

FINANCIAL IMPACT STATEMENT

184418

For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Claudio Campuzano		2. Telephone No. (503) 823 6848	3. Bureau/Office/Dept. OMF-FPD
4a. To be filed (date) February 10, 2011	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: February 10, 2011

1) Legislation Title:

* Adopt budget adjustment recommendations and the Supplemental Budget for the FY 2010-11 Winter Supplemental Budget process and make budget adjustments in various funds. (Ordinance)

2) Purpose of the Proposed Legislation:

In the Winter Budget Monitoring Process (BMP), City bureaus report on financial and program performance and request adjustments to the current fiscal year's budget. The Winter Budget Monitoring Process and Supplemental Budget ordinance adopts recommended adjustments.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

This ordinance will not generate additional revenue. However, it does affect the budgeted revenues for several funds (including the General Fund) and bureaus to reflect better estimates of available resources.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

This ordinance adjusts net expenditures in 43 funds by a total of \$25,895,539, including a total of \$2,664,812 in new expenditures of General Fund discretionary.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)

This ordinance converts 6 limited term positions to permanent in EBS Services, creates 15 permanent positions in PBOT, converts 1 limited term position to permanent in the Attorney's Office, creates limited one limited term position in Police, creates one limited term position in ONI, and creates 1 new permanent position in the Attorney's Office.

6) Will positions be created or eliminated in future years as a result of this legislation?

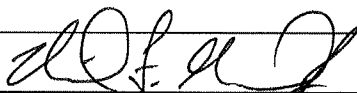
Yes. All permanent positions have outyear impacts that will be addressed during the FY 2011-12 budget process.

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)

N/A See Exhibit 1.

Rich Goward, Chief Financial Officer



APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

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Kenneth L. Rust, Chief Administrative Officer
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184418

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 *AS*

Date: February 10, 2011

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

In the Winter 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. The Winter BMP was discussed by Council on Tuesday, February 8, 2011 at 9:30am in Council Chambers. The Winter BMP ordinance is scheduled to be heard by Council on February 16, 2011 at 9:30am.

This memo summarizes the highlights the Mayor's proposed supplemental budget. FPD's full analysis of the requests from bureaus and the financial performance of the bureaus was distributed prior to the worksession and is posted online. Bureau submittals are also available online on FPD's website.

General Fund Summary

The BMP as filed includes a total draw on contingencies and set-asides in the General Fund of \$3.7 million in FY 2010-11. This includes the following allocations:

- **\$2,442,369 Capital Set-Aside:** Funding totaling \$2,442,369 was set aside in the Fall BMP for capital maintenance and replacement. This amount is increased by \$162,013 to reflect the refund received by the General Fund from the Campaign Finance Fund (see below for details on this refund). A total of \$4.4 million was requested by bureaus for this set-aside funding. The BMP, as filed, would fund \$2.6 million of those items as detailed in Exhibit #3 of the ordinance.
- **\$800,000 Compensation Set-Aside:** Funding was set aside in the Fall BMP as an additional hiring resource for public safety bureaus to address staffing level gaps associated with expected retirements. Police has requested and FPD has recommended \$800,000 for this purpose.
- **\$222,443 Contingency:** A total of \$1,050,326 in new expenditures was requested from the FY 2010-11 General Fund contingency. There is currently \$1,173,711 budgeted in contingency for the remainder of the fiscal year. The BMP, as filed, includes items totaling \$727,520 as detailed in the Exhibit #3 of the ordinance. Contingency will be replenished from several sources. Council has directed a portion of the Utility License Franchise (ULF) fee to go to Transportation. Transportation (PBOT) is returning \$394,974 to the General Fund to true up the current year's Utility License Fee transfer. In addition to the amount being refunded to the General Fund by the Campaign Finance Fund, the General Fund will also save the current year's budgeted transfer (\$102,610) along with a \$7,493 General Fund Overhead true up. These amounts are moved to contingency. The amount remaining in General Fund Contingency after all of these changes is \$951,268.

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Major Non-General Fund Changes

The following summarizes major changes proposed in non-General Fund bureaus. The total increase in appropriation Citywide is estimated \$25.9 million.

