



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor
Kenneth L. Rust, Chief Administrative Officer
Richard F. Goward, Jr., Chief Financial Officer

Andrew Scott, Manager
Financial Planning Division
Financial Services
1120 S.W. Fifth Avenue, Rm. 1250
Portland, Oregon 97204-1912
(503) 823- 6845
FAX (503) 823-5384
TTY (503) 823-6868

To: Mayor Sam Adams
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Randy Leonard
Commissioner Dan Saltzman
City Auditor LaVonne Griffin-Valade

From: Andrew Scott, Financial Planning Manager

Date: May 12, 2011

Subject: Spring Budget Monitoring Process (BMP) FY 2010-11

In the Spring Budget Monitoring Process (BMP), City bureaus report on financial and program performance during the current fiscal year and request adjustments to the current fiscal year budget. A worksession was held in Council Chambers on May 10, 2011. The Spring BMP will be heard by Council on Wednesday, May 18, 2011 at 10:45 am in Council Chambers.

This memo summarizes the highlights of proposed changes for the Spring BMP. Bureau submittals and the Financial Planning Division (FPD) analysis are posted online.

General Fund Discretionary

These changes are detailed in the General Fund Reconciliation report (Exhibit 1). There have been several changes to the draft exhibit presented to Council during the worksession, including the recategorization of the \$2.8 million compensation set-aside carryover. This \$2.8 million is still included in the BMP, but, for clarity, it has been removed from the carryover section and shown as net decrease to comp-set aside. Also, as noted in 'Reductions' above, the mental health carryover has been moved to the 'Reductions' section.

- **Compensation Set-Aside:** Compensation set-aside for FY 2010-11 totals \$4.9 million. The Spring BMP appropriates \$2.1 million: \$1.3 million for Police, \$500,000 for Fire, \$242,117 for Parks, and \$58,257 for Planning and Sustainability. The remaining set-aside - \$2.8 million - is moved to contingency to be carried over for use in FY 2011-12.
- **Contingency:** There is currently \$713,268 budgeted in the unrestricted contingency for the remainder of the fiscal year. The proposed BMP includes draws on contingency totaling \$593,037 including:
 - \$151,000 to reorganize the tenancy of City Hall
 - \$100,000 for Parkrose sports fields
 - \$50,000 to correct an issue in the granting of tax abatements for affordable housing
 - \$53,037 for maintenance and operations of new parks
 - \$250,000 to fund Police enforcement of illegal drug impact areas. This item was previously approved by Council and is requested now for appropriation. A significant portion of this allocation will simultaneously be set aside to be carried over into FY 2011-12.
 - \$11,000 is added to contingency to reflect an increase in utility license fees.
- **Reductions:** The BMP includes reductions totaling \$168,750 in two programs, including:
 - Two Police FY 2010-11 Adopted Budget decision packages are anticipated to be underspent: in-car video cameras, the technology of which is not ready for purchase; and IPR implementation,

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for which actual costs proved below initial estimates. A portion of these funds are moved to support the Lloyd District contact office and overtime costs for Last Thursday, with a net result of \$70,000 returned to the General Fund contingency.

- The Mental Health Crisis special appropriation is expected to be underspent by at least \$98,750. These funds are reduced from the special appropriation budget and moved to contingency where they are reserved to fund items in the Approved FY 2011-12 budget. During the worksession, it was expected that \$50,000 of this funding would be carried over into FY 2011-12 to fund playground improvements for disabled children. That \$50,000 will now be funded through system development charges in the Approved Budget.
- **Carryover Requests:** The BMP includes a total reduction of \$1.1 million in several bureau budgets and the setting aside of these funds for FY 2011-12, to be appropriated in the Fall BMP. Bureaus with recommended carryover requests include Cable (\$215,076), Human Relations (\$60,000), Special Appropriations (\$50,000), ONI (\$122,680), the Auditor (\$85,000), Parks (\$154,000), and Police (\$444,167). The Human Relations carryover is increased by \$20,000 over the draft exhibit presented at the worksession, reflecting additional carryover for the Human Rights Commission.

