

FY 2019-20

# Fall Supplemental Budget

CITY BUDGET OFFICE ANALYSIS AND RECOMMENDATIONS

*PREPARED: SEPTEMBER 2019*

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# EXECUTIVE SUMMARY

During the Fall Budget Monitoring Process (BMP), City bureaus request budget adjustments to the current fiscal year and report on financial and program performance for the prior fiscal year.

## *Beginning Balance and Available Contingency*

CBO estimates that \$11.1 million in excess beginning General Fund balance is available for re-appropriation in the FY 2019-20 Fall Supplemental Budget process. The City Budget Office forecasts revenues and expenditures conservatively during the course of the year; as such, this is the expected level of excess balance during an economic expansion. The excess balance is calculated using estimated prior year ending balance less encumbrance and program carryovers, as shown below.

<b>FY 2019-20 Excess Beginning Balance</b>	
<b>Ending Balance according to CAFR</b>	<b>77,249,974</b>
Adjustments per Financial Policy	
<i>Carryovers</i>	
Encumbrance & Advance Carryover	9,288,619
STR Revenue to HIF	5,012,138
Technical Adjustments	250,000
Program Carryover	239,985
GF Revenue Carryover	71,540
<b>Total Carryovers</b>	<b>14,862,282</b>
<b>Available Balance</b>	<b>62,387,692</b>
Budgeted Beginning Fund Balance	51,258,053
<b>Excess Balance</b>	<b>11,129,639</b>
50% to Capital Set Aside	5,564,819
50% to Unrestricted Contingency	5,564,819

Per City policy, at least half of this balance (\$5.6 million) should be dedicated to maintenance and replacement of existing assets, with the remainder being allocated to unrestricted General Fund contingency.

The FY 2019-20 Adopted Budget included \$1.7 million in unrestricted General Fund contingency; adding the excess balance and returns to the General Fund yields \$8.7 million in unrestricted contingency.

### ***Updates to City Financial Policy***

In April 2019, Council adopted changes to City Financial Policy that strengthened requirements around the use of General Fund and non-General Fund contingency during the fiscal year.

Per Fin-2.04 - Budget, General Fund contingency shall be used for the following:

- Five-year balancing
- Mitigating overhead revenue short-falls in future years due to the true-up process
- Paying down existing debt
- Urgent or unforeseen needs or emergencies in the current fiscal year.

Bureaus with non-General Fund resources are allowed to submit requests for General Fund contingency; however, they must provide documentation and analysis which:

- Demonstrates bureau efforts to reprioritize funding within existing appropriations;
- Includes an assessment as to why an internal realignment of funding is not possible or recommended;
- Evaluates equity impacts, both for City staff and on community outcomes; and
- Identifies how the budget request ranks relative to the bureau's highest priorities.

City Financial Policy also stipulates that bureaus requesting to appropriate non-General Fund contingency resources in a supplemental budget process are expected to provide documentation and analysis which, in addition to the criteria noted above:

- Describes how the request impacts bureau-level financial plans, including rates and fees, and supports bureau-level strategic plan(s); and
- Discusses whether remaining contingency is sufficient to address future, urgent and unforeseen needs during the fiscal year.

### ***City Budget Office Recommendations***

In total, bureaus submitted 233 decision packages containing distinct requested budget changes for Council consideration in the Fall Supplemental Budget. CBO reviewed each request

and provides detailed analysis and recommendations in the bureau sections of this document, as well as in the Fall Supplemental Decision Packages report.

Bureaus requested a total of \$2.6 million in new General Fund support. CBO recommends appropriating \$632,876 of unrestricted contingency toward the requests summarized below, which include:

- \$174,876 to fund a limited term Elections Coordinator in the Auditor’s Office;
- \$392,000 to support overtime training required to implement the new Integrated Priority Dispatch System in the Bureau of Emergency Communications; and
- \$66,000 to fund a public right of way cost study related to small wireless facilities in the Portland Bureau of Transportation

In alignment with City Financial Policy, CBO also recommends setting aside resources for the following known upcoming liabilities:

- \$1,984,400 to fully fund the General Fund portion of the Portland Harbor Trust agreement with the State of Oregon; and
- \$1,205,291 to fund the City’s commitment pursuant to the Intergovernmental Agreement for the Columbia River Levee through FY 2025-26.

<b>CBO Recommended New Request</b>	
2-Yr LTE Elections Coordinator	174,876
ProQA Training Overtime	392,000
Portland Harbor Trust (GF Portion)	1,984,400
Future Levee Obligations	1,205,291
Small Wireless Facilities	66,000
<b>Total Recommended New Requests</b>	<b>3,822,567</b>
<b>Remaining Unrestricted Contingency</b>	<b>4,917,763</b>

Approving these requests leaves an unrestricted General Fund contingency balance of approximately \$4.9 million for the remainder of FY 2019-20. As in prior years, CBO recommends that Council retain as much as possible in unrestricted contingency for future year budget development.

# General Fund Summary

## *CBO Recommended General Fund Allocations*

As shown in the General Fund Reconciliation table at the end of this section, CBO makes the following recommendations in the Fall BMP:

### *Encumbrance Carryover*

As prescribed in City Financial Policy 2.04, CBO recommends encumbrance and advance carryovers of \$9.3 million. Encumbrance carryovers reflect prescriptive accounting transactions, intended for one-time costs where goods or services were ordered but not received by the end of the fiscal year, and assumes the bureau has sufficient year-end General Fund underspending to pay the requested encumbered amounts. This category includes funding for advances that have been made but the good or service has not yet been delivered. Encumbrance carryovers are not intended to support purchases that are annual and ongoing in nature or which do not have open purchase orders.

### *Program Carryover*

CBO recommends a total of \$239,985 for projects that were approved for carryover by Council during the FY 2019-20 Over-Expenditure Ordinance. This includes \$239,985 for Special Appropriations competitive grants.

### *New Requests*

Bureaus submitted \$2.6 million in requests for new programming and projects. CBO has recommended \$632,876 of the requests. As noted above, CBO recommended funding an additional \$3.2 million for known General Fund liabilities related to the Portland Harbor and Columbia River Levee.

### *Other Adjustments*

Bureaus submitted several requests that represent transactions already authorized by Council, carryover of dedicated revenue, and appropriation of policy set-aside resources for expenditure. CBO's recommended adjustments include:

- Allocating \$950,000 in General Fund policy set-aside for the Open & Accountable Elections Program to ensure sufficient funding for campaign matching grants for eligible candidates;
- \$133,534 of the funding reserved in General Fund policy set-aside for claims related to the March 2019 water main break in NE Portland;
- A \$2.9 million transfer to the Housing Investment Fund to true-up FY 2018-19 actual collection of the City's share of transient lodging tax applied to short-term rentals; and

- A \$100,000 transfer from Build Portland resources to the Office of Management & Finance Strategic Projects and Opportunities Team for administrative costs as directed by Council per a budget note.

In addition, the Portland Fire Bureau (PF&R) and Portland Police Bureau (PPB) are both submitting requests to transfer existing resources to capital replacement reserves. This includes \$307,000 in PF&R for future safety equipment needs and \$2.0 million in PPB for replacement of the bureau's records management system, RegJIN; this includes \$1.25 million from the bureau's existing ongoing funding for the Body Worn Camera program.

A full list of bureau requests for new General Fund resources and subsequent CBO recommendations can be viewed in the General Fund Reconciliation report, provided below.

**New General Fund Requests**

<b>Bureau Name</b>	<b>Name</b>	<b>Bureau Request</b>	<b>CBO Rec</b>
Office of the City Auditor	2-Yr LTE Elections Coordinator	233,168	174,876
Bureau of Emergency Communications	ProQA Training Overtime	392,000	392,000
Portland Bureau of Emergency Management	Partnering to Mitigate Fossil Fuel Risk	50,000	-
Fund & Debt Management	Portland Harbor Trust (GF Portion)	-	1,984,400
Portland Housing Bureau	Rental Services Office Rental Registration Expansion	900,000	-
Office of Management & Finance	HUCIRP - Request Gen Fund \$ for settlement	175,000	-
Office of Management & Finance	BHR - GF Request for Training	103,991	-
Office of Equity & Human Rights	Racial Equity-centered Results-Based Accountability™ (RBA) cohort training	50,000	-
Portland Parks & Recreation	New General Fund Request for Vehicles	194,000	-
Bureau of Planning & Sustainability	Anti-Displacement Action Plan	120,000	-
Special Appropriations	Future Levee Obligations	-	1,205,291
Portland Bureau of Transportation	Small Wireless Facilities	252,691	66,000
Prosper Portland	SW Corridor Business and Property Owner Survey	50,000	-
Prosper Portland	Division Business Support	100,000	-
	<b>Total:</b>	<b>2,620,850</b>	<b>3,822,567</b>

**Encumbrance Carryovers**

<b>Bureau Name</b>	<b>Name</b>	<b>Bureau Request</b>	<b>CBO Rec</b>
Office of the City Attorney	Encumbrance Carryover	29,000	29,000
Office of the City Auditor	Encumbrance Carryover Request	147,184	147,184
Office for Community Technology	OCT - Encumbrance Carryover	83,096	41,997
Portland Bureau of Emergency Management	Encumbrance Carryover	422,541	293,225
Portland Fire & Rescue	General Fund Encumbrance Carryover	2,398,727	2,382,627

Office of Government Relations	Encumbrance Carryover	24,245	24,245
Office of Management & Finance	BRFS - Encumbrance Carryover	224,049	220,474
Office of Management & Finance	CAO's Office - Encumbrance Carryovers	328,238	328,238
Office of the Mayor	Mayors Office - Encumbrance Carryover	40,000	40,000
Office of Community and Civic Life	Encumbrance carryover	22,501	22,501
Office of Community and Civic Life	Advance Carryover	247,217	247,217
Office of Community and Civic Life	Advance Accrual Correction	1,095,143	1,095,143
Commissioner of Public Affairs	CPA - Encumbrance Carryovers	72,892	15,620
Portland Parks & Recreation	Encumbrance Carryover	2,567,113	2,093,788
Portland Police Bureau	Police Encumbrance Carryover	1,480,702	980,060
Bureau of Planning & Sustainability	BPS Encumbrance Carryover	101,106	97,606
Commissioner of Public Safety	CPS - Encumbrance Carryovers	18,575	11,000
Special Appropriations	Special Appropriations Encumbrance Carryover	1,220,194	1,218,694
<b>Total:</b>		<b>10,522,523</b>	<b>9,288,619</b>

### Returns to the General Fund

Bureau Name	Name	Bureau Request	CBO Rec
Office of Management & Finance	BRFS - Revenue Local Improvement District Transfer	726,012	726,012
Portland Police Bureau	Re-Budget Cash Transfer	-	247,020
Portland Water Bureau	Cash Transfer to General Fund	24,481	24,481
<b>Total:</b>		<b>750,493</b>	<b>997,513</b>

### Other Adjustments

Bureau Name	Name	Bureau Request	CBO Rec
Office of the City Attorney	Water Main Break Claims	133,534	133,534
Bureau of Emergency Communications	Cash Transfer PSSRP Funds	78,000	78,000
Portland Police Bureau	Police Equipment Reserve Balancing	2,000,000	2,000,000
Portland Fire & Rescue	Transfer to Fire Equipment Capital Fund	307,000	307,000

Portland Housing Bureau	Short-Term Rental True-Up	-	2,867,180
Office of Management & Finance	HUCIRP-Req Gen Fund \$ for Pioneer CS restrooms	31,000	-
Portland Parks & Recreation	Pioneer Square Restrooms	31,000	31,000
Office of Management & Finance	Bus Ops - Build Portland Funding Request	100,000	100,000
Office of Management & Finance	Liquidated Damages Carryforward	62,632	62,632
Portland Parks & Recreation	Playgrounds & Facilities Maintenance Positions	-	-
Special Appropriations	SA Prof Dev DCTU COPPEA	8,908	8,908
Office of Community and Civic Life	EPAP Transfer to Special Approps.	(150,000)	(150,000)
Special Appropriations	SA EPAP Carryover	150,000	150,000
Special Appropriations	Special Appropriations Competitive Carryover	239,985	239,985
Special Appropriations	Open & Accountable Elections Set-Aside	950,000	950,000
	<b>Total:</b>	<b>3,942,059</b>	<b>6,778,239</b>

# Non-General Fund Changes

Below is a summary of significant or notable changes to other City funds. See the bureau sections for a more complete list of items and further discussion.

## Bureau of Development Services

The bureau is requesting to draw \$72,000 from contingency for an interagency agreement with the Bureau of Planning & Sustainability to provide support on the Amanda 7 component of the Portland Online Permitting System project which has been delayed.

## Bureau of Environmental Services

The bureau is requesting to draw \$1.2 million from bureau contingency in two funds for various new requests, including paving at Guilds Lake parking lot, an Equity Manager position, safety equipment, vehicle acquisitions and upgrades, and addressing deferred maintenance. In addition, \$4.2 million is drawn from contingency for carryovers, approximately \$3.9 million of which reflects the life-cycle replacement or acquisition of previously approved vehicles that have been ordered in prior fiscal years but have not been received.

## Bureau of Planning & Sustainability

The bureau is recognizing \$6.4 million in beginning fund balance within the Portland Clean Energy Community Benefits Fund (PCEF), reflecting additional tax revenues collected in FY 2018-19.

## Office of Management & Finance

The Office of Management & Finance is increasing beginning fund balance across internal service funds (i.e., Technology Services Operating Fund) and various managed funds (i.e., Arts Education & Access Fund) by \$40.8 million. Other adjustments include re-budgeting and trueing up multi-year projects, adjusting interagency agreements for services, and budgeting cash transfers to bureaus to facilitate technology replacement projects.

## Portland Housing Bureau

The Portland Housing Bureau's requested changes adjust appropriations across ten funds by a net total of \$9.6 million. The majority of these adjustments (\$6.1 million) reflect updated information about multi-year affordable housing project timelines, primarily related to changes in construction timelines for four major projects. The bureau is also carrying over \$1.2 million in program carryover for Down Payment Assistance Loans (DPAL) and making another \$1.2 million in adjustments that recognize additional beginning fund balance, cash transfers between Housing Bureau funds, and other revenue sources.

### Portland Bureau of Transportation

The bureau is requesting to allocate \$1.8 million in non-General Fund resources for 13 project enhancements and new projects across the bureau, and is requesting to add 28 new FTE – including eight FTE that need to be reauthorized from the prior year - to address increasing workload demands. PBOT is also requesting a \$5.1 million draw on Transportation Operating Fund contingency for the replacement of 1,337 parking meters, and the purchase of 283 new meters for parking district expansion.

### Portland Parks & Recreation

Portland Parks & Recreation is increasing non-General Fund appropriations by \$69.9 million, primarily related to truing-up beginning fund balance in the Capital Development program. These resources are allocated to both identified and as-yet unidentified new parks development projects.

### Water Bureau

The bureau is requesting to carry over \$755,862 of General Fund resources, mostly for the Mt. Tabor Preservation Project but also for the solar panel installations at the Groundwater Pump Station.

# Position Changes

The following table summarizes CBO recommended position changes in the FY 2019-20 Fall Supplemental Budget. This includes:

- An ongoing Deputy City Attorney position funded with interagency resources from the Bureau of Environmental Services (BES) focusing on the City’s defense in the Portland Harbor Superfund settlement process;
- A two-year limited term position in the Office of the City Auditor to assist with implementation, enforcement, and outreach for portions of the City’s recently upheld campaign finance regulations;
- The conversion of three limited term positions associated with the Rental Registration Program to permanent as directed in Ordinance 189650;
- Ongoing positions in Portland Parks & Recreation funded out of new Operations & Maintenance funding; and
- New positions in the Portland Bureau of Transportation to meet increased workload demands, funded through a variety of sources, as well as reauthorizing eight positions that were not created through the necessary paperwork before the end of the fiscal year.

Bureau Name	Regular Positions	Limited-Term Positions	Total Position Change
Bureau of Environmental Services	1		1
Office of the City Attorney	1		1
Office of the City Auditor		1	1
Office of Management & Finance	4	-3	1
Portland Parks & Recreation	4.5		4.5
Portland Bureau of Transportation	27	1	28

# Public Safety



## **INTRODUCTION**

The Bureau of Emergency Communications (BOEC) finished FY 2018-19 within budgeted appropriation. The bureau operated at or above full-staffing for a majority of the year for the first time since receiving 11 additional dispatcher positions in the FY 2017-18 Adopted Budget. However, operating without the vacancy savings afforded in prior years, the bureau funded a portion of its operating budget using a significant draw on its beginning fund balance. The re-allocation of contingency funds was necessary to cover overtime and premium pay costs related to reaching and sustaining full-staffing, which were higher than projected.

## **KEY DECISIONS**

- Appropriate \$392,000 in one-time General Fund discretionary resources to fund the cost of overtime required to train emergency communications staff on the new Integrated Priority Dispatch Software. (Recommended).
- Recognize \$96,883 in increased revenue in the form of a cash transfer from the Technology Fund for resources set-aside for the 911 Logging Recorder replacement. (Recommended).
- Transfer \$78,000 in Public Safety Project reserves in the General Fund to fund costs related to 911 Logging Recorded replacement. (Recommended).
- Recognize \$62,400 in increased intergovernmental revenue related to the Master Street Address Guide (MSAG). (Recommended).

## **DISCUSSION**

### ***Integrated Priority Dispatch Software Training***

BOEC is requesting \$392,000 in one-time General Fund resources to fund the cost of training staff on the Fire and Medical dispatch protocols as part of the implementation of the new Integrated Priority Dispatch Software (IPDS). BOEC received \$950,000 from Public Safety Project reserves and User Agency contributions to procure IPDS in FY 2018-19. At the time the package was requested, the bureau anticipated vacancy savings would enable the bureau to absorb associated training costs, with projections showing that it would likely take

3-5 years to reach full staffing. However, BOEC increased recruitment academies in FY 2018-19 and instead was able to reach full staffing within one year.

While the concerted effort to reach full staffing produced notable service-level outcomes captured in the bureau's key performance measures for 911 call taking, it resulted in higher-than-budgeted personnel costs. To meet this demand, BOEC allocated its contingency reserve in FY 2018-19 to fund overtime and premium pay costs related to 911 call taking and dispatching. For FY 2019-20, the bureau currently projects that it will need to hold 7 out of 118 dispatcher positions vacant to generate the savings it requires to land its personnel services spending within budget.

With the bureau near full staffing, the predicted vacancy savings are not available to fund the one-time costs associated with training BOEC staff on the new Integrated Priority Dispatch System. The bureau's total request of \$392,000 pays for 5 days of classroom training at 8 hours per day at overtime pay rates. The training is tentatively scheduled to take place in the late fall pending the finalization of the procurement contract. While the training required lasts six days, the bureau anticipates that one of the six training days can be funded within existing resources.

The training is required to operationalize the new software, and the bureau's overtime budget for FY 2019-20 appears insufficient to meet both operational overtime and in-service training overtime need. The new Integrated Priority Dispatch Software was a significant capital purchase that will be an integral component of the City's public safety efforts to develop more precise dispatch and response protocols. CBO finds the cost estimate for IPDS training to be sound. However, it may be possible for the bureau to absorb some of the cost by using in-service budgeted training days.

CBO finds the request to be a reasonable use of one-time resources that will be difficult for the bureau to absorb in its base budget without significant negative service impacts related to 911 call taking. It is urgent, as the training is set to take place shortly after the finalization of the procurement contract—currently in final stages. While not entirely unforeseen, the bureau's issues related to full staffing costs were not realized until late FY 2018-19. Further, this request would ensure that Portland Street Response, a significant council initiative, would have the sufficiently-trained personnel tasked with rolling out the software that is a critical component of the effort.

CBO recommends the request given that it is urgent, relatively unforeseen, one-time, and unable to be absorbed in the bureau's budget without significant negative service impacts. However, CBO strongly encourages BOEC to continue to closely monitor its operating budget and make every effort to manage its baseline personnel costs within existing resources. This amount will fund the training for the computer protocol, emergency medical dispatch, and emergency fire dispatch modules. Due to time required and sequencing of training, the

emergency police dispatch module would not be conducted until FY 2020-21, at which point its existing in-service training budget may be sufficient to absorb these costs.

Per the Intergovernmental Agreement, User Agencies should be obligated to pay \$79,929 (20.39% of the total amount), which would typically be budgeted as Intergovernmental Revenue. However, this request does not include the additional interagency revenue. BOEC has stated that funding from user agencies will be recovered in FY 2020-21 through back-billing and the General Fund will be reimbursed in FY 2020-21 when there are fewer technology implementation expenses to absorb.

BOEC is also requesting \$78,000 in Public Safety Project reserves that has fallen to General Fund balance to help fund costs related to licensing, computer-aided dispatch, and other IPDS implementation costs. In FY 2018-19, the Fire Bureau was allocated \$180,000 from Public Safety Project reserves to install Wi-Fi at all 31 fire stations. That project was completed for \$102,000 within the General Fund, leaving \$78,000 to fall to General Fund balance. CBO recommends this project balance be transferred from the General Fund and into the Emergency Communications Fund to help defray the non-software costs related to implementing the IPDS.

### ***Logging Recorder Replacement***

BOEC and the Bureau of Technology Services also submitted packages transferring \$96,883 in replacement reserves set-aside in the Technology Fund to the Emergency Communications Fund to supplement the cost of the 911 logging recorder replacement. This brings total funding allocated for the replacement to \$746,883, while the software replacement total projected cost is \$809,273, including extended maintenance and support for five years, with related Bureau of Technology Services costs yet to be determined. The difference of \$62,390 will be absorbed into the bureau's existing budget through active management of available resources.

### ***Increased Revenue***

Additionally, the bureau is recognizing \$62,400 in state revenue for reimbursements for work BOEC conducted on the Master Street Address Guide (MSAG). This revenue may also help defray the costs of procuring and implementing BOEC's two technology projects.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

BOEC budgets entirely out of the Emergency Communications Fund (Fund 202) and receives 79.61% of its operating budget from the General Fund in the form of a cash transfer. The remainder of the operating budget (20.39%) is paid by user agencies as stipulated in the intergovernmental agreement.

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 1,933,572	\$ -	\$ -	\$ 1,933,572
Charges for Services	\$ 407,000	\$ 62,400	\$ -	\$ 469,400
Intergovernmental Revenues	\$ 8,517,798	\$ -	\$ -	\$ 8,517,798
Interagency Revenue	\$ -	\$ -	\$ -	\$ -
Fund Transfers - Revenue	\$ 16,359,833	\$ 566,883	\$ -	\$ 16,926,716
Miscellaneous	\$ 20,000	\$ -	\$ -	\$ 20,000
<b>Total Resources</b>	<b>\$27,238,203</b>	<b>\$629,283</b>	<b>\$0</b>	<b>\$27,867,486</b>
<b>Requirements</b>				
Personnel Services	\$ 18,259,960	\$ 392,000	\$ -	\$ 18,651,960
External Materials and Services	\$ 1,208,583	\$ 316,231	\$ -	\$ 1,524,814
Internal Materials and Services	\$ 4,922,973	\$ (253,831)	\$ -	\$ 4,669,142
Capital Outlay	\$ 1,600,000	\$ 174,883	\$ -	\$ 1,774,883
Debt Service	\$ 287,549	\$ -	\$ -	\$ 287,549
Fund Transfers - Expense	\$ 959,138	\$ -	\$ -	\$ 959,138
<b>Total Requirements</b>	<b>\$27,238,203</b>	<b>\$629,283</b>	<b>\$0</b>	<b>\$27,867,486</b>



## INTRODUCTION

Fire & Police Disability & Retirement finished FY 2018-19 within budgeted appropriation. It is submitting two minor technical adjustments as part of its FY 2019-20 Fall BMP submission. CBO recommends both requests.

## KEY DECISIONS

- **Process technical adjustments** moving \$13,453 from External Materials and Services to Internal Materials and Services to reflect changes in Debt Management (\$13,372) and DCTU professional development (\$81) expenses with the Office of Management & Finance (Recommended).

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
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
<b>Total Resources</b>	<b>\$232,538,372</b>	<b>\$0</b>	<b>\$0</b>	<b>\$232,538,372</b>
<b>Requirements</b>				
Personnel Services	\$ 2,494,800	\$ -	\$ -	\$ 2,494,800
External Materials and Services	\$139,215,707	\$ (13,453)	\$ -	\$139,202,254
Internal Materials and Services	\$ 22,584,101	\$ 13,453	\$ -	\$ 22,597,554
Capital Outlay	\$ 75,000	\$ -	\$ -	\$ 75,000
Bond Expenses	\$ 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
<b>Total Requirements</b>	<b>\$232,538,372</b>	<b>\$0</b>	<b>\$0</b>	<b>\$232,538,372</b>



## INTRODUCTION

Portland Fire & Rescue ended Fiscal Year (FY) 2018-19 within budgeted appropriation despite not receiving a cash transfer from the General Reserve Fund for the purchase of apparatus. The bureau is making several requests aimed at fortifying the budgetary side of its asset management practices, including two allocations to the recently-created Fire Capital Fund. The requests related to capital asset management represent the beginning of what will need to be a concerted effort by the bureau to fund the operation, maintenance, and replacement of the critical assets it uses to sustain service levels.

## KEY DECISIONS

- **Transfer Self-Contained Breathing Apparatus (SCBA) Surplus Revenue to Fire Capital Fund.** The bureau is requesting that the amount left-over from last year's General Fund allocation for SCBA replacement be transferred to the newly-created Fire Capital Fund to seed the funding of the next replacement cycle. (Recommended).
- **Transfer Apparatus Reserve Fund Balance to Fire Capital Fund.** The bureau is requesting the \$7.04 million set-aside in the General Reserve Fund for apparatus replacement be transferred to the newly-created Fire Capital Fund so that it may be managed and expended by the bureau. (Not recommended)
- **Appropriate \$2,398,727 in General Fund encumbrance carryover** to fund prior year purchase orders for which the goods receipt will occur in FY 2019-20. (Recommended)
- **Process Technical Adjustments and adjust Beginning Fund Balances.** (Recommended)

## DISCUSSION

### ***Capital Asset Maintenance Requests***

In FY 2018-19, Portland Fire & Rescue received a total of \$3.86 million – including \$1.8 million in General Fund discretionary resources – to fund the replacement of the Self-Contained Breathing Apparatus (SCBA) equipment. The total cost of the procurement is just over \$4.5 million; however, the bureau received \$1.05 million in credit from the vendor for the trade-in of the existing equipment, bringing the total cost to roughly \$3.5 million, and rendering \$307,000 in General Fund Discretionary resources available from the original

appropriation. Absent Council action or other bureau expense, this amount would fall to General Fund balance at the end of FY 2019-20 and be available for re-appropriation. The bureau, however, is requesting that this amount of money be transferred and set-aside in the Fire Capital Fund's "Equipment Replacement" subfund. The bureau has calculated an annual allocation requirement of \$250,000 to \$300,000 to sufficiently generate full SCBA replacement funding over the asset's 12-15 year replacement cycle. This request is congruent with recently-adopted City Financial Policy 2.03 "Financial Planning" which requires that "bureaus with capital assets and equipment shall use best practices in asset management." The bureau has created a Capital Improvement Plan (CIP) in its Adopted Budget document that details how the bureau plans to comply with new financial policy, and requests that the surplus from this replacement be transferred into its capital fund to seed the next lifecycle replacement of the critical equipment. Because the bureau has published a high-confidence funding plan for this critical safety equipment, CBO recommend this transfer.

