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To: Mayor Tom Potter
Commissioner Sam Adams
Commissioner Randy Leonard
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City Auditor Gary Blackmer

From: Jennifer Sims, Manager
Financial Planning Division

Subject: FY 2005-06 Winter Budget Monitoring Process and Minor Supplemental Budget

In the Winter Budget Monitoring Process (BuMP), City bureaus report on financial performance through the first six accounting periods and request adjustments to the current fiscal year's budget. The Winter Budget Adjustment and Minor Supplemental Budget ordinance adopts proposed adjustments and will be heard on Wednesday, February 22, 2006.

The Financial Planning Division has prepared this document to summarize the highlights of bureau submissions for the Winter BuMP, requests and adjustments that flow from those submissions, and requests identified in the Winter Minor Supplemental Budget.

A full analysis by the Financial Planning Division of the requests from bureaus and the financial performance of the bureaus is attached to this memorandum.

Summary of Major Actions

There are three Council actions associated with the Winter BuMP: the first one is to make budget adjustments in funds that do not increase resources and requirements. The second action is to implement the Minor Supplemental Budget for funds that increase resources and requirements by less than ten percent of budgeted expenditures. Funds that request a transfer from contingency in an amount less than fifteen percent of the fund's appropriation are also included in the Minor Supplemental process. The third action is to authorize the acquisition of vehicles as a result of the requests made in the Winter BuMP.

The Exhibits 1a, 1b, and 1c include all changes to the City appropriation schedule as a result of the Winter Budget Adjustment Process and the Minor Supplemental Budget.

Exhibit 2 to the ordinance associated with the Winter BuMP includes two actions: one to make budget adjustments in funds that do not increase the resources and requirements and one to implement the Minor Supplemental Budget. The net change over the thirteen funds in Exhibit 2 (BuMP adjustments) is an increase of \$938,178. The largest change is in the City Fleet Fund with an increase of \$800,000. \$700,000 of this amount is the request from the Office of Transportation for additional fuel costs and for custom and accident repair items.

The Exhibit 2 also includes the Minor Supplemental Budget changes. These changes adjust appropriation in twenty funds; total net changes to resources and requirements are an increase of \$16.7 million. The Federal Grants Fund shows the most change with an increase of \$7.2 million, which are then transferred to other bureaus. The General Fund shows an increase of almost \$3 million. Other large increases include: The Water Fund shows an increase of \$1.8 million, the River District Urban Renewal Debt Redemption Fund shows an increase of \$1.1 million, and the Sewer Construction Fund has an increase of \$729,000.

Exhibits 3-a and 3-b include two new vehicle requests from the Fire Bureau and one general-purpose tractor requested by the Parks Bureau.

Winter Budget Monitoring Process Overview

The Winter Budget Monitoring Process requires bureaus and funds to report on the current year's financial performance based on accounting period 6, ending 12/14/05, with explanations of deviations from historical spending patterns and variances from budget. The bureaus and funds are also required to report on ending balances projection based on the first six accounting periods. The Winter BuMP also provides an opportunity for bureaus to make technical budget amendments and to make requests for new projects.

This summary will provide a fund-by-fund review of significant requests made in the Winter processes. The summary will conclude with a section identifying progress made by bureaus identified in Budget Notes in the current year's adopted budget.

Review of Significant Budget Adjustment Process (BuMP) Requests

Thirteen funds request technical changes in the budget adjustment process, these changes are primarily in the internal services funds.

In the internal services funds, the changes involve new requests from the operating bureaus. The largest item is a request from the Office of Transportation to increase its interagency with City Fleet by \$700,000. \$300,000 of this amount is for the additional fuel cost and the remainder is the additional costs in the Custom and Accident Repair line item.

Review of significant Minor Supplemental Budget Requests

General Fund

The General Fund shows a net increase in resources and requirements by approximately \$3 million. Over \$2.8 million of the increase is attributed to Federal Grants carryover. The largest recipient is the Fire Bureau requesting \$2.7 million in grants carryover.

General Fund Contingency Requests

In this ordinance, requests for contingency total \$660,358. Bureaus requesting General Fund Contingency are:

- Auditor: \$10,000 to implement lobbyist ordinance
- POEM: \$14,000 to implement Council-directed space study
- Planning: \$38,000 for limited-term staff to work on the Lower East Broadway Plan
- BHCD: \$400,000 to fund A Key Not A Card Program
- Fire: \$218,358 to add Kelly day/training positions to contract implementation (Compensation Setaside)

Total: \$660,358

Additionally, the following bureaus have transfers into the General Fund contingency:

- Auditor: \$20,000 I/A with PDC will replace discretionary funds for risk audit contract.
- BTS: \$12,000 transfers from the Technology Services Fund.

