



**CITY OF PORTLAND**  
OFFICE OF MANAGEMENT AND FINANCE

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To: Mayor Sam Adams  
Commissioner Randy Leonard  
Commissioner Amanda Fritz  
Commissioner Nick Fish  
Commissioner Dan Saltzman

From: Andrew Scott, Financial Planning Manager

Subject: **FY 2009-10 Fall BuMP Recommendations**

In the Fall Budget Monitoring Process (BuMP), City bureaus report on financial and program performance through the end of the past fiscal year and request adjustments to the current fiscal year's budget. The Fall Budget Adjustment and Minor Supplemental Budget ordinance adopts proposed adjustments and will be heard on Wednesday, November 18, 2008.

The Financial Planning Division has prepared this document to summarize the highlights of bureau submissions for the Fall BuMP, requests and adjustments that flow from those submissions, and requests identified in the Fall Minor Supplemental Budget. FPD's full analysis of the requests from bureaus and the financial performance of the bureaus was sent to Council Offices on October 28, 2009.

Exhibits to the ordinance include changes to the Schedule of Appropriations (Exhibit 1), changes to Council-approved positions (Exhibit 2), a detailed reconciliation of changes by fund (Exhibit 3), and detailed request and recommendations in the General Fund (Exhibit 4).

### **Overview**

The Fall BuMP is primarily used for the following transactions:

1. General Fund true-up
2. Encumbrance carryovers
3. Program funding carryovers
4. New funding requests
5. Technical adjustments

#### **1. General Fund True-Up**

The City's General Fund ended the FY 2008-09 fiscal year with a \$2,020,659 shortfall. This was due to a number of factors, including declining revenues and higher than anticipated bureau spending. While this is a small shortfall in terms of the overall General Fund, FPD recommends that Council address the shortfall in the Fall BuMP. The shortfall noted above includes an assumption of an additional \$1.2 million of General Fund going to the Portland Bureau of

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Transportation (PBOT) as excess Utility License Fee revenue. Both PBOT and FPD had assumed that total ULF/franchise fee collections should be used to determine the amount to transfer. However, after further analysis we have determined that franchise settlements should be considered as the collection of prior year revenue rather than excess revenue above the forecast. With this definition applied to the FY 2008-09 revenue, PBOT would only receive an additional \$574,912, and the General Fund beginning balance shortfall shrinks to \$1,385,659. In total PBOT will receive \$2.4 million of excess ULF in FY 2009-10.

*Beginning Balance Surplus/(Shortfall): (\$1,385,659)*

## **2. Encumbrance Carryovers**

Encumbrances represent legal contracts with outside entities. At the end of FY 2008-09, General Fund encumbrances totaled \$10,428,867. Of this amount, bureaus have requested \$6,925,836 in carryover. This is consistent with past years, and generates about \$3.5 million in savings. Since encumbrances represent commitments in the prior fiscal year against prior fiscal year budgets, the proposed BuMP includes almost all of these carryover requests. Only a small portion of the Police Bureau's encumbrance carryover (\$26,724) is not included for technical reasons.

*Total Encumbrance Savings/(Cost): \$3,529,755*

## **3. Program Carryovers**

In the Spring BuMP, General Fund bureaus are allowed to set aside funding that they have received for a particular program or project that will not be spent or encumbered by the end of the fiscal year. Some of these carryover funds are included in the Adopted Budget, and some are set aside for re-appropriation in the Fall BuMP. FPD reminds bureaus every year that carryover funding is dependent on available General Fund balance.

FPD budgeted \$3,447,238 for program carryovers that were set aside in the Spring BuMP but not included in bureau's budgets during Adoption. However, bureaus requested \$6,145,330 in carryover funding. The additional carryovers are:

- Fire (\$740,000): The Fire bureau was in the process of encumbering funds for a fire engine and duty coats, but did not complete the purchase orders before the end of the fiscal year.
- OMF/EBS (\$1,611,532): The EBS project underspent its budget in FY 2008-09, and the amount that remained in the General Fund fell to balance.
- Human Relations (\$118,000): As a new bureau, Human Relations was not aware of the carryover process requirements and did not appropriately encumber and/or request carryover in the Spring for some of its funding.

FPD is recommending against \$87,724 of the Police Bureau's carryover request. The bureau transferred funding to their Special Revenue Fund in the FY 2008-09 Spring BuMP. However, they did not complete the actual cash transfer in FY 2008-09 due to an oversight. These special revenue funds will need to be replaced, and FPD recommends that half of the funding come from the General Fund, and half come from existing bureau resources.