The Fire Bureau is also requesting that the entirety of the Apparatus Replacement Reserve—which is currently appropriated in the General Reserve Fund and totals just over \$7.1 million—be transferred into the Fire Capital Fund "Apparatus Replacement" subfund. This reserve was generated during the life of the Fire Apparatus Replacement GO Bond (2010 to 2015), a five-year period during which the bureau was able to use a local option levy to replace its emergency apparatus. During this time, the bureau sequestered its regular ongoing apparatus replacement appropriation of \$1.8 million annually into the General Reserve subfund to extend the ability to fully fund apparatus replacement needs beyond the life of the Bond. Completing the requested action would allow the bureau to draw from this reserve without requiring Council approval by moving the cash from under OMF management in the General Reserve Fund into PF&R's portfolio of assets under management in the Fire Capital Fund. The bureau has developed a 15-year Apparatus Replacement Plan for all the engines, trucks, and special apparatus at each of its stations through FY 2031-32.

While CBO recognize that the bureau has conducted the analysis necessary to forecast, plan, and manage its apparatus assets internally, it has not yet transposed that analysis into a publicly available Capital Improvement Plan. CBO recommend that the amount requested remain allocated as-is in the General Reserve Fund, and that the bureau re-request this package in the Spring BMP after the development and publishing of its apparatus CIP during FY 2020-21 Adopted Budget development. Beyond being a good asset management practice, having a publicly documented CIP in the bureau's annual budget document ensures that any resources set-aside have a planned allocation and are not susceptible to non-capital expenditures.

The bureau is also recognizing \$631,710 in beginning fund balance in the Bureau of Fire, Rescue, and Emergency Services General Obligation Bond Fund, which it projects to entirely expend in FY 2019-20 on roof replacement projects at five to six different fire stations. The

bureau, while not entirely reliant on this bond funding, has been able to expend over \$230,000 from this fund on roof replacements at four fire stations over the last four years. The BRFES funds have helped defray Fire facilities costs by providing supplemental revenue for asset management needs. With these funds being spent down in FY 2019-20, the Fire Bureau will have to absorb the entirety of Facilities Maintenance costs into its annual operational budget, which may impose cost pressures on other operational costs in its budget in out years.

Absent one-time General Fund discretionary appropriations during budget development and Capital Set-aside processes, the bureau will have to make choices to maintain their capital assets at a cost that could impact service delivery. The past practice of floating general obligation bonds to fund capital asset replacements, while historically successful, has its own risks considering the cost pressures of other Citywide and regional issues.

### ***Encumbrance Carryover & Technical Adjustments***

PF&R is requesting \$2,398,727 in General Fund Discretionary resources from a total of \$2,980,496 in total underspending to pay for emergency apparatus and component parts, facilities maintenance, and other asset management efforts. Encumbrance carryovers reflect prescriptive accounting transactions, intended for one-time costs where goods or services were ordered but not received by the end of the fiscal year, and assuming the bureau has sufficient year-end General Fund underspending to pay the requested encumbered amounts. Encumbrance carryovers are not intended to support purchases that are annual and ongoing in nature or which do not have open purchase orders.

Embedded in the Fire Bureau's submission is a request that does not meet more traditional guidelines for encumbrance carryovers. The bureau submitted a purchase order totaling \$129,679 for additional turnouts. Turnouts are a critical piece of firefighter safety equipment, much like SCBAs, that require ongoing replacement. The bureau was able to complete all planned turnout replacements in FY 2018-19, so it was initially not clear why encumbrance carryover was being requested. Per the bureau, because firefighters are given their turnouts at time of hire, the replacement patterns are non-cyclical. With this request the bureau is attempting to address a multi-year replacement deficit by carrying over underspending from the prior year to fund turnout replacement in FY 19-20. Approving this carryover would enable the bureau to begin to smooth the replacement cycle and address a 5-year replacement deficit. Going forward, CBO recommends that the bureau identify the annual replacement costs for turnouts and ensure these costs are accounted for in the bureau's base budget, rather than relying on year-end savings, to fully fund annual turnout replacement needs.

The Fire Bureau’s request for encumbrance carryover includes a purchase order for boots that CBO considers to be an annual materials and services cost. CBO does not recommend encumbrance carryover for this purchase order, totaling \$16,100.

Additionally, the bureau is making technical adjustments to more accurately reflect expenses at the Program Offer level and is trueing up beginning fund balances in the Grants Fund.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ -	\$ 631,710	\$ -	\$ 631,710
Licenses & Permits	\$ 2,963,000	\$ -	\$ -	\$ 2,963,000
Charges for Services	\$ 1,738,800	\$ -	\$ -	\$ 1,738,800
Intergovernmental Revenues	\$ 638,500	\$ 2,066,050	\$ -	\$ 2,704,550
Interagency Revenue	\$ 9,487,678	\$ -	\$ -	\$ 9,487,678
Fund Transfers - Revenue	\$ 500,000	\$ 7,451,834	\$ (7,144,834)	\$ 807,000
Miscellaneous	\$ 235,000	\$ -	\$ -	\$ 235,000
General Fund Discretionary	\$ 114,191,082	\$ 2,398,727	\$ (16,100)	\$ 116,573,709
General Fund Overhead	\$ 73,068	\$ -	\$ -	\$ 73,068
<b>Total Resources</b>	<b>\$129,827,128</b>	<b>\$12,548,321</b>	<b>(\$7,160,934)</b>	<b>\$135,214,515</b>
<b>Requirements</b>				
Personnel Services	\$ 108,806,508	\$ -	\$ -	\$ 108,806,508
External Materials and Services	\$ 8,083,520	\$ 1,209,197	\$ (16,100)	\$ 9,276,617
Internal Materials and Services	\$ 7,626,100	\$ 1,762	\$ -	\$ 7,627,862
Capital Outlay	\$ 5,311,000	\$ 3,578,528	\$ -	\$ 8,889,528
Fund Transfers - Expense	\$ -	\$ 307,000	\$ -	\$ 307,000
Contingency	\$ -	\$ 7,451,834	\$ (7,144,834)	\$ 307,000
<b>Total Requirements</b>	<b>\$129,827,128</b>	<b>\$12,548,321</b>	<b>(\$7,160,934)</b>	<b>\$135,214,515</b>

# SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Licenses & Permits	\$ 2,963,000	\$ -	\$ -	\$ 2,963,000
Charges for Services	\$ 1,738,800	\$ -	\$ -	\$ 1,738,800
Intergovernmental Revenues	\$ 638,500	\$ -	\$ -	\$ 638,500
Interagency Revenue	\$ 9,487,678	\$ -	\$ -	\$ 9,487,678
Fund Transfers - Revenue	\$ 500,000	\$ -	\$ -	\$ 500,000
Miscellaneous	\$ 235,000	\$ -	\$ -	\$ 235,000
General Fund Discretionary	\$ 114,191,082	\$ 2,398,727	\$ (16,100)	\$ 116,573,709
General Fund Overhead	\$ 73,068	\$ -	\$ -	\$ 73,068
<b>Total Resources</b>	<b>\$129,827,128</b>	<b>\$2,398,727</b>	<b>(\$16,100)</b>	<b>\$132,209,755</b>
<b>Requirements</b>				
Personnel Services	\$ 108,806,508	\$ -	\$ -	\$ 108,806,508
External Materials and Services	\$ 8,083,520	\$ 1,209,197	\$ (16,100)	\$ 9,276,617
Internal Materials and Services	\$ 7,626,100	\$ 1,762	\$ -	\$ 7,627,862
Capital Outlay	\$ 5,311,000	\$ 880,768	\$ -	\$ 6,191,768
Fund Transfers - Expense	\$ -	\$ 307,000	\$ -	\$ 307,000
<b>Total Requirements</b>	<b>\$129,827,128</b>	<b>\$2,398,727</b>	<b>(\$16,100)</b>	<b>\$132,209,755</b>



## INTRODUCTION

The Portland Bureau of Emergency Management (PBEM) is requesting \$50,000 of new General Fund one-time resources, \$422,541 in encumbrance carryovers, and \$208,073 in technical adjustments in the FY 2019-20 Fall Budget Monitoring Process (BMP). PBEM ended FY 2018-19 having spent 93% of its General Fund overhead and discretionary resources for the year, after accounting for recommended carryover requests. The requested Fall BMP actions would increase PBEM's FY 2019-20 total budget appropriations by \$472,541 or 6% to \$8.2 million.

## KEY DECISIONS

- Appropriate \$50,000 in General Fund one-time resources for the CEI hub – Partnering to Mitigate Fossil Fuel Risk. (Not Recommended)
- Process Encumbrance Carryover for \$422,541. (Partially Recommended, \$293,225)
- Process \$208,073 in Technical Adjustments. (Recommended)

## DISCUSSION

### ***Partnering to Mitigate Fossil Fuel Risk, \$50,000***

PBEM is requesting \$50,000 to co-fund a Multnomah County study on the Critical Energy Infrastructure (CEI) hub in Portland. This hub houses 90% of the State's fuel and 100% of the Port of Portland's jet fuel. The CEI hub has been identified in multiple studies conducted by local, regional, and state funded research as a significant risk for Portland and the State of Oregon in the event of an earthquake or fire. Therefore, PBEM has included risk mitigation and resiliency work for the hub as part of its current strategic plan<sup>1</sup>. The CEI hub is privately owned by large corporations, such as Chevron and British Petroleum (BP), requiring a collaboration of efforts to mitigate risk associated with the hub through public/private partnerships.

<sup>1</sup> Portland Bureau of Emergency Management. 2017-2020 Strategic Plan. Action 4.10. Pdf pg. 14.  
<https://www.portlandoregon.gov/pbem/article/619113>.

The current request would fund a complementary study to previous research by identifying mitigation steps and recommending implementation action. The County is contributing \$50,000 towards the \$100,000 estimated cost of the study.

PBEM was not aware of the study during budget development for FY 2019-20, and due to the risk identifies this work as urgent and a high priority for the bureau. However, PBEM has had an average of 12% or \$397,843 in General Fund underspending over the past three fiscal years, including \$359,318 from FY 2018-19. Additionally, this project could be funded with the anticipated 2019 Emergency Management Preparedness Grant (EMPG) grant and additionally qualifies for funding through the Regional Disaster Preparedness Organization (RDPO) as a regional issue. In line with City financial policy (Fin-2.04-Budget)<sup>2</sup>, CBO recommends the bureau either reprioritize existing funding, allocate a portion of 2019 EMPG grant funds, and/or seek funding through the RDPO for this urgent bureau priority. The bureau could return to Council with this request in the FY 2019-20 Spring Supplemental Budget if it is not able to absorb the cost within its existing budget or secure alternate funding.

### ***Encumbrance Carryover***

The bureau is requesting General Fund encumbrance carryover totaling \$422,541, which includes \$293,225 for one-time projects such as additional Basic Earthquake Emergency Communication Nodes (BEECN) boxes across Portland, community engagement efforts for preparedness, and continued work for the unreinforced masonry (URM) policy changes. CBO recommends encumbrance carryover for these requests.

The bureau has also requested encumbrance carryover of \$129,316 for ongoing contracts, which cover regular operating costs for the bureau. Although the bureau has sufficient prior year underspending, CBO does not recommend encumbrance carryover for annual service contracts, as these costs should be funded through the bureau's regular ongoing budget.

### ***Technical Adjustments***

PBEM is requesting technical adjustments for a net zero impact to its FY 2019-20 budget. This includes a \$120,000 increase for the newly created Community Programs budget and a \$26,000 increase for the Continuity of Operations Plan's budget for outreach and engagement with small businesses. To offset these increases, the bureau is making reductions elsewhere, primarily a temporary \$100,000 reduction to operations that will be restored upon the issuance of 2019's Emergency Management Performance Grant (EMPG) of \$336,816 this winter. As the bureau has received notification of intent to award, CBO recommends these adjustments as requested.

<sup>2</sup> Portland Policy Documents. City of Portland website. Fin. 2.04 – Budget.  
<https://www.portlandoregon.gov/citycode/article/200795>.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Intergovernmental Revenues	\$ 3,833,169	\$ -	\$ -	\$ 3,833,169
Interagency Revenue	86,000	-	-	86,000
General Fund Discretionary	1,779,437	472,541	(179,316)	2,072,662
General Fund Overhead	2,023,795	-	-	2,023,795
<b>Total Resources</b>	<b>\$ 7,722,401</b>	<b>\$ 472,541</b>	<b>\$ (179,316)</b>	<b>\$ 8,015,626</b>
<b>Requirements</b>				
Personnel Services	\$ 2,945,115	\$ -	\$ -	\$ 2,945,115
External Materials and Services	3,863,932	436,767	(179,316)	4,121,383
Internal Materials and Services	913,354	-	-	913,354
Capital Outlay	-	35,774	-	35,774
<b>Total Requirements</b>	<b>\$ 7,722,401</b>	<b>\$ 472,541</b>	<b>\$ (179,316)</b>	<b>\$ 8,015,626</b>

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Intergovernmental Revenues	\$ 26,013	\$ -	\$ -	\$ 26,013
Interagency Revenue	86,000	-	-	86,000
General Fund Discretionary	1,779,437	472,541	(179,316)	2,072,662
General Fund Overhead	2,023,795	-	-	2,023,795
<b>Total Resources</b>	<b>\$ 3,915,245</b>	<b>\$ 472,541</b>	<b>\$ (179,316)</b>	<b>\$ 4,208,470</b>
<b>Requirements</b>				
Personnel Services	\$ 2,173,872	\$ -	\$ -	\$ 2,173,872
External Materials and Services	841,918	436,767	(179,316)	1,099,369
Internal Materials and Services	899,455	-	-	899,455
Capital Outlay	-	35,774	-	35,774
<b>Total Requirements</b>	<b>\$ 3,915,245</b>	<b>\$ 472,541</b>	<b>\$ (179,316)</b>	<b>\$ 4,208,470</b>



## INTRODUCTION

The Police Bureau ended FY 2018-19 within budget, underspending its General Fund appropriation by \$1.5 million, or 0.7%. The bureau is requesting encumbrance carryovers for the entirety of its underspending, of which CBO is recommending approximately \$1 million. The Bureau is also requesting to transfer \$2 million of its current year materials and services budget to an equipment reserve for RegJIN replacement.

## KEY DECISIONS

- Transfer \$2 million from the Police Bureau's current year materials and services budget to an equipment reserve for replacement of the records management system RegJIN. (Recommended)
- Process encumbrance carryovers totaling \$1.5 million for purchases initiated but not completed in the prior year. (Partially recommended)
- Recognize \$359,025 in revenues in the Grants Fund. (Recommended)
- True-up budgeted beginning fund balance in the Police Special Revenue Fund to match actuals and re-budget a prior year cash transfer that was not completed. (Recommended)

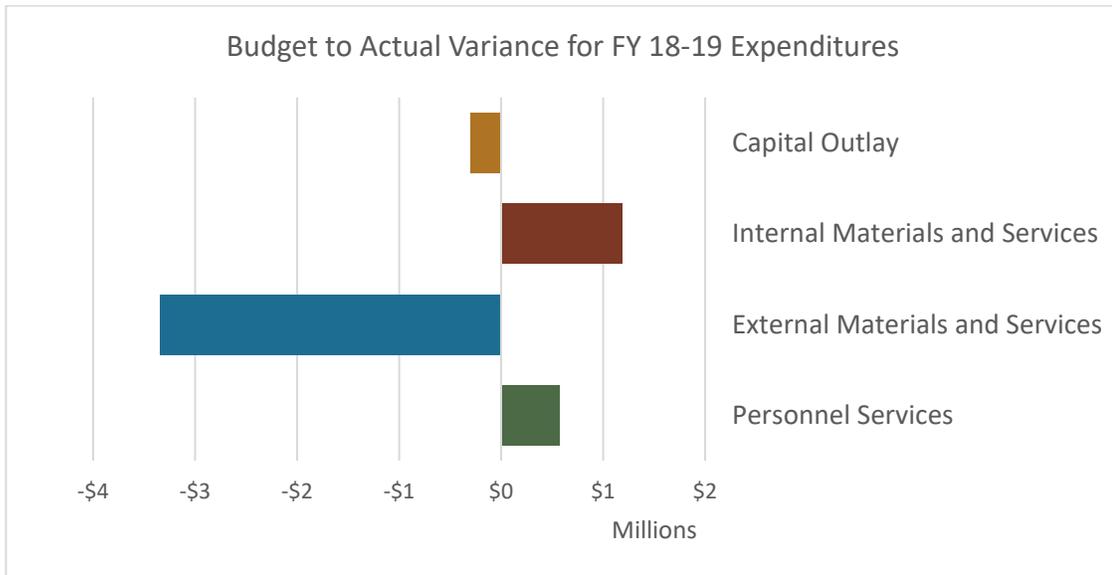
## DISCUSSION

### *Prior Year Spend Analysis*

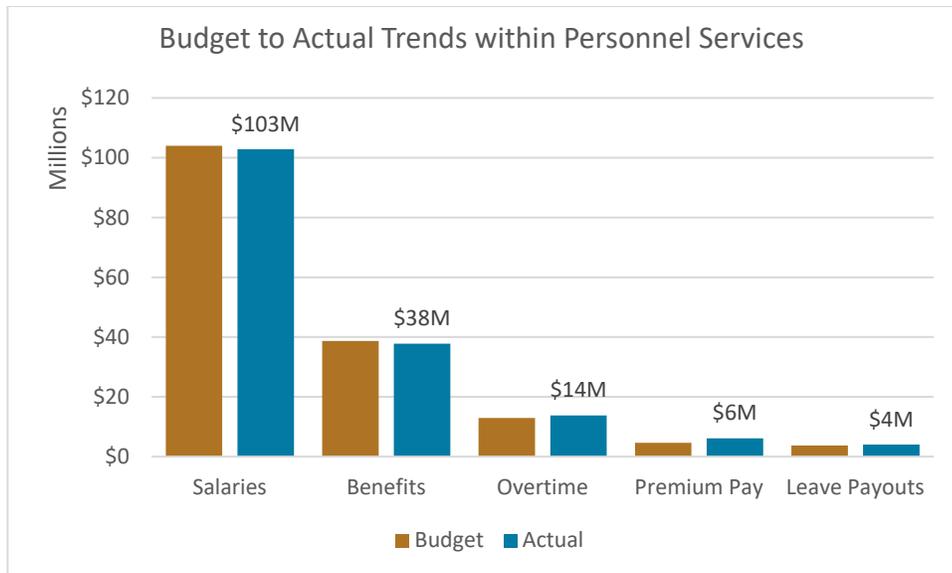
The Police Bureau underspent its FY 2018-19 General Fund appropriation by \$1.5 million, or 0.7%. Inclusive of recommended encumbrance carryovers (discussed below), net General Fund underspending was \$500,000.

On the revenue side, total non-General Fund revenues were under-collected by \$400,000. External revenues came in \$300,000 over budget, but were offset by anticipated under-collection on transfers from Fire & Police Disability & Retirement.

On the expense side, the bureau's total underspending was \$1.9 million, driven primarily by over \$3 million in underspending on its external materials and services budget. This was partially offset by higher-than-budgeted spending on internal materials and services and personnel services.



The bureau’s personnel services budget was overspent by approximately \$600,000, or 0.4% of its \$164 million personnel services budget. Variations within this expense type largely reflect anticipated trends related to the Police Bureau’s hiring/attrition rates and the number of officers in training probation; spending was relatively high on overtime and premium pay for trainers, and spending was lower for regular pay and benefits.



The Police Bureau’s total General Fund overtime spending was \$13.8 million in FY 2018-19. The increase in overtime spending over the prior year (about \$800,000) is due to the higher per-hour cost of overtime; the actual number of overtime hours decreased slightly in FY 2018-19. CBO notes that the bureau has not issued and shared an annual evaluation of its overtime usage, as required by a FY 2018-19 budget note (text below). Per the bureau, the release of this information is dependent on fiscal services staff capacity and is expected sometime in the next three months.

### Portland Police Bureau Overtime

*The FY 2018-19 Adopted Budget includes new ongoing funding for 49.0 new officer positions that will help reduce the bureau's reliance on backfill overtime. Council directs the Portland Police Bureau to continue to provide a monthly report of bureau overtime usage, but further directs that this monthly report be enhanced with an online dynamic dashboard to act as a management tool for Council to track bureau overtime usage, call volume, and crime rates. Council also directs that the bureau perform an annual evaluation of its overtime usage that identifies any structural overtime usage issues, outlines management strategies undertaken to minimize reliance on overtime, and evaluates the impact of additional officer positions, once deployed, such that future conversations around adding sworn positions are data-driven and informed by quantifiable impacts on performance measures.*

### **Transfer to Replacement Reserves for Records Management System**

The Police Bureau is requesting to transfer \$2 million of its current year materials and services budget to the General Reserve Fund to continue building a replacement reserve for the bureau's records management system, RegJIN. The low-confidence estimate for RegJIN replacement is \$5.0 million, based on the average cost of records management systems in similar jurisdictions. However, this cost estimate could vary substantially depending on responses to a future request for proposal.

The bureau previously transferred \$2 million in underspending to the equipment replacement reserve in the FY 2018-19 Spring BMP; this transfer request would double the reserve to \$4 million. In addition to this, the bureau has access to \$4 - \$5 million in asset forfeiture reserves that can be used to stand up a new records management system<sup>1</sup>.

The current records management system, RegJIN, was initially implemented in May 2015. After fewer than five years in operation, the system is not yet at the end of its estimated useful life of 10 years. However, given the complexity of the existing arrangement with partner jurisdictions, declining user revenues, and general dissatisfaction with the system, the bureau is intent on pursuing replacement options that will better meet the bureau's needs at a reduced annual operating cost. More in-depth analysis of the issues associated with RegJIN can be found in prior CBO analyses of the Police Bureau's budget requests ([here](#) on pg. 18 and [here](#) on pg. 18).

The bureau's current understanding of its capital asset base and re-investments needs is limited, which makes it difficult to evaluate the prioritization of RegJIN replacement relative to other needs. The bureau has identified RegJIN replacement as a top priority and has

<sup>1</sup> The Police Bureau indicated that it is limiting internal use of these funds, with the understanding that the majority of resources should be made available for RegJIN replacement. Asset forfeiture funds may be used for one-time expenses, including initial costs to stand up a new system, but may not supplant ongoing operational expenses.

incorporated this project into its five-year Capital Improvement Plan, but the bureau acknowledges that additional work is needed to develop an asset management plan. The bureau is working to develop an asset inventory, and toward the development of equipment replacement cost estimates and timelines. The Police Bureau and the City Budget Office have committed to developing a more robust framework for the policy and procedure for building and accessing replacement reserves going forward.

CBO is supportive of efforts to 1) proactively build and maintain equipment replacement reserves within available existing resources and 2) to meet business needs while minimizing risk and life-cycle costs. Both of these objectives are in alignment with FIN 2.03 Financial Planning. Setting aside available resources in the current year will also reduce the likelihood of large one-time General Fund requests in the future.

The source of the bureau's requested transfer is worth noting:

- \$500,000 is from the bureau's general equipment replacement budget, reducing it from \$760,000 to \$260,000 in the current year.
- \$250,000 is from the bureau's quartermaster budget, with approximately \$1.1 million remaining net of Fall BMP actions.
- \$1,250,000 from the bureau's ongoing allocation for Body Worn Cameras

The bureau does not anticipate actually underspending its equipment replacement or quartermaster budget, but is confident that underspending on its interagency agreement with CityFleet will offset these reductions and plans to make adjustments in the Spring BMP to reflect this. Historical underspending on this interagency agreement suggest that these resources will be available in the Spring BMP.

In FY 2016-17 the bureau was allocated \$1.7 million in ongoing resources for development and implementation of a body worn camera program, in addition to \$834,000 in one-time General Fund resources that have been carried over for multiple years. In FY 2018-19, these ongoing resources supported a program manager and three analyst positions, while the remainder of these resources were directed to general materials and services spending. The Police Bureau is still in the policy development stages with regard to body worn cameras and is currently in discussions with the Portland Police Association (PPA). Following these conversations, the bureau intends to provide a report to Council and to the public with a draft policy for comment and review.

Given that policy development is still ongoing, and the likelihood that body worn cameras will be included in upcoming PPA contract negotiations, it seems unlikely that substantial hard costs for implementation would be incurred in FY 2019-20. That said, the request to intentionally reallocate body worn camera program resources to a RegJIN replacement reserve warrants Council awareness given the high-profile nature of this program. Absent

objections from Council that are particular to the source of the requested transfer, CBO supports the bureau's request to redirect \$2 million to build a RegJIN replacement reserve.

### ***Encumbrance Carryover Request***

Encumbrance carryovers reflect prescriptive accounting transactions, intended for one-time costs where goods or services were ordered but not received by the end of the fiscal year, and assuming the bureau has sufficient year-end General Fund underspending to pay the requested encumbered amounts. Encumbrance carryovers are not intended to support purchases that are annual and ongoing in nature or which do not have open purchase orders.

Per guidelines stated in the BMP Manual, CBO typically does not recommend encumbrance carryover requests for purchases that are annual and ongoing in nature. Annual materials and services costs – particularly flexible professional services contracts – or other annual contracts funded in the current year should be funded from the bureau's current fiscal year appropriation.

The Police Bureau's request for encumbrance carryover, which totals \$1,480,702, includes a subset of purchase orders that CBO considers to be annual materials and services costs. These include flexible services contracts (i.e. uniforms, furniture, and badges) as well as contracts through which costs are incurred by the Police Bureau every year (i.e. airplane fuel, testing services, and software licenses). CBO does not recommend encumbrance carryover for this subset of purchase orders, totaling \$500,642.

CBO does recommend encumbrance carryover for the remaining purchase orders, totaling \$998,060, which appear to be for one-time costs where goods or services were ordered but not be received by the end of the fiscal year. The total amount of encumbrance carryover recommended by CBO is covered by the bureau's General Fund underspending in the prior fiscal year.

