



CITY OF PORTLAND
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From: Andrew Scott, Financial Planning Manager

Date: April 25, 2012

Subject: Spring Budget Monitoring Process (BMP) FY 2011-12

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 April 24, 2012 at 9:30am. The Spring BMP will be heard by Council on Wednesday, May 2, 2012 at 9:30am in Council Chambers.

This memo summarizes the highlights of bureau submissions and the proposed supplemental budget. The Financial Planning Division (FPD) analysis of the requests from bureaus and year-end projections was circulated to City Council prior to the worksession and posted online. Bureau submittals are also available online on FPD's website.

General Fund Discretionary

The BMP, as proposed, includes a total draw on contingency and set-asides in the General Fund of \$5.1 million. The net change in contingency, after the addition of funding set aside for program carryover is \$3.3 million. The proposed changes are detailed in the General Fund Reconciliation report (Attachment A). This includes the following items:

- **Carryover:** A total of **\$1,824,600** has been requested by bureaus to be reduced from their budgets and carried over into FY 2012-13. All requests have been included in the supplemental budget. These items will be rebudgeted in FY 2012-13 as part of the Approved Budget. In the past, program carryover that has been set aside in the spring has been requested by bureaus in the Fall BMP of the following year. The change in process provides bureaus with greater certainty around funding and allow projects to move forward as of July 1 rather than waiting until November for the passage of the Fall BMP.
- **Compensation Set-Aside:** A total of **\$5,134,776** has been requested from the

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Compensation Set-Aside. The supplemental budget includes **\$5,099,460**. This figure includes draws on an additional amount set aside in the FY 2010-11 Spring BMP – \$821,397 – for a higher than usual number of expected retirements. Set-aside for the Public Safety System Revitalization Project (PSSRP) is not included based on the fact that Personnel Services underspending elsewhere in the Office of Management and Finance (OMF). A lesser amount is included than was requested by Portland Fire & Rescue (Fire) based on current projections. Subsequent to the supplemental budget, \$131,062 will be left in the compensation set-aside.

- **New Requests:** A net of \$12,181 has been requested by bureaus from General Fund contingency. All requests have been included in the supplemental. The net figure includes an increase to contingency of \$847,911 to true up Beginning Fund Balance to the final Comprehensive Annual Financial Report (CAFR) and the repayment of a loan made to the Grants Fund to maintain a non-negative balance at the end of FY 2010-11. After the new requests and the reservation of the loan repayment to ensure a positive balance in FY 2011-12 in the Grants Fund, General Fund unrestricted contingency remaining is **\$226,791**.
 - **Self-Funded Requests:** The net amount includes a request by OMF to use **\$248,000** of planned underspending to fund various projects in Enterprise Business Solution.
 - **Occupy Portland:** Three bureaus have requested a total of **\$585,479** for costs associated with Occupy Portland. This includes \$500,000 for Police, \$77,608 for Portland Parks & Recreation (Parks), and \$7,871 for the Portland Housing Bureau (PHB).
 - **Fire Apparatus:** A total of \$543,239 is moved to the General Reserve Fund for fire apparatus per Council direction in the FY 2010-11 Spring BMP.
 - **TriData:** In the Fall BMP, \$100,000 of contingency was reserved for a Fire staffing study. Fire has requested **\$77,590** of that funding in the Spring BMP.
 - **Advance Set-Aside:** The additional balance that is budgeted as part of the CAFR true-up is driven by advances that were made in FY 2010-11 but were not expensed in the same year. The funding fell to balance and is available to support those outstanding advances. The Bureau of Planning and Sustainability has requested funding to support advances totaling **\$118,221** that were made in prior years.
 - **Portland Loos:** A request of \$40,000 is made for Portland Loos.
 - **Other Revenues:** Two small revenues to the General Fund totaling **\$4,437** increase the overall contingency.
- **Technical Adjustments:** A number of changes – primarily cash transfers within a bureau or shifts of funding across bureaus – that do not represent significant programmatic shifts are reflected in this net zero category.

Major Non-General Fund Changes

The following summarizes the changes proposed in all non-General Fund bureaus. These items represent a total Citywide increase in appropriation, including budgeted contingency and ending fund balance, of \$105.8 million.