- **Transportation Operating Fund (200):** Appropriation in this fund is increased by \$69,200. This is net of the following transactions – a \$400,000 increase from the Capital set-aside for Streetlight infrastructure replacement, a \$394,974 contingency reduction due to the final Utility License Fee adjustment and a \$64,174 refund due to the closing of the Campaign Finance Fund.
- **Housing Investment Fund (213):** \$4.7 million of unallocated Section 108 loan authority is reduced from the FY 2010-11 budget. This authority will be budgeted during development of the FY 2011-12 budget.
- **Grants Fund (217):** Parks, Police, Transportation, and Emergency Management have a number of changes in the fund that generate a net increase in appropriation of \$541,225.
- **Community Development Block Grant Fund (218):** Transfers of program resources from PDC account for most of the net increase in appropriation of \$447,033.
- **HOME Grant Fund (219):** Fund resources are increased by \$292,669, primarily as the result of recognizing unspent prior year allocation.
- **Portland Parks Memorial Trust Fund (220):** A \$418,592 Beginning Fund Balance true-up to the CAFR is primarily related to how the Trust Fund's sub-funds appropriate restricted funds from private donations. The sub-funds are budgeted at the total amount to avoid hard budget stops in SAP. This results in higher beginning fund balances.
- **Tax Increment Financing Reimbursement Fund (221):** Appropriation in this fund is reduced by \$27.6 million to reflect the timing of actual spending of several major projects. These projects are to be rebudgeted in FY 2011-12.
- **Police Special Revenue Fund (222):** Beginning fund balance is increased in this fund by \$802,795 to cover planned expenditures.
- **Various URA Debt Funds:** Beginning balance is increased by \$7.6 million to true up to the FY 2009-10 CAFR ending fund balance. Expenses associated with these funds are urban renewal debt, both long- and short-term.
- **Portland Parks Capital Construction and Maintenance Fund (402):** A \$2,055,785 Beginning Fund Balance true-up to the CAFR is primarily related to project construction delays due to weather and other causes.
- **Public Safety GO Bond Fund (403):** Funds are appropriated in the amount of \$46.6 million to reflect the recent public safety bond levy.
- **Transportation Parking Facilities Fund (606):** Appropriation in this fund has increased by \$3,902. This is the result of a net zero \$933,197 shift from contingency to bond expenses in order to call the remaining bonds associated with the 2001 Series A Parking System Revenue Refunding Bonds and a \$3,902 refund due to the closing of the Campaign Finance Fund.
- **Facilities Services Operating Fund (701):** A request of \$2 million for General Fund resources to fund the purchase of the Kelly Building is partially recommended at \$831,514. This funding would be transferred to fund 701, increasing the fund's appropriation.
- **Technology Services Fund (706):** The budget for the Radio Replacement Project of the Public Safety Systems Revitalization Project is being removed from the Technology Services Fund and added to the new Public Safety General Obligation Bond Fund. Therefore, \$7.1 million is being reduced in program expenses, with a corresponding increase in contingency.

Position Changes

The following position changes are contained in the Fall FY 2010-11 BMP, as filed:

- **PBOT:** 15.0 permanent FTE:
 - 10.0 FTE within the Street and Traffic subdivisions within the Maintenance Division: 1.0 Automotive Equipment Operator I (AEO); 1.0 AEO II; 6.0 Utility Worker IIs; 1.0 Public Works Supervisor II; 1.0 Traffic Crew Leader. All positions will be funded by a concurrent reduction in the

bureau's external materials and services.

184418

- 3.0 FTE Timekeeping Specialists to be funded from bureau contingency.
- 1.0 FTE Transportation Demand Specialist I funded by existing grants.
- 1.0 FTE Utility Worker II position to be funded by a concurrent reduction in the bureau's external materials and services.
- **ONI:** 1.0 FTE limited term volunteer graffiti abatement program coordinator, funded through the end of the fiscal year.
- **Police:** 1.0 FTE limited term position to address graffiti funded through the end of the fiscal year.
- **City Attorney:** One new permanent full-time position and the conversion of a limited term position to permanent full-time for Portland Harbor Superfund legal services. The positions are funded via an interagency agreement with BES.

Campaign Finance Fund Reimbursement

In the November 2010 election, the voters decided to discontinue the City's Campaign Finance system. As a result the City is closing the Campaign Finance Fund in this current fiscal year. The fund has a current balance of \$503,224, after deducting \$20,000 for fund administration costs and \$22,543 for General Fund overhead charges.

According to Oregon Revised Statute 294.475, any resources remaining in a city fund when it is closed are transferred to the General Fund, unless other designations of funds are stipulated in City Charter, relevant law, or provisions established at time of fund creation. This ordinance distributes the funds back to payee bureaus/funds based on the same allocation methodology of payments into the fund. The General Fund portion has been added to the available capital set-aside, as noted in the General Fund section above.

Attachments.

C: Ken Rust
Rich Goward