The Police Bureau's fiscal staff has noted that flexible services contracts for furniture and space needs may be more heavily utilized in the current fiscal year. The bureau has planned several unit relocations, and also anticipates a mandatory build-out of lactation rooms across several bureau locations. To the degree that Council wishes to augment the bureau's annual resources for these projects, allocation of new General Fund one-time resources should be considered.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 4,338,964	\$ 1,125,170	\$ -	\$ 5,464,134
Licenses & Permits	\$ 1,481,000	\$ -	\$ -	\$ 1,481,000
Charges for Services	\$ 3,891,680	\$ -	\$ -	\$ 3,891,680
Intergovernmental Revenues	\$ 8,852,028	\$ 359,025	\$ -	\$ 9,211,053
Interagency Revenue	\$ 12,727,555	\$ -	\$ -	\$ 12,727,555
Miscellaneous	\$ 876,957	\$ -	\$ -	\$ 876,957
Miscellaneous Fund Allocation	\$ 2,227,141	\$ -	\$ -	\$ 2,227,141
General Fund Discretionary	\$203,820,001	\$ 1,480,702	\$ (500,642)	\$204,800,061
<b>Total Resources</b>	<b>\$238,215,326</b>	<b>\$2,964,897</b>	<b>(\$500,642)</b>	<b>\$240,679,581</b>
<b>Requirements</b>				
Personnel Services	\$172,620,409	\$ 203,090	\$ -	\$172,823,499
External Materials and Services	\$ 26,944,366	\$ 652,487	\$ (747,662)	\$ 26,849,191
Internal Materials and Services	\$ 38,650,551	\$ -	\$ -	\$ 38,650,551

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance				\$ -
Taxes				\$ -
Licenses & Permits	\$ 1,481,000	\$ -	\$ -	\$ 1,481,000
Charges for Services	\$ 3,891,680	\$ -	\$ -	\$ 3,891,680
Intergovernmental Revenues	\$ 6,892,022	\$ -	\$ -	\$ 6,892,022
Interagency Revenue	\$ 12,727,555	\$ -	\$ -	\$ 12,727,555
Miscellaneous	\$ 814,150	\$ -	\$ -	\$ 814,150
General Fund Discretionary	\$203,820,001	\$ 1,480,702	\$ (500,642)	\$204,800,061
<b>Total Resources</b>	<b>\$229,626,408</b>	<b>\$1,480,702</b>	<b>(\$500,642)</b>	<b>\$230,606,468</b>
<b>Requirements</b>				
Personnel Services	\$169,567,499	\$ -	\$ -	\$169,567,499
External Materials and Services	\$ 21,413,858	\$ (607,818)	\$ (500,642)	\$ 20,305,398
Internal Materials and Services	\$ 38,645,051	\$ -	\$ -	\$ 38,645,051
Capital Outlay	\$ -	\$ 88,520	\$ -	\$ 88,520
Fund Transfers - Expense	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
<b>Total Requirements</b>	<b>\$229,626,408</b>	<b>\$1,480,702</b>	<b>(\$500,642)</b>	<b>\$230,606,468</b>

# Parks, Recreation, & Culture



## INTRODUCTION

Portland Parks & Recreation's (Parks or PP&R) FY 2019-20 Fall Supplemental budget includes requests totaling \$2.8 million in additional General Fund discretionary resources and increases position authority by 4.5 FTE. Despite concerns that Portland Parks & Recreation would overspend its FY 2018-19 General Fund appropriation, the bureau ultimately underspent its General Fund appropriation by \$2.8 million. The bureau is requesting encumbrance carryovers for \$2.6 million of that underspending.

PP&R's FY 2019-20 Fall Supplemental budget includes ten requests, including a \$194,000 request for General Fund discretionary resources for five vehicles; an encumbrance carryover request for \$2.6 million; technical adjustments to the General Fund, Capital Development Program, and the bureau's enterprise funds; three internal realignments that increase bureau position authority by 4.5 FTE; and a cash transfer funded increase to the budget for the Pioneer Courthouse Square restrooms. Lastly, the bureau has included a request to adjust its Current Appropriation Level (CAL) target calculation, which determines the bureau's annual base budget appropriation from the General Fund.<sup>1</sup> CBO recommends the requests for 4.5 FTE and just under \$2.1 million of the encumbrance carryover requests.<sup>2</sup>

## KEY DECISIONS

- Appropriate \$194,000 in new General Fund resources for two vehicles for the Professional Repair and Maintenance Services team and three new vehicles for the Park Ranger program. (Not recommended)
- Process General Fund encumbrance carryovers totaling \$2.6 million. (Partially recommended)
- Process General Fund technical adjustments for the following:
  - Realign revenues and expenses to support the reorganization of Fund Centers in the Recreation Services, Land Stewardship and Operations & Strategies divisions. (Recommended)

<sup>1</sup> Current Appropriation Level (CAL) Targets FY 2019-20 City Budget Office.

<https://www.portlandoregon.gov/cbo/article/707021>.

<sup>2</sup> The exact figure is: \$2,093,788.

- Budget adjustments in Recreation Services that reflect the discontinuation of programming at Holladay Park in the summer of 2019 when outside funding was withdrawn. (Recommended)
- Authorize position authority for multiple positions funded within existing resources. Including:
  - 2.0 FTE positions in the Asset & Development division. (Recommended)
  - 2.0 FTE Supervisor II positions in the Urban Forestry division. (Recommended)
  - 0.5 FTE Analyst I position that provides oversight and analysis of PP&R's utilities and fleet fuel usage. (Recommended)
- Process non-General Fund technical adjustments for the following:
  - Beginning fund balance increases totaling \$503,726 and associated expenses, including \$249,555 for Portland International Raceway, and \$245,171 for the Golf Program. (Recommended)
  - Technical adjustments for the Capital Development Program, increasing fund balance by \$69,367,662. (Recommended)
- Recognize a \$31,000 cash transfer from the Homelessness & Urban Camping Impact Reduction Program (HUCIRP) for Pioneer Courthouse Square restrooms. (Recommended)

## DISCUSSION

### *Prior Year General Fund Underspending*

During the FY 2018-19 Spring Supplemental Budget PP&R was projected to overspend its General Fund discretionary appropriation by up to \$1.3 million, or 1%. This was primarily driven by projections indicating that personnel costs would exceed budgeted allocations by \$3.0 million and revenues would be under-collected by 3%. Given the uncertainty around its year-end revenues and expenses, PR&R requested \$1.0 million to cover fiscal year 2018-19 encumbrances that would not be due until FY 2019-20. CBO recommended that Council allocate \$500,000 of General Fund contingency to policy set-aside for PP&R to request as needed during the FY 2019-20 Fall Supplemental Budget.

However, the bureau recovered more than the projected service charge revenue. The bureau also implemented a spending freeze, limiting purchases to essential needs. Ultimately, PP&R ended the fiscal year with approximately \$2.8 million in General Fund

discretionary underspending; as such, the bureau does not need additional resources to fund encumbered costs in FY 2019-20, and CBO recommends that Council transfer the \$500,000 in policy set-aside resources to General Fund unrestricted contingency for appropriation to other urgent or unforeseen needs during the year.

### ***Requested Adjustment to CAL Target Calculation***

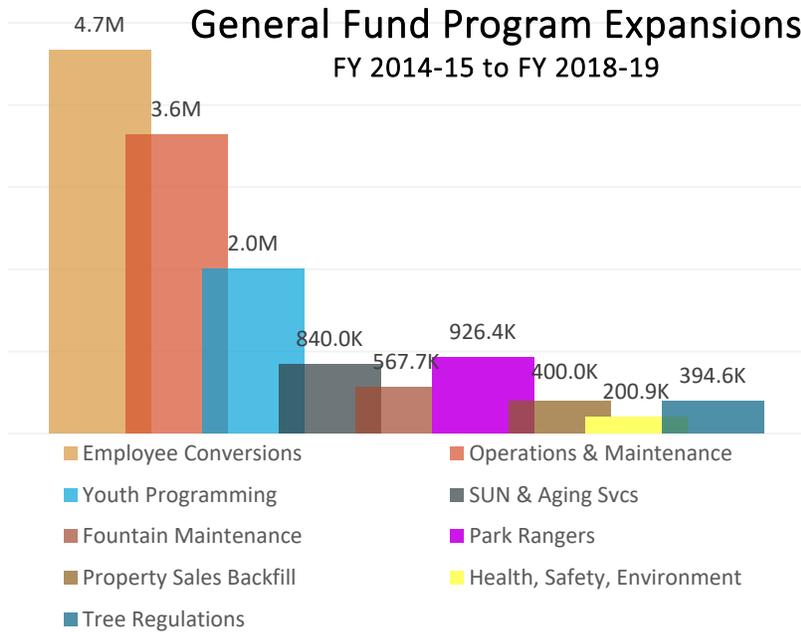
In the FY 2019-20 Fall Supplemental budget, PP&R and the Parks Commissioner-in-Charge requested that Council direct the City Budget Office (CBO) to change the method for calculating PP&R's Current Appropriation Level (CAL) target. The intent of the request is to partially resolve the structural gap in operations identified during FY 2019-20 budget development. As noted previously, a portion of this gap resulted from personnel costs in the Recreation Services Division increasing at a faster rate than program revenues, which comprise roughly 50% of the Division's revenue. As a result of costs continuing to outpace fee revenues, Recreation Services had a projected shortfall of \$4.5 million in its \$32.8 million annual budget, representing 71% of the bureau's total identified budget shortfall. The FY 2019-20 Adopted Budget included a \$5.3 million ongoing reduction partially backfilled with \$3.2 million in General Fund one-time transition funding.

To address this ongoing shortfall, Parks is continuing the work that was directed in the FY 2017-18 Adopted Budget to develop a long-term financial sustainability plan to inform the bureau's Long-Term Vision Plan – the successor of the 2020 Vision Plan. The bureau received \$150,000 in FY 2018-19 to advance these planning efforts, which are still underway and are critical for determining which "core services" should be prioritized within the City's limited resources. Additional work is being performed on an updated PP&R cost recovery policy, which has been the subject of Council discussion since March 2018. A work session is planned for November 2019 to discuss the bureau's long-term plan and weigh alternative funding options.

Although Parks has not finished these planning processes, the bureau is requesting a CAL target adjustment for FY 2020-21 budget development to close the ongoing Recreation Services Division funding gap. Currently, the City Economist incorporates inflationary increases for personnel services into CAL based on the proportion of non-General Fund revenues that support staff costs. PP&R is instead requesting that the CAL methodology apply inflationary increases to personnel costs, regardless of whether those expenses are supported through General Fund discretionary or fee revenues. CBO estimates that adjusting CAL targets to fund fee-supported recreation programs and staff would increase the bureau's ongoing General Fund allocation from anywhere between \$500,000 to \$1.0 million annually, varying based on cost of living adjustments (COLA) and PERs costs. If approved by Council, this adjustment would take first claim on available new ongoing General Fund resources in FY 2020-21, or drive reductions across General Fund bureaus and programs.

CBO notes that while an adjustment to the CAL target would lessen pressure of inflationary personnel costs on the Recreation Services Division’s fee structure, a change to the CAL target methodology is not sufficient to resolve the structural gap outlined by the bureau.

Over the past five fiscal years, the Parks bureau experienced a \$13.7 million increase in



ongoing General Fund appropriations (FY 2014-15 and FY 2018-19). These increases mainly supported personnel costs and program expansions in the Recreation Services division. Further, the bureau must still contend with the growing asset maintenance gap, which currently requires \$25.8 million in increased funding annually to maintain *existing* assets, as well as the cost of operations and maintenance associated with adding new assets.<sup>3</sup>

There are critical ongoing discussions between Portland Parks & Recreation, the public, and members of Council regarding Park’s service levels, financial sustainability, cost recovery policy, and potential alternative funding scenarios. Increasing the General Fund subsidy for this singular component of the bureau’s financial sustainability plan at this time would further an ad-hoc approach to the bureau’s challenges and pre-empt the larger holistic conversation that Council has directed the bureau bring forth. CBO recommends that the bureau continue refining a holistic plan with its various stakeholders that addresses Park’s financial sustainability and service levels over the long term. To the degree that increased ongoing General Fund resources are a component of that plan, the bureau can bring forward a request as part of FY 2020-21 budget development.

### Encumbrance Carryovers

In the FY 2019-20 Fall Supplemental budget, Portland Parks & Recreation is requesting \$2.6 million in encumbrance carryover funding. This includes \$1.4 million in carryover for open purchase orders (POs) and \$1.2 million in vehicle purchases that were ordered in FY 2018-19. Encumbrance carryovers reflect prescriptive accounting transactions, intended for one-time costs where goods or services were ordered but not received by the end of

<sup>3</sup> City of Portland 2016 Citywide Assets Report. <https://www.portlandoregon.gov/cbo/article/654352>. Accessed September 19 2019.

the fiscal year, assuming the bureau has sufficient year-end General Fund underspending to pay the requested encumbered amounts. Encumbrance carryovers are not intended to support purchases that are annual and ongoing in nature or which do not have open purchase orders.

CBO has reviewed PP&R's requested vehicle purchases with Accounting and Fleet Services fiscal staff and has found that \$842,642 of the encumbrance request was not encumbered in a purchase order but was entered into a Fleet Service Request (FSR).

The dates of these requests vary, and it is not clear to what extent POs were not created due to the Parks spending freeze, delays at CityFleet, other back-and-forth negotiating specifications, or confusion around what processes were required to document encumbrances for carryover into the next fiscal year. Given the lack of clarity and the extenuating circumstances, CBO is recommending encumbrance carryover for the subset of vehicles that have specific delivery dates or other supporting documentation indicating an intent on behalf of Parks to expend those resources in the prior fiscal year. In total, CBO recommends \$2.1 million in encumbrance carryovers, including \$632,417 for fleet purchases with definite delivery dates and \$1.4 million in open purchase orders for one-time services not received by the end of FY 2018-19.

**CBO and Accounting emphasize that this recommendation represents a one-time exception to the encumbrance carryover rule. Going forward, Accounting and CBO agree that all future encumbrance carryover requests are required to have open purchase orders on the internal services side if the customer bureau wishes to request encumbrance carryover.** Non-encumbered funds may be requested via other types of requests in the Spring and Fall Supplemental budgets.

CBO notes that there is no current policy related to multiyear encumbrance carryover requests for large or specialized equipment. CBO will work with Accounting to establish a policy for multiyear purchase order requests in the future. This will likely require that bureaus must reserve resources in the Spring BMP and any underspending will fall to General Fund balance.

### ***New Request for Vehicles***

PP&R is requesting \$194,000 in General Fund contingency resources for the purchase of five vehicles, including two for the Professional Repair and Maintenance Services (PRMS) team and three vehicles for the Park Ranger program (2 trucks and 1 sedan). Parks had initially planned to purchase these vehicles in FY 2018-19, using a one-time Council-approved allocation for improved maintenance on the Eastbank Esplanade but held off during the spending freeze. The bureau notes that it has already expended its entire current year vehicle budget; it is unclear to CBO why these particular vehicles were not prioritized as the need was known in the prior fiscal year. To the degree that these five vehicles were not given priority among Parks' current year vehicle purchases, it is difficult

to argue there is urgency around this request. It is also not clear how the bureau would fund the \$50,000 in annual repair and maintenance costs for these vehicles.

The bureau is currently using rental vehicles to support the work being done on the Eastbank Esplanade; although Park notes that this will be more expensive over the long-term, the bureau has not identified how much is being spent renting vehicles, so no cost comparison is available. Per City Financial Policy 2.04, appropriation of General Fund contingency resources shall be appropriated for five-year balancing, mitigating overhead revenue shortfalls, paying down existing debt, or other urgent and unforeseen needs or emergencies in the current fiscal year. CBO does not recommend this request as it does not meet the criteria prescribed by City Financial Policy.

## Technical Adjustments

### *General Fund Technical Adjustments*

Parks is requesting to realign funding to support internal reorganization within several of the bureau's Divisions, including Operations and Strategies, Land Stewardship, and Recreation Services.

In the Lands Stewardship Division, the bureau is moving back to a management model that organizes teams based on classification rather than geographic location throughout the City, a model that had been in effect up until four fiscal years ago. The bureau states that this reorganization will allow for more effective management of the City Nature, Parks Maintenance and Horticultural Services teams by aligning managers and staff based on job function and classification. The bureau is also reorganizing elements of its Operations and Strategies Division as well as the Recreation Division. Most notably, distinguishing between internal (training and standardizing hiring practices) and external components (senior recreation and adaptive recreation) of the Recreation Division.

Requested technical adjustments include true-ups for programming agreements and refined projections. The net result is an overall \$140,120 reduction in service charge revenue. This relates to an Urban Parks reduction at Holladay park. During budget development the bureau and the Holladay Park Partnership were in negotiations regarding whether they would provide reimbursement for Parks programming at Holladay park over the summer. Ultimately, no agreement was reached so all revenue and expenses associated with programming at the park are being removed. Additional Recreation Services adjustments include increased rent revenue for Director and Gateway park's.

CBO recommends these requested adjustments, and more broadly, supports the bureau's efforts to correctly align the operations and management structures to gain improved efficiencies in management and performance.

## **Non-General Fund Technical Adjustments**

In the Fall Supplemental budget PP&R is requesting approval of technical adjustments in the Capital Development Program, the Portland International Raceway (PIR), and the Golf Fund. CBO Recommends these adjustments.

### *Capital Development Program*

Technical adjustments to the Capital Development program primarily reflect a \$63.3 million increase aligning the fund balance with year-end financial results. These resources are allocated to both identified and as-yet unidentified new parks development projects. The bureau is also increasing the Parks Memorial Fund balance by \$553,225, which includes a cash transfer (\$150,000) from the Energy Trust for Department of Design & Construction (DDC) projects and an interfund loan payoff for the Washington Park Parking Meter loan (\$403,255). Other adjustments include allocating ADA Transition funding to PP&R projects and reallocating existing major maintenance funding to begin the Energy Saving Performance Contract (ESPC) program.<sup>4</sup>

### *Golf and PIR*

PP&R is increasing beginning fund balances by \$249,555 for the Portland International Raceway and \$245,171 for the Golf Fund, in alignment with prior fiscal year-end balances. Portland International Raceway's increased fund balance is attributed to recovering more revenues than projected by FY 2018-19 yearend. Increased budget appropriation in the Golf program follows better than anticipated activity and revenue generation as well. In FY 2019-20 the bureau plans to ramp up marketing activity and has increased beginning fund balance to include increased concessionaire payments.

## **Other Adjustments**

Portland Parks & Recreation is requesting to increase budget authority by 4.5 FTE, bringing total authorized positions to 569.91. The requested positions are discussed in detail below.

### *Operations & Strategies*

PP&R is requesting position authority for 0.5 FTE Part-Time Utility Analyst I on the Financial Planning and Analysis team in the Operations and Strategies Division. Over the last eight years this position has been funded as a casual seasonal employee. As the need for closer monitoring of the bureau's utility usage and with the additional responsibility of monitoring fleet vehicle fuel usage the scope of work has increased.

Parks is funding the position by realigning \$7,000 in ongoing resources from external materials and services for the personnel costs and benefits. The bureau has not detailed

<sup>4</sup> Energy Saving Performance Contract (ESPC). <https://www.portlandoregon.gov/citycode/article/553736>

what, if any near-term or long-term impacts will result from realigning the materials and services resources, although the bureau reports that the analyst is responsible for over \$300,000 in annual water usage. Given that this position generates savings for the bureau by analyzing and facilitating better management of water, electricity and natural gas usage CBO recommends this request.

### *Urban Forestry*

The Urban Forestry department is requesting position authority for 2.0 FTE Supervisor II positions funded directly by FY 2019-20 Urban Forestry permit and tree inspection fees. The Title 11, Trees Fee Schedule for FY 2019-20 went into effect July 1, 2019. The development and non-development fee increases are projected to increase cost recovery on development permits to 95% and non-development permits to 25%. Additional revenue of \$350,000 annually is anticipated from the increased fees which would result in a General Fund subsidy of the programs development fees of 5% and non-development fees to 75%.<sup>5</sup> Urban Forestry will use the revenue to increase Title 11 compliance and decrease tree permit turnaround times. The addition of 2.0 FTE Supervisor II positions will also allow the program to focus more resources on permitting and enforcement while increasing the capacity of the program to be more involved in the development review process.

While CBO recommends the additional Supervisor II positions, the slowdown in development activity is of note as personnel costs rise faster than other expenditures and these positions are entirely reliant on the programs ability to generate fee revenues. The program should continue to closely monitor personnel costs and development activity to ensure there are no personnel cost overruns in the current fiscal year.

### *Asset & Development*

The Asset & Development Division requests position authority for 2.0 FTE, including 1.0 FTE Facilities Maintenance Technician (FMT) and 1.0 FTE Maintenance Mechanic funded through an internal realignment of \$194,462 from external materials and services.

PP&R's asset portfolio continues to increase and with that, the need for increased facilities operations and maintenance (O&M) capacity grows. The FMTs respond to a variety of work orders, and on average, each position can complete up to 25 work orders per month. The bureau estimates that the FMT shop is working down a backlog of approximately 480 work orders on an annual basis, with 280 of those being preventative. The bureau anticipates that the additional FMT will help reduce annual backlog by 40% - 50% by focusing on completing the preventative work orders.

<sup>5</sup> Title 11, Trees Fee Schedule. <https://www.portlandoregon.gov/trees/article/497244>

Currently, the Asset & Development Division has one Playgrounds Maintenance Mechanic (PRMS) position that is responsible for inspecting and repairing over 800 pieces of equipment. The program is behind on inspections and has taken to triaging emergencies and closures as they are identified, with a backlog of 361 work orders and a current annual work order completion rate of 69% per year. The bureau estimates that each playground mechanic can complete 16 work orders per month which suggests that adding an additional PRMS will reduce backlog by about 40%. This position will focus on prioritizing safety inspections and preventative maintenance work orders.

These positions will help the bureau address the key strategic objective of sustaining quality-built assets and achieve the outcome of providing safe, functional, and reliable recreation experiences through effective management and maintenance of all park facilities. These new team members will help reduce a backlog of work orders, ensure ongoing safety inspections, and improve safety and job satisfaction throughout the department. CBO Recommends this request.

### ***Pioneer Courthouse Square***

In the FY 2019-20 Fall Supplemental budget PP&R is receiving \$31,000 in additional support for the operations costs related to the restrooms at Pioneer Courthouse Square. This transfer of funds from OMF-Facilities implements a Council decision made as part of the FY 2019-20 Adopted Budget. This transfer resolves an ongoing funding issue with one-time resources. Moving forward, the bureau will need to determine an ongoing solution. CBO recommends this request.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

The FY 2019-20 Fall Supplemental Budget for Portland Parks & Recreation includes a net increase of \$72.0 million, or 22.1% across all funds with the vast majority (94.4%) of that increase attributed to the Capital Development Program budgeted beginning fund balance increase and fund transfers.

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Beginning Fund Balance	\$ 95,860,300	\$ 67,978,586	\$ -	\$ 163,838,886
Licenses & Permits	\$ 1,129,460	\$ -	\$ -	\$ 1,129,460
Charges for Services	\$ 49,416,527	\$ 23,864	\$ -	\$ 49,440,391
Intergovernmental	\$ 8,274,159	\$ -	\$ -	\$ 8,274,159
Interagency Revenue	\$ 3,692,978	\$ -	\$ -	\$ 3,692,978
Fund Transfers - Revenue	\$ 5,416,100	\$ 2,156,787	\$ -	\$ 7,572,887
Bond & Note Proceeds	\$ 12,369,000	\$ -	\$ -	\$ 12,369,000
Miscellaneous	\$ 6,025,653	\$ (232,985)	\$ -	\$ 5,792,668
General Fund Discretionary	\$ 71,844,639	\$ 2,761,113	\$ (667,325)	\$ 73,938,427
<b>Total Requirements</b>	<b>\$ 254,028,816</b>	<b>\$ 72,687,365</b>	<b>\$ (667,325)</b>	<b>\$ 326,048,856</b>
<b>Requirements</b>				
Personnel	\$ 74,082,465	\$ 1,052,490	\$ -	\$ 75,134,955
External Materials and Services	\$ 73,457,054	\$ 33,575,922	\$ -	\$ 107,032,976
Internal Materials and Services	\$ 13,671,350	\$ 1,549,212	\$ (667,325)	\$ 14,553,237
Capital Outlay	\$ 66,072,466	\$ 35,956,486	\$ -	\$ 102,028,952
Debt Service	\$ 1,050,085	\$ -	\$ -	\$ 1,050,085
Fund Transfers - Expense	\$ 1,803,229	\$ 553,255	\$ -	\$ 2,356,484
Contingency	\$ 23,728,126	\$ -	\$ -	\$ 23,728,126
Ending Fund Balance	\$ 164,041	\$ -	\$ -	\$ 164,041
<b>Total Requirements</b>	<b>\$ 254,028,816</b>	<b>\$ 72,687,365</b>	<b>\$ (667,325)</b>	<b>\$ 326,048,856</b>

# SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

The FY 2019-20 Fall Supplemental Budget for Portland Parks & Recreation increases the bureaus General Fund Discretionary appropriation by \$2,093,788, or 2.8%.

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Licenses & Permits	\$ 379,460	\$ -	\$ -	\$ 379,460
Charges for Services	\$ 18,651,487	\$ 23,864	\$ -	\$ 18,675,351
Intergovernmental	\$ 138,723	\$ -	\$ -	\$ 138,723
Interagency Revenue	\$ 3,692,978	\$ -	\$ -	\$ 3,692,978
Fund Transfers - Revenue	\$ -	\$ 31,000	\$ -	\$ 31,000
Miscellaneous	\$ 760,413	\$ -	\$ -	\$ 760,413
General Fund Discretionary	\$ 71,844,639	\$ 2,761,113	\$ (667,325)	\$ 73,938,427
<b>Total:</b>	<b>\$ 95,467,700</b>	<b>\$ 2,815,977</b>	<b>\$ (667,325)</b>	<b>\$ 97,616,352</b>
<b>Requirements</b>				
Personnel	\$ 63,740,503	\$ 401,855	\$ -	\$ 64,142,358
External Materials and Services	\$ 22,032,924	\$ 864,930	\$ -	\$ 22,897,854
Internal Materials and Services	\$ 9,675,913	\$ 1,549,192	\$ (667,325)	\$ 10,557,780
Capital Outlay	\$ 18,360	\$ -	\$ -	\$ 18,360
<b>Total:</b>	<b>\$ 95,467,700</b>	<b>\$ 2,815,977</b>	<b>\$ (667,325)</b>	<b>\$ 97,616,352</b>

# Public Utilities



## INTRODUCTION

The Portland Water Bureau (PWB) does not have any significant adjustments during the FY 2019-20 Fall Supplemental Budget. Minor adjustments include the carryover of \$755,862 of General Fund resources for two projects, adjustments to interagency agreements with the Office of Management & Finance, and the transfer to the General Fund of permit and fee revenues from Dodge Park. None of the bureau's adjustments involve any significant draws from contingency.

## KEY DECISIONS

- Adjust interagency agreements with Debt Management and the Bureau of Human Resources (BHR).
  - \$9,108 with BHR for unexpended professional development training; (Recommended)
  - \$25,000 with BHR for Leadership training; (Recommended)
  - \$17,712 with Debt Management for staff succession planning. (Recommended)
- Carry over \$755,862 of General Fund resources for the Solar at Groundwater Pump Station and the Mount Tabor Preservation projects. (Recommended)
- Transfer \$24,481 to the General Fund for revenues collected from Dodge Park permits and fees in FY 2018-19. (Recommended)
- True-up transfers between the Water (Operating) Fund and the Water Construction Fund for transactions from the prior year, including \$104,694 in capital expenditures and \$2,235,029 of capital revenue. (Recommended)

## DISCUSSION

PWB submitted seven requests for budget adjustments in the FY 2019-20 Fall Supplemental Budget. Nearly all of these requests are technical adjustments and include updates to interagency agreements and cash transfers. Requests for fund carryovers are also included.

CBO recommends all the bureau's requests. A discussion on some of the requested items is provided below.

### ***Interagency agreements with the Bureau of Human Resources and Debt Management***

The Water Bureau is adjusting four interagency agreements (IA) with two City programs. None of these adjustments involve draws on contingency; the bureau is funding them with savings from other areas. The largest adjustment is \$25,000 for a mandatory training developed through a partnership with Human Resources to establish a leadership development program. The \$17,712 IA with Debt Management is part of an agreement between that program and several infrastructure bureaus to temporarily double-fill a position in order to train up a staff person.