If the ordinance is adopted, there will be a balance of \$2,475,409 in the General Fund Contingency after the Winter BuMP.

Federal Grants Fund

In the Federal Grants Fund, the City recognizes an additional \$7.2 million from various grants. Almost \$5.1 million of this amount will be transferred to other bureaus in the Winter BuMP to cover eligible grants activities. The largest item in this category is the Fire Bureau requesting \$2.7 million in Urban Agency Security Initiative grants carryover that were not expanded in the prior fiscal year. Additionally, the Water Bureau projects to receive \$1.8 million for Katrina related reimbursements.

Health Insurance Fund

FPD does not recommend the following request from the Health Insurance Fund:

- Transfer \$16,094 from COLA contingency to personal services.

FPD estimates that the year-end personal services for the fund will exceed budgeted amount by approximately \$40,000. Since further action is needed in the Spring BuMP to prevent the fund from over-expending, it is recommended to defer COLA adjustment until then.

New Positions Proposed

Mayor's Office

- Add one position supported by interagency revenue with Police. Police will absorb cost within existing budget.

Bureau of Emergency Communication

- Convert one temporary Office Support Specialist to ongoing, full-time position.

Fire Bureau

Add 10 positions related to implementing the new PFFA contract, funded by General Fund

compensation setaside:

- Four permanent lieutenants
- Five permanent firefighters
- One limited-term training firefighter

Office of Management & Finance

- Convert one part-time to full-time position in the Regulatory Program
- Add one part-time legal assistant to collect delinquent business license revenues
- Add one limited-term program manager to manage the Unwire Portland project

Parks Bureau

Several position adjustments that result in a net increase of 2.5 FTE. There is no fiscal impact caused by these changes, but they alter the positions adopted in the budget.

- Two Natural Areas Horticultural Supervisors
- One limited term GIS Technician II for City Nature program funded by the Parks Local Option Levy.
- Two Recreation Supervisor positions due to HR decisions.
- One Administrative Assistant to provide the necessary support for payroll and personnel support for the bureau.
- One Sr. Administrative Specialist for the Property Management Section, funded by the Parks Property Trust Fund.

Auditor's Office

- Convert one full-time principal management auditor to one part-time principal management auditor and one part-time senior management auditor. No financial impact.

Police Bureau

- Convert two limited-term to ongoing, full-time positions for the Evidence Control Program. No additional funding is requested.

Water Bureau

Add nine full-time positions, convert two part-time positions to full-time, and convert one limited-term position to full-time. The Water Bureau is planning to increase its staff by 107 FTE by FY 2007-08.

- Maintenance Workers (3 FTE) - \$27,000.
- Water Security Specialists (3 FTE) - \$63,000.
- Public Works Supervisor II (1 FTE) - \$0 impact.
- Senior Community Outreach & Info Representative (1 FTE) - \$0 impact. Funds available from reclass that was part of the Fall BuMP.
- Program Specialist (1 FTE) - \$22,300. For Emergency Management program.
- Environmental Specialist (1 FTE) - \$0 impact. Convert from limited term to permanent. Part of the bureau's increase in public involvement and outreach.
- Environmental Tech I - \$0 impact. Convert from part-time to full-time. There is no impact because the position has recently become vacant, and there are salary savings.
- Assistant Program Specialist - \$13,400. Convert from part-time to full-time, to meet increased workload in training and certification resulting from increase in

hiring.

Progress Reports on Budget Notes in FY 2005-06 Adopted Budget

Fire Bureau

Budget Note: The Fire Bureau will conduct a study of its delivery system and of adjacent systems for fire, rescue, and emergency services and report the results to Council by December 2005. The chair of the study team will be a neutral party. In consideration of the study's possible recommendation for different apparatus, the bureau may not order more than two replacement engines in FY2005-06 without specific Council approval.

Progress Report: A steering committee was formed and comprised of representatives of the Commissioners and Mayor's offices, Portland Firefighter Association (labor organization), Purchasing, City Attorney's office, Portland Fire & Rescue, and a private citizen. As directed in the budget note, the chair of this committee was a private citizen. The steering committee assisted in the development of the PF&R Service Delivery System Study RFP and vendor selection. TriData was the selected consulting firm to conduct the service delivery study. They have completed the site visit and interview with key stakeholders. Final report and findings will be presented to Council in March 2006.

Budget Note: The Fire Bureau will develop a plan to fully fund expected retirement payouts within the bureau's FY 2005-06 Adopted Budget. The bureau will explain its plan to Council as part of the fall 2005 budget monitoring process.