*Total Program Carryovers Savings/(Cost): (\$2,610,368)*

#### 4. New Funding Requests

FPD did not solicit new funding requests in the Fall BuMP because there are no extra one-time resources available. However, bureaus requested new funding for the following:

- **PBOT – Last Thursday.** PBOT has covered some costs for the Last Thursday event, and this request reimburses \$31,500.
- **OMF/HR – Labor Relations and Overtime.** The Bureau of Human Resources requested funding for costs related to upcoming labor negotiations and for overtime as a result of the BDS lay-off process. FPD has recommended against both requests since it is early in the fiscal year and Human Resources may be able to find other savings in their budget. If not, and the costs grow, FPD will revisit this request in the Spring BuMP.
- **OMF – ARRA Staffing.** OMF requested funding for 3.5 FTE to accommodate the additional workload resulting from the enhanced compliance and reporting requirements for ARRA funding. FPD has recommended against a .5 FTE in grants, .5 FTE for communications and public outreach, and \$40,000 for administrative support.
- **Special Appropriations – City/County Census Committee.** Commissioner Fish’s office requested \$25,000 for funding that would go to local non-profits who assist with the federal census in making sure underrepresented populations are counted.
- **Parks – O&M.** Parks requested \$445,521 for operations and maintenance related to new parks coming online this year. These parks, and the related O&M expenses, have already been approved by Council, however Council has not specifically allocated General Fund contingency in FY 2009-10. FPD recommends that Parks make a \$44,552 (10%) reduction in the O&M request for FY 2009-10 in order to mitigate the impact on the General Fund. FPD will build the full O&M cost into the FY 2010-11 forecast.
- **Special Appropriation: League of Oregon Cities.** This Special Appropriation was requested on behalf of the Mayor’s office. The funds would be used for training city officials and scholarships for conferences.
- **Bureau of Emergency Communications Transfer In.** This item increases resources in the General Fund and, as such, decreases the overall impact of the other New Requests.

*Total New Requests Savings/(Cost): (\$573,332)*

#### 5. Technical Adjustments

The Fall BuMP is also used for items that have been approved by Council but need to be appropriated:

- **PBOT – ULF Revenue.** PBOT is receiving a total of \$2.4 million in excess ULF revenue from FY 2008-09. In July 2008, Council passed an ordinance dedicating excess ULF revenue to PBOT, up to an additional \$4.3 million. FPD had already budgeted \$1.8 million, and this technical adjustment adds another \$574,912 to that total. As noted above in the General Fund True-Up section, this represents \$635,000 less than originally anticipated after determining that the policy should not apply to settlement amounts.
- **PBOT – Director Park Parking Revenue Offset.** As a result of the creation of Director Park, several parking spots were eliminated that previously provided revenue to PBOT. The Fall BuMP provides an offset of \$27,270 from the General Fund for this item.
- **Fire – Rescue Boat.** Fire is receiving \$200,000 from General Fund contingency for the purchase of a fire rescue boat, per Council ordinance.
- **Special Appropriation – International Air Service.** The City is contributing \$300,000 from General Fund contingency to the Port of Portland to support international air service,

per Council ordinance.

- **Parks Operations and Maintenance.** Parks is requesting the \$553,000 for operations and maintenance expenses related to Director Park and the Metro-acquired land that is being donated to the City, per Council ordinance. However, FPD is recommending that Parks take a \$55,300 reduction in FY 2009-10 in order to mitigate the impact on the General Fund. We will build the full O&M cost into the FY 2010-11 forecast.

Because these items were all contemplated in the forecast or as draws on contingency, there is no net cost beyond what was anticipated.

***Total New Requests Savings/(Cost): \$0***

## **6. Across-the-Board Reductions**

In order to fund all of the above items and simultaneously deal with the FY 2009-10 ending fund shortfall, the BuMP includes a reduction of about 0.2% on General Fund discretionary to all bureaus receiving General Fund support. These reductions have not been targeted to specific programs and may need to be internally reallocated by bureaus. The detail of these reductions is as follows:

Bureau of Planning and Sustainability	(16,968)
Bureau of Emergency Communications	(22,563)
Bureau of Development Services	(3,902)
Cable Communications and Franchise Management	(3,787)
Commissioner of Public Affairs	(2,800)
Commissioner of Public Safety	(620)
Commissioner of Public Utilities	(646)
Commissioner of Public Works	(650)
Office of City Attorney	(3,871)
Office of Government Relations	(996)
Office of Human Relations	(1,214)
Office of Management and Finance	(49,580)
Office of Neighborhood Involvement	(11,979)
Office of the City Auditor	(8,201)
Office of the Mayor	(2,152)
Portland Bureau of Transportation	(25,050)
Portland Fire and Rescue	(173,911)
Portland Housing Bureau	(21,707)
Portland Office of Emergency Management	(1,335)
Portland Parks & Recreation	(83,112)
Portland Police Bureau	(283,901)
Special Appropriations	<u>(40,360)</u>
<b>Total</b>	<b>(759,304)</b>