### ***Carryover of General Fund resources for two projects***

- Solar at Groundwater Pump Station

The bureau is requesting \$88,000 in carryover to install solar at the Groundwater Pump Station. As part of the 2016-17 Adopted Budget, \$335,000 in one-time General Fund resources was included to support solar installations at three City facilities owned by the Parks Bureau, Water Bureau, and the Fire Bureau. Designing and installing solar panels at the Water Bureau's Ground Water Pump Station is estimated to cost \$93,000 and generate 45,000 kilowatt hours of electricity per year. The Water Bureau already carried over the \$88,000 in this request over two years, from FY 2016-17 to FY 2018-19, and is requesting to again carry over the funds into FY 2019-20. PWB stated that the amount was unspent in prior years due to the roof replacement that must be completed prior to the installation of the solar panels. The roof replacement was not considered part of the City's solar installation initiative but is a new major project initiated in July 2018. The timing is being coordinated with the City's solar array installation. In July 2019, the roof installation project was fully released to be worked on, but actual construction will not begin until spring or summer of 2020. CBO recommends this request.

- Mount Tabor Historic Preservation Project

On July 15, 2015, City Council approved [Resolution No. 37146](#) making financial obligations and other commitments for work at Mount Tabor. The resolution included a provision that the City shall allocate at least \$4 million over four years to the maintenance, repair, and preservation work identified in the 2009 Mount Tabor Reservoirs Historic Structures Report (the Report). Because the reservoirs are no longer part of the water system that is used to provide water service, these funds are from the General Fund and not the Water Fund. The

Water Bureau received \$750,000 in FY 2016-17, \$1,020,000 in FY 2017-18, and \$1,115,000 in FY 2018-19 from the General Fund for the maintenance, repair, and preservation work identified in the Report. Of the \$2.9 million allocated in prior fiscal years, \$2.2 million has been spent. PWB requests the balance, \$667,862, to be carried over to FY 2019-20. Work accomplished in FY 2018-19 include the beginning of basin repairs at Reservoir 1, the completion of the FY 2017-18 work to do concrete restoration on the structures at all three reservoirs, and window restoration and re-roofing at the Reservoir 1 Weir Building. In addition, planning and design work was also done for the Reservoir 1 basin repairs and the FY 2019-20 preservation work. PWB expects the remaining amount of \$667,862 requested to be carried over to be spent this fiscal year on Reservoir 1 liner repair and parapet wall repairs at Reservoirs 5 and 6. The funds are to be used on the Pioneer Waterproofing contract that was entered into last year for \$820,000, since only \$153,000 of the contract work was completed in FY 2018-19. It should also be noted that the bureau received an additional \$1,115,000 in General Fund one-time resources for the project in FY 2019-20, and with this appropriation, the City has fulfilled its financial obligation of a total of \$4.0 million devoted to the project.

### ***Transfer to the General Fund for Dodge Park***

The Dodge Park request transfers \$24,481 to the General Fund for revenues collected from park permits and fees in FY 2018-19. This request follows Council's FY 2015-16 Spring BMP appropriation of \$35,000 for the bureau's operations and maintenance of park-like amenities at Dodge Park and Water Hydroparks. The FY 2017-18 Adopted Budget made this an ongoing versus a one-time allocation from the General Fund. The \$35,000 of ongoing funding from the General Fund ensures that maintenance of park-like amenities at Dodge Park and Hydroparks, for which use of ratepayer funds are prohibited, gets done each year, while the transfer of \$24,481 back means that some of the costs are recuperated by the General Fund. There will be no reservations at Dodge Park effective July 1, 2019, so this is the final transfer of revenues collected from park permits and fees.

## **SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS**

*The Portland Water Bureau's budget is contained in the following five funds: The Water Fund, the Water Construction Fund, the Water Bond Sinking Fund, the Hydroelectric Power Operating Fund, and the Hydroelectric Power Renewal and Replacement Fund.*

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 165,434,285	\$ -	\$ -	\$ 165,434,285
Charges for Services	207,077,493	-	-	207,077,493
Intergovernmental Revenues	526,000	-	-	526,000
Interagency Revenue	3,840,560	-	-	3,840,560
Fund Transfers - Revenue	302,340,295	2,339,723	-	304,680,018
Bond and Note	144,185,000	-	-	144,185,000
Miscellaneous	7,967,146	-	-	7,967,146
<b>Total Resources</b>	<b>\$ 831,370,779</b>	<b>\$2,339,723</b>	<b>\$0</b>	<b>\$ 833,710,502</b>
<b>Requirements</b>				
Personnel Services	\$ 82,748,172	\$ -	\$ -	\$ 82,748,172
External Materials and Services	42,532,984	704,042	-	43,237,026
Internal Materials and Services	22,253,600	51,820	-	22,305,420
Capital Outlay	145,693,803	-	-	145,693,803
Bond Expenses	66,826,344	-	-	66,826,344
Fund Transfers - Expense	301,323,720	2,364,204	-	303,687,924
Debt Service Reserves	39,943,010	-	-	39,943,010
Contingency	108,856,449	(2,910,678)	-	105,945,771
Unappropriated Fund Balance	21,192,697	2,130,335	-	23,323,032
<b>Total Requirements</b>	<b>\$ 831,370,779</b>	<b>\$2,339,723</b>	<b>\$0</b>	<b>\$ 833,710,502</b>

## SUPPLEMENTAL BUDGET CHANGES TO THE WATER FUND

*The Water Fund is PWB's primary operating fund.*

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 97,597,314	\$ -	\$ -	\$ 97,597,314
Charges for Services	203,577,493	-	-	203,577,493
Intergovernmental Revenues	526,000	-	-	526,000
Interagency Revenue	3,765,560	-	-	3,765,560
Fund Transfers - Revenue	201,021,880	104,694	-	201,126,574
Miscellaneous	3,021,074	-	-	3,021,074
<b>Total Resources</b>	<b>\$509,509,321</b>	<b>\$104,694</b>	<b>\$0</b>	<b>\$509,614,015</b>
<b>Requirements</b>				
Personnel Services	\$ 82,380,478	\$ -	\$ -	\$ 82,380,478
External Materials and Services	40,444,392	704,048	-	41,148,440
Internal Materials and Services	22,042,209	51,814	-	22,094,023
Capital Outlay	145,693,803	-	-	145,693,803
Bond Expenses	5,017,731	-	-	5,017,731
Fund Transfers - Expense	106,737,913	2,259,510	-	108,997,423
Contingency	107,192,795	(2,910,678)	-	104,282,117
<b>Total Requirements</b>	<b>\$509,509,321</b>	<b>\$104,694</b>	<b>\$0</b>	<b>\$509,614,015</b>



## INTRODUCTION

During the FY 2019-20 Fall Supplemental Budget, the Bureau of Environmental Services requests to draw \$1.2 million from its contingency for various new requests, including adding a new ongoing position to address the bureau's equity concerns. Major reallocations of funding include transferring \$3.0 million from the Tryon Creek Wastewater Treatment Plant project to the Boones Ferry Culvert Replacement project. Minor adjustments include truing-up the beginning balances of four funds, aligning the budgets for four grants to current expectations, and the carrying over of funds for approved items not completed at the end of last year, most of which is for life-cycle replacement or purchase of new approved vehicles.

## KEY DECISIONS

- Draw from bureau contingency for the following new requests (all draws are from the Sewer System Operating Fund's contingency unless otherwise noted):
  - \$550,000 from the Environmental Remediation Fund's contingency for paving the Guilds Lake parking lot; (Recommended)
  - \$89,050 for safety equipment to meet OSHA standards; (Recommended)
  - \$25,000 for a training for managers and supervisors; (Recommended)
  - \$30,000 to upgrade vehicles to enable them to use compressed natural gas; (Recommended)
  - \$30,000 to address deferred maintenance at the Wastewater Group's facilities; (Recommended)
  - \$341,500 for vehicular acquisitions, replacements, and alterations that address various liability issues; (Recommended)
  - \$166,366 for a new Equity Manager position to implement the bureau's Equity, Diversity, and Inclusion plans. (Recommended)
- Reallocate budget within total existing appropriation for the following:
  - \$3.0 million is transferred from the Tryon Creek Wastewater Treatment Plant (TCWTP) project to the Boones Ferry Culvert Replacement project; (Recommended)

- \$600,000 is eliminated in the operating budget for the Community Opportunities and Enhancement Program; (Recommended)
- \$300,000 is allocated to support the newly created Project Management Office; (Recommended)
- \$203,000 is allocated to an interagency agreement with the Attorney’s Office for legal support on Portland Harbor Superfund Cleanup proceedings; (Recommended)
- \$78,000 net increase in personnel costs due to various reorganizations; (Recommended)
- Other more minor adjustments, including funding for contract facilities work, new plotters, process improvements, an emergency generator, and other items and services. (Recommended)
- Carry over funding for previously approved items that were not completed at the end of the prior fiscal year:
  - \$3.9 million for life-cycle replacement or previously approved vehicles; (Recommended)
  - \$47,451 for various items or projects in the Business Services Group; (Recommended)
  - \$167,500 for two items or services in the Wastewater Group; (Recommended)
  - \$68,402 for various items or projects in the Watershed Group. (Recommended)
- Adjust budgets for four grants totaling almost \$2.2 million to align with current expectations. (Recommended)
- True-up beginning balances to prior-year ending fund actuals for the Sewer System Operating Fund, the Environmental Remediation Fund, the Sewer Construction Fund, and the Sewer Rate Stabilization Fund. (Recommended)

## DISCUSSION

### *Reallocations of Budget within Total Current Appropriation*

Reallocations of budget within total current appropriations are usually routine and noncontroversial. However, CBO believes that the following adjustments in BES’s Fall Supplemental should be highlighted due to either being high in dollar value or reflecting significant changes in operations or policies.

The bureau is transferring \$3.0 million from the budget for the Tryon Creek Wastewater Treatment Plant (TCWTP) project to the Boones Ferry Culvert Replacement project. The \$80 million (\$4.16 million in FY 2019-20) TCWTP Headworks project is currently on hold pending

discussions with Lake Oswego, freeing up current year funds which BES is transferring to the Boones Ferry Culvert project. The Boones Ferry Culvert replacement project was previously placed on hold for further evaluation and to secure funding from other parties that have since been committed. The \$3.0 million change requested in this BMP reflects only the portion of the project expected to be spent in the current fiscal year. BES has provided CBO with the reasons why work on the Boones Ferry Culvert Project is crucial this year and at this stage, including a limited work window, the need to address safety issues, and fluctuating commodities costs.

The budget for the Community Opportunities and Enhancement Program (COEP) is being reduced by \$600,000 due to updated program information. As the funding model for COEP has taken shape, it has been identified that COEP contributions can be funded via an eligible capital project. Thus, BES is reallocating the funds it had previously set-aside for the program to a number of different uses, including support of the newly created Project Management Office (PMO) mentioned below.

Other noteworthy adjustments include the following:

- \$300,000 is allocated to support the newly created PMO, including funding for several contract employees.
- \$203,000 is transferred from the bureau's professional services budget for external legal counsel to an interagency agreement with the City Attorney's Office for internal legal support on Portland Harbor Superfund Cleanup proceedings.
- The budget for personnel net to an increase of \$78,000, although no new permanent FTEs are created. Much of the increase is funding for part-time staff to provide support for the newly created PMO and Engineering Services through the transition to start up the PMO. BES states that this is a bridge to identifying a permanent position/solution for operations support for the PMO, a discussion that the bureau says will occur in the context of the FY 2020-21 Requested Budget.

### ***Draws from Bureau Contingency for New Items, Positions, Projects, or Services***

BES requests to draw funds from the contingencies in the Environmental Remediation Fund and the Sewer System Operating Fund for various new projects, items, services, and one new position. The \$550,000 draw from the Environmental Remediation Fund's contingency is fairly noncontroversial as the project to be funded – paving the Guilds Lake parking lot – was approved by Council in FY 2017-18, and resources to complete the work have already been collected and reside in the fund's contingency. CBO recommends the draws from contingency for this project as well as for the other requests because they address needs that are urgent and unforeseen. In addition, BES has demonstrated that it has made an effort

to identify internal reallocations of funding for them (see section on Reallocations above) but were unable to identify any. The bureau notes that there is no rate impact to its one-time use of FY 2019-20 contingency as any additional expenditures now become part of its long-term (30+ years) plan. BES states that any allocations of contingency during the one-year budget snapshot are folded into the long-term plan and are balanced via future spending reductions, additional non-rate revenues, or future underspending.

Some items or services to be funded by the \$681,916 draw from the Sewer System Operating Fund's contingency are also fairly noncontroversial due to their urgent and unforeseen nature. BES is requesting to draw \$89,050 from contingency to purchase safety equipment to meet OSHA requirements for confined space entries at the pump stations and treatment plants. This action should result in improved safety for employees as well as protect the City from liability issues. BES is also requesting a draw of \$25,000 from the fund's contingency for a training for management and supervisors. This service is provided by the Bureau of Human Resources and is mandatory for the bureau.

CBO is also recommending draws from the Sewer System Operating Fund's contingency for services or items that should result in savings to the bureau in the long-term. BES requests to draw \$30,000 from contingency to upgrade two vehicles to enable utilization of compressed natural gas (CNG). CBO recommends the upgrade because usage of CNG advances the City's climate goals as well as results in savings to the City in the long-term since the CNG is produced at the bureau's Columbia Boulevard Wastewater Treatment Plant. Similarly, CBO recommends the request to draw another \$30,000 from contingency to address long-standing deferred facilities maintenance because it should result in long-term savings to the bureau. Furthermore, part of the work is directed towards improving the safety of employees.

Another \$341,500 of the requests to draw from the Sewer System Operating Fund's contingency are related to vehicular acquisitions, replacements, or alterations. Some of these adjustments address gross vehicle weight rating (GVWR), and hence safety and liability issues, and the plans to address the bureau's vehicular needs were developed with CityFleet. Two pump station vehicles with carrying capacity issues are requested to be replaced at a total cost of \$270,000, while four other pump station vehicles need alterations to address their carrying capacity issues at a total cost of \$19,200. In addition, the bureau states that its Wastewater Group needs a designated vehicle for a contract employee since use of a private vehicle is not a viable option. The bureau is requesting to draw another \$17,300 to purchase a lagoon boat specifically designed to perform surveys and obtain routine samples. The boat is needed because of risks associated with managing with only two lagoon cells due to a delay in the renovation of the lagoon.

Finally, BES is requesting to add a new ongoing position at a cost of \$166,366 to assist with the implementation of the bureau's plans for addressing its Equity, Diversity, and Inclusion (EDI) goals. The position's salary alone is \$104,146. BES states that having two dedicated

equity-focused positions allows BES to advance all aspects of EDI equitably across the entire bureau, rather than providing only limited support toward a smaller pool of EDI outcomes. The bureau believes that while the decentralized nature of EDI specialists Citywide is somewhat unique, having multiple staffers dedicated to EDI objectives is not unusual for large governmental entities that are committed to advancing EDI objectives. CBO notes that City bureaus of similar size have anywhere between one to four positions dedicated to equity purposes. In March 2019, BES realized that this second position was necessary, but it was not added to the FY 2019-20 Adopted Budget. Because the position advances the City's equity goals, CBO recommends its addition to BES's budget.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

*There are five funds managed by BES that make up the bureau's budget: the Environmental Remediation Fund, the Sewer System Construction Fund, the Sewer System Debt Redemption Fund, the Sewer System Operating Fund, and the Sewer System Rate Stabilization Fund. The below chart aggregates all funds.*

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 459,698,500	\$ (28,225,918)	\$ -	\$ 431,472,582
Licenses & Permits	1,995,000	-	-	1,995,000
Charges for Services	402,272,800	-	-	402,272,800
Intergovernmental Revenues	180,000	2,150,150	-	2,330,150
Interagency Revenue	2,470,471	256	-	2,470,727
Fund Transfers - Revenue	396,908,590	-	-	396,908,590
Bond and Note	235,100,000	-	-	235,100,000
Miscellaneous	13,926,800	-	-	13,926,800
<b>Total Resources</b>	<b>\$1,512,552,161</b>	<b>(\$26,075,512)</b>	<b>\$0</b>	<b>\$1,486,476,649</b>
<b>Requirements</b>				
Personnel Services	\$ 85,475,839	\$ 252,223	\$ -	\$ 85,728,062
External Materials and Services	81,170,691	(76,352)	-	81,094,339
Internal Materials and Services	50,738,944	642,711	-	51,381,655
Capital Outlay	131,982,170	4,967,753	-	136,949,923
Bond Expenses	186,750,305	-	-	186,750,305
Fund Transfers - Expense	407,830,913	-	-	407,830,913
Contingency	497,169,890	(31,861,847)	-	465,308,043
Debt Service Reserves	71,433,409	-	-	71,433,409
<b>Total Requirements</b>	<b>\$1,512,552,161</b>	<b>(\$26,075,512)</b>	<b>\$0</b>	<b>\$1,486,476,649</b>

# SUPPLEMENTAL BUDGET CHANGES TO THE SEWER SYSTEM OPERATING FUND

*The Sewer System Operating Fund is BES's primary operating fund.*

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 87,180,000	\$ (9,547,986)	\$ -	\$ 77,632,014
Licenses & Permits	1,995,000	-	-	1,995,000
Charges for Services	396,308,600	-	-	396,308,600
Intergovernmental Revenues	180,000	-	-	180,000
Interagency Revenue	2,055,571	256	-	2,055,827
Fund Transfers - Revenue	167,657,886	-	-	167,657,886
Miscellaneous	4,738,000	-	-	4,738,000
<b>Total Resources</b>	<b>\$660,115,057</b>	<b>(\$9,547,730)</b>	<b>\$0</b>	<b>\$650,567,327</b>
<b>Requirements</b>				
Personnel Services	\$ 84,870,241	\$ 16,304	\$ -	\$ 84,886,545
External Materials and Services	76,913,798	(200,352)	-	76,713,446
Internal Materials and Services	49,611,770	(605,582)	-	49,006,188
Capital Outlay	131,982,170	3,875,815	-	135,857,985
Bond Expenses	4,001,940	-	-	4,001,940
Fund Transfers - Expense	235,770,331	-	-	235,770,331
Contingency	76,784,807	(12,633,915)	-	64,150,892
Debt Service Reserves	180,000	-	-	180,000
<b>Total Requirements</b>	<b>\$660,115,057</b>	<b>(\$9,547,730)</b>	<b>\$0</b>	<b>\$650,567,327</b>

# Community Development



## INTRODUCTION

The Bureau of Development Services (BDS) has four requests during the FY 2019-20 Fall Supplemental Budget process, including a \$72,000 draw from contingency to pay for additional support on the Amanda 7 project, one of the components of the Portland Online Permitting System (POPS). CBO recommends all requests.

## KEY DECISIONS

- Draw \$72,000 from contingency for an interagency agreement with the Bureau of Planning and Sustainability (BPS) to provide support on the POPS project. (Recommended)
- Carry over funding from FY 2018-19 for the bureau's share of professional development expenses budgeted in interagency agreements with the Bureau of Human Resources:
  - \$3,988 for the bureau's pro-rata share of the DCTU Professional Development Fund expenses. (Recommended)
  - \$3,857 for the bureau's pro-rata share of the PROTEC (PTE-17) Professional Development Fund expenses. (Recommended)
- Appropriate \$5,106 of interagency revenue from the Bureau of Technology Services (BTS) for an additional parking pass at a Portland State University parking garage. (Recommended)

## DISCUSSION

The only notable request in BDS's Fall Supplemental Budget is a \$72,000 draw from the bureau's contingency for the part-time support of a Business Systems Analyst (BSA) in the Bureau of Planning & Sustainability (BPS) to work on the Amanda 7 component of the POPS project. BDS has stated that the BSA is needed to test the Amanda 7 system, assist with training on the system, and to document processes through writing Standard Operating Procedures. In June 2019, the bureau worked with BPS to finalize this agreement, which was too late to include it in the FY 2019-20 Adopted Budget, and so is now requesting it to be

included during this Fall Supplemental. Under this arrangement, BDS will cover 50% of the cost of BPS's full-time BSA to support the POPS project.

In light of the fact that the agreement was not discussed at the time of the development of the FY 2019-20 budget, and the bureau's efforts to get the agreement in place late in the last fiscal year, CBO is recommending the request to draw from the bureau's contingency for the BSA's support. It should also be noted that the launch date target for the Amanda 7 upgrade has been postponed from November 2019 to February or March 2020. BDS and BTS agree that postponing the launch date would allow the City to develop a quality product with extended functionality and provide the necessary training to support users. The support of the BSA should assist the bureau to achieve these goals by the new launch date.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

*The Bureau of Development Services' entire budget is in the Development Services Fund.*

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
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	1,233,328	5,106	-	1,238,434
Fund Transfers - Revenue	1,075,775	-	-	1,075,775
Miscellaneous	4,216,041	-	-	4,216,041
<b>Total Resources</b>	<b>\$136,315,661</b>	<b>\$5,106</b>	<b>\$0</b>	<b>\$136,320,767</b>
<b>Requirements</b>				
Personnel Services	\$ 57,426,597	\$ -	\$ -	\$ 57,426,597
External Materials and Services	9,014,476	-	-	9,014,476
Internal Materials and Services	10,887,912	79,845	-	10,967,757
Bond Expenses	1,443,126	-	-	1,443,126
Fund Transfers - Expense	2,536,838	-	-	2,536,838
Contingency	55,006,712	(74,739)	-	54,931,973
<b>Total Requirements</b>	<b>\$136,315,661</b>	<b>\$5,106</b>	<b>\$0</b>	<b>\$136,320,767</b>



## INTRODUCTION

The Portland Housing Bureau's (PHB's) requested FY 2019-20 Fall Supplemental Budget increases appropriations by \$9.6 million. This includes a request for \$900,000 in one-time General Fund contingency to procure an expanded Rental Registration system as well as a request to reallocate existing ongoing General Fund resources to create a new permanent position in the Rental Services Office.

Per City policy, the Fall Supplemental Budget also trues up prior year Short-Term Rental Revenue through a transfer of almost \$2.9 million to the Housing Investment Fund. The bureau's requested changes additionally adjust multi-year affordable housing project budgets, allocate non-General Fund program carryover and beginning fund balance, and make technical adjustments for better tracking of costs.

## KEY DECISIONS

- Allocate \$900,000 in General Fund contingency for an expanded Rental Registration system. (Not recommended)
- Reallocate \$128,400 in ongoing General Fund resources to create a new permanent position. (Not recommended)
- Transfer \$2.9 million to the Housing Investment Fund based on the City's share of actual FY 2018-19 transient lodging tax revenue from short-term rentals. (Recommended)
- Appropriate \$1.4 million in program carryover for Down Payment Assistance Loans and federal grants. (Recommended)
- True up a net total of \$6.1 million for multi-year affordable housing projects. (Recommended)

## DISCUSSION

### ***Rental Services Office***

#### *OneApp Oregon*

In FY 2015-16, PHB was awarded an Innovation Grant to develop and support a hosted web-based listing system for affordable housing units. NoAppFee was selected from the bureau's technology RFP and the website, renamed OneApp Oregon, went live at the end

of 2017. Council allocated \$125,000 in ongoing General Fund in FY 2017-18 budget to development to permanently support the platform, including training and customer assistance. In FY 2018-19, OneApp Oregon provided an average of 880 monthly referrals to affordable housing units, a total of more than 10,500 referrals over the year.

However, the number of affordable units actually available on the site was lower than expected due to low vacancy rates, the high volume of regulated affordable housing units leased through other systems, and other regulatory challenges. PHB and the vendor mutually agreed not to renew the OneApp Oregon contract after it expired in September 2019.

In the Fall BMP, the bureau is requesting to reallocate the ongoing resources currently budgeted for that contract – now \$128,400 - to support systems development and implementation for the Rental Services Office (RSO). This would bring the total number of direct positions in the Rental Services Office to 6.85 FTE.

### *Rental Registration System Expansion*

As part of supporting RSO data and business systems, this requested position would help support the exploration and implementation of an expanded Rental Registration System. The current Rental Registration Program was adopted by Council in July 2018 to provide an “updated and reliable inventory of residential rental unit locations within Portland.” Council allocated a total of \$848,000 in FY 2018-19 to implement this system, which currently provides basic unit location details. However, various stakeholders, including the Portland Housing Bureau, Rental Services Commission, and members of Council, have expressed interest in collecting additional data to help inform and evaluate policies.

In July 2019, Council adopted a \$60/unit annual Rental Registration fee, which is intended to support all current Rental Services Office staff, programming, and indirect costs currently funded by one-time resources, including services that are new or being piloted in FY 2019-20. The fee included \$650,000 in ongoing support for a separate system to collect additional rental unit data but did not include funding to purchase the system itself. The bureau is requesting \$900,000 in one-time General Fund contingency resources in the Fall BMP for software configuration, integration, and training.

The bureau originally brought forward this request as part of FY 2019-20 Budget Development, which was not funded due to outstanding questions about the interface with the new \$24.3 million Integrated Tax System (ITS) being implemented over the next few years. CBO’s understanding is that although there are likely no technological constraints that would limit the information that could be collected as part of an expanded rental registry in ITS, there are strategic, financial, and customer service considerations about whether this is the best platform for such data versus a separate Commercial-off-the-Shelf system.

Again, CBO's understanding is that this highly depends on which specific data fields are to be collected; a broad range has been proposed by different stakeholders, falling under the major categories of 1) physical unit characteristics; 2) market data; 3) landlord/tenant interactions; and 4) renter information. To the extent that the bureau aims to develop an inventory tying a variety of data points to individual units, with the possibility of collecting information in real-time rather than annually, this may require a stand-alone solution. CBO also understands that the bureau and other stakeholders are eager to move forward more quickly than the implementation timeline of ITS may allow.

PHB has a strong commitment to the robust use of data underlying policies, programs, and services, with a focus on reducing disparities and advancing equity. CBO recognizes the potential value that the envisioned platform could bring to the City and the broader community, also acknowledging the challenges of collecting data for Portland's 126,000 estimated rental units. CBO recommends that any identified benefits of collecting data that goes beyond what could be captured through ITS or existing secondary data sources be assessed against the operational cost and efficacy of associated collection and enforcement. For example, collecting real-time information about real estate transactions, changes in rent, evictions, and other tenant/landlord interactions could provide critical insights about market trends and the impact of City policies like the Mandatory Renter Relocation Exemption program. However, this could also dramatically increase workload for the Rental Services Office not only to process this data but to provide technical assistance and ensure that landlords are in compliance with reporting requirements.

### *Recommendation*

Per City Financial policy, General Fund contingency shall be used for five-year balancing, mitigating overhead revenue shortfalls, paying down existing debt, or other urgent and unforeseen needs. Under this policy, CBO typically does not recommend requests that were submitted but not funded in the prior year. Although there is an interest in providing a better customer experience and collecting more robust data as soon as possible, CBO recommends that the decision to allocate new resources be deferred to FY 2020-21 budget development, as this will also allow more time to develop specifications about which data will be collected, how it will be used, and what operational and programmatic impact it is expected to have. Additionally, CBO's understanding is that it would be unlikely on a typical timeline for a technology procurement process commencing in the fall to be complete before the end of the fiscal year, likely pushing the need for funding out to FY 2020-21 regardless.

CBO notes that the current per unit fee includes several low-confidence assumptions that could lead to under- or over-collection of revenue in the next tax year compared to budget needs. If compliance is lower than expected, the Rental Services Office may need to reduce programming or seek City funding to subsidize the ongoing expanded rental registry costs, which are not scalable and estimated at \$5/unit or approximately \$650,000 annually.