Progress Report: PF&R is continuing to closely monitor and manage its FY 2005-06 personal services budget, and working towards ending the fiscal year with a positive balance, as in FY 2004-05. The personal services funding picture for the current fiscal year is similar to that of last fiscal year. PF&R's adopted budget supports the costs associated with all of the authorized positions, as well as \$500,000 for retirement payouts. Savings are generated within our personal services budget as a result of the lower wage paid to new recruits, as compared to the wage of the retiring personnel. In addition, the new recruits maintain the staffing level within the traveler pool, which in turn reduces premium pay costs. The combination of these factors generates savings that will help PF&R contain total personal services expenditures.

For FY 2005-06, PF&R is projecting the number of retirements to be in line with the number that occurred in FY 2004-05 and plans to absorb the associated costs within the existing budget. It's important to remember that the adopted budget doesn't include the resources to support the costs associated with the new contract, and PF&R will be requesting these resources in the Spring BuMP.

Police Bureau

Budget Note for Leave of Service Vacancies

The Police Bureau will report back to Council on the status of overtime and on-call pay expenditures during the Spring 2006 Budget Monitoring Process.

Progress Report

The Bureau will report the need for vacancy savings in the Spring 2006 Budget

Monitoring Process.

Budget Note for Regional Public Safety Coordination

The Police Bureau, working with the Office of Management & Finance, Multnomah County, the City of Gresham, the City of Wood Village, and the City of Troutdale, will identify service improvements and savings that may result from increased coordination of public safety efforts among the jurisdictions.

Progress Report

The Bureau has assigned a Precinct Commander on the Advisory Committee. High-level command participated in a Collaboration Project Stake Holders Meeting on December 13, 2006. This was hosted by Multnomah County Sheriff's Office. The Steering Team shared preliminary work that has been done on the tasks to understand citizen's public safety priorities and indicators of success, identify gaps and duplication in the current system and develop opportunities for funding collaboration.

FPD Update:

The Public Strategies Group (PSG), the consulting firm jointly hired by the City and Multnomah County to manage the public safety coordination project, is nearing completion of this phase of the project. They have drafted an "outcome/indicator" map of the public safety system, which visually depicts desired public safety outcomes, the factors that impact those outcomes, and indicators that can be used to gauge progress toward those outcomes. They have also proposed a list of collaboration opportunities. The City and County elected officials serving on the project sponsor team are expected to choose a small number of these opportunities to pursue, perhaps through the formation of several "charter groups" to recommend implementation strategies.

Budget Note for Problem-Oriented Policing Strategies

The FY 2005-06 Adopted Budget provides \$1,000,000 in one-time General Fund resources for the Police Bureau to work with community partners in implementing several problem-oriented policing strategies.

Progress Report

The Bureau has completed the design phase to track each strategy. RU Managers that have been designated as project leads to these strategies have identified problem statements, goals and performance measures. Reporting templates will be posted to the Bureau's Internet for easy access by the project leads. The first status reports are expected to begin in February 2006.

Parks Bureau

Budget note for Pier Park:

In order to be eligible for \$100,000 in one-time General Fund resources for capital maintenance at Pier Park skateboard park, the Parks Bureau will obtain \$100,000 in matching funds during the quarterly budget monitoring processes. Upon completion of Pier Park and Glenhaven skateboard parks, the Parks Bureau will report to Council the ongoing maintenance funding required for the two parks.

Progress report:

SPS solicited Dreamland Skateparks to redevelop the Pier Park skatepark. Dreamland

agreed to redevelop Pier Park for their cost. Dreamland has increased their total for redeveloping Pier Park from the originally estimated construction total of \$125,000 to \$300,000. Escalating costs are a result of increases in concrete and steel rebar costs, the requirement to pay prevailing wage rates and additional requirements of the project (entry walk, bench, drinking fountain, bollards, trash can and signage) imposed by PP&R.

SPS, PP&R and Dreamland conducted a public outreach event to solicit input into the final park design. The final design is a response to collaborative efforts of street skaters and tranny skaters. 1/3 of the final design is dedicated to street skating and 2/3 dedicated to tranny/bowl style obstacles.

Dreamland, PP&R, Maul Foster Alongi, and Terich Engineers are working on completing construction documents. The tentative schedule is to submit for building permits by February. It is anticipated that Pier Park will be completed by fall 2006.

SPS and a local BMX bike advocacy group have agreed to a management policy for Pier Park. They have agreed that BMX bike use of the site would be unlimited but restricted to specific areas once user numbers reach certain numbers.

