



**CITY OF PORTLAND**  
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February 24, 2009

To: Mayor Sam Adams  
Commissioner Amanda Fritz  
Commissioner Dan Saltzman  
Commissioner Nick Fish  
Commissioner Randy Leonard  
City Auditor Gary Blackmer

From: Andrew Scott, Interim Manager  
Financial Planning Division

Subject: FY 2008-09 Winter Budget Adjustments

This memo summarizes the budget adjustments that will be before Council on March 4<sup>th</sup> as part of the winter budget adjustment ordinance. This ordinance replaces the normal Winter Budget Monitoring Process (BMP). The ordinance also includes the mid-year reductions for General Fund bureaus as directed by Council.

The winter Major Supplemental Budget will also be brought to Council on March 4<sup>th</sup> through a separate ordinance. This process is required for funds that increase resources and requirements by more than ten percent.

Exhibits to the ordinance include a revised Schedule of Appropriations (Exhibit 1a and b) and budget adjustments (Exhibit 2).

### **Summary of Major Actions**

The winter 2009 budget adjustment includes changes in thirteen funds: General, Transportation Operating, Emergency Communication, Children Investment, Housing Community Development, Parks Capital Construction & Maintenance, Solid Waste Management, and Parking Facilities, CityFleet, Printing & Distribution, and Technology Services funds.

### General Fund

This ordinance decreases General Fund expenditures and resources by \$5,883,596:

- **Mid-year reductions** from bureaus of \$4,108,986 and transfer of \$3,043,382 from earmarked contingency funds (see below).
- **Parks & Recreation** increases their program revenues by \$367,149 as part of their mid-year reduction, primarily higher fees for parks activities and revenues from rents.
- **Interagency revenues** increase by \$379,151. The major items in this category include \$175,000 for the Office of Neighborhood Involvements for the East Portland Action Plan; \$184,000 increase in interagency revenue to the Mayor's Office from the Office of Management & Finance (\$59,000) and Bureau of Planning (\$125,000).

- **Cash transfers** increase by \$422,472. This is primarily a transfer from the Grants Fund to the operating bureau's budgets such as Police, Parks, and Emergency Management. These transfers are necessary to reflect the new way the City now budgets grants due to the implementation of the SAP system.
- **Miscellaneous revenue** increases by \$100,000 for a donation from the Palau, which includes \$25,000 for the Home Again Mentoring Project rent assistance grant and \$75,000 as a pass-through to Portland Public Schools' transition centers and credit recovery supports.

General Fund contingency requests include:

- \$100,000 for the Auditor's Office for the special election costs to replace the Auditor.
- \$242,000 for the Bureau of Housing & Community Development (BHCD) for the Winter Warming program.
- \$75,000 for BHCD storm-related costs in December.
- \$200,000 for the reorganization transitional costs.
- \$19,000 for Children's Receiving Center Special Appropriation. This special appropriation will also receive \$11,000 from PIR Special Appropriation and \$20,823 in ending balance. Council directs that a check in the amount of \$50,000 be drawn and sent to the Parkrose School District per ordinance #182414.
- \$7,635 from contingency to true-up Commissioner Fritz's office budget and another \$18,351 from interagency revenue.

General Fund contingency requests **not recommended** in the ordinance:

- \$106,902 for Fire, Rescue, and Emergency Services, for costs related to the winter storm in December.
- \$62,093 for BHCD, for cold weather costs in January, February, and March.

FPD is recommending against the Fire weather-related requests and is recommending only a portion of the BHCD requests. This is for two reasons. First, although we recognize that the storm-related costs have left both Fire and BHCD with limited funds to address additional unanticipated events, we believe that both bureaus have enough resources to cover the costs that are not recommended. Second, because of the difficult economic circumstances and rapidly declining City revenues, FPD believes that we should retain as much of the unreserved funds in contingency as possible for any additional emergencies that occur between now and the end of the fiscal year.

### Mid-year Reductions

This ordinance includes the mid-year reductions directed by Council. All bureaus receiving General Fund support submitted FY 2008-09 reduction packages for Council consideration. Council had a work session on February 10<sup>th</sup> and agreed to cut \$4,108,986 (1.30%) of adopted General Fund discretionary. The cuts are program-related and are higher in some bureaus than others based on an analysis of the bureau's ability to absorb the reductions. A complete list of the cuts can be found in Attachment #3. Council also reallocated \$3,043,382 from contingency that was earmarked for police vacancies, public safety regional training center land acquisition, and City Hall reconfiguration, and will use it to bridge any revenue shortfall in the current fiscal year.

### Transportation Operating Fund

The Bureau of Transportation is submitting current year reductions of \$2.3 million and 18.75 positions to close the funding gap in FY 2008-09.

### Children's Investment Fund

The Children's Investment Fund submits requests to convert four limited term part-time positions to permanent part-time and create one permanent part-time position. The total cost is \$386,370 funded by Children's Investment Fund resources.

### Parking Facilities Fund

The Parking Facilities Fund transfers \$800,000 to the Transportation Operating Fund. This is due to revenues exceeding fund requirements by \$2.4 million for the Parking Facilities Fund in FY 2007-08.

### **Summary of Positions Requested**

- Office of Neighborhood Involvement: Create one limited-term Program Coordinator for the East Portland Action Plan.
- Children Investment Fund: Convert four limited term part-time positions to permanent and create one permanent part-time position.
- Bureau of Housing & Community Development: Convert one seasonal position to permanent part-time Program Coordinator.
- Bureau of Financial Services: Reduce two full-time Senior Financial Analyst positions to part-time and create one full-time Senior Financial Analyst position.
- Office of Commissioner of Public Utilities: Create one full-time Commissioner Administrative Support and one part-time Commissioner Administrative Support.
- Bureau of Transportation: Delete 18.75 positions.

### **RECOMMENDATION**

Financial Planning recommends Council approval of the winter budget adjustment ordinance.