Conversely, it is also possible that the program budget could experience a net positive revenue gain over the next few years that would create one-time funding that could be applied toward an expanded system.

CBO does not recommend reallocating the OneApp Oregon contract resources to create a new ongoing position until budget development when the needs of the Rental Services Office can be evaluated more holistically. The bureau may choose to reallocate budget in FY 2019-20 on a one-time basis to support continued exploration of a stand-alone data solution, potentially using the bureau's existing Data and Analytics Team, a limited-term position, or additional support from the Bureau of Technology Services. CBO notes that the bureau may also have an opportunity to work with the Government Performance Labs as part of Portland's continued What Works Cities engagement to receive in-kind technical assistance for this project.

### **Short-Term Rental Revenues**

In FY 2018-19, the City of Portland received \$6.2 million in short-term rental (STR) revenue. This is approximately \$4.1 million higher than what was assumed in the bureau's five-year forecast submitted as part of FY 2019-20 budget development and follows prior year excess revenue collection trends.

Of the total \$6.2 million STR revenue, \$4.1 million comes from the City's share of transient lodging tax applied to short-term rentals. Council made the decision to dedicate these resources to the development or preservation of affordable housing in Portland or to help low-income individuals and families access affordable housing, supporting households earning 60% or less than the median family income.<sup>1</sup> This is recognized in the form of a transfer to the Housing Investment Fund, which is trued-up annually in the Fall Supplemental Budget based on actual prior year tax receipts. This funding is currently being used to support staff time across multiple bureau programs, subsidize Portland Affordable Housing Bond development, and help to fund Inclusionary Housing administration.

The remaining \$2.1 million of this revenue came from the \$4/night fee for all new short-term rental reservations on or after August 1, 2018.<sup>2</sup> This revenue can be used broadly for affordable housing and homelessness initiatives in the Portland area per City Code; the bureau intends to reserve these funds for subsidizing Metro Bond-funded projects. Therefore, although the actual \$2.1 million cash transfer transaction is reflected in the Housing Investment Fund as actual revenue, the bureau is not budgeting these resources in the Fall BMP pending decisions about the Metro bond delivery model.

<sup>1</sup> See Resolution 37170, December 16, 2015.

<sup>2</sup> See Ordinance No. 189031, June 2018.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

The Portland Housing Bureau’s requested changes adjust appropriations across ten funds by a net total of \$9.6 million.

- The majority of these adjustments (\$6.1 million) reflect updated information about multi-year affordable housing project timelines, primarily related to changes in construction timelines for four major projects.
- The bureau is also carrying over \$214,832 for federal grants related to homeless services and \$1.2 million in program carryover for Down Payment Assistance Loans (DPAL) funded through Community Development Block Grant, Interstate Urban Renewal Area Tax Increment Financing, and Construction Excise Tax resources.
- Finally, there is another \$1.2 million in adjustments that recognize additional beginning fund balance, cash transfers between Housing Bureau funds, and other revenue sources.

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Beginning Fund Balance	\$ 9,948,071	\$ 5,744,973	\$ (2,867,180)	\$ 12,825,864
Taxes	5,100,000	-	-	5,100,000
Charges for Services	6,583,987	289,410	-	6,873,397
Intergovernmental	73,072,416	901,297	-	73,973,713
Interagency Revenue	130,808	-	-	130,808
Fund Transfers - Revenue	3,528,380	256,536	2,867,180	6,652,096
Miscellaneous	6,416,738	1,470,000	-	7,886,738
Miscellaneous Fund Allocation	600,000	-	-	600,000
General Fund Discretionary	37,174,732	900,000	(900,000)	37,174,732
<b>Total Resources</b>	<b>\$142,555,132</b>	<b>\$9,562,216</b>	<b>(\$900,000)</b>	<b>\$151,217,348</b>
<b>Requirements</b>				
Personnel	\$ 10,455,977	\$ 153,245	\$ (69,335)	\$ 10,539,887
External Materials and Services	117,245,171	9,244,275	(830,665)	125,658,781
Internal Materials and Services	2,155,721	30,620	-	2,186,341
Capital Outlay	6,855,000	(122,460)	-	6,732,540
Debt Service	1,468,750	-	-	1,468,750
Fund Transfers - Expense	4,034,198	256,536	-	4,290,734
Contingency	340,315	-	-	340,315
<b>Total Requirements</b>	<b>\$142,555,132</b>	<b>\$9,562,216</b>	<b>(\$900,000)</b>	<b>\$151,217,348</b>

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

The bureau has requested to reallocate existing resources to fund a new permanent position and to add \$900,000 in General Fund contingency related to purchase and implementation of an expanded Rental Registration system. CBO recommends that these

decisions are made holistically as part of FY 2020-21 budget development and notes considerations related to data collection, system integration, and compliance.

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Interagency Revenue	\$ 130,808	\$ -	\$ -	\$ 130,808
General Fund Discretionary	37,174,732	900,000	(900,000)	37,174,732
<b>Total Resources</b>	<b>\$37,305,540</b>	<b>\$900,000</b>	<b>(\$900,000)</b>	<b>\$37,305,540</b>
<b>Requirements</b>				
Personnel	\$ 1,450,534	\$ 69,335	\$ (69,335)	\$ 1,450,534
External Materials and Services	36,128,332	830,665	(830,665)	36,128,332
Internal Materials and Services	(443,666)	-	-	(443,666)
Fund Transfers - Expense	170,340	-	-	170,340
<b>Total Requirements</b>	<b>\$37,305,540</b>	<b>\$900,000</b>	<b>(\$900,000)</b>	<b>\$37,305,540</b>



# City Budget Bureau of Planning & Sustainability Office

*Analysis by Michelle Rubin*

## INTRODUCTION

The Bureau of Planning and Sustainability's (BPS') Fall Supplemental Budget requests an increase to its FY 2019-20 appropriations of \$7.8 million or approximately 10%. This includes an increase to the bureau's General Fund allocation of \$568,995 or approximately 6%, including one-time General Fund discretionary resources for continued work on the Anti-Displacement Action Plan. As is typical in the Fall BMP, the bureau is requesting technical adjustments, encumbrance and ending fund balance carryovers, and adjustments to interagency agreements.

## KEY DECISIONS

- Appropriate \$120,000 in new one-time General Fund resources for continued work on the Anti-Displacement Action Plan. (Not recommended)
- Allocate additional beginning fund balance of \$6.4 million in the Portland Clean Energy Community Benefits Fund (PCEF). (Recommended)
- Process \$101,106 in prior year General Fund carryover for encumbered contracts. (Partially Recommended, \$97,606)
- Process \$447,000 in total carryover from the Solid Waste Management Fund. (Recommended)
- Allocate \$347,889 in interagency revenue and associated expenses for multiple projects. (Recommended)
- Process \$434,882 in revenue for newly appropriated grants and prior year carryover for multi-year grants. (Recommended)

## DISCUSSION

### ***Anti-Displacement Action Plan***

BPS is requesting one-time General Fund resources for continued work on its Anti-Displacement Action Plan, which focuses on the coordination, tracking, and accountability of the City's 2035 Comprehensive Plan anti-displacement policies. This request includes \$120,000 in materials and services resources for administrative expenses and a community-based coordinator from the Anti-Displacement PDX Coalition (ADPDX) (\$58,800) and financial compensation for community stakeholders to participate in the

continued development of the Action Plan (\$61,200). The bureau expects ADPDX to fundraise an additional \$30,000 for this effort. ADPDX is currently working with BPS to develop a project workplan for the Action Plan and an Anti-Displacement Task Force charter; expected completion is December 2019. BPS states that ADPDX will not participate in the Action Plan development at the level desired by the City without additional resources.

CBO notes that this work aligns with the implementation of the City's 2035 Comprehensive Plan and acknowledges benefits to community-based approaches to the City's Anti-Displacement efforts. However, in accordance with City Financial Policy, CBO typically does not recommend allocating General Fund contingency resources for requests that are not unforeseen, urgent, one-time, and unable to be absorbed by existing resources. Although the bureau notes that this community engagement work will help inform decisions related to zoning code projects and other investments, it is not clear based on the information available to CBO that this was unforeseen. To the extent this expanded work is a bureau priority in the current fiscal year, CBO recommends that BPS reprioritize within existing resources.

The bureau should work with its Commissioner-in-Charge to discuss if and to what level resources should be requested to complete the project during FY 2020-21 Budget Development process, inclusive of resources for community involvement. This would allow City Council to consider this project alongside other City priorities and requests for new General Fund resources.

Below is further information about the components of the Fall BMP request.

***FY 2019-20 Anti-Displacement Action Plan Project Scope:*** The bureau received \$270,000 in one-time General Fund resources in the FY 2019-20 Adopted Budget to begin this project. This included \$230,000 for 2.0 FTE and \$30,000 in materials and services resources for analysis of anti-displacement efforts and translation services.<sup>1</sup> The \$120,000 in additional requested resources in the FY 2019-20 Fall Supplemental Budgeting Process would predominantly support ADPDX to:

- 1) Co-create a Citywide inventory and summary report;
- 2) Develop an Anti-Displacement Task Force, and
- 3) Support ADPDX Coalition Leadership.

These tasks appear to fall outside of the initial scope of the project. At the time of FY 2019-20 Budget Development, BPS stated that, if funded, the second project year of the Anti-Displacement Action Plan would focus on strategy development and adoption. The bureau

<sup>1</sup> For analysis regarding the initial Anti-Displacement Action Plan request, please see CBO's FY 2019-20 requested budget analysis at <https://www.portlandoregon.gov/cbo/article/725381>

expected to request continuation of the 2.0 FTE and \$160,000 in materials and services for community engagement efforts in FY 2020-21 budget development. It is currently unclear to CBO why increased resources are required for this project outside of the annual budget process; therefore, CBO recommends BPS resubmit this request as part of the FY 2020-21 budget development process and continue the initial timeline and scope outlined and approved by City Council in the FY 2019-20 Adopted Budget.

***Anti-Displacement Ongoing Funding Strategy:*** In its FY 2019-20 requested budget, BPS noted that this project would be multi-year and may become an ongoing function or program.<sup>2</sup> At that time, CBO noted a risk to funding a multi-year effort with one-time resources and recommended a long-term funding strategy be provided to fully evaluate the proposal among other requests. These concerns persist with this request, as an ongoing funding strategy for this work has still not been identified. The bureau has stated they expect at least two more years of work by the Anti-Displacement Task Force and anticipate requesting funds to continue this work in future fiscal years. The bureau did state that current year project resources are sufficient to fund a limited term or part time coordinator for ADPDX. CBO recommends the bureau explore this option until ongoing resources for this project are identified.

***Policy on Stipends for Community Stakeholders:*** A budget note included in the FY 2019-20 Budget directed the Office of Community & Civic Life, Office of Equity and Human Rights, Bureau of Human Resources, and City Attorney's Office to conduct analysis of current practices and policies for providing stipends to volunteer members of City advisory bodies.<sup>3</sup> Recommendations are expected by January 2020; it is CBO's understanding that recommendations will broadly discuss the City's policies for compensating community stakeholders. Since a significant portion of requested resources would go towards community member compensation, CBO recommends this request be reconsidered after these recommendations are reported to Council.

### ***Portland Clean Energy Community Benefits Fund***

The bureau is recognizing \$6.4 million in beginning fund balance within the Portland Clean Energy Community Benefits Fund (PCEF), reflecting additional tax revenues collected in FY 2018-19. The bureau is also requesting to reallocate \$10,761 within PCEF between major object categories for an IA with the Office of Management and Finance for services related to the interfund load PCEF received from the Solid Waste Management Fund in its FY 2019-20 Adopted Budget.

<sup>2</sup> For analysis regarding the initial Anti-Displacement Action Plan request, please see CBO's FY 2019-20 requested budget analysis at <https://www.portlandoregon.gov/cbo/article/725381>

<sup>3</sup> For the full budget note on stipends for Advisory Bodies please see Page 72 of the City of Portland's FY 2019-20 Adopted Budget at <https://www.portlandoregon.gov/cbo/article/738382>

In total, BPS' FY 2019-20 budget includes \$52.3 million for the Portland Clean Energy Community Benefits Fund (PCEF), including a \$2.3 million operating budget received as an interfund loan from the Solid Waste Management Fund for FY 2019-20 PCEF program costs and \$50.0 million in expected tax revenues. The Bureau of Revenue and Financial Services estimates approximately \$10.0 million in tax revenues, including the \$6.4 million appropriated with this request, will be available to expend by the end of FY 2019-20. CBO notes that as program development estimates are imprecise, the bureau may see significant underspending in PCEF in FY 2019-20.

### ***Solid Waste Management Fund and General Fund Carryover***

BPS is requesting several adjustments within its Solid Waste Management Fund as part of this Fall Supplemental Budget Process, including a contract encumbered in FY 2018-19 for market research on BPS' sustainable consumption and production strategy development (\$15,000), program carryover approved in the FY 2018-19 Spring Budget Monitoring Process for expansion of the Public Trash Can Program (\$412,000), and carryover of recycling rebates from previous years (\$20,000). CBO recommends these requests.

The bureau also requests processing prior year General Fund carryover for contracts encumbered in FY 2018-19 that total \$101,106. These include contracts for work supporting the following projects: Residential Infill Project (RIP), Design Overlay Zone Amendments (DOZA) project, Portland Urban Data Lake (PUDL), Smart City PDX, and updates to the Environmental Overlay Zone maps. The bureau originally requested to carryover \$3,500 of a contract with Flowing Solutions LLC for design and engineering guidelines but rescinded the request. CBO recommends these requests with the exception of \$3,500 that the bureau stated is no longer needed for a contract.

### ***Technical Adjustment and Interagency Revenue***

BPS requests several technical adjustments, including:

- Reallocating budget to appropriate programs and expenses, including realigning identified General Fund position savings to its materials and services budget for contracts and reallocating budget for the Portland Dark Skies Project between functional areas,
- Reallocating personnel budget in the Age-Friendly Program to materials and services to fund an Intergovernmental Agreement with Portland State University (Ordinance #189663),
- Reallocating budget from an IA with OMF for Floodplain Management and from a Powell Division Trimet Grant to bureau overhead, and
- Reallocating materials and services budget to IMS to increase IAs with Civic Life to support neighborhood cleanup programming in East Portland (\$3,494) and the Bureau

of Human Resources (\$40) for District Council of Trade Unions (DCTU) professional services.

The bureau also has a new request for several IAs with various bureaus that increase revenue and result in programmatic changes for BPS. These requests include:

- \$72,000 from the Bureau of Development Services (BDS) to support a BPS Business Systems Analyst's work on the City's Online Permitting System,
- \$200,000 from the Office of Management and Finance (OMF) to support a Planner II in BPS to complete work on the Floodplain Management Update Program workplan, and
- \$75,889 from the Portland Bureau of Transportation (PBOT) to support the Smart City PDX Portland Urban Data Lake (PUDL) pilot.

CBO recommends these technical adjustments as requested.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Beginning Fund Balance	\$ 4,136,866	\$ 6,829,669	\$ -	\$ 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	1,812,164	434,882	-	2,247,046
Interagency Revenue	674,051	347,889	-	1,021,940
Fund Transfers - Revenue	9	-	-	9
Bond & Note Proceeds	2,253,075	-	-	2,253,075
Miscellaneous	127,525	-	-	127,525
General Fund Discretionary	8,893,113	221,106	(123,500)	8,990,719
General Fund Overhead	762,776	-	-	762,776
<b>Total Resources</b>	<b>\$76,104,632</b>	<b>\$7,833,546</b>	<b>(\$123,500)</b>	<b>\$83,814,678</b>
<b>Requirements</b>				
Personnel	\$ 14,464,309	\$ 243,871	\$ -	\$ 14,708,180
External Materials and Services	4,900,040	1,189,334	(123,500)	5,965,874
Internal Materials and Services	2,113,372	17,672	-	2,131,044
Debt Service	2,329,893	-	-	2,329,893
Fund Transfers - Expense	1,180,283	-	-	1,180,283
Contingency	10,226,595	6,382,669	-	16,609,264
Ending Fund Balance	40,890,140	-	-	40,890,140
<b>Total Requirements</b>	<b>\$76,104,632</b>	<b>\$7,833,546</b>	<b>(\$123,500)</b>	<b>\$83,814,678</b>

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Interagency Revenue	\$ 669,051	\$ 347,889	\$ -	\$ 1,016,940
General Fund Discretionary	8,893,113	221,106	(123,500)	8,990,719
General Fund Overhead	762,776	-	-	762,776
<b>Total Resources</b>	<b>\$10,324,940</b>	<b>\$568,995</b>	<b>(\$123,500)</b>	<b>\$10,770,435</b>
<b>Requirements</b>				
Personnel	\$ 9,382,340	\$ 169,168	\$ -	\$ 9,551,508
External Materials and Services	748,034	399,787	(123,500)	1,024,321
Internal Materials and Services	194,566	40	-	194,606
<b>Total Requirements</b>	<b>\$10,324,940</b>	<b>\$568,995</b>	<b>(\$123,500)</b>	<b>\$10,770,435</b>



## INTRODUCTION

The Office of Community & Civic Life (Civic Life) is requesting encumbrance and advance carryover, is increasing an interagency agreement, and has made technical adjustments in the FY 2019-20 Fall Budget Monitoring Process (BMP). Civic Life ended FY 2018-19 having spent 93% of its General Fund overhead and General Fund discretionary resources for the year, after accounting for carryover requests. The largest portion of underspending, over \$70,000, was from the Graffiti Program which was recently expanded by City Council. The Houselessness program was left without staff for nearly half of the year, ended with nearly \$40,000 in balance. The requested Fall BMP actions increase Civic Life's FY 2019-20 total budget appropriation by \$1,218,355, or 8%, to \$15,788,977.

## KEY DECISIONS

- Process technical adjustments for two programs. (Recommended)
- Process advance and encumbrance carryover. (Recommended)
- Approve interagency agreement revenue increase for Community Collection Events. (Recommended)

## DISCUSSION

### *Technical Adjustments*

Civic Life is requesting a net zero technical true-up for the newly created Adapt to Impact program. At the time of FY 2019-20 budget development, the new functional area had not been properly set up in the budget system. This has been corrected, and this request moves the revenue and expenses for the program into the correct functional area. CBO recommends this request.

Additionally, Civic Life requested in the FY 2018-19 Spring BMP to transfer the East Portland Action Plan program to Special Appropriations. This was approved by City Council, but the transfer of the budget did not simultaneously occur in the FY 2019-20 budget. The bureau is making this adjustment ("transfer") of (\$150,000) in the FY 2019-20 Fall BMP. CBO recommends this request.

## ***Advance and Encumbrance Carryover***

Civic Life is requesting advance and encumbrance carryover of \$1.36 million of General Fund underspending from its FY 2018-19 budget.

### *Advances*

Civic Life is requesting a total of \$1.3 million in advance carryovers for five neighborhood small grants, one East Portland Community Office (EPCO) small grant, and 24 East Portland Action Plan (EPAP) grants. The Neighborhood and EPCO small grants close out in February 2021, and the EPAP grants close out December 2020 and will cease to continue through Civic Life's budget as the management of these grants is being transferred to Special Appropriations.

A portion of this request adjusts a reversal error. The advance accrual debits and credits were entered in reverse, resulting in an understatement of expenses of \$1,095,143 for FY 2018-19, and a corresponding overstatement in FY 2019-20. The bureau is correcting this error through a technical adjustment for an advance carryover of Civic Life's General Fund underspending from FY 2018-19 for these planned expenses.

### *Encumbrances*

Civic Life is requesting \$22,501 in encumbrance carryover for encumbered work related to the Code Change project. This is a one-time project that the bureau will be completing in FY 2019-20.

The bureau ended FY 2018-19, including the error, having \$1.6 million in General Fund underspending. Therefore, Civic Life has sufficient funds to support its request to carryover \$1.36 million into FY 2019-20. CBO recommends these requests.

## ***Increased Interagency Revenue for Community Collection Events***

Civic Life is receiving an additional \$3,494 in interagency agreement (IA) revenue from the Bureau of Planning and Sustainability (BPS), as a pass-through to the East Portland Community Office to run Community Collection Events. BPS funds various community events across Portland as a form of community outreach and engagement around recycling and waste management. BPS contracts with Civic Life to fund the North Portland Neighborhood Service for the same type of events. CBO recommends this request.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Charges for Services	\$ 1,689,912	\$ -	\$ -	\$ 1,689,912
Intergovernmental Revenues	352,498	-	-	352,498
Interagency Revenue	122,411	3,494	-	125,905
Miscellaneous Fund Allocation	1,390,000	-	-	1,390,000
General Fund Discretionary	10,463,207	1,214,861	-	11,678,068
General Fund Overhead	552,594	-	-	552,594
<b>Total Resources</b>	<b>\$ 14,570,622</b>	<b>\$ 1,218,355</b>	<b>\$ -</b>	<b>\$ 15,788,977</b>
<b>Requirements</b>				
Personnel Services	\$ 7,501,777	\$ -	\$ -	\$ 7,501,777
External Materials and Services	6,219,895	1,218,355	-	7,438,250
Internal Materials and Services	848,950	-	-	848,950
<b>Total Requirements</b>	<b>\$ 14,570,622</b>	<b>\$ 1,218,355</b>	<b>\$ -</b>	<b>\$ 15,788,977</b>

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Charges for Services	\$ 395,377	\$ -	\$ -	\$ 395,377
Intergovernmental Revenues	352,498	-	-	352,498
Interagency Revenue	122,411	3,494	-	125,905
General Fund Discretionary	10,463,207	1,214,861	-	11,678,068
General Fund Overhead	552,594	-	-	552,594
<b>Total Resources</b>	<b>\$ 11,886,087</b>	<b>\$ 1,218,355</b>	<b>\$ -</b>	<b>\$ 13,104,442</b>
<b>Requirements</b>				
Personnel Services	\$ 6,408,595	\$ -	\$ -	\$ 6,408,595
External Materials and Services	4,771,545	1,218,355	-	5,989,900
Internal Materials and Services	705,947	-	-	705,947
<b>Total Requirements</b>	<b>\$ 11,886,087</b>	<b>\$ 1,218,355</b>	<b>\$ -</b>	<b>\$ 13,104,442</b>



## INTRODUCTION

Prosper Portland submitted two requests during the FY 2019-20 Fall Supplemental Budget; both are requests for additional General Fund resources to implement initiatives in response to rapid transit projects in different parts of the city.

## KEY DECISIONS

- Allocate \$50,000 in General Fund one-time resources for a survey of businesses and property owners in the SW Corridor in anticipation of the Light Rail Project. (Not recommended)
- Allocate \$100,000 in General Fund one-time resources to provide businesses in outer Division with support and technical assistance before and during the construction of the Division Transit Project. (Not recommended)

## DISCUSSION

In accordance with City Financial Policy 2.04, CBO is only recommending the mid-year appropriation of General Fund contingency resources in cases where the request is urgent, unforeseen, and unable to be absorbed in the bureau's existing budget. CBO does not recommend either of the two new requests because they are neither urgent nor unforeseen.

### ***Division Business Support***

In July 2016, City Council voted to approve the Portland Local Action Plan for the Powell-Division corridor. The plan identified the need for new business retention technical assistance at an estimated cost of \$100,000/year over five years. This funding need was part of a total funding gap of \$4.3 million articulated for the economic development strategies in the Plan. Although members of Council expressed concerns about the risk of passing the Action Plan with the funding gap during discussion of the item, the Plan was unanimously approved.

Prosper Portland has requested funding for this Division Business Support over a number of budget development and amendment processes, and City Council has consistently declined to fund the effort. Through partnership with other City and regional partners, the agency was

able to secure grant funding for these costs for the first two years of the Action Plan, however, this funding source has now ended. In addition to this request for FY 2019-20, Prosper Portland plans to request \$100,000 from the General Fund for each of the two remaining fiscal years of the plan: 2020-21 and 2021-22. The \$100,000 amount of this Fall Supplemental request is based on the cost to fund these services in previous years and also aligns with the formula Prosper Portland uses to deliver services through its Inclusive Business Resource Network providers. Specifically, the agency states that with the funding, 30 businesses would receive approximately 300 hours of business support services.

Although this request is in accordance with a Council approved plan, the cost is not unforeseen and thus does not meet Financial Policy criteria for mid-year General Fund Contingency appropriation. CBO recommends that the bureau adjust its internal resource allocation to provide these services to businesses in outer Division in accordance with the project's priority level. The bureau has noted that existing resources are fully programmed for other efforts; however, CBO asserts that as part of a Council-approved plan, this project should be deemed a top priority for existing allocations. Further, CBO recommends that Council take action to either appropriate required resources or direct bureaus to absorb the required implementation costs associated with any future Council-passed plans.

This work is related to anti-displacement efforts in East Portland, which is a topic of discussion among - and is related to several distinct efforts currently taking place in - several City bureaus. CBO recommends that Prosper Portland continue to work together with Council and other bureaus involved in anti-displacement efforts, including the Bureau of Planning and Sustainability, to coordinate such efforts and ensure resources are maximized to create impact.

### ***SW Corridor Business and Property Owner Survey***

Concerning the SW Corridor Business and Property Owner Survey, Prosper Portland states that the requested \$50,000 is based on a similar study that was recently performed by one of its partners. The agency notes that the number of businesses or property owners who participate in the study is a measure of whether or not the effort is successful. The data collected would be used to evaluate displacement risk with a focus on business owners of color and long-term business owners. It is not clear how the data would lead to action in relation to the Southwest Light Rail Corridor project, although any anti-displacement measures to be implemented would require funding in the future. At this point, it is unclear what the source of these funds would be, although the agency notes that the requests for resources would occur in coordination with PBOT-led transportation funding and PHB-led housing funding plans. As a long-term project, CBO recommends that the bureaus involved work together to develop a coordinated plan with holistic cost estimates and present it to Council for consideration during budget development so that the costs may be evaluated in the context of other funding needs and priorities.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

*Prosper Portland's budget is primarily in the General Fund, with the exception of \$737,126 in the Recreational Cannabis Tax Fund ("Miscellaneous Fund Allocation" in the table below).*

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
General Fund Discretionary	\$ 6,871,994	\$ 150,000	\$ (150,000)	\$ 6,871,994
Miscellaneous Fund Allocation	737,126	-	-	737,126
<b>Total Resources</b>	<b>\$7,609,120</b>	<b>\$150,000</b>	<b>(\$150,000)</b>	<b>\$ 7,609,120</b>
<b>Requirements</b>				
External Materials and Services	\$ 7,609,120	\$ 150,000	\$ (150,000)	\$ 7,609,120
<b>Total Requirements</b>	<b>\$7,609,120</b>	<b>\$150,000</b>	<b>(\$150,000)</b>	<b>\$ 7,609,120</b>



## INTRODUCTION

The Office of Equity & Human Rights (OEHR) recently hosted the final session of an eight-month long Racial Equity-Centered Results Based Accountability™ cohort, bringing together staff from across the City to learn how to apply this methodology for implementing bureau Racial Equity Plans. OEHR's Fall Supplemental Budget includes a request for \$50,000 in one-time General Fund resources to fund a second Citywide cohort. CBO recommends that this cost – at approximately \$833 per participant – be funded through individual bureau budgets, similar to how other external training costs are passed through the Bureau of Human Resources.