Budget Note for Additional Parks Maintenance Funds:

It is Council's intent to increase Parks maintenance. Toward that end, \$436,484 in ongoing General Fund discretionary resources has been dedicated to reducing the maintenance backlog. The Park Bureau will prepare an ordinance to impose a \$1 golf fee surcharge and to authorize the revenue generated to be used for general parks maintenance. The Parks Bureau and the Office of Management and Finance will develop a financial plan for the use of this revenue, so that Council may reflect changes necessary to implement the plan in the fall 2005 major supplemental budget.

Progress Report:

In July 2005, staff began analyzing the feasibility and impacts of increasing fees by \$1 round to generate revenues for general parks maintenance. It was determined in August 2005 following consultation with OMF and the Golf Advisory Committee that this action would put the golf program's existence in jeopardy because the golf fund completed GY 2004-2005 with a negative fund balance and had on-going financial challenges. Therefore, action to implement the \$1 surcharge was delayed pending more analysis and information

The Bureau has contracted with an outside consultant to formulate a 5-year business plan for the golf fund. This plan includes associated marketing strategies that are designed to return the golf program to a positive cash flow, and re-establish the program's identity in the marketplace to maximize sustainable revenues based on the competition in our region.

Upon completion of this plan the Bureau will return to City Council with an ordinance to implement the surcharge or present some other options for the City Council to consider based on the consultant's findings and recommendations.

As a result of favorable weather patterns and a variety of promotions and incentives, the program has come through the first quarter of 2005-2006 in an improved financial position. At the end of September, rounds and revenues were up approximately 10% over the past year and were close to previous five-year average numbers.

The irrigation system improvements at Rose City have been completed and customer response to these improvements have been positive. Customer surveys are now also being employed on a regular basis to assist with marketing initiatives and service improvements at all four facilities.

Budget Note for Parks Construction Fund

The Parks Construction Fund (Fund 505) will be renamed the Parks Capital Construction and Maintenance Fund. Expenditures will continue to include construction projects and will be expanded to include other work undertaken to reduce Portland Parks and Recreation's major maintenance backlog. Major maintenance shall be separately budgeted, monitored, accounted for, and reported.

Progress Report:

Renaming the fund has been completed and the new fund name will appear in the FY 2006-07 Requested Budget. Clarification of Major Maintenance and Capital Projects continues with OMF.

Budget Note for Interstate Fire House Cultural Center:

Council will appoint an oversight committee for the Interstate Firehouse Cultural Center (IFCC). In order to be eligible for \$80,000 in one-time General Fund resources for the IFCC, the IFCC Board will obtain \$80,000 in matching donations from private sources and the approval of the oversight committee to disburse funds.

Progress Report:

By late January 2006, IFCC had raised \$36,000 from private sources as a match to the one-time General Fund support. Thus IFCC \$72,000 has become available to IFCC since July 2005.

Budget Note for Limited Term Funding for Parks Facilities:

The Mayor's Proposed Budget includes only limited term full funding for the following Parks facilities: Hillside Community Center, Fulton Community Center, Sellwood Community Center, Portland Tennis Center, Community Music Center, Pittock Mansion, and Multnomah Arts Center. The goal is to have these facilities begin to participate more in their ongoing sustainability. The Parks Bureau will report to Council on progress toward self-sufficiency for these centers, as part of the budget monitoring process.

Progress Report:

Transition plans are moving forward at all sites. Preparation of the FY 2006-07 Requested Budget reflects the removal of one-time funding and the increase of alternative resources to support programs.

Bureaus of Environmental Services and Water Works

Budget Note: The Bureau of Environmental Services and the Bureau of Water Works will conduct an analysis of the feasibility, costs, and potential savings of combining their finance and administrative functions. The bureaus will submit a joint report on their findings to Council by December 2005.

Progress Report:

Bureau Innovation Project Team #11 evaluated the potential cost savings from combining

the Accounting, Budget, and Finance functions of the Bureaus of Environmental Services and Water Works. The team included representatives from Environmental Services, Water Works, Parks, OMF, staff for Commissioners Leonard and Adams, and the public. The team concluded that a merger of the two bureaus' Accounting, Budget and Finance functions would not be in the overall best interests of the City at this time.

Bureau of Environmental Services

Budget Note: The Bureau of Environmental Services will work with the Office of Transportation (PDOT), Office of Sustainable Development, Bureau of Planning, and Bureau of Development Services (BDS) to prepare a Green Streets Development Opportunity Strategy. The effort will include partnerships with neighborhoods, business groups, and other interested parties.

