureau is requesting \$600,000 in General Fund resources to address a \$600,000 projected deficit in Homelessness and Urban Camping Impact Reduction Program's (HUCIRP) program budget. HUCIRP is responsible for coordinating the City's response to unsanctioned urban camping, having evolved since its inception in 2015 from focusing narrowly on managing cleanups on City-owned properties to a public-facing program that deals more broadly with concerns about trash and livability issues. HUCIRP's operational expansion corresponds with their growing budget, which has increased from \$1.2 million in FY 2015-16 to \$6.7 million in FY 2019-20. Ongoing revenue sources includes the General Fund, Solid Waste Management Fund, interagency revenue, and the Oregon Department of Transportation. HUCIRP also has \$870,000 in one-time funds for the Mobile Hygiene Pilot which aims to increase access to hygiene for individuals experiencing homelessness.

Program staff indicate that the program has doubled its capacity over the past two years to meet a growing demand for service. For example, the program added a roaming truck to assist clean-up crews, 2 RR FTE property specialists to improve property storage retrieval and added three dedicated posting teams with two FTE each to assist clean-up crews. The increased demand for service, including from ODOT properties, and the additional materials and service and personnel costs contributed to the program's projected deficit.

The Mayor's updated Spring BMP guidance stated that no new requests for General Fund contingency would be entertained, except for requests for resources required to continue core, existing operations through FY 2019-20. Given this framework, the request is appropriate as stopping operations would have significant public health and livability impacts. However, in recognition that the City is facing the need to make additional reductions to General Fund allocation for FY 2020-21 based on the current financial forecast, CBO recommends the program reallocate \$600,000 of the Mobile Hygiene Pilot funding toward the program deficit. To date, only a small portion of the Hygiene pilot funding (approximately \$40,000 out of \$870,000) has been spent. With the availability of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding as an alternative revenue source to support this work, HUCIRP could continue to move forward with a project like the Mobile Hygiene Pilot in FY 2020-21 with alternative resources.

⁴ HB 2007 (2019) authorizes the State of Oregon Department of Environmental Quality (DEQ) to establish a grant program with Volkswagen Settlement funds to help owners of diesel equipment transition to cleaner options (via retrofit/repower/replacement), prioritizing COBID certified firms. The DEQ grant program is expected to launch in 2021.

YEAR-END PROJECTIONS

Bureau of Revenue and Financial Services

CBO does not have any concerns with BRFS' projected year end expenditures. In its General Fund appropriation, the bureau is predicting underspending in personnel services of approximately 7% or \$502,912 and external materials and services underspending of approximately 11% or \$1.4 million. The bureau is projecting lower than budgeted interagency revenues related to a delay in the Revenue Division charging for services related to the Clean Energy Surcharge and lower than budgeted miscellaneous revenues due to a delay in the expected COEP revenues, as discussed above. As a result of the COVID-19 emergency, the bureau expects significant reductions in the City's revenues across the board, but the extent of the impact is currently unknown. In order to reduce General Fund spending in the current fiscal year, the Accounting, Revenue, and Procurement Divisions have reduced planned usage of temporary staff. The Procurement Division is also implementing the consolidation of the COEP and PCDP programs and holding positions vacant.

Bureau of Technology Services

Due to the COVID-19 emergency, BTS expects customer bureaus to reduce their levels of requested services over the final months of the fiscal year, resulting in a lower than budgeted amount of interagency revenues in the Technology Services Fund. In line with historical norms, the Division also projects underspending in the Fund's expenditures due to the timeline for completion of several capital projects; the impacts have been increased due to COVID-19. To contain costs given the emergency, the bureau has paused all non-essential BTS managed projects.

Bureau of Human Resources

As noted in as noted in CBO's [FY 20-21 Budget Review](#), BHR is facing growing cost pressures due to rising personnel costs. The BHR General Fund is currently projecting a \$81,000 personnel services year-end shortfall. Efforts to mitigate EMS and IMS spending to essential functions and holding several positions vacant has offset a majority of the projected deficit. As a result, the bureau estimates it will overspend its budget by \$27,000. Other bureaus within the OMF General Fund will hold enough balance to cover the BHR shortfall. CBO notes that without additional funding and/or cost containment efforts, the bureau is likely to continue to experience cost pressures in FY 2020-21.