At the conclusion of the first cohort, OEHR expressed an intent to bring before Council a suite of Citywide population-level results that all bureaus will use in the application of the RBA methodology, leading to shared performance measures and equity goals across the City. The bureau also plans to develop an ongoing support structure for this work, which is already funded in the bureau's base budget. CBO supports these two critical steps to building organizational capacity and accountability in advancing equity.

## KEY DECISIONS

- Allocate \$50,000 in one-time General Fund contingency for a Citywide training. (Not recommended)

## DISCUSSION

Through the leadership of OEHR in its nascent years, the City of Portland established both [Citywide Racial Equity Goals & Strategies](#) as well as individual [bureau Racial Equity Plans](#). OEHR also developed a [Racial Equity Toolkit](#) (RET) to establish a process and framework for operationalizing this equity work. Recognizing the need to support bureaus in using this tool to evaluate City programs, policies, and services, OEHR introduced first the Racial Equity Toolkit Cohort and then the Fellowship for Racial Equity. These were both yearlong intensive training programs bringing together staff from across the City to develop expertise in the RET, with the expectation that participants would then train their own colleagues in the use of this tool.

However, bureau staff found that they did not have the time or capacity to share the RET, and struggled with application of the tool itself. OEHR pivoted toward a different approach in FY 2018-19, utilizing an external consultant to help train City staff in a new framework. Results-Based Accountability (RBA) is a data-driven, performance-focused, community-centered tool that begins with the desired population-level outcome and works backward toward addressing root causes. The consultant, Equity & Results LLC, brings a racial equity lens to this methodology.

OEHR intends to utilize this brand of RBA as the City's official framework for operationalizing equity moving forward, noting that it is "...the right tool to fulfill our mission to educate and provide technical support, which enable bureaus to further the understanding of racial equity and implement their plans to show results." The bureau is in the process of scheduling a second series of trainings beginning in December 2019, including a "train-the-trainer" session for participants of the first cohort. The hope is that this group will be able to immediately support a second cohort through their own eight-month training program, and in the longer-term that these trainers will be equipped to coach, mentor, guide, and apply the RBA framework to advance City and bureau equity goals.

OEHR was able to fund the workshops in FY 2018-19 with one-time vacancy savings but does not have resources available in FY 2019-20 to fund additional trainings. The bureau did not include this request in FY 2019-20 budget development or request carryover of projected FY 2018-19 underspending due to the timing of the first cohort, which did not begin until February 2019. OEHR also did not anticipate the level of demand for continued trainings from bureaus, including requests for specialized workshops for different levels of managers and issue areas.

Therefore, the bureau is exploring options to fund these trainings in FY 2019-20. This will likely include a combination of existing OEHR resources, payment from bureaus sending individuals to trainings, and the request before Council in the Fall BMP to allocate \$50,000 in General Fund contingency to fund the second cohort of 60 mid-level manager and frontline staff through the eight-month RBA training. Although some bureaus have expressed willingness to pay for their staff to attend this program, others are hesitant to commit their individual bureau training funds, and OEHR is concerned that the cost may deter the participation that is needed to reach critical mass Citywide.

However, CBO notes that although there are no official guidelines for how much bureaus should budget per employee for training on an annual basis, the cost – approximately \$833 per person – is within the range of what could likely be funded within existing bureau budgets. Furthermore, the first cohort was open to all bureaus, nearly all of which had several employees participate. It therefore seems reasonable to provide bureaus with the opportunity to train additional employees at cost. As such, CBO recommends that OEHR work with the Bureau of Human Resources to set up a fee schedule for bureaus to register and pay for trainings through their individual budgets.

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
General Fund Discretionary	\$ 1,217,486	\$ 50,000	\$ (50,000)	\$ 1,217,486
General Fund Overhead	852,290			852,290
<b>Total Resources</b>	<b>\$2,069,776</b>	<b>\$50,000</b>	<b>(\$50,000)</b>	<b>\$2,069,776</b>
<b>Requirements</b>				
Personnel Services	\$ 1,654,777			\$ 1,654,777
External Materials and Services	189,884	50,000	(50,000)	189,884
Internal Materials and Services	225,115			225,115
<b>Total Requirements</b>	<b>\$2,069,776</b>	<b>\$50,000</b>	<b>(\$50,000)</b>	<b>\$2,069,776</b>



## INTRODUCTION

The Office of the Portland Children's Levy (Children's Levy or PCL) ended FY 2018-19 with revenues exceeding projections by \$691,084, or 3.1%. The Children's Levy's FY 2019-20 Fall Supplemental budget includes one technical adjustment that will have no impact on General Fund appropriations.

## KEY DECISIONS

- **Process a Technical Adjustment realigning the budget for the Small Grants Fund Manager position.** (Recommended)

## DISCUSSION

In preparation for the next competitive grant funding cycle scheduled to begin in July 2020, the Children's Levy engaged the public to determine priorities and provide insight on program improvements.<sup>1,2</sup> During their grantmaking process review in FY 2018-19, PCL developed a small grants fund that would improve the equity of access to Levy resources and build capacity in smaller organizations serving children and families. The Children's Levy received budget authority for a Small Grants Fund Manager in the FY 2019-20 Adopted Budget and intends to begin recruitment in the current fiscal year. The technical adjustment requested during the Fall Supplemental budget would allocate the budget for the Small Grants Fund Manager to the Administration and Support program which is where personnel costs are budgeted for all other programs.

Due to the Levy's 5 percent administrative cap, which ensures that 95 percent of Levy resources go directly to services, budgeting personnel and administrative costs in the same program ensures that those costs are easily tracked and monitored. CBO recommends this adjustment as requested.

<sup>1</sup> 2019-20 Funding Round. Portland Children's Levy.org. Accessed September 17, 2019.

<https://www.portlandchildrenslevy.org/grants/2019-20-funding-round>

<sup>2</sup> The Portland Children's Levy: Review of the Grantmaking Process. Portland State University Center for the Improvement of Child and Family Services. January 28, 2019.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

The FY 2019-29 Fall Supplemental budget for the PCL contains resources from the Portland Children’s Investment Fund, most recently renewed by 83 percent of voters in May of 2018. The PCL’s revenue consists of Multnomah County property tax revenue and interest on investments. The tax revenue budget is based on estimates from City Economist. The technical adjustment will have no impact on General Fund appropriations.

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>	\$ 9,649,722	\$ -	\$ -	\$ 9,649,722
Budgeted Beginning Fund Balance	\$ 22,001,560	\$ -	\$ -	\$ 22,001,560
Taxes	\$ -	\$ -	\$ -	\$ -
Interagency Revenue	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>Total Resources</b>	<b>\$ 31,651,282</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 31,651,282</b>
<b>Requirements</b>				
Personnel Services	\$ 902,324	\$ -	\$ -	\$ 902,324
External Materials and Services	\$ 23,603,572	\$ -	\$ -	\$ 23,603,572
Internal Materials and Services	\$ 53,242	\$ -	\$ -	\$ 53,242
Fund Transfers - Expense	\$ 25,000	\$ -	\$ -	\$ 25,000
Contingency	\$ 7,067,144	\$ -	\$ -	\$ 7,067,144
<b>Total Requirements</b>	<b>\$31,651,282</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,651,282</b>



## INTRODUCTION

The Office for Community Technology (OCT) ended the Fiscal Year (FY) 2018-19 underspending its General Fund appropriation by \$83,096, or 3.2%. OCT submitted a FY 2019-20 Fall BMP request to process encumbrance carryovers for seven purchase orders open at the end of FY 2018-19, totaling \$83,096. CBO has recommended encumbrance carryover for three of these purchase orders, totaling \$41,997.

## KEY DECISIONS

- Appropriate \$83,096 in encumbrance carryovers for purchases that were initiated in FY 2018-19 but will be completed in FY 2019-20. (Partially recommended)

## DISCUSSION

Encumbrance carryovers reflect prescriptive accounting transactions, intended for one-time costs where goods or services were ordered but not received by the end of the fiscal year, and assuming the bureau has sufficient year-end General Fund underspending to pay the requested encumbered amounts. Encumbrance carryovers are not intended to support purchases that are annual and ongoing in nature or which do not have open purchase orders. Annual materials and services costs – particularly flexible professional services contracts – or other annual contracts funded in the current year should be funded from the bureau’s current fiscal year appropriation.

OCT’s request for encumbrance carryover, which totals \$83,096, includes a subset of purchase orders that CBO considers to be annual materials and services costs. These include flexible services contracts with outside counsel and consultants for which costs are incurred by OCT every year. For this subset of flexible services contracts, OCT is requesting encumbrance carryover of \$41,099, though OCT incurred only \$9,300 in expenses against these contracts last fiscal year. OCT has \$85,000 budgeted for these types of services in the current fiscal year, \$13,000 of which has already been committed. Because OCT has appropriation to cover typical costs for these contracts in the current year, CBO is not recommending encumbrance carryover for this subset of purchase orders.

While OCT spent \$9,300 on these contracts last year, OCT’s Director has noted that these flexible services contracts may be more heavily utilized in the current fiscal year. OCT contracts with firms to help support its legal and advocacy work, and the FCC is engaged in

an unprecedented effort to preempt local control of the right-of-way, from ruling on changes to regulation of cable franchises to setting limits on deployment of 5G small cell wireless. These rulings have material impacts on revenue collection in the City, as well as the City’s ability to negotiate for community benefits under franchise agreements. To the degree that Council wishes to accelerate or augment OCT’s legal and policy efforts around local preemption, allocation of new General Fund one-time resources should be considered.

CBO does recommend encumbrance carryover for the remaining purchase orders, totaling \$41,997, which appear to be for one-time costs where goods or services were ordered but not be received by the end of the fiscal year. The total amount of encumbrance carryover recommended by CBO is covered by OCT’s General Fund underspending in the prior fiscal year.

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Intergovernmental Revenues	\$ 1,109,546	\$ -	\$ -	\$ 1,109,546
General Fund Discretionary	\$ 2,725,820	\$ 83,096	\$ (41,099)	\$ 2,767,817
<b>Total Resources</b>	<b>\$3,835,366</b>	<b>\$83,096</b>	<b>(\$41,099)</b>	<b>\$3,877,363</b>
<b>Requirements</b>				
Personnel Services	\$ 1,650,490	\$ -	\$ -	\$ 1,650,490
External Materials and Services	\$ 1,647,133	\$ 83,096	\$ (41,099)	\$ 1,689,130
Internal Materials and Services	\$ 537,743	\$ -	\$ -	\$ 537,743
<b>Total Requirements</b>	<b>\$3,835,366</b>	<b>\$83,096</b>	<b>(\$41,099)</b>	<b>\$3,877,363</b>

# Transportation & Parking



## INTRODUCTION

The Portland Bureau of Transportation (PBOT) is requesting \$252,691 in new General Fund one-time resources, \$7.1 million in new revenue, \$5.1 million in contingency, \$16.4 million in adjustments for capital projects, 28 new FTE, and other technical adjustments in the FY 2019-20 Fall Budget Monitoring Process (BMP). The requested Fall BMP actions increase PBOT's FY 2019-20 total budget appropriations by \$68.9 million or 12% to \$639.8 million and total FTE to 1,049.3.

## KEY DECISIONS

- Appropriate \$252,691 in new General Fund resources – Small Cell Wireless. PBOT is requesting funds for small wireless facilities, and completion of a right of way study. (Partially Recommended)
- Appropriate \$1.77 million in New Revenue for various projects and authorize five additional related positions. (Recommended)
- Draw \$5.1 million from Transportation Operating Fund Contingency for the purchase of replacement and new on-street meters. (Recommended)
- Authorize 22 full-time, permanent positions. This includes eight positions previously authorized in FY 2018-19 within the Maintenance group, and 14 new positions across the bureau. (Recommended)
- Allocate \$43.6 million in Transportation Operating Fund Beginning Fund Balance to Contingency. Funds are dedicated revenue sources and are set aside for planned capital projects to be drawn down in the near future. (Recommended)
- Process \$5.6 million in General Transportation Revenue Carryover of Beginning Fund Balance. (Recommended)
- Process \$16.4 million in Capital Project Carryover. (Recommended)

# DISCUSSION

## *Small Wireless Facilities*

The Portland Bureau of Transportation is requesting a total of \$252,691 of one-time General Fund resources for vertical infrastructure needs related to small wireless facilities deployment across Portland. There are three components of this request:

- Engineering standards
- Light pole design
- Right-of-way cost study

### Background

Portland allows public and private utilities to deliver essential services – like water, electricity and internet access – to its residents by placing utility infrastructure in the city’s streets and sidewalks, i.e. the public right-of-way.

Rapidly growing demand for wireless and data services – driven by the Internet of Things and the growth of automated systems and data needs – is increasing pressure on two of Portland’s finite resources: the public right-of-way and City-owned poles in the public right-of-way. Wireless carriers have historically attached wireless infrastructure to privately-owned electric utility poles. However, the explosive increase in demand for wireless services means wireless carriers want to attach their infrastructure to City-owned poles in the public right-of-way.

The Office for Community Technology (OCT) manages utility access to the public right-of-way and PBOT manages City-owned utility poles.

### Engineering standards

PBOT is requesting \$55,691 to fund the increased cost of an existing contract for the development of engineering standards for cobra head street lights and traffic signal poles. While the actual cost of installing small wireless facilities will be the responsibility of wireless carriers, PBOT contracted for work to set new engineering standards that carriers must meet when attaching small wireless facilities to City-owned poles. Wireless carriers will select their location, complete their vertical infrastructure application and, if necessary, replace City-owned poles in order to meet the new engineering standards that allow small wireless facilities to attach to the pole. The City will continue to own the pole and will be required to provide ongoing maintenance for each additional pole.

### Light pole design

Similarly, PBOT is requesting \$131,000 to fund the increased cost of a contract for street light pole design. Based on PBOT’s assessments, additional poles will be necessary to meet demand for small wireless facility deployment.

In order to meet this anticipated demand while ensuring uniform standards for new poles, PBOT is proactively developing a pole design that will support small wireless facilities (and other technologies) that can be purchased and installed as needed. PBOT has been working with the Historic Landmark and Design Commission, and the street light and industrial design communities on this effort. Again, the City will own the pole and will be required to provide ongoing maintenance for each additional pole.

#### Right-of-way cost study

PBOT is also requesting \$66,000 for increased costs to complete an existing right-of-way cost study in partnership with OCT. The initial cost of the study was \$100,000, with PBOT and OCT funding \$50,000 each. PBOT has indicated the increased cost is due to the complexity of the City's systems and the volume of the data request.

### **CBO Analysis**

#### Design and Engineering Request

PBOT purports to recover its costs to review small wireless facility permits submitted by wireless carriers. Conceptually, elements of design and engineering costs could have been recovered under this fee structure even if it is difficult to allocate appropriate proportional costs to different wireless carriers. Permit revenue is distinct from franchise fee revenue that compensates the City for utility access to the right-of-way. Going forward, charges to wireless carriers must be based on a reasonable approximation of costs to the City (both direct and indirect).

CBO's understanding is that PBOT is requesting 'reimbursement' for the design and engineering costs from the General Fund – rather than simply incurring these costs as part of PBOT's normal operating budget – because the costs are a direct result of small wireless facility deployment. PBOT does not view supporting small wireless facility deployment efforts as part of its core mission. CBO has a slightly different perspective: that management of the right-of-way is core to PBOT's mission, though what this looks like may change over time and in response to emerging technology or new City priorities. The Derelict RV program and PBOT contributions to campsite clean-up are examples of new City priorities that impact management of the right-of-way.

CBO is wary of setting a precedent that General Fund resources should be used to backstop the costs incurred by non-General Fund bureaus to advance Citywide priorities. In some cases, this may be appropriate (i.e. use of rate-payer funds in utilities for general benefit), but there is not necessarily a requirement to do so where the activity falls into the legal uses of a non-General Fund bureau's revenue streams. For example, there are restrictions on the use of PBOT's gas tax and parking meter revenue, but the costs for re-designing and engineering light poles for small wireless facility deployment are likely allowable uses.

The City's Financial Policies provide fairly strict guidelines around the allocation of new General Fund resources in a BMP process. Per financial policy, General Fund contingency shall be allocated in the Fall BMP for five-year balancing, mitigating overhead revenue shortfalls in future years due to the true-up process, paying down existing debt as advised by the Bureau of Revenue and Financial Services, or other urgent and unforeseen needs or emergencies in the current fiscal year.

At this point, PBOT has already incurred the \$187,000 in costs and funded them within existing resources. Given the time horizon over which PBOT manages its resources, the tradeoff of not funding this request is easy to articulate. Conceptually, there is a transportation project in six or seven years from now that will not happen as a result of PBOT absorbing these costs in its current year budget. On the General Fund side, there are multiple priority projects competing for new General Fund resources, as well as options for paying down debt or other outstanding liabilities.

Given the potential concerns about precedent-setting noted above, CBO recommends that PBOT absorb the cost of pole design and engineering standards. CBO's perspective is that PBOT can absorb reasonable costs associated with management of the right-of-way, even if those costs are in support of Citywide priorities rather than transportation-specific priorities.

#### Right-of-way cost study

The public right-of-way is the City's largest physical asset. Bureaus rely on this asset daily to deliver services to residents and residents rely on this asset daily to travel to work, stores and social activities. The City has never before determined the costs it incurs to manage, maintain, repair, administer and otherwise oversee this asset. Utility companies who place utility infrastructure in the right-of-way typically pay the City 5% of the gross revenue the utility earns within the City as compensation for use of the right-of-way. The City's financial policies (FIN-2.06 – Revenue<sup>1</sup>) state that support of revenue collection efforts should be top budgetary priorities.

The right-of-way cost study was initially funded by both OCT and PBOT, with each bureau contributing \$50,000 for a total of \$100,000. Per PBOT, the unforeseen cost increases are related to the depth and complexity of data required to complete the study. CBO is not certain how the original 50/50 cost sharing agreement was reached between OCT and PBOT, but OCT did receive General Fund resources to fund a portion of the study in FY 2018-19. Given the unforeseen cost increases and the fact that PBOT has already contributed to the costs of the study, CBO recommends \$66,000 in new General Fund discretionary resources be allocated to PBOT to support the continuation of the study.

<sup>1</sup> City of Portland. Portland Policy Documents, FIN-2.06 – Revenue. <https://www.portlandoregon.gov/citycode/article/200836>.

## ***New Revenue – Appropriate \$1.77 million***

The bureau is truing up \$1.5 million in excess beginning fund balance in the Transportation Operating Fund (General Transportation Revenue) and allocating \$246,700 in anticipated service charge revenues for 13 project enhancements, new projects, and five new positions.

Program Delivery Enhancements: This decision package allocates \$676,621 in beginning fund balance and \$46,700 in service charge revenue to support ongoing needs for block parties and two positions for outreach and engagement. Additionally, there are one-time projects including support for Portland Marathon traffic control devices, retrofitting the Streetcar ticket vending machine, and expanding the transportation demand management (TDM) wallet program with digital delivery mechanisms.

According to the bureau, of the \$676,621 in GTR allocated in this decision package, \$106,584 represents an ongoing investment. This represents approximately \$1.1 million GTR impact over the five-year forecast<sup>2</sup>. However, indirect position costs will be partially offset by the position's inclusion in the bureau's indirect rate.

Project Delivery: This request seeks to appropriate \$305,390 in beginning fund balance to support various projects including: an annual audit of the Fixing Our Streets program and community outreach, a new survey van, a paint sprayer for the Rose Lane pilot, and three public works inspectors to support the Civic Rights Education and Enforcement Center (CREEC) settlement and three vehicles for these positions.

The bureau has stated that of the \$305,390 in GTR allocated to this decision package, \$86,390 represents an ongoing GTR investment, representing approximately a \$950,000 GTR impact over the ten-year forecast. Additionally, the addition of three positions to conduct quality assurance inspections and vehicles to support CREEC work (among other work) brings the annual budget for fulfilling the annual CREEC settlement obligations up \$336,000 to \$11.3 million.

License Plate Readers: The bureau requests to appropriate \$200,000 in charges for services revenue from the Parking Kitty surcharge funds to purchase two license plate readers and two vehicles for parking enforcement. The \$0.10 fee was included in the FY 2019-20 Adopted fee schedule, does not have impacts to users, and is designated to support maintenance of the service.

<sup>2</sup> Information provided by the bureau.

Snow & Ice Response: This request seeks to appropriate \$143,000 in beginning fund balance for rubber blades to attach to existing snow and ice plows and a rental frac tank for magnesium chloride for anti-icing purposes. These are one-time costs for the current fiscal year; however, the bureau will investigate the suitability of the current and alternate de-icer materials, and the appropriate storage needs/options for the future, and may request funding in future budgets to cover ongoing or new costs.

Rose Lane Project: The Rose Lane project pilot would begin to implement an enhanced transit network in Portland. Funds will support project development, analysis and design to develop the pilot which would launch in 2021 and may run for five years. The pilot would implement bus only lanes and shared bus and bike lanes, among other interventions. A majority of the priority transit treatments involve striping, signage, paint and post treatments within the existing roadway. The bureau notes that because this is a pilot and future costs are unknown, there is no direct impact to the financial forecast, and should this become a permanent program, the costs would be incorporated into future financial forecasts.

CBO recommends these requests, as the bureau indicates it can absorb these costs within its five-year forecast and these projects are assumed to be a top priority for the bureau. However, in CBO's analysis for the FY 2019-20 Requested Budget<sup>3</sup>, it noted that despite the five-year forecast being balanced and not requiring reductions, the bureau does have a significant shortfall in its ten-year forecast. These adds result in a \$2.0 million impact to the bureau's GTR. Therefore, CBO again recommends that the bureau consider these long-term tradeoffs alongside current needs, seeking the most effective use of its resources that have the most beneficial long-term impact on the transportation system.

### ***Appropriate Contingency for On-Street Meters***

The Bureau of Transportation is requesting to appropriate \$5.15 million in Transportation Operating Fund Contingency to purchase 283 new meters to expand the on-street paid parking system in the Central City and Northwest Portland districts. This will be repaid by future deductions from CEID and NW's net meter revenue allocations. Additionally, the bureau will be replacing 1,337 meters, which is funded by an asset replacement sinking fund that parking meters have already paid into. The bureau notes that there is no anticipated impact to the bureau's forecast from these actions.

The bureau plans to offset new operating and maintenance (O&M) costs of the additional 283 meters through incremental revenue generated in each district and deductions of incremental O&M as part of the net meter revenue in the CEID and NW districts. CBO recommends as requested.

<sup>3</sup> City Budget Office. FY 2019-20 Budget Review: Portland Bureau of Transportation. Base Budget Key Issues – Five-Year Forecast. <https://www.portlandoregon.gov/cbo/article/714562>.

## ***Authorize New FTE***

PBOT is requesting the addition of 22 new full-time, permanent positions across the bureau. Of these, eight positions were authorized in FY 2018-19 for the Maintenance group; however, the bureau did not complete the necessary paperwork before the City deadline and is requesting to re-authorize these positions in the FY 2019-20 budget year.

The remaining 14 new positions are requested for the DP&T group to meet increased workload demands and are funded by external fees at cost recovery rates. Of these positions, four are to support the CREEC settlement. Some of the ADA corner installations will involve adjusting, relocating, or installing new catch basins, leads and manholes. The Maintenance sewer repair program does not currently have enough staff to meet the increased workload. Other positions are regulatory, engineering technicians, and supervisors.

CBO recommends these positions but notes the bureau has added 130 positions from FY 2017-18 through FY 2019-20's requested budgets, and an additional 25 positions in its base budget for FY 2019-20 and an additional five limited term positions through the P4 process.

Out of the bureau's approximate 1,026.3 total authorized FTE, there are presently 106 vacant positions (regular and limited term, full-time and part-time) across the bureau - 18 of which are within the DP&T group, and some of these are the same classification as those positions sought in the BMP. CBO encourages the bureau to fill existing positions within the group first, and then reassess if these additional positions are truly needed and how the additional FTE would increase performance measure outcomes.

PBOT notes that as these requested positions are tied to cost recovery fees and that these funds cannot be used for other programs or work in other sections, this is an appropriate request. CBO continues to note concern with the exponential FTE growth of the bureau; in this case with the expansion of development-fee backed staff, the bureau will want to ensure it has a plan to transition during an eventual contraction of the development market.

## ***Allocate \$43.6 million in Underspending to Contingency***

The bureau is requesting to carryforward \$43.6 million in beginning fund balance (underspending) from FY 2018-19 and allocate it to contingency for capital projects that will be drawn down over the length of the long-range financial forecast.

Unspent balances include: \$14.9 million in Fixing Our Street resources, \$6.3 million in transportation system development charges resources, \$1.6 million in local transportation infrastructure charges, \$4.0 million in regulatory fee revenue, and \$1.1 million in area parking permit program surcharges and net meter revenue allocations.

PBOT notes that each of these resources are restricted by ballot measure, ordinance, or administrative rule for use within their respective programs. As these monies are dedicated for future capital project expenditures and are dedicated revenue sources, and the bureau

has specific plans for these funds, CBO recommends the request to allocate unspent funds to contingency.

### ***GTR Carryover & Adjustments to Capital Projects***

PBOT is requesting \$5.6 million in GTR carryover for funded projects.<sup>4</sup> The bureau notes that each of these 24 project line items already have contractual obligations and/or are in the process of scoping, design, or construction. CBO recommends this request for carryover as all of these are existing projects, and none of the total project budgets are changing significantly (less than 10%).

The bureau is also requesting \$16.4 million in capital project carryover for both GTR and General Fund supported capital projects. Based on the limited information provided to CBO, the projects are described as experiencing delays in schedules resulting in the carryover request. CBO recommends this request as all of these are existing capital projects, and none of the total project budgets are changing significantly (less than 10%).

### ***Technical and Other Adjustments, Mid-Year Reduction, and an FTE Change***

Lastly, PBOT is requesting other adjustments and technical adjustments as part of the FY 2019-20 Fall BMP. This includes a \$62,356 adjustment moving funds from external materials and services to internal materials and services for increased interagency agreements across the City, a \$60,000 mid-year grant reduction for various projects experiencing delays and recognizing \$550,000 in new revenue (interagency agreement) from the Bureau of Environmental Services for the Guilds Lake project. Lastly, the bureau is requesting to convert a limited term planner position to full-time permanent within the Policy, Planning & Projects group. CBO recommends these requests.