General Fund Contingency Status

The changes above result in a revised total General Fund Contingency of \$8,110,187. This is composed of the following items:

- **Proposed Balancing:** A total of \$5,918,886 is reserved for balancing the Proposed FY 2011-12 budget. This includes \$3,943,379 that was set aside in the Fall BMP and the additional \$1,975,507 that is set aside in this BMP.
- **Carryover Set-Aside:** As noted above, \$1,080,923 is reserved to fund projects and programs carried over to FY 2011-12. This reserve is expected to fall to FY 2010-11 ending balance, to be rebudgeted during the Fall BMP.
- **Approved Balancing:** A total of \$1,100,147 is reserved for projects and programs to be included in the Approved FY 2011-12 budget, including: \$821,397 for Citywide retirement payout set-aside, \$150,000 for the Portland Plan In-Depth Housing Strategy, \$48,750 for the Comcast cable franchise renewal, and \$80,000 for the Forest Park wildlife study.
- **Unrestricted Contingency:** A total of \$10,231 remains in the unrestricted contingency for FY 2010-11. The summary provided during the worksession anticipated unrestricted contingency of \$190,231. Of that, \$180,000 has been allocated to projects in the Approved Budget as noted in the previous bullet.

Major Non-General Fund Changes

The following summarizes the changes recommended in all non-General Fund bureaus. The total increase in appropriation Citywide is \$3.2 million.

- **Transportation Operating Fund (200):** A number of changes in the fund net increase in appropriation of \$5.43 million. Adjustments include shifting of funds from capital outlay (\$19.4 million), personal services (\$552,878) and internal materials and services (\$277,570) into external materials and services (\$5.4 million) and contingency (\$4.7 million) to reflect revised capital project schedules and fiscal year schedule adjustments for a net reduction of \$10.1 million. These transactions are balanced against PBOT's anticipation of a bond sale which will yield \$15 million in additional appropriation if the sale is executed by the end of the year.
- **Emergency Communication Fund (202):** Bureau expenses are increased by \$509,793, drawing on fund contingency.
- **Development Services Fund (203):** External M&S is reduced by \$865,190. Personal services is increased by \$800,000. The fund is simultaneously repaying and borrowing \$1.5 million from the Bancroft Bond Fund, increasing both bond and note revenues and expenses by that amount.
- **Property Management License Fund (204):** License and permits increase by \$571,536 to reflect higher than anticipated payments. These fees are paid for by business owners within the Business Improvement Districts (BID). The additional revenues support the Downtown Clean and Safe program and the Lloyd BID.
- **Cable Fund (206):** The fund recognizes \$3.8 million of beginning and ending fund balance. These funds