- **Transportation Operating Fund:** Appropriation decreased by \$4.9 million primarily to recognize a \$7.0 million shift of Streetcar appropriation from the Operating Fund to the Grants Fund. Additional increases in appropriation are primarily to materials and services and personnel services to reflect capital project actuals.

- Emergency Communication Fund: Most of the changes in appropriation are due to the truing up of beginning balance; in addition, \$400,000 is being transferred from personnel services to materials and services to prevent over-expenditures in those major object categories.
- Development Services Fund: Appropriation increased \$1.6 million, primarily to recognize higher than estimated permit and land use services fee revenues. These revenues will be used to pay back a \$1.5 million loan taken out in FY 2010-11.
- Property Management License Fund: Appropriation increased \$138,600, primarily to recognize higher than estimated Downtown Business Improvement District revenues.
- Cable Fund: Most of the changes in appropriation are due to the transfer of \$250,000 from contingency to prevent possible over-expenditure due to the recovery of advances for Public, Educational, and Government grants.
- Convention and Tourism Fund: Appropriation increased \$576,000, to recognize the collection of higher than estimated Transient Lodging Tax revenues, the result of increased occupancy rates in local hotels.
- General Reserve Fund: Recognize a cash transfer of \$543,239 from the General Fund for fire apparatus reserves.
- Special Finance and Resource Fund: Appropriation increased to recognize urban renewal bond proceeds of about \$39 million. Approximately \$27.5 million reflects the sale and payment of issuance costs for the Oregon Convention Center urban renewal bonds that were originally scheduled for spring of 2013. Approximately \$9.7 million reflects additional line of credit draws for the Interstate Corridor urban renewal area, \$1.7 million reflects additional line of credit draws for the North Macadam urban renewal area and the remaining \$270,000 reflects additional du jour (i.e. overnight debt) proceeds for the Gateway urban renewal area.
- Transportation Reserve Fund: \$2.5 million in budgeted beginning fund balance is reduced and bond and note revenue increased to reflect the repayment of a temporary loan to the Grants fund.
- Housing Investment Fund: Bond and note proceeds of \$665,719 are shifted to beginning fund balance to reflect Section 108 loan draws that were made in the prior fiscal year. Cash transfer expenses of \$254,335 move the Headwaters Apartment Complex debt service reserve to the appropriate fund.
- Parks Local Option Levy Fund: Appropriation is increased by \$186,172, primarily to reflect a true-up of beginning fund balance. This balance and a portion of contingency make up a transfer of \$483,952 to the Parks Capital Construction and Maintenance Fund to fund various maintenance facility improvements.
- Children's Investment Fund: A reduction in appropriation of \$1,929,255 reflects a true-up of beginning fund balance, reducing it by \$576,150, to align it with CAFR and a reduction in tax revenue of \$1.7 million based on recent projections.
- Grants Fund: A net increase in appropriation in the Grant Fund of \$32.0 million is related to the repayment of interfund loans that were made at the end of FY 2010-11 to maintain a non-negative cash and fund balance at year end.
- Community Development Block Grant Fund: Appropriation is decreased by \$0.7 million, primarily to reflect projects being rebudgeted in FY 2012-13.
- HOME Fund: Appropriation is decreased by \$3.1 million, primarily to reflect projects being rebudgeted in FY 2012-13.
- Tax Increment Financing Fund: Appropriation is decreased by \$8.8 million, primarily to reflect TIF resources being rebudgeted in FY 2012-13. An increase of

\$565,000 in miscellaneous revenue reflects the sale of the Yards at Union Station.