For the Health Insurance Fund, personnel services are expected to end the year between \$360,000 and \$385,000 over budget. The shortfall is due to funding three limited term positions and a retirement payout. External material and services are expected to end the year at \$2.1 million (1.9%) over budget primarily because of higher than expected payments to Wameworks and Standard Insurance. The Bureau is requesting an additional \$2.9 million be transferred from contingency to external materials and services in the event of higher medical claims. The Bureau asserts that this is unlikely given expenditures for elective and non-emergency service are delayed due to COVID-19. CBO recommends this request but notes that it is unclear whether medical claims related to COVID-19 could offset the expected reduction in non-COVID-19 related medical claims.

Spectator Venues Fund

For the Spectator Venues Fund, it is anticipated that the COVID-19 public health crisis will stop all remaining venue events for the remainder of the fiscal year. Despite this, fund revenues were budgeted conservatively low, and revenues will still likely meet or exceed budgeted amounts. Expenses are projected to be less than budgeted due to personnel underspending attributable to lower than anticipated wage and benefit costs,

non-essential materials and supplies spending related to operations such as training, travel and other program expenditures declining that are associated with venue activities. The bureau is also projecting the fund’s contingency will end the year at \$16.13 million or 119% of budget. However, CBO is monitoring the fund closely as risks to the fund increase if social distancing measures continue into next year and venue events remain closed.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$ 232,116,107	\$ 642,589	\$ -	\$ 232,758,696
Taxes	\$ 37,081,000	\$ (6,000)	\$ -	\$ 37,075,000
Licenses & Permits	\$ 7,736,066	\$ 80,000	\$ -	\$ 7,816,066
Charges for Services	\$ 139,561,930	\$ 209,918	\$ -	\$ 139,771,848
Intergovernmental	\$ 13,796,098	\$ -	\$ -	\$ 13,796,098
Interagency Revenue	\$ 179,057,973	\$ (4,253,797)	\$ 284,020	\$ 175,088,196
Fund Transfers - Revenue	\$ 12,926,108	\$ 6,202,000	\$ (600,000)	\$ 18,528,108
Bond & Note Proceeds	\$ 33,073,300	\$ (1,096,597)	\$ -	\$ 31,976,703
Miscellaneous	\$ 86,488,378	\$ 5,952,246	\$ -	\$ 92,440,624
General Fund Discretionary	\$ 27,530,007	\$ (1,895,946)	\$ (148,346)	\$ 25,485,715
General Fund Overhead	\$ 11,335,034	\$ -	\$ -	\$ 11,335,034
Total Resources	\$780,702,001	\$5,834,413	(\$464,326)	\$786,072,088
Requirements				
Personnel	\$ 101,379,218	\$ (1,228,184)	\$ 4,515	\$ 100,155,549
External Materials and Services	\$ 303,584,066	\$ 17,579,994	\$ (1,801,080)	\$ 319,362,980
Internal Materials and Services	\$ 28,554,282	\$ (727,035)	\$ (268,000)	\$ 27,559,247
Capital Outlay	\$ 96,696,282	\$ (12,894,768)	\$ 1,396,700	\$ 85,198,214
Debt Service	\$ 21,431,178	\$ 10,166,349	\$ -	\$ 31,597,527
Debt Service Reserves	\$ 15,500,000	\$ 2,450,000	\$ -	\$ 17,950,000
Fund Transfers - Expense	\$ 22,136,139	\$ 6,289,916	\$ -	\$ 28,426,055
Contingency	\$ 191,420,836	\$ (15,801,859)	\$ 203,539	\$ 175,822,516
Total Requirements	\$780,702,001	\$5,834,413	(\$464,326)	\$786,072,088