- **Convention and Tourism Fund (209):** The fund recognizes \$313,609 in additional resources including \$247,370 of additional taxes. As transient lodgings taxes increase, the fund must recognize the additional revenues and increase its payment to Travel Portland.
- **General Reserve Fund (210):** Fire apparatus funding in the General Fund (\$543,239) is transferred to this fund for carryover.
- **Housing Investment Fund (213):** Appropriation in this fund is reduced by a net of \$2.5 million reflecting a decrease of \$2.9 million to carry over Section 108 spending and a net increase of \$438,006 in cash transfers from the fund primarily for HOME and CDBG program income that was incorrectly received in the fund.
- **Parks Local Option Levy Fund (215):** Contingency is reduced by \$390,831 to fund a cash transfer to the Parks Construction Fund.
- **Children's Investment Fund (216):** Contingency is reduced by \$1.1 million to reflect revised tax estimates; Measure 5 compression disproportionately impacts local option levies.
- **Grants Fund (217):** A number of changes are made by various bureaus in the fund. Most notable is the increase in beginning balance resulting from FY 2009-10 year-end loans made to the fund to a maintain non-negative cash position. The additional balance funds repayment of the loans in FY 2010-11.
- **Community Development Block Grant Fund (218):** Appropriation is decreased by \$2.6 million, primarily reflecting projects that are carried over into FY 2011-12.
- **HOME Grant Fund (219):** Appropriation is decreased by \$1.9 million, primarily reflecting projects that are carried over into FY 2011-12.
- **Tax Increment Financing Reimbursement Fund (221):** Appropriation in this fund is reduced by \$8.4 million to reflect the timing of actual spending of several major projects. These projects are to be rebudgeted in FY 2011-12.
- **BFRES Facilities GO Bond Construction Fund (400):** External M&S and capital outlay are increased through a \$500,000 draw on contingency.
- **Local Improvement District Construction Fund (401):** Appropriation in the fund is reduced by \$3.4 million and is the net change of the following adjustments: decreased beginning fund balance, increased principle revenues, decreased note sales revenues, increased debt retirement, decreased interest expenses, and decreased contingency.
- **Portland Parks Capital Construction and Maintenance Fund (402):** Appropriation in this fund is reduced by \$5.4 million primarily due to delays with large capital projects related to issues with obtaining easements and/or land purchases, project funding agreements, acceptable contract bids and in some cases weather.
- **Sewer System Operating Fund (600):** Appropriation in this fund is increased by \$3.6 million. This is a result of several changes; primary adjustments include a \$5.0 million increase to contingency from the rate stabilization fund to make up for lower than anticipated System Development Charges (SDCs) in order to maintain the bureau's debt service coverage ratio.
- **Water Fund (602):** Appropriation in this fund is increased by \$4.4 million. This results from a \$1.3 million increase in a BES interagency and a \$3M transfer from the Water Construction Fund.
- **Golf Fund (603):** Appropriation in this fund is decreased by \$710,621, reflecting primarily a \$741,408 decrease in charges for service resulting from lower customer demand due to weather.
- **Environmental Remediation Fund (608):** Contingency is reduced by \$290,861 and moved to materials and services and personal services to cover additional bureau expenses.
- **Sewer System Debt Redemption Fund (609):** A \$2.5 million cash transfer the Sewer System Operating Fund to adjust for lower than anticipated SDCs.
- **Sewer System Construction Fund (614):** Fund transfer revenues and fund contingency are reduced by \$5.5 million reflecting lower SDC revenues.
- **Water Construction Fund (615):** Appropriation transfer from Water Fund resulting from a decrease in planned capital expenditures.
- **Sewer System Rate Stabilization Fund (617):** Appropriation is reduced by \$8.7 million reflecting a

- **Headwaters Apartment Complex Fund (621):** Appropriation is reduced by \$350,658 reflecting the netting of operating expenses and revenues before the transfer from PDC.
- **Health Insurance Operating Fund (700):** Beginning balance and fund contingency are reduced by \$3.0 million reflecting increased claims experience in FY2009-10.
- **Facilities Services Operating Fund (701):** Appropriation increases by \$1.1 million. The increase is related to additional costs to CityFleet (\$725,000) for work related to the replacement of the fuel tank at the Kerby Garage and to Transportation (\$166,588) for parking storage at the Autoport not billed in FY 2009-10. Additionally, the fund increases its appropriation by \$151,000 due to a transfer from the General Fund for work related to the City Hall Restack project.
- **City Fleet Operating Fund:** Appropriation increases by \$776,07 due primarily to additional work related to the fuel tank replacement at the Kerby Garage. This project is funded by the Facilities Services Operating Fund.
- **Technology Services Fund (706):** Appropriation increases by \$1.2 million. \$815,000 of the increase is due to the Public Safety Systems Revitalization Project carrying over of unspent funds for the Portland Police Data Systems and the Fire Records Management System. Another \$279,000 of the increase is due to additional work requests from other bureaus in the City.
- **Fire & Police Disability & Retirement Fund (800):** \$1.2 million is moved from interagencies with Fire and Police to contingency.

Position Changes

There are no position changes in the Spring BMP.

Attachments.

C: Ken Rust
Rich Goward