The goal is to develop a list of opportunities where the creation of green streets would fit with the character of the neighborhood, improve storm water management, and serve transportation needs. The list should include green street opportunities in higher profile areas, where visibility can assist in spreading the word about this approach to urban development. PDOT and BDS will identify and resolve permitting issues that might dampen the interest of private developers in participating in these innovative projects.

Progress Report:

A Cross Bureau team has been convened with representatives from BES, PDOT, Water, OSD, PDC, BOP, Parks, BDS and members of Commissioner Adams Office. The charge is to:

Produce a report that describes green street opportunities for the future.

This green street effort has been outlined in two parts:

- 1st 90 days: Identify the opportunity factors which could enhance our existing process and identify the challenges.
- 2nd 90 days: In 5-10 years, what would a comprehensive Green Street Program look like. What would it take to get us there?

The following opportunities and challenges have been identified and will be detailed in the first 90 days with a preliminary report expected in December 2005, now delayed until February 2006.

Outreach

Task: Outreach to the design/development communities to assure that they embrace, advocate and are champions of Green Streets.

1. Contact the design/development community to solicit input and perspectives on what they envision to be helpful to their successful implementation of green streets.
2. Develop a proposal to disseminate information about green streets to the design/development community; offer educational opportunities and technical assistance.

Early Contact and Assistance

Task: The key to successful Green Street implementation can rest on providing up front

information and support before any designs are drawn and particularly before any applications are filed for permits. Early outreach mechanisms and processes need to be identified through planning processes, urban renewal planning etc.

Technical Guidance

Task: Develop a detailed concept for a series of technical sheets or a “how to” guidance document for green street specifications. It is appropriate to develop more specific guidance (than is currently provided in the Stormwater Manual) related to design and construction details to assist individuals in knowing what is expected, what can be accepted and what can be approved. The advantage of having this kind of specific, detailed information would be to speed up the design development and permitting process creating more certainty and potentially leading to a more condensed time frame for implementation.

Gateway

Task: Develop the concept for a stormwater masterplan in the Gateway District

Policy/Code - Multiple Interests

Task: There are multiple “interests” for use of the Right of Way. Finding the appropriate balance between vehicular circulation, parking, pedestrians, bicycles, transit, street trees, stormwater and liveability is challenging. Define the issue and identify where there might be some opportunities for flexibility or solution.

Policy/Code - Maintenance

Task: There currently is a lack of clarity with regard to who is responsible for maintenance of green streets. Discuss and clarify maintenance issues, who is responsible for maintenance and what mechanisms are needed to accomplish these objectives. Elements that need to be considered are the roles of the different Bureaus, the role of the private sector if any... There are a number of preceding work products and discussions that need to be wrapped into this consideration.

Technical - Infrastructure

Task: Clearly identify and discuss issues related to green street infiltration facilities and their location in proximity to underground utilities. Address ways to realistically resolve these issues in a manner that allows the continued implementation of the green street program in areas throughout the City.

Resources

Task: Currently there is a larger demand for green streets than there are resources to deliver them. Investigate three options for potential funding or resource support.

Green Street LID Process

Cost sharing with traffic calming

“Buy” a stormwater curb extension

Office of the Mayor

Budget Note: Consolidation of Public Information Functions

Council requests that the Office of the Mayor submit an implementation plan for the consolidation of functions assigned to provide public information in City bureaus, as well as a fiscal impact analysis of the consolidation, to "Council by December 2005.

Progress Report:

This issue is part of the Bureau Implementation Project, and is assigned to Team #3. The work of this team is delayed due to workload constraints, and will begin its work later in the fiscal year.

Budget Note: Bureau Innovation Project

The 20 recommendations of the Bureau Innovation Project, the Mayor's initiative to create needed Citywide change, will be further developed by work teams and implemented during FY 2005-06. The progress of the work teams and implementation will be collaboratively discussed at Implementation Team meetings and overseen by the Mayor's Office.

Progress Report

This project is well under way. Implementation Team meetings take place every month, on the first Thursday, and individual project work teams have begun presenting their reports and recommendations.

The Office of the City Auditor

Budget Note: Council requests that the Auditor's Office assess whether the Managing for Results management auditor is needed primarily for implementation of improved performance measures or for ongoing performance measure audits.

Progress Report

The Auditor's Office appreciates Council's support of a position so we can help implement Managing for Results. We are requesting that this position be retained in future budgets.

In the three months we've had the position, the auditor has been directly assigned to MFR activities or has performed work that freed up other staff to perform the following MFR tasks:

- Reviewing bureau performance measures and preparing chapters in SEA for Fire and Planning
- Allowing other experienced auditors to participate in the development of training materials on performance measurement and MFR
- Performing editing and quality control on several other SEA chapters
- Performing audit work to free up other auditors to work on MFR activities
- Developing measures for PDC and expanding measures for Housing

These and other MFR and related activities were made possible by the addition of this position. Moving forward, a permanent position will afford MFR projects about 1,500 hours per year.