<sup>4</sup> For specific project details, please see PBOT's FY 2019-20 Fall BMP submission, decision package 9394 – GTR Carryovers.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$210,885,311	\$ 67,131,008	\$ -	\$278,016,319
Taxes	21,400,000	-	-	21,400,000
Licenses & Permits	15,672,000	430,192	-	16,102,192
Charges for Services	92,235,115	889,747	-	93,124,862
Intergovernmental Revenues	138,700,277	(60,000)	-	138,640,277
Interagency Revenue	34,277,659	330,000	-	34,607,659
Fund Transfers - Revenue	29,399,063	3,817,096	(186,691)	33,029,468
Bond and Note	22,002,526	(3,564,405)	-	18,438,121
Miscellaneous	4,286,430	-	-	4,286,430
Miscellaneous Fund Allocation	2,002,613	-	-	2,002,613
<b>Total Resources</b>	<b>\$570,860,994</b>	<b>\$ 68,973,638</b>	<b>\$ (186,691)</b>	<b>\$639,647,941</b>
<b>Requirements</b>				
Personnel Services	\$128,188,288	\$ 2,504,697	\$ -	\$130,692,985
External Materials and Services	78,780,424	10,700,813	(186,691)	89,294,546
Internal Materials and Services	40,652,510	2,701,655	-	43,354,165
Capital Outlay	156,341,618	7,632,016	-	163,973,634
Debt Service	20,777,233	-	-	20,777,233
Debt Service Reserves	1,673,047	-	-	1,673,047
Fund Transfers - Expense	13,839,655	-	-	13,839,655
Contingency	130,608,219	45,434,457	-	176,042,676
<b>Total Requirements</b>	<b>\$570,860,994</b>	<b>\$ 68,973,638</b>	<b>\$ (186,691)</b>	<b>\$639,647,941</b>

## SUPPLEMENTAL BUDGET CHANGES TO TRANSPORTATION OPERATING FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 197,922,946	\$ 57,881,352	\$ -	\$ 255,804,298
Taxes	21,400,000	-	-	21,400,000
Licenses & Permits	15,672,000	430,192	-	16,102,192
Charges for Services	78,280,785	889,747	-	79,170,532
Intergovernmental Revenues	94,111,771	(60,000)	-	94,051,771
Interagency Revenue	33,182,378	330,000	-	33,512,378
Fund Transfers - Revenue	26,955,313	3,817,096	(186,691)	30,585,718
Bond and Note	22,002,526	(3,564,405)	-	18,438,121
Miscellaneous	4,126,430	-	-	4,126,430
Miscellaneous Fund Allocation	-	-	-	-
<b>Total Resources</b>	<b>\$493,654,149</b>	<b>\$ 59,723,982</b>	<b>\$ (186,691)</b>	<b>\$553,191,440</b>
<b>Requirements</b>				
Personnel Services	\$ 119,682,513	\$ 2,604,697	\$ -	\$ 122,287,210
External Materials and Services	66,594,188	7,647,300	(186,691)	74,054,797
Internal Materials and Services	30,621,623	2,715,734	-	33,337,357
Capital Outlay	125,325,768	5,140,328	-	130,466,096
Debt Service	17,265,422	-	-	17,265,422
Fund Transfers - Expense	13,315,147	-	-	13,315,147
Contingency	120,849,488	41,615,923	-	162,465,411
<b>Total Requirements</b>	<b>\$493,654,149</b>	<b>\$ 59,723,982</b>	<b>\$ (186,691)</b>	<b>\$553,191,440</b>

# Elected Officials



**INTRODUCTION**

In the FY 2019-20 Fall Supplemental Budget, the Mayor’s Office is requesting one encumbrance carryover for a Portland State University (PSU) Hatfield Fellow.

**KEY DECISIONS**

- Process a \$40,000 encumbrance carryover for the Office’s PSU Hatfield Fellow.  
(Recommended)

**DISCUSSION**

The Mayor’s Office requests a \$40,000 encumbrance carryover for the Office’s PSU Hatfield Fellow, who was hired during FY 2018-19 and will continue working in the Office into FY 2019-20. The funds were encumbered and the Mayor’s Office has sufficient General Fund discretionary underspending from the prior year to fund the request. CBO recommends this request.

**SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND**

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
General Fund Discretionary	\$ 1,635,831	\$ 40,000	\$ -	\$ 1,675,831
General Fund Overhead	\$ 1,992,680	\$ -	\$ -	\$ 1,992,680
<b>Total Resources</b>	<b>\$3,628,511</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$3,668,511</b>
<b>Requirements</b>				
Personnel Services	\$ 2,595,292	\$ -	\$ -	\$ 2,595,292
External Materials and Services	\$ 213,914	\$ 40,000	\$ -	\$ 253,914
Internal Materials and Services	\$ 819,305	\$ -	\$ -	\$ 819,305
<b>Total Requirements</b>	<b>\$3,628,511</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$3,668,511</b>



## **INTRODUCTION**

The FY 2019-20 Fall Supplemental Budget submission for the Office of the Commissioner of Public Affairs consists of one encumbrance carryover request. This request would increase the Office's General Fund discretionary appropriation by \$72,892 for FY 2019-20.

## **KEY DECISIONS**

- Process encumbrance carryover for a total of \$72,892. (Partially Recommended)

## **DISCUSSION**

Of the requested \$72,892 in encumbrance carryover funding, \$69,272 is for community engagement events, and \$3,620 is for printer maintenance and the purchase of new office chairs. Because of vacancy-generated personnel underspending from the previous Commissioner's time in office during FY 2018-19, the Commissioner's Office has sufficient prior year underspending to carry over the requested funds.

Encumbrance carryovers reflect prescriptive accounting transactions, intended for one-time costs where goods or services were ordered but not received by the end of the fiscal year. Encumbrance carryovers are not intended to support purchases that are annual and ongoing in nature or which do not have open purchase orders. The office-related encumbrances meet the technical criteria, and CBO recommends these as requested.

However, CBO notes some concerns with the request for \$69,272 for community engagement events. CBO was informed that the Commissioner's Office intends to use a significant portion of the encumbered funds to meet potential future year needs, which will require subsequent carryovers in future fiscal years. A budget note in FY 2013-14 directed the equalization of administrative funding across the Commissioners' offices. This encumbrance carryover, enabled by savings generated from the previous Commissioner's time in office, would provide the Commissioner of Public Affairs considerably more budget flexibility than their peers beyond the current fiscal year.

CBO recognizes that the intent of this carryover request is to support ongoing community engagement efforts, which are a core function of a Commissioner's office. However, as an ongoing cost this work should not be funded through a one-time encumbrance carryover. Part of the request is for completion of a planned series of five community listening sessions,

two of which were completed in FY 2018-19. Because this series does seem to be a discrete project for which funds were committed in the prior year, CBO recommends \$12,000 to complete the final three events in the current fiscal year, which is a per-event amount comparable to the costs of the two events the Commissioner’s Office hosted in FY 2018-19.

CBO highlights the importance of this issue; in order to be effective, elected officials need to be able to listen to and engage the diversity of perspectives in our community. If Commissioners do not have sufficient resources to engage in this work on an ongoing basis, Council should consider dedicating new General Fund resources that may be shared or allocated individually for Commissioners for the purposes of outreach and community engagement. CBO recommends Council consider this question during FY 2019-20 budget development.

The question of how to appropriately use a previous Commissioner’s underspending has come up in several recent Commissioner transitions. Moving forward, CBO recommends that new Commissioners’ budgets be prorated when they begin. This would mean adjusting new Commissioners’ budgets to be consistent with other Commissioners’ allotment for half of a fiscal year, plus a set amount for transition-related costs, with any remaining funds returning to the General Fund.

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ -	\$ -	\$ -	\$ -
General Fund Discretionary	\$ 610,238	\$ 72,892	\$ (57,272)	\$ 625,858
General Fund Overhead	\$ 694,036	\$ -	\$ -	\$ 694,036
<b>Total Resources</b>	<b>\$1,304,274</b>	<b>\$72,892</b>	<b>(\$57,272)</b>	<b>\$1,319,894</b>
<b>Requirements</b>				
Personnel Services	\$ 1,015,954	\$ -	\$ -	\$ 1,015,954
External Materials and Services	\$ 8,724	\$ 72,892	\$ (57,272)	\$ 24,344
Internal Materials and Services	\$ 279,596	\$ -	\$ -	\$ 279,596
Fund Transfers - Expense	\$ -	\$ -	\$ -	\$ -
Contingency	\$ -	\$ -	\$ -	\$ -
<b>Total Requirements</b>	<b>\$1,304,274</b>	<b>\$72,892</b>	<b>(\$57,272)</b>	<b>\$1,319,894</b>



## **INTRODUCTION**

The FY 2019-20 Fall Supplemental Budget submission of the Office of the Commissioner of Public Safety consists of one encumbrance carryover request. This request would increase the Office's General Fund discretionary appropriation by \$18,575 for FY 2019-20.

## **KEY DECISIONS**

- Process encumbrance carryover for a total of \$18,575. (Partially recommended)

## **DISCUSSION**

The Office of the Commissioner of Public Safety submitted a request for \$18,575 in encumbrance carryover funding to support contracted graphic design and facilitation services. The Commissioner's Office has sufficient prior year underspending to carry over the requested encumbered funds.

Encumbrance carryovers reflect prescriptive accounting transactions, intended for one-time costs where goods or services were ordered but not received by the end of the fiscal year. Encumbrance carryovers are not intended to support purchases that are annual and ongoing in nature or which do not have open purchase orders. After additional conversation about how much of the requested funds meet these criteria, the Commissioner's Office amended the request to reflect design work currently underway on the Doers Gathering website (\$8500) and funds committed for staff retreat planning and facilitation (\$2500). The amended total request is \$11,000, which CBO recommends.

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current	Bureau	CBO	Total
	Revised	Requested	Recommended	Recommended
	Budget	Changes	Changes	Revised Budget
<b>Resources</b>				
General Fund Discretionary	\$ 575,147	\$ 18,575	\$ (7,575)	\$ 586,147
General Fund Overhead	\$ 654,127	\$ -	\$ -	\$ 654,127
<b>Total Resources</b>	<b>\$1,229,274</b>	<b>\$18,575</b>	<b>(\$7,575)</b>	<b>\$1,240,274</b>
<b>Requirements</b>				
Personnel Services	\$ 994,839	\$ -	\$ -	\$ 994,839
External Materials and Services	\$ 25,309	\$ 18,575	\$ (7,575)	\$ 36,309
Internal Materials and Services	\$ 209,126	\$ -	\$ -	\$ 209,126
<b>Total Requirements</b>	<b>\$1,229,274</b>	<b>\$18,575</b>	<b>(\$7,575)</b>	<b>\$1,240,274</b>



## INTRODUCTION

The Commissioner of Public Utilities did not request any changes in the FY 2019-20 Fall BMP.

## KEY DECISIONS

The Commissioner of Public Utilities did not submit any encumbrance carryovers or technical adjustments.

## DISCUSSION

Actual spending for the Commissioner’s Office was below budgeted revenue by \$116,137 in FY 2018-19. Unspent resources are returned to the General Fund at the end of the year.

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
General Fund Discretionary	\$ 584,505	\$ -	\$ -	\$ 584,505
General Fund Overhead	\$ 664,770	\$ -	\$ -	\$ 664,770
<b>Total Resources</b>	<b>\$1,249,275</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,249,275</b>
<b>Requirements</b>				
Personnel Services	\$ 981,856	\$ -	\$ -	\$ 981,856
External Materials and Services	\$ 69,045	\$ -	\$ -	\$ 69,045
Internal Materials and Services	\$ 198,374	\$ -	\$ -	\$ 198,374
<b>Total Requirements</b>	<b>\$1,249,275</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,249,275</b>



## INTRODUCTION

The Commissioner of Public Works did not request any changes in the FY 2019-20 Fall BMP.

## KEY DECISIONS

The Commissioner of Public Works did not submit any encumbrance carryovers or technical adjustments.

## DISCUSSION

Actual spending for the Commissioner’s Office was below budgeted revenue by \$27,498 in FY 2018-19. Unspent resources are returned to the General Fund at the end of the year.

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

<b>Resources</b>								
General Fund Discretionary	\$	575,147	\$	-	\$	-	\$	575,147
General Fund Overhead	\$	654,127	\$	-	\$	-	\$	654,127
<b>Total Resources</b>		<b>\$1,229,274</b>		<b>\$0</b>		<b>\$0</b>		<b>\$1,229,274</b>
<b>Requirements</b>								
Personnel Services	\$	984,197	\$	-	\$	-	\$	984,197
External Materials and Services	\$	49,327	\$	-	\$	-	\$	49,327
Internal Materials and Services	\$	195,750	\$	-	\$	-	\$	195,750
<b>Total Requirements</b>		<b>\$1,229,274</b>		<b>\$0</b>		<b>\$0</b>		<b>\$1,229,274</b>

# City Support Services



## INTRODUCTION

The Office of the City Attorney ended fiscal year 2018-19 underspending its General Fund appropriation by \$742,179, or 5.6%, largely due to retirements and other vacancies. The City Attorney's FY 2019-20 Fall Supplemental budget request consists of three adjustments: an interagency-supported Deputy City Attorney position, a request for legal claim reimbursements, and a request to process an encumbrance carryover. CBO recommends all requests.

## KEY DECISIONS

The Office's requests are as follows:

- Process \$29,000 in General Fund encumbrance carryover for software replacement. (Recommended)
- Process a transfer of \$133,534 from General Fund contingency reimbursements for settlements related to March 16<sup>th</sup> water main break per Ordinance 189572. (Recommended)
- Approve interagency-funded Deputy City Attorney position to support the City during the Portland Harbor Superfund settlement process. (Recommended)

## DISCUSSION

### ***Portland Harbor Support***

The City Attorney requests position authority for 1.0 FTE Deputy City Attorney position funded through an interagency agreement with the Bureau of Environmental Services (BES). BES plans to fund the position within current services levels through its professional services budget.

According to the bureau, the Deputy City Attorney will provide support and focus on the City's defense in the Portland Harbor Superfund settlement process. Approximately 150 parties were notified by the Environmental Protection Agency (EPA), including the City of Portland, that they have a potential liability for the cleanup costs of Portland Harbor. Due to the scope of the operations assessed (over 400 facilities with over 150 years of operation), and the magnitude of more than \$4.0 billion to be distributed among the parties during the

settlement process, the City Attorney and BES anticipate an additional, dedicated attorney will be needed. While it is not clear when the first phase of the process will begin, allocation advocacy is scheduled to begin in 2020 and is expected to take a minimum of two years which will be followed by a mediation phase prior to the conclusion of the settlement negotiations.

Should this position authority not be provided, the City Attorney reports that the Office does not have the capacity or expertise to handle the work with in-house resources and would turn to outside counsel which is cost prohibitive. Due to the specified nature of this work, finding qualified representation without conflicts of interest is extremely challenging.

To that end, the City Attorney and BES are working to determine future staffing requirements. The bureaus report that it is possible there will be an interagency funded request for an administrative assistant as well as a paralegal in FY 2020-21.

Given the urgency of this request, the potential financial impact of the settlement, and given that funding for this position is being absorbed within existing appropriations, CBO recommends this request.

### ***Water Main Break Claims***

The City Attorney is requesting \$133,534 from a policy-set aside account for two settled water main break claims.

On March 16, 2019, a large water main burst in Northeast Portland, releasing 40,000 gallons of water per minute into the neighborhood at its peak. The Water Bureau maintains that this type of failure is exceedingly rare and unforeseeable. Several residents and others suffered property damage as a result of the water main break and asserted claims against the City. While the City denies legal responsibility for any damages, the City acknowledges that it would incur costs to defend the claims and the results of any litigation can be uncertain. To address these claims in a way that allows the City to use its limited resources efficiently Council approved ordinance 189572.<sup>1</sup> The ordinance established a process to submit claims to the City Attorney's Office, authorized the Office to attempt to resolve the claims, specified the types of damages and costs the City's Attorney's Office was authorized to pay in settlement of a claim, and set aside a total of \$250,000 in General Fund one-time resources to settle claims. The ordinance requires all claimants to execute a full release and assignment claims as part of any settlement. The deadline to submit claims was set as July 15, 2019, and the City Attorney was given an October 14, 2019, deadline to process all submitted claims. The Office intends to request reimbursements for claim settlements taking place after the

<sup>1</sup> Ordinance No. 189572 Establish process for resolving claims related to the water main break on March 16, 2019 ordinance. Accessed September 17<sup>th</sup>, 2019. <https://efiles.portlandoregon.gov/Record/13112791/File/Document>

Fall BMP submission deadline but before October 14<sup>th</sup> in the FY 2019-20 Spring Supplemental budget.

As money has been set aside and approved by Council for this purpose, CBO recommends this reimbursement as requested.

### Software Carryover

The City Attorney’s request for encumbrance carryover includes one open purchase order with Delaris, LLC for the development of business and technical requirements for software upgrades. The Office is currently working with Procurement Services to draft the RFP. Delaris’s services extend through the RFP process and include RFP evaluations and facilitating product demos. The City Attorney anticipates a contract award before Spring.

CBO recommends encumbrance carryover for this purchase order, totaling \$29,000, which appears to be for one-time costs where services were ordered but not fully completed by the end of the fiscal year. The total amount of encumbrance carryover recommended by CBO is covered by the City Attorney’s General Fund underspending in the prior fiscal year.

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

The FY 2019-20 City Attorney’s Fall Supplemental budget adds 3% or \$365,534 to the Attorney’s General Fund appropriation in fiscal year 2019-20. Specially, these funds will increase the Attorney’s Personnel Services budget by 2%, or \$202,398, and increases the external materials and services by 20%, or \$163,136 (including reimbursement funds). This request increases the FTE for the City Attorney by 1.0 FTE to 71.6 FTE.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Charges for Services	\$ 30,000	\$ -	\$ -	\$ 30,000
Interagency Revenue	\$ 6,890,940	\$ 203,000	\$ 203,000	\$ 7,093,940
General Fund Discretionary	\$ 3,635,792	\$ 162,534	\$ 162,534	\$ 3,798,326
General Fund Overhead	\$ 3,996,724	\$ -	\$ -	\$ 3,996,724
<b>Total Resources</b>	<b>\$ 14,553,456</b>	<b>\$365,534</b>	<b>\$365,534</b>	<b>\$14,918,990</b>
<b>Requirements</b>				
Personnel Services	\$ 12,611,564	\$ 202,398	\$ 202,398	\$ 12,813,962
External Materials and Services	\$ 816,797	\$ 163,136	\$ 163,136	\$ 979,933
Internal Materials and Services	\$ 1,125,095	\$ -	\$ -	\$ 1,125,095
<b>Total Requirements</b>	<b>\$14,553,456</b>	<b>\$365,534</b>	<b>\$365,534</b>	<b>\$14,918,990</b>



## INTRODUCTION

The Office of Government Relations (OGR) is requesting encumbrance carryover for two projects in the FY 2019-20 Fall Budget Monitoring Process (BMP). OGR ended FY 2018-19 having spent 93% of its General Fund overhead and discretionary resources for the year, after accounting for encumbrance carryover requests. The requested Fall BMP actions increase OGR's FY 2019-20 total budget appropriation by \$24,246, or 1%, to \$2,072,646.

## KEY DECISIONS

- Process encumbrance carryover request for \$24,246. (Recommended)

## DISCUSSION

### *Encumbrance Carryover*

The Office of Government Relations had two one-time projects that were not completed in FY 2018-19; therefore, the bureau requests to carry these expenses and General Fund underspending over into FY 2019-20 to complete the work. Of note, one project is the completion of the bureau's strategic plan. The new plan will include the recent addition of the Tribal Relations and Regional Relations programs. The updated plan is expected to be completed by early 2020. Government Relations ended FY 2018-19 with \$147,015 in General Fund underspending. CBO recommends the bureau's request for encumbrance carryover.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Intergovernmental Revenues	\$ 35,000	\$ -	\$ -	\$ 35,000
Interagency Revenue	196,000	-	-	196,000
General Fund Discretionary	850,316	24,245	-	874,561
General Fund Overhead	967,084	-	-	967,084
<b>Total Resources</b>	<b>\$ 2,048,400</b>	<b>\$ 24,245</b>	<b>\$ -</b>	<b>\$ 2,072,645</b>
<b>Requirements</b>				
Personnel Services	\$ 1,547,976	\$ -	\$ -	\$ 1,547,976
External Materials and Services	297,221	24,245	-	321,466
Internal Materials and Services	203,203	-	-	203,203
<b>Total Requirements</b>	<b>\$ 2,048,400</b>	<b>\$ 24,245</b>	<b>\$ -</b>	<b>\$ 2,072,645</b>



## INTRODUCTION

The Office of Management & Finance (OMF) ended FY 2018-19 within appropriation levels, and underspent its General Fund allocation by approximately \$1.3 million, or 5%. OMF submitted over 100 requests in the FY 2019-20 Fall BMP for consideration, the majority of which are technical in nature. In addition to standard requests for encumbrance carryovers, the bureau is requesting new General Fund resources for a Citywide training program, \$100,000 in ongoing resources for Build Portland administration, a mid-year increase in interagency payments for debt management services, and a \$1.8 million current appropriation level adjustment for the Integrated Tax System project (effective FY 2021-22). Given the breadth of requests, CBO has organized analysis of these requests by OMF division.

## KEY DECISIONS

### Bureau of Revenue and Financial Services

The Bureau of Revenue and Financial Services submitted 18 total requests. The requests increase BRFS' FY 2019-20 appropriation level by \$3,556,623. Key decisions include:

- Increase OMF's current appropriation level by \$1.8 million to account for increased ongoing costs associated with the Integrated Tax System Project (Recommended).
- Process \$224,049 in General Fund Encumbrance Carryover for contracts encumbered in FY 2018-19 (Partially Recommended).
- Process Debt Management interagency agreement adjustments with customer bureaus, increasing interagency revenue by \$147,511 and intergovernmental revenue by \$51,882. (Recommended)
- Recognize a transfer of \$1.2 million from the BTS' Technology Replacement reserves for the Integrated Tax System Project (ITS), move ITS budget to correct object categories, and make other minor adjustments. (Recommended)
- Appropriate \$40,000 total from administrative reserves in the Insurance and Claims Fund and Workers' Compensation Self Insurance Fund to support a new Risk Management Information System (RMIS) module. (Not Recommended)
- True-up beginning fund balances for BRFS funds to reflect prior year actuals by a total of \$3.5 million, including: Arts Tax Fund (\$1.4 million), Clean and Safe Fund (\$22,000), Central Eastside Fund (\$455,920), Convention and Tourism Fund (\$203,114), Risk

Workers' Compensation Self Insurance Fund (\$680,217), and Insurance and Claims Fund (\$784,808) (Recommended)

- Transfer \$726,012 from the Revenue Division Local Improvement District Fund to the General Fund to correct a billing error (Recommended)
- Convert 3.0 FTE Limited Term positions associated with the Rental Registration Program to permanent (Recommended)
- Process various other technical adjustments in the Arts Tax Fund, Clean and Safe Fund, Lloyd Business Improvement District Fund, Central Eastside Fund, Convention and Tourism Fund and Tourism Improvement District Fund. (Recommended)

### **Bureau of Human Resources**

The Bureau of Human Resources (BHR) submitted 10 total requests. Combined, these requests would increase BHR's FY 2019-20 appropriation level by \$1.3 million. Key decisions include:

- Increase Health Insurance Operating Fund beginning fund balance by \$1.1 million to match actuals. (Recommended)
- Recognize \$75,000 in increased interagency revenue from BES, Water, and PBOT for enhanced leadership training. (Recommended).
- Allocate new General Fund discretionary resources totaling \$103,991 for enhanced leadership training. (Not recommended).
- Convert a limited term position that support the Health & Financial Benefits program to permanent. (Not recommended).

### **Office of the Chief Administrative Officer**

The Office of the Chief Administrative Officer (CAO) submitted 33 total requests. Combined, these requests would increase the CAO FY 2019-20 appropriation level by \$33.9 million. Key decisions include:

- Increase beginning fund balance for the Spectator Facilities Operating Fund (\$6.3 million), the CityFleet Operating Fund (\$14.3 million), the Facilities Services Operating Fund (\$5.1 million). (Recommended)
- Process encumbrance carryovers totaling \$328,238 for purchases initiated but not completed in FY 2018-19. (Recommended)
- Transfer \$31,000 in Homelessness & Urban Camping Impact Reduction Program resources to the Parks Bureau, and re-appropriate \$51,633 in General Fund resources for campsite relocation costs. (Recommended)
- Recognize \$60,000 in new intra-OMF interagency revenue for Business Operations services. (Recommended)
- Re-allocate \$100,000 in ongoing General Fund resources from Build Portland to OMF to fund administrative support for Build Portland. (Recommended).

- Process various other technical adjustments, changes to interagency agreement rates with customer bureaus, and contingency draws to re-budget planned projects across CAO-managed funds. (Recommended)

### **Bureau of Technology Services**

The Bureau of Technology Services (BTS) submitted 55 decisions packages. Total requests increase the division’s FY 2019-20 budget of \$10.4 million. Key decisions include:

- Allocate \$8.2 million total in BTS contingency resources to materials and services budget to fund work on various multi-year projects, cover salary cost of living increases, and process cash transfers to the Bureau of Emergency Communications for Next Generation Recording system (\$96,883) and software replacement funds to BRFS for the Integrated Tax System Project (\$1.2 million). (Recommended).
- True-up beginning fund balances to actual FY 2018-19 Ending Fund Balance within the Technology Services Fund (\$10.3 million) and the Printing & Distribution Services Operating Fund (\$149,352). (Recommended)
- Recognize \$155,086 in intergovernmental revenues from the Office of Community Technology (OCT) grant resources for the I-Net Capital Improvement Project. Recognize adjustments to various interagency agreements and process other technical adjustments. (Recommended).

## **DISCUSSION**

### **Bureau of Revenue and Financial Services**

#### ***Integrated Tax System CAL Adjustment***

The Revenue Division, within the Bureau of Revenue & Financial Services (BRFS), is moving forward with a \$24.3 million Integrated Tax System project to replace its aging tax collection systems. This project was discussed and partially funded during FY 19-20 budget development, though the full project cost and contract was finalized after the conclusion of the budget development process. The total General Fund one-time resources allocated to this project in FY 2019-20 were \$9.68 million<sup>1</sup>. Given the high priority of this project, Council directed CBO and the Revenue Division to finalize a finance plan and ongoing cost estimates over the summer and incorporate the City’s share of these ongoing costs via a current appropriation level (CAL) adjustment going into FY 2020-21 budget development. Budget notes also directed the Revenue Division to negotiate cost recovery for ongoing tax system and tax collection cost with partner organizations and funds. In this Fall BMP, the

<sup>1</sup> This includes \$248,000 in one-time resources embedded in the bureau’s base budget, \$9.4 million in new one-time resources, and \$30,000 in carryover from the prior fiscal year.

Revenue Division is requesting a \$1.8 million ongoing General Fund adjustment and has provided additional information on the status of cost recovery efforts.

In the current year, project costs are fully funded with \$9.4 million of General Fund one-time resources and \$1.2 million in BRFS technology replacement reserve resources. In the second year, the City will issue a line of credit to cover project costs, with ongoing debt service estimated at \$1.1 million over ten years.

<b>ITS Project Funding Plan (in millions)</b>		
	FY 2019-20	FY 2020-21
<b>Expenses</b>		
Personnel	\$2.3	\$2.4
Materials and Services	\$8.9	\$5.7
Project Contingency	-	\$4.9
<b>Total</b>	<b>\$11.3</b>	<b>\$13.0</b>
<b>Revenue</b>		
General Fund one-time	\$9.7	\$0.0
Technology Replacement Reserves	\$1.2	\$0.0
Bancroft Bond Funding	-	\$4.3
Line of Credit / Bond Funding	\$0.4	\$8.7
<b>Total</b>	<b>\$11.3</b>	<b>\$13.0</b>

CBO notes that substantial indirect costs in the Revenue Division are being funded with ITS project funding for the duration of the implementation. Over \$600,000 in ITS project funding will offset existing OMF costs for internal management, administrative support, and space rent. The application of project dollars for existing overhead costs is not inappropriate, but CBO notes that the bureau will have substantial flexibility within its base budget with these costs offloaded onto the ITS project.