***Total New Request Savings/(Cost): \$759,304***

## **7. Contingency Reduction**

The FY 2009-10 Adopted General Fund Contingency is \$2,253,188. Since Adoption, Council has approved, but has not appropriated a total of \$1,080,270 in contingency spending. The Fall BuMP appropriates these amounts, less \$55,300 for Parks O&M. In addition, the BuMP includes a reduction of contingency by \$280,300 to meet current ending fund balance estimates. The new contingency total after the fall BuMP will be \$947,919.

***Total Contingency Reduction Savings/(Cost): \$280,300***

### **Significant Non-General Fund Changes**

- The Emergency Communication Fund is increasing by \$8,855,000 to reflect a bond sale and the use of the proceeds thereof on the Public Safety System Revitalization Project (PSSRP).
- The Transportation Operating Fund is increasing by almost \$5 million, primarily as the result of almost \$6 million of new cash transfers from the General Fund (\$728,632 noted above), the Parking Facilities Fund (\$1,665,504), and the LID Construction Fund (\$3,515,000).
- The Housing Investment Fund is increasing by \$3,871,000 to reflect Federal Section 108 loan proceeds and their use for affordable housing development. Future Community Development Block Grant (CDBG) allocations are the anticipated repayment source.
- The Grants Fund is increasing expenses and revenues by \$8,804,224 to reflect carryover from FY 2008-09 and appropriations for accepted but unbudgeted grant revenue and related uses.
- The Housing Community Development Fund is budgeting an additional \$2,482,081, reflecting carryover of unspent funds from FY 2008-09 and unbudgeted but awarded CDBG funds.
- The HOME Grant Fund is budgeting an additional \$2,811,628, reflecting carryover of unspent funds from FY 2008-09 and unbudgeted but awarded HOME funds.
- The Sewer System Operating Fund is receiving a fund transfer of \$36.7 million from the Sewer System Construction Fund as carryover appropriation to fund the bureau's CIP program, including: \$15,500,000 for Balch Creek Conduit, \$18,200,000 for Portsmouth Force Main, and an additional \$3,000,000 for Eastside Streetcar which was under-estimated in cost.
- The Facilities Services Operating Fund is shifting \$6.4 million from contingency to fund carryover major maintenance projects that are either in progress or have not been started.
- The BFRES Facilities GO Bond Construction Fund increases beginning fund balance by \$3,703,076 to carryover funds from FY 2008-09 to finish work related to Fire Station 1 project (\$3,176,522). The remaining amount funds contingency.
- The CityFleet Operating Fund reduces beginning fund balance and contingency by \$1,218,711 due to more vehicles for replacement purchases in FY 2008-09 than projected.
- Parks Trust Fund increased its budget by 16.22%, or \$252,023, in the Fall BuMP resulting from a draw on Contingency of \$132,634, an increasing adjustment to the Beginning Fund Balance of \$94,389, and new revenues of \$25,000 from a donation for the Movies in the Parks program. The Parks Trust Fund is in the Major Supplemental each year, which raises the issue of Parks inability to prepare a realistic budget for the Fund.
- The Enterprise Business Solutions Services Fund increases by approximately \$2.2 million, or nine percent. This increase is mostly due to a cash transfer of carryover from the General Fund. Additionally, \$1.9 million is moved from contingency to fund expenses carried over from FY 2008-09.

### **Position Changes**

The Fall BuMP includes a number of positions changes as outlined in Exhibit 2 of the ordinance. The changes to permanent staff are noted below:

- Police is eliminating one Police Officer position to fund the reclassification of several positions including three officer positions to Police Sergeant and on Police Officer

Position to Police Detective.

- Parks is eliminating a Facilities Construction Project Specialist, a Building/Landscape Designer II, a Parks Maintenance Supervisor, and a Senior Business Operations Manager. The bureau is adding a Recreation Coordinator I-EV, four Parks Technicians, and a Utility Worker I.
- OMF is adding an Accountant II and a Program Coordinator and deleting an Office Support Specialist II.

### **Recommendations**

FPD recommends approval of the Fall BuMP as discussed and attached.