Continuing the position and leaving it in the Audit Services Division will provide independence, will follow national auditing standards, and will help further the City's MFR initiative. Without the position, we would lose:

- About 1,500 hours per year to review bureau performance data and other MFR-related activities
- Flexibility and capacity to quickly respond to technical requests for assistance and training on MFR
- Create more demand in an already extended Auditor's Office, causing a decrease in MFR or SEA work, or curtailment of projects already in our annual audit plan
- Cut back the scope of bureaus or depth of MFR/SEA reporting, or curtail the 8-10 planned audits per year on important City issues.

We appreciate the one-year funding for this important position, and seek Council approval of permanent funding to allow MFR and SEA to continue with our full support as we conduct our full schedule of audits.

We have utilized this position in conformance with our budget commitment and would continue to do so. Below is the excerpt relating to this position from my February 14, 2005 budget memo to Council:

Accountability is a direct service to the public
Monitoring and problem solving need resources and Council support. Over the past five budgets I sought small budget increases, always tied to specific goals. I delivered on every one of the funded proposals, creating more accountability, as well as improving operations in the City. Funding for some of those proposals has never been given serious consideration. Below are those past proposals that were never approved as well as one other that arose for public campaign financing in Portland.

Add: 1 more auditor for MFR

When Council approved a resolution to implement Managing for Results they recognized that additional staff resources were necessary in Planning, Budget, and Audit Services. To support its MFR responsibilities, the Auditor's Office requested one Management Auditor for FY03-04, which was not approved. The position would have helped sustain the Division's performance audit duties while other experienced auditors helped design and develop guidelines to assist City bureaus implement and improve performance management and measurement systems. Staff would also work with planning and budget personnel to provide training and consulting assistance to bureau managers and program supervisors in developing mission statements, goals and objectives, and relevant performance measures. Staff would also review bureau performance measurement systems and verify the reliability and relevance of reported performance measures, develop documents summarizing information, and presenting the information to Council and the public.

For the past 14 years the Auditor's Office has remained committed to holding bureaus accountable on their efforts and accomplishments. The annual Service Efforts and Accomplishments report began with 6 bureaus and now includes 11, representing 80% of the City budget. Its value has grown through the years and was a keystone element in the MFR Initiative. In the past five years the report consumed nearly one-third of staff hours, reducing our ability to conduct audits for operational improvements, our other key responsibility. If staff resources had been sufficient, MFR could be better absorbed. Below is a table of the professional audit staff in comparable cities that conduct performance audits.

City	Population	Audit Staff
Atlanta	435,000	12
Austin	728,797	18
Denver	567,000	20
Kansas City	441,545	15
Oklahoma City	520,000	8
Portland	550,560	8
SanJose	900,000	16
Seattle	572,600	11

Now, with MFR going forward, every additional effort will further erode the Division's ability to conduct performance audits.

Office of Neighborhood Involvement

Budget Note: The Mayor and the Commissioner of Public Utilities will lead an effort to raise private donations for graffiti abatement on large commercial properties. Council has appropriated \$80,000 in one-time General Fund resources that will be used to match, on a dollar-for-dollar basis, any donations obtained for graffiti abatement from private sources. ONI will bring an amendment to the graffiti abatement contract before Council authorizing an increase in the contract for the amount of any private donations received, plus the matching City funds.

Progress Report:

To-date no private donations have been raised after conversations with private business advocacy/interest groups were held. The Mayor's and Commissioner of Public Utilities staff has held conversations with ONI's Crime Prevention Manager, and it has been agreed to allow the use of the \$80,000 in one-time General Fund resources for enhanced graffiti abatement services. Meetings have been held with Youth Employment Institute, Inc. (YEI) and Good Bye Graffiti (GG) requesting that each organization prepare proposals to utilize the additional \$80,000. YEI has submitted a proposal which provides for additional graffiti abatement crews through the remainder of the fiscal year. Goodbye Graffiti will submit a proposal that provides for increased sites and additional services to commercial property in the City. Amendments to both contracts have been brought before Council for authorization. The YEI contract was increased by \$65,000 and the Goodbye Graffiti contract increased by \$15,000.

Bureau of Planning

Bureau of Planning Reorganization of Planning Functions

Budget note: The Planning Bureau will submit an implementation plan for the reorganization of long-range planning functions in the City, as well as a fiscal impact analysis of the reorganization, to Council by December 2005.