CBO also notes that the ITS project budget includes a 20% contingency, or \$4.9 million. Per the bureau's project funding plan, this contingency is largely backed by \$4.3 million in reserves in the Bancroft Bond Fund. This fund is not directly associated with the ITS project, and until the current fiscal year, the fund was managed by the Auditor's Office. The Bancroft Bond fund is a debt fund and is permitted to hold debt service reserves, but is not to build contingency reserves. BRFS identified \$4.3 million in unneeded debt service reserves. This reserve was built up over time due to the "bump" rate charged to property owners for project financing, specifically to offset potentially delinquent payments. Debt Management has confirmed that this \$4.3 million does not need to be replenished, as sufficient reserves remain in the fund. The ITS project funding plan would redirect these one-time resources to support the ITS project in FY 2020-21 if needed. To the degree that the ITS project does not fully utilize this reserve as project contingency, CBO recommends that the remaining balance of the \$4.3 million in excess reserves revert to the General Fund after project completion.

Total ongoing costs are estimated at \$4.5 million, net of resources already allocated to the bureau for legacy system support<sup>2</sup>. The ongoing cost pool includes: \$2.6 million in ongoing vendor costs for maintenance and support, \$667,000 in annual costs for a system upgrade set aside, and \$320,000 for 2.0 Business Systems Analyst FTE it deems necessary for system support. CBO finds the proposed cost pool to be reasonable but notes there is some level of uncertainty regarding the need for 2.0 additional FTE and the appropriate dollar amount for a system upgrade set-aside.

The Integrated Tax System will provide a needed service and benefits to partner jurisdictions (e.g. Multnomah County) and revenue collection funds managed by the City on behalf of partners (e.g. Regional Arts and Culture Council). Absent this investment, the Revenue Division would cease collecting these revenues on behalf of partners. The Revenue Division has developed a cost allocation methodology, based on the proportion of revenues collected by the new system, that will spread the ongoing cost among partners. Based on the cost allocation methodology, the City's share of ongoing ITS costs is estimated at \$1.8 million, which is the amount of the CAL adjustment requested by the Revenue Division. Other notable payers are the County, the Clean Energy Surcharge, Travel Portland, Housing funds, and three enhanced service districts.

Agreement has largely been reached on the cost allocation methodology and the ongoing cost pool, with one notable exception. Multnomah County has yet to confirm that it will fund its share of ongoing ITS costs. This represents a major risk to the City's ongoing General Fund resources; absent proportional payment from the County, the General Fund is likely to bear an additional \$1.9 million in ongoing costs attributed to the County that is not currently accounted for in the budget.

CBO recommends that OMF's current appropriation level be adjusted upward by \$1.8 million in FY 2020-21 to account for increased ongoing costs associated with ITS. The adjustment should be pulled back on a one-time basis, as ongoing costs will not be incurred until the following fiscal year. The dollar amount may require further adjustment, pending the finalization of ITS cost sharing negotiations. CBO emphasizes the outstanding multi-million-dollar exposure to the General Fund if cost recovery is not achieved with the County and other partners; **if cost recovery efforts are not successful, the General Fund may be forced to absorb the full ongoing cost of the project (\$4.5 million) for all partners, rather than the City's proportional share (\$1.8 million).**

<sup>2</sup> The \$4.5 million ongoing figure does not include \$968,000 in annual cost recovery for managed funds and partner jurisdictions, which represents proportional repayment of the City's \$9.68 million down payment on the ITS project. This element is included in the cost recovery methodology, but does not represent a potential new expense to the City.

## ***Mid-year Interagency Adjustments: Stability and Transparency Issues***

The Office of Management & Finance has included several requests to adjust interagency (IA) agreements with customer bureaus, as well as intra-OMF charges that affect customer bureaus. CBO does not have concerns with the intended outcome of any of these changes but does have some concerns about overall impact on IA-payers and the communication and transparency around the changes.

The Debt Management Program within BRFS is requesting \$199,393 in increased interagency and intergovernmental revenues from its 16 customer bureaus to fund several changes within the Debt Management program. These include:

- *Personnel Adjustments:* \$136,648 is requested to double-fill a Financial Analyst III position to begin succession planning for the City's Principal Debt Analyst position and \$38,330 to cover 0.2 FTE of the Treasurer position.
- *Interagency Agreement Methodology Adjustments:* An updated Debt Management interagency agreement (IA) billing methodology aims to better reflect actual utilization by customer bureaus and results in increases and decreases among bureaus. Accordingly, BRFS is increasing the Debt Management IAs for the Local Improvement District Fund and Integrated Tax System Project by \$27,133 total.
- *Other Adjustments:* Other programmatic increases to customer bureaus include \$10,000 for a subscription to Moody Credit Metric Software and \$4,000 in additional consulting services.

Per financial policy, adjustments that affect ratepayers should be made as part of the annual budget process. CBO recommends these requests, as they have been matched by customer bureaus, but notes that mid-year rate adjustments to interagency agreements can be disruptive to customer bureaus' workplans and force unplanned tradeoffs. CBO recommends that if mid-year adjustments are needed in future years, the bureau utilize the Business Operations and Leadership Team (BOLT) meetings to receive customer input on proposed changes and ensure transparency on IA rates and allocation methodology.

Also embedded in these methodology changes is an increased charge to debt IA-payers to support the cost of a Financial Analyst II that was established in the Chief Financial Officer's office as part of FY 2019-20 budget development. This position was previously part of debt management; debt IA payers could thus expect decreased cost with the position transfer to the CFO's office. These would-be reductions were offset with increased charges to debt IA-payers for OMF management overhead and other adjustments noted above. OMF also increased intra-OMF IAs with other BRFS divisions to support the cost of this repurposed position, which in turn affects rates for IA-payers across the City for procurement and risk management.

As part of the new budget process changes rolled out in FY 2019-20, bureaus were allowed to make position changes within their base budget as long as those changes were clearly highlighted and communicated via their program offer budgets. The changes related to the Financial Analyst II position in the CFO's office were not clearly communicated to customer bureaus or to Council in the bureau's program offer budget. Going forward, CBO would recommend that OMF more explicitly articulate staffing and IA changes like this in their program offer budgets.

### ***Local Improvement District Fund Transfer to General Fund***

The bureau is requesting the transfer of \$726,012 in revenue from the Revenue Division Local Improvement District Fund to the General Fund. This transfer is to correct a billing error by the City Auditor in Fiscal Year 2018-19, which caused the Auditor's Office to overspend its General Fund appropriation. CBO recommends this request, as it will resolve the error and the overspending issue. Revenues will be incorporated into the balance of General Fund resources available for allocation in the Fall BMP.

### ***Risk Management Information System (RMIS) module***

BRFS submitted a request to appropriate \$20,000 each from operational reserves in the Insurance and Claims Fund and Workers' Compensation Self Insurance Fund to support a new Risk Management Information System (RMIS) Incident Intake module. CBO notes the importance of this module in appropriately filing Workers' Compensation claims.

New Financial Policy (Fin-2.04) amended by City Council in April 2019 allows for bureaus to request to reallocate non-General Fund contingency resources during budget monitoring processes, but stipulates that the bureau should demonstrate it cannot reprioritize funding within current year appropriations as part of the request. In addition, the Fund Statement of Purpose for both the Insurance and Claims Fund and Workers' Compensation Self-Insurance Fund state that operating reserves can only be used after it is determined that the operating budget cannot fund the expenditure.<sup>3</sup> Analysis of BRFS' FY 2018-19 budget in the Insurance and Claims Fund and Workers' Compensation Self Insurance Fund suggests there is flexibility within operating budgets to absorb this scale of increased costs. CBO recommends the bureau work to absorb these one-time costs within its FY 2019-20 operating budgets; if the bureau is unable to absorb these costs it can request a draw on contingency in the FY 2019-20 Spring Supplemental Budget.

### ***Rental Registration FTE Conversion***

BRFS is requesting to convert 3.0 FTE Limited Term Revenue and Tax Specialist positions associated with the Rental Registration Program to permanent ongoing positions. Council

<sup>3</sup> For the full Fund Statements of Purpose, please see the City of Portland's Financial Policies at <https://www.portlandoregon.gov/citycode/71584>

Ordinance #189086 created three temporary residential rental unit registration administration positions in the Revenue Division until a permanent funding source was established. This conversion was authorized in Council Ordinance #189650, which also set the Rental Registration rate at \$60 per unit beginning in Tax Year 2019; this will be adjusted annually for inflation or deflation using the Consumer Price Index. Revenue Division costs for 3.0 FTE were included in the fee cost pool, with the remainder directed to the Housing Investment Fund to fund the Housing Bureau's Rental Services Office. CBO recommends this request but notes that the FTE associated with this program may need to be reevaluated once the Integrated Tax System is implemented, as potential efficiencies may lessen the workload associated with Rental Registration. Reduced cost recovery by the Revenue Division could either be redirected to Housing programming or to reduced fees for the public. To the degree that fee revenues are less than anticipated, or fee implementation is delayed, additional requests for General Fund support of these positions can be expected.

### ***BRFS General Fund Encumbrance Carryover***

BRFS is requesting to carryover \$224,049 in General Fund Encumbrance Carryover for contracts encumbered in FY 2018-19 in the Grants Management, Procurement, and Revenue Divisions.

CBO generally processes General Fund encumbrance carryover requests during the Fall Supplemental Budget that are one-time, discrete costs in which the bureau has a plan for acquiring goods or services on open purchase orders. Based on the information provided to CBO, the Procurement Services requested carryover of \$3,575 for a contract with Inside Source Media Inc. for on-call graphic design services appears to be ongoing in nature and part of the bureau's annual workplan. The division's FY 2019-20 annual appropriation should adequately cover future costs associated with this contract. The bureau had sufficient underspending in FY 2018-19 to carry over the remainder of the request. CBO recommends the requests for encumbrance carryover aside from this contract totaling \$220,474 in recommended carryover.

## **Bureau of Human Resources**

### ***New General Fund Resources for Enhanced Leadership Training***

The Bureau of Human Resources (BHR) submitted two related requests for new resources to develop more robust training for managers and supervisors across the City. The first request is to recognize \$75,000 in new interagency agreement revenues from PBOT, Water, and BES (\$25,000 each). The second is a request for new General Fund resources totaling \$104,000.

Currently, the City offers manager and supervisor trainings through Portland Community College's CLIMB Center. Participation in these courses is elective, and bureaus individually fund the cost of individual employee participation. BHR has also offered a course called Path to Leadership in recent years, also funded by per-employee charges from participating bureaus, which is intended to identify and train emerging leaders across the City. BHR is requesting new General Fund resources to develop a more expansive, modern, and standardized approach to training for supervisors and managers. BHR has indicated that available City trainings for managers and supervisors is somewhat limited and the curriculum is outdated.

In February of 2019, the bureau directors of BES, Water, and PBOT volunteered to provide \$75,000 to help fund a contract for a consultant to enhance BHR's leadership training efforts. CBO has no concerns with this approach, to the degree that these bureaus are interested in receiving enhanced leadership training. BHR has indicated that, even absent new General Fund resources, it intends to move forward with enhanced Path to Leadership trainings for these bureaus.

In addition to IA revenues, the \$104,000 in new General Fund resources would be used to support new in-house leadership trainings for Directors, Managers, and Supervisors across the City. Per BHR, these funds would be utilized for the following:

- Venue rental and catering for three 8-hour kick-off events
- External speakers
- Course creation and facilitation (in-house and contracted)

BHR has indicated that there will be new ongoing costs associated with launching these new training programs, totaling \$54,000 annually. The ongoing costs will fund annual curriculum refresh, partnerships with academic institutes, and external facilitators for the leadership certification programs. Initial curriculum development would also rely heavily on existing staff capacity in BHR, the Office of Equity & Human Rights, and embedded bureau equity staff.

CBO concurs with BHR that more robust centralized training for City managers and supervisors is desirable and would advance efforts around employee development and succession planning. However, per financial policy, new General Fund contingency allocations in the BMP are reserved primarily for urgent and unforeseen issues that cannot be resolved with current year resources or cannot wait until budget development. The development of a Citywide leadership training series, while beneficial, does not appear to meet this threshold. BHR has also indicated that this new programming will have ongoing costs associated with it; CBO does not recommend that new resources be allocated for programming where funding for the ongoing costs associated with it are not assured. CBO also has unresolved questions about the cost allocation methodology behind this request. To the degree that managers and supervisors from all bureaus would be eligible to

participate in this programming, the combination of \$75,000 in IA revenue and \$104,000 in General Fund resources does necessarily represent a proportional cost-sharing and does not capture IA revenue from some non-General Fund bureaus.

CBO recommends that BHR develop a cost allocation methodology based on estimated participation (i.e. the number of managers and supervisors) or other metric and bring forward a funding proposal for one-time and ongoing costs during FY 2020-21 budget development. The bureau can move forward with IA-funded Path to Leadership training enhancements in the near term, or discuss with payers the potential benefits of waiting until a fully funded program can be sized and scaled during budget development.

### ***Convert Limited Term Position to Permanent***

BHR is requesting to convert a limited term position that supports the Health & Financial Benefits program to permanent. The current year cost of the limited term position is funded in BHR's base budget through the internal administration charge for the Health Insurance Operating Fund. The annual and ongoing internal administration rate for non-health benefits will not increase as a result of converting this position to permanent. However, ratepayers would otherwise expect the internal administration rate to decrease if this position is not converted to permanent.

Per BHR, the administrative rate-setting process occurs annually in tandem with the budget development process. Per recently amended financial policy (2.04 - Budget), changes that have an ongoing impact on ratepayers should be requested and considered as part of the annual budget process and approval of rate changes. Given the ongoing nature of the request, CBO recommends that BHR request to convert this position to permanent as part of FY 2020-21 budget development, as part of a larger prioritization exercise that accounts for all the other actions and requests that may affect ongoing rate-payer charges for non-health administrative work.

## **Chief Administrative Officer's Office**

### ***Build Portland Administrative Costs***

As part of the FY 2019-20 Adopted Budget, Council included a budget note directing the City Budget Office to allocate \$100,000 of ongoing General Fund resources to OMF's Strategic Projects and Opportunities Team for administrative costs related to the Build Portland initiative. This action reduces the current ongoing General Fund appropriation to Build Portland from \$1.98 million to \$1.88 million. Per OMF, these funds will be used in the near term to contract with a consultant for a communications initiative for Build Portland. It is not entirely clear what this administrative charge will be used for on an ongoing basis, but OMF has indicated that it may be used for project-specific signage and other collateral and confirmed that the resources will not be used to fund new or existing City staff. The initial tranche of Build Portland projects has been determined, with the next tranche likely

to be decided in FY 2022-23. CBO recommends this request based on the direction provided in the budget note, but would highlight for Council that administrative costs for Build Portland will be as high as \$400,000 for the first tranche of Build Portland projects (\$100,000 per year, FY 19-20 through FY 2022-23).

### **Transfer of Homeless & Urban Camping Impact Reduction Program Resources to Parks**

OMF submitted a request for \$31,000 in new General Fund resources on behalf of Portland Parks & Recreation, specifically to support costs related to maintenance of the Pioneer Courthouse Square bathrooms. CBO’s understanding, based on Council discussion on this issue, is that \$31,000 of existing Homelessness & Urban Camping Impact Reduction Program (HUCIRP) resources were to be redirected to Parks on a one-time basis. HUCIRP received \$877,870 in new one-time General Fund resources for a mobile hygiene pilot. Based on original pilot project cost estimates, transferring \$31,000 of these one-time resources to Parks will not affect pilot implementation. CBO has adjusted OMF’s request to reflect a transfer of existing resources to Parks, based on CBO’s understanding of Council direction.

## **SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS**

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Beginning Fund Balance	\$ 191,308,104	\$ 40,808,003	\$ -	\$ 232,116,107
Taxes	36,166,000	915,000	-	37,081,000
Licenses & Permits	7,536,066	200,000	-	7,736,066
Charges for Services	139,603,020	(41,090)	-	139,561,930
Intergovernmental	13,538,040	258,058	-	13,796,098
Interagency Revenue	173,028,988	6,502,310	-	179,531,298
Fund Transfers - Revenue	11,618,918	1,513,190	(206,000)	12,926,108
Bond & Note Proceeds	33,190,955	(117,655)	-	33,073,300
Miscellaneous	86,416,100	72,278	-	86,488,378
General Fund Discretionary	26,911,863	718,910	(107,566)	27,523,207
General Fund Overhead	11,335,034	-	-	11,335,034
<b>Total Resources</b>	<b>\$730,653,088</b>	<b>\$50,829,004</b>	<b>(\$313,566)</b>	<b>\$781,168,526</b>
<b>Requirements</b>				
Personnel	\$ 99,884,387	\$ 1,494,831	\$ -	\$ 101,379,218
External Materials and Services	288,889,446	15,011,386	(354,566)	303,546,266
Internal Materials and Services	26,260,465	2,323,817	(30,000)	28,554,282
Capital Outlay	80,596,987	16,572,620	-	97,169,607
Debt Service	21,434,196	(3,018)	-	21,431,178
Debt Service Reserves	15,500,000	-	-	15,500,000
Fund Transfers - Expense	19,859,034	2,030,085	31,000	21,920,119
Contingency	178,228,573	13,399,283	40,000	191,667,856
<b>Total Requirements</b>	<b>\$730,653,088</b>	<b>\$50,829,004</b>	<b>(\$313,566)</b>	<b>\$781,168,526</b>

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Beginning Fund Balance	\$ 100,000	\$ (100,000)	\$ -	\$ -
Licenses & Permits	150,000	-	-	150,000
Charges for Services	411,000	-	-	411,000
Intergovernmental	1,844,274	61,882	-	1,906,156
Interagency Revenue	12,001,340	428,011	-	12,429,351
Fund Transfers - Revenue	-	1,300,000	-	1,300,000
Bond & Note Proceeds	1,581,125	(1,190,528)	-	390,597
Miscellaneous	2,610,123	-	-	2,610,123
General Fund Discretionary	26,911,863	718,910	(107,566)	27,523,207
General Fund Overhead	11,335,034	-	-	11,335,034
<b>Total Resources</b>	<b>\$56,944,759</b>	<b>\$1,218,275</b>	<b>(\$107,566)</b>	<b>\$58,055,468</b>
<b>Requirements</b>				
Personnel	\$ 38,856,842	\$ (123,105)	\$ -	\$ 38,733,737
External Materials and Services	12,661,297	1,575,042	(107,566)	14,128,773
Internal Materials and Services	5,161,045	31,913	-	5,192,958
Debt Service	265,575	(265,575)	-	-
<b>Total Requirements</b>	<b>\$56,944,759</b>	<b>\$1,218,275</b>	<b>(\$107,566)</b>	<b>\$58,055,468</b>



## **INTRODUCTION**

CBO has no significant decisions for Council's consideration in the FY 2019-20 Fall Supplemental Budget. Due to the vacancy of several positions over the course of the year, CBO ended FY 2018-19 underspending its appropriation by \$293,000, or 8.5%.

## **KEY DECISIONS**

- Reallocate personnel savings of \$5,600 to fund materials and services costs related to Portland Utility Board support. (Recommended)

## **DISCUSSION**

The City Budget Office submitted one decision package in the Fall Supplemental Budget. This technical adjustment would realign projected personnel savings for the positions that support the Portland Utility Board to fund expected costs for food at Board meetings and costs for additional office supplies needed for two newly-hired employees. CBO notes that the City Controller is currently in the process of updating the City's policy on "Non-travel Meals, Light Refreshments and Related Misc. Expenses" (FIN 6.14). Based on these revisions, the Board may want to update its practices for providing food at the meetings.

### ***Prior-Year Underspending***

CBO ended the year with \$293,000 in General Fund underspending, which is significantly higher than prior years. This underspending resulted from vacancies at the leadership level and from staff turnover. Specifically, the Deputy Director position was vacant for 52 days and the Financial Analyst II position was vacant for 152 days.

Also due to staff turnover, related expenses such as travel, education, and office supplies were underspent by significant amounts. In addition, the service agreement costs associated with the City's budget system were included as part of the project costs during the first year of implementation, resulting in underspending in professional services of \$112,000.

# SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current	Bureau	CBO	Total
	Revised	Requested	Recommended	Recommended
	Budget	Changes	Changes	Revised Budget
<b>Resources</b>				
Interagency Revenue	\$ 290,476	\$ -	\$ -	\$ 290,476
General Fund Discretionary	1,397,636	-	-	1,397,636
General Fund Overhead	1,589,440	-	-	1,589,440
<b>Total Resources</b>	<b>\$3,277,552</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,277,552</b>
<b>Requirements</b>				
Personnel Services	\$ 2,589,030	\$ (5,600)	\$ -	\$ 2,583,430
External Materials and Services	252,342	4,900	-	257,242
Internal Materials and Services	229,793	700	-	230,493
Capital Outlay	206,387	-	-	206,387
<b>Total Requirements</b>	<b>\$3,277,552</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,277,552</b>



## INTRODUCTION

The Special Appropriations' Fall Supplemental Budget requests to increase current year appropriations by \$3.9 million or approximately 30%, which includes \$1.6 million in General Fund discretionary resources for encumbrances and grant agreements that cross fiscal years. The key decision point for Council is whether to allocate \$950,000 set aside in General Fund contingency to increase the amount of matching grant resources available for candidates participating in the Open and Accountable Elections program for the 2020 Primary.

## KEY DECISIONS

- Increase the Public Elections Fund FY 2019-20 budget by \$1.2 million to recognize prior year underspending. (Recommended)
- Allocate \$950,000 from General Fund contingency policy set-aside for the Open & Accountable Elections Program. (Recommended)
- Process encumbrance carryovers for General Fund grant agreements (\$1.2 million), Open & Accountable Elections Program software development and oversight contracts (\$310,713), and Recreational Cannabis Tax competitive grants (\$165,780). (Recommended<sup>1</sup>)
- Process General Fund program carryovers for resources deappropriated in the prior year Over-Expenditure Ordinance for the East Portland Action Plan (\$150,000) and Special Appropriations Competitive Grant Program (\$239,985). (Recommended)

## DISCUSSION

### ***Open & Accountable Elections***

The Open and Accountable Elections (OAE) program “seeks to reduce the influence of money in politics and encourage election of people to City office who are reflective of and

<sup>1</sup> See note below under Supplemental Budget Changes to All Funds.

accountable to all Portlanders.” The program provides matching funds to eligible candidates who, among other stipulations:

- Must raise at least \$5,000 from at least 500 individuals for the Office of the Mayor or \$2,500 from at least 200 individuals for Commissioner;
- May not accept contributions other than seed money or in-kind contributions from any group or organization, including political action committees, corporations, labor organizations, or political parties; and
- May not accept individual donations exceeding \$250 in the primary election period and \$250 in the general election period.<sup>2</sup>

The FY 2019-20 Adopted Budget for the Open & Accountable Elections program includes \$1.27 million in ongoing resources budgeted in a standalone Public Elections Fund. With ending fund balance from the prior year, the program has a total of over \$2.4 in revenue budgeted in the current year, with approximately \$1.85 million budgeted for campaign donation matching funds for the 2020 election.

Council has also set aside \$950,000 to be available in the event that the program requires resources above its current funding level. OAE, through its Commissioner-in-Charge, has requested that these resources be allocated to the program’s budget in the Fall BMP so that they are available for immediate expenditure.

*Maximum City Costs per Eligible Candidate, per Election*

Type of Election	Office	Total Public Contribution Maximum
<b>Primary or Special Nominating Election</b>	Mayor	\$304,000
	Commissioner or Auditor	\$200,000
<b>General or Special Runoff Election</b>	Mayor	\$456,000
	Commissioner or Auditor	\$240,000

None of the candidates that ran for office in the 2016 election would have qualified for public financing under the current program regulations. However, the new program is designed to reduce financial barriers to participating in elections, and seven candidates have already filed a Notice of Intent to participate in the program.<sup>3</sup> If each candidate meets the certifications, the maximum combined public contribution for these offices totals

<sup>2</sup> For more information, please see City Code Chapter 2.16 Open and Accountable Elections Program, <https://www.portlandoregon.gov/citycode/72577>.

<sup>3</sup> See <https://www.portlandoregon.gov/oe/79463> for current status information.

approximately \$1.7 million. Although this scenario is unlikely, it is too early to reasonably estimate how many candidates will eventually file their Notice of Intent to participate, how many will qualify for the program, and how much they will raise.<sup>4</sup>

As there are a number of variables that could influence the amount of resources actually needed in FY 2019-20, CBO recommends that Council allocate the resources from contingency set-aside in the Fall BMP to ensure that a) there is sufficient funding for eligible candidates and b) additional prospective candidates are not discouraged from entering the election based on perceived lack of funding available.

Any resources not expended in the current year will fall to balance and be trued-up in the FY 2020-21 Fall Budget Monitoring Process. The program will also receive its ongoing revenue of \$1.2 million on July 1, 2020, prior to the General Election. After the 2020 election, CBO recommends reviewing the expenditures from the first election cycle under the new program to consider the level of funding required to build up sufficient resources for future elections.

## SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

CBO has recommended all requested changes, except for \$1,500 in General Fund encumbrance carryover based on discussion with the bureau; this is the amount remaining on a single grant agreement that the grantee does not intend to expend.

	<b>Current Revised Budget</b>	<b>Bureau Requested Changes</b>	<b>CBO Recommended Changes</b>	<b>Total Recommended Revised Budget</b>
<b>Resources</b>				
Beginning Fund Balance	\$ -	\$ 1,175,066	\$ -	\$ 1,175,066
Interagency Revenue	349,764	39,011	-	388,775
Fund Transfers - Revenue	1,266,472	950,000	-	2,216,472
Miscellaneous Fund Allocation	-	165,780	-	165,780
General Fund Discretionary	11,816,137	1,619,087	(1,500)	14,639,015
General Fund Overhead	181,085	-	-	181,085
<b>Total Resources</b>	<b>\$13,613,458</b>	<b>\$3,948,944</b>	<b>(\$1,500)</b>	<b>\$18,766,193</b>
<b>Requirements</b>				
Personnel	\$ 1,112,806	\$ -	\$ -	\$ 1,112,806
External Materials and Services	12,227,349	3,743,351	(1,500)	15,969,200
Internal Materials and Services	273,303	205,593	-	478,896
Contingency	-	-	-	1,205,291
<b>Total Requirements</b>	<b>\$13,613,458</b>	<b>\$3,948,944</b>	<b>(\$1,500)</b>	<b>\$18,766,193</b>

<sup>4</sup> See CBO's prior analysis for further details: <https://www.portlandoregon.gov/cbo/article/725652>.

## SUPPLEMENTAL BUDGET CHANGES TO GENERAL FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
<b>Resources</b>				
Interagency Revenue	\$ 349,764	\$ 39,011	\$ -	\$ 388,775
General Fund Discretionary	11,816,137	1,619,087	1,203,791	14,639,015
General Fund Overhead	181,085	-	-	181,085
<b>Total Resources</b>	<b>\$12,346,986</b>	<b>\$1,658,098</b>	<b>\$1,203,791</b>	<b>\$15,208,875</b>
<b>Requirements</b>				
Personnel	\$ 872,608	\$ -	\$ -	\$ 872,608
External Materials and Services	11,242,082	1,452,505	(1,500)	12,693,087
Internal Materials and Services	232,296	205,593	-	437,889
Contingency	-	-	1,205,291	1,205,291
<b>Total Requirements</b>	<b>\$12,346,986</b>	<b>\$1,658,098</b>	<b>\$1,203,791</b>	<b>\$15,208,875</b>