- Interstate Corridor Debt Service Fund: Appropriation is increased to recognize higher than estimated tax increment collections. The additional tax increments will be used to service additional debt which is the only allowable use.
- Gas Tax Bond Redemption Fund: Recognizing \$1.7 million in increased bond and note proceed appropriation for debt service coverage as per the provisions of the Gas Tax Revenue bond issuance in 2011.
- Bancroft Bond Interest and Sinking Fund: Increased appropriation of \$2.1 million is primarily related to a true-up of beginning fund balance by \$653,735 and the receipt of loan repayment revenues from a prior year loan to BDS.
- BFRES Facilities GO Bond Construction Fund: A \$170,000 transfer is made from contingency to prevent overexpenditure.
- Local Improvement District Construction Fund: Total appropriation in the fund decreases by \$6.4 million. The changes include: reducing a \$5 million transfer to PBOT budgeted in the current year, which actually occurred at year end FY 2010-11, decreasing contingency by \$176,000, increasing beginning fund balance by \$160,000, decreasing bond sale revenues by a net of \$1.26 million, increasing cash transfer to BES by \$129,000, increasing BTS interagency for lien accounting system by \$102,000.
- Parks Capital Construction & Maintenance Fund: Appropriation is decreased by \$2.8 million and contingency is increased by \$4.5 million, primarily to reflect projects that will be rebudgeted in FY 2012-13.
- Sewer System Operating Fund: Appropriation is increased by \$3.58 million. Of this, \$3 million is an increase in a transfer from the Rate Stabilization Fund to cover projected rate revenue under-collections. The balance reflects increases in interagency revenues to recognize work done for other bureaus and a small increase in miscellaneous revenues.
- Water Fund: Appropriation is increasing \$280,000 for an interagency with BES for additional construction services on the Balch Consolidation Conduit projects. There is a move of \$36.9 million in capital outlay to FY 2012-13 for projects that have been delayed and will not be completed this year.
- Golf Fund: Appropriation is reduced by \$0.5 million to reflect a true-up of beginning fund balance and reduced revenue projections and related spending.
- Portland International Raceway Fund: Appropriation is reduced by \$152,657 to reflect a true-up of beginning fund balance and reduced revenue projections and related spending.
- Parking Facilities Fund: Two actions comprise the \$803,000 shift between spending categories: \$250,000 from contingency to capital outlay to fund a portion of the garage automation project and \$500,000 redistribution within materials and services. Net zero impact to the fund.
- Spectator Facilities Operating Fund: A total of \$24 million is received from PDC for bond proceeds for the renovation of the Veteran's Memorial Coliseum.
- Sewer System Rate Stabilization Fund: The \$4 million increase in appropriation is the result of: increasing the fund transfer expense to the Sewer System Operating fund by \$3 million and increasing contingency by \$1 million. The increases are supported by the true-up of the beginning fund balance.
- Headwaters Apartment Complex Fund: Appropriation is increased by \$418,995 to reflect a true-up of beginning fund balance and cash transfer of debt reserves from the Housing Investment Fund. Resources are budgeted in capital outlay and contingency to fund the reserve.

- Health Insurance Operating Fund: Net appropriation increase of \$2.25 million. Adjustments include a decrease of \$4.15 million to beginning fund balance and miscellaneous revenues and an increase of \$6.4 million to charges for service revenues primarily to recognize additional revenues collected for dental premiums, for which the City is now self insured. The increases will cover charges to external materials and services for dental claims.
- Facilities Services Operating Fund: Increase in BMP is due to \$15.0 million in bond proceeds for the Police Training Facility.
- Technology Services Fund: A \$2.0 million increase in appropriation is related to increases in interagencies, the significant increases are \$0.6 million from BOEC for telecommunication, radio, and desktop expenses support; \$0.8 million from BES to support the Combined Sewer Overflow project; and \$0.8 million from Water to support the Terminal Reservoirs and Water Treatment programs.
- EBS Services Fund: Net appropriation increase of \$29,803. Adjustments include an appropriation decrease of \$229,542 to beginning fund balance and an increase of \$259,345 to fund transfer and interagency revenues. The increased revenues, in combination with funds shifted from contingency to external materials and services, will support several projects.
- Fire & Police Disability & Retirement Fund: Changes include the repayment of \$750,000 that was transferred from the FPDR reserve fund in the Fall BMP.
- Fire & Police Disability & Retirement Reserve Fund: Changes include the repayment of \$750,000 transferred to FPDR Fund 800 in Fall BMP.

Cc: Jack Graham
Rich Goward, Jr.