Progress Report: This project became part of the Mayor's Bureau Innovation Project as BIP #10 – Planning and Development Efforts. Formation of several of the BIP project

teams, including this one, is currently pending.

River Renaissance Program

Budget note: The Planning Bureau will submit a report to Council by December 2005 on the status of the River Renaissance program, to include an assessment of the ongoing need for positions that support this program. The positions are funded with one-time monies in FY 2005-06 and will be re-evaluated for FY 2006-08 funding based on Council priorities.

Progress Report The Bureau is scheduled to present this information to the Council on January 19, 2006.

Office of Management & Finance

Budget Note: 800 MHz and Computer-Aided Dispatch Systems

The Office of Management and Finance will develop financial plans for the replacement of the 800 MHz Communications System and the Computer-Aided Dispatch System. These plans will be submitted to Council by December 2005 and include details of any participation of entities outside the City with respect to acquisition, major maintenance, and/or future replacement.

Progress Report:

A Request for Proposals has been released for a consultant to review the Computer Aided Dispatch System and make recommendations on the replacement strategy. The selection is complete and the contract will come to Council shortly. The consultant work will not be completed by the December 2005 target date; however, it will allow OMF to recommend a strategy regarding the future of the system. Should the consultant recommend a complete replacement with a commercial product, a secondary issue regarding the feasibility of a multi-county dispatch system will need to be a discussion topic through the Urban Area Security Initiative (UASI) communications sub-committee; as many of the other jurisdictions have newer systems, a common replacement approach is not a high probability, especially as interoperability is being addressed through the CAD to CAD project funded through the UASI grant. The Bureau of Technology Services will report to Council on the consultant recommendation in July 2006.

Through the UASI sub-committee, there has been preliminary agreement on a multi-county replacement strategy. This strategy was written into a grant application for the Department of Justice Interoperability funding; however, no award was granted to support this project. Initial feedback indicated that grant funding will be more difficult until the region's interoperability plan is adopted. The UASI communications sub-committee has funding for the completion of this plan and consultant selection has just been completed. It is expected that the consultant will refine the planning in the initial Department of Justice grant proposal. The City will work with the UASI committee to seek funding for the initial phase of the radio replacement in the 2006 grant cycle.

Budget Note: Stakeholder Involvement and Strategic Technology Plans

The Bureau of Technology Services will develop and implement a plan to increase bureau involvement in its budget development, rate setting, and associated financial issues. The bureau will also create a citywide information technology strategic plan and assist other bureaus with the development of bureau-level information technology strategic plans. The bureau will report to Council on its progress with these issues by December 2005.

Progress Report:

The Bureau of Technology Services has convened a Chief Technology Officer Advisory Council charged with assisting the bureau in its budget development, rate setting, and associated financial issues. The Council will assist the bureau to update the Citywide Technology Services strategic plan. Technology Services will assist other bureaus with the development of bureau-level information technology strategic plans as requested. The bureau will report to Council by March 2006 regarding progress with these issues.

Budget Note: Business Operations

The Office of Management and Finance will complete a focused review of the business practices of its Business Operations unit, and report findings and recommendations to Council by December 2005.

Progress Report:

The Office of Management and Finance is completing a focused review of the business practices of the Chief Administrative Officer's Office and Business Operations. The firm selected to perform the review, SMG/Columbia, has completed an internal and external assessment as well as a benchmarking study. A draft report of findings and recommendations has been submitted to the Chief Administrative Officer and Business Operations leadership. The OMF Business Operations Strategic Plan will be finalized through the focused review process, providing performance measures for inclusion in the fiscal year 2006-07 budget. The final report will be delivered to Council and the implementation plan of the final report recommendations will be discussed in the Business Operations budget for FY 2006-07 and incorporated into the Work Plan.

Budget Note: Maintenance Consolidation

The Office of Management and Finance will lead a study of the feasibility of consolidating some or all maintenance functions among City bureaus, Portland Public Schools, and Multnomah County. City bureaus to be included in the study are OMF; Bureau of Environmental Services; Portland Parks and Recreation; Bureau of Water Works; Bureau of Fire, Rescue, and Emergency Services; and Bureau of Maintenance. The study will include an assessment of the feasibility of merging maintenance staff and activities, establishing common maintenance sites, and creating neighborhood maintenance facilities focused on activity in geographic regions of the city. A report will be presented to Council by April 1, 2006.

Progress Report:

The study of the feasibility of consolidating some or all maintenance functions among City bureaus, Portland Public Schools, and Multnomah County has been incorporated into Bureau Innovation Project #12: Review of Maintenance Functions. The work team is comprised of representatives from the public, labor unions, the Offices of Management and Finance and Transportation, and the Bureaus of Environmental Services; Portland Parks and Recreation; Water Works; and Portland Fire, Rescue, and Emergency Services. The focus of the team is to find efficiencies where available and coordinate between bureaus on maintenance standards and policies.

Budget Note: Cayenta System Implementation

A report will be submitted to Council by December 2005 describing the staffing level changes to occur in Customer Services once the Cayenta system is fully implemented.

Progress Report:

Information will be provided on anticipated staffing level changes in the Utilities Customer Services Divisions as part of the December 2005 report to Council. While decreases are expected, the final staffing reduction will not be known until the Cayenta system is fully implemented in 2006.

Budget Note: Summer Youth Employment Program

The Office of Management and Finance, Bureau of Human Resources will increase the participation level for the Summer Youth Employment Program from 35 students to 70 students for the summer of 2005.

Progress Report:

The Office of Management and Finance, Bureau of Human Resources increased participation in the Summer Youth Employment Program to 70 for 2005. One hundred percent of City bureaus participated in student placements this summer. In addition to performing work for bureaus, participants became familiarized with local construction trade union apprenticeship programs and received instruction on how to apply for positions with the City.

Budget Note: Expansion of Low-Income Utility Assistance Program

Utilities Customer Services in the Office of Management and Finance will work with the Bureau of Environmental Services (BES) and the Bureau of Water Works (Water) to develop a pilot project to expand the low-income utility assistance program to residents of nonprofit multi-family rental properties. The pilot project will be implemented in FY 2005-06. In consultation with BES and Water, OMF shall make a recommendation to Council by December 2005 regarding expansion of the pilot project to other multi-family rental properties in FY 2006-07.

Progress Report:

OMF Utilities Customer Services and the Bureaus of Environmental Services and Water Works developed a low-income utility assistance program pilot project through a cooperative effort. The two-year pilot project was approved by Council on October 19, 2005. Implementation is continuing as planned. A recommendation to Council will be made as part of the FY 2007-08 budget process regarding expansion of the pilot project to other multi-family rental properties.

Budget Note: Revenue Bureau

Council has expressed general support for the creation of a Revenue Bureau but has deferred a final decision pending further review. The Chief Administrative Officer will convene an internal working group comprised of the directors of the affected bureaus; the American Federation of State, County, and Municipal Employees (AFSCME); the City Auditor; and representatives from the Mayor and Commissioners' offices to resolve the following issues:

- The overall vision for the new organization, including long-term work plan assumptions and the potential use of one-time funds to speed technology improvements;
- The organizational location of the new bureau, specifically whether the bureau will be located in OMF or will be a stand-alone bureau;
- The inclusion of various functions in the new bureau, such as purchasing, local improvement districts (LIDs), and foreclosure work;

- The extent and timing of position elimination; and
- Timing and responsibility for implementation.

The internal working group will submit a report to the Mayor. The report will include recommendations for the critical issues outlined above; a recommended interim management team; a summary of FY 2005-06 budget impact; and a summary of forecast out-year efficiencies. In addition, a second report will be submitted to Council by December 2005 on the possible inclusion of the Police Alarms program in Phase II of Revenue Bureau implementation. The report will include any efficiencies expected from the merger, as well as any costs associated with moving the program.

Progress Report:

Council approved the creation of the Revenue Bureau effective October 1, 2005. The approval of the Revenue Bureau allowed for a design phase to form the bureau during FY 2005-06. The structure of the Revenue Bureau is currently comprised of three divisions: Business License and Tax, Utilities Customer Services, and Operations. A fourth division, Business Solutions, will be formed beginning July 1, 2006, to focus on the systems support and enhancements. Individual staff assignments to specific work units will continue to be reviewed during the design phase. No staffing reductions are anticipated during this phase. Creation and hiring of the Operations Division Manager and the Revenue Bureau Director have been completed. A review and appropriate reclassification for the Business License and Tax Division Manager is now occurring. The Operations Division and the consolidation of administrative duties will be the initial focus for savings. The Operations Division will provide centralized collections for assessments and liens, bureau level accounting, mailroom/receipting, document imaging, and other business management services to the bureau; as well as compliance auditing for City/County business licenses, taxes, permits, and utilities programs. During the last quarter, work has focused on planning for the FY 2005-06 consolidation and efficiencies to be implemented with the FY 2006-07 budget.

The report on the Police Alarms Program for inclusion in the Revenue Bureau implementation will be delayed until December 2006. The report will include any efficiencies expected from the merger, as well as any costs associated with moving the program.