

Portland, Oregon

## FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator Sara Lowe		2. Telephone No. (503) 823-6963	3. Bureau/Office/Dept. Office of Management and Finance/Bureau of Financial Services
4a. To be filed (hearing date):  December 19, 2012	4b. Calendar (Check One)  Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: December 12, 2012
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

### 1) Legislation Title:

\* Adopt budget adjustments and establish appropriation authority for the Arts Education and Access Fund, Private For-Hire Transportation program reform, and DOJ Agreement implementation. (Ordinance)

### 2) Purpose of the Proposed Legislation:

The Supplemental Budget Ordinance adjusts appropriations within the Office of Management and Finances' Revenue Bureau, including establishing an appropriation for the Arts Education and Access Fund and Private For-Hire Transportation program reforms.

It also adjusts appropriations with the Portland Police Bureau, the Office of the City Auditor, the Office of the City Attorney, and the Office of Emergency Communications, to enable those bureaus to invest in personnel and materials to support Department of Justice Agreement implementation.

### 3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- |  |                                    |                                    |                                |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast             | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East  |
| <input type="checkbox"/> Central City                  |                                    |                                    |                                |

## FINANCIAL IMPACT

### 4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

This ordinance appropriates \$9,040,841 in new spending within OMF, supported by new revenues that will be simultaneously budgeted. The Arts Education and Access Income Tax is expected to generate \$8,994,387 in the current year. Increased Private For-Hire Transportation

regulatory revenues are expected to generate \$46,454 in the current year.

This ordinance also appropriates \$1,420,258 in DOJ Agreement related spending across four bureaus, supported by anticipated revenue increases from the telecommunication fee parity ordinance. This ordinance adjusted the calculation of telecommunications license fees, and is anticipated to generate between \$1.5 and \$2.5 million in additional revenues in the current fiscal year, and between \$3.0 and \$5.0 million annually thereafter.

**5) 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 year, including Operations & Maintenance (O&M) costs, if known, and estimates, if not known. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the level of confidence.)*

The Office of Management and Finance is directed to administer the Arts Education and Access Income Tax. Bureau program expenses total \$762,500 and will fund 4.5 FTEs and expenditures associated with implementing the new tax. Remaining revenues, \$8,231,887, will be appropriated in contingency. The revenues will be held in contingency until distribution decisions are finalized.

Private For-Hire Transportation regulatory revenues totaling \$46,454 will be used to fund two new FTEs to implement newly approved program reforms.

DOJ Agreement implementation costs are estimated to total \$5.4 million ongoing across four bureaus, including 27 new FTEs. In the current fiscal year, bureaus will begin hiring and expend the majority of the one-time dollars associated with the agreement costs. A total of \$1,420,258 is appropriated for the current year across four bureaus. FPD is also directed to increase FY 2013-14 CAL targets for three bureaus as follows:

	FY 2012-13	FY 2013-14	
		One -Time	Ongoing
Portland Police Bureau	960,868	233,870	4,589,184
Office of the City Auditor	169,416	-	335,397
Office of the City Attorney	232,702	-	450,179
Bureau of Emergency Communications	57,272	-	-
	1,420,258	233,870	5,374,760

**6) Staffing Requirements:**

- **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.)*

Yes. A total of 33.5 new, permanent FTE will be created through this ordinance.

Office of Management and Finance: 6.5 FTE  
 Portland Police Bureau: 23.0 FTE  
 Office of the City Auditor: 3.0 FTE  
 Office of the City Attorney: 1.0 FTE

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

Yes. The regular positions created as part of the ordinance will continue into FY 2013-14 budget development.

*(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 Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount
100000	MFRB000004	511100	LARETX00000000GL	NON-PROGRAM		NOT-RELEVANT	30,240
100000	MFRB000004	514100	LARETX00000000GL	NON-PROGRAM		NOT-RELEVANT	16,034
100000	MFRB000004	429100	LARETX00000000GL	NON-PROGRAM		NOT-RELEVANT	(46,454)
100000	MFRB000001	511100	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	114,862
100000	MFRB000001	514100	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	68,329
100000	MFRB000001	521000	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	120,613
100000	MFRB000001	651210	LARCLTAT000000GL	3MFPD2MF01		NOT-RELEVANT	360,000
100000	MFRB000001	651530	LARCLTAT000000GL	3MFTS2MF01		NOT-RELEVANT	98,696
100000	MFRB000001	642241	LARCLTAT000000GL	7MF2MF001		NOT-RELEVANT	(762,500)
223000	MFRB000001	471050	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	(8,994,387)
223000	MFRB000001	571100	LARCLTAT000000GL	NON-PROGRAM		NOT-RELEVANT	8,231,887
223000	MFRB000001	652241	LARCLTAT000000GL	7MF2MF001		NOT-RELEVANT	762,500
100000	PLOP000065	511100	PSSFSFPO000000GS	NON-PROGRAM		NOT-RELEVANT	137,033
100000	PLOP000065	514100	PSSFSFPO000000GS	NON-PROGRAM		NOT-RELEVANT	45,678
100000	PLOP000065	521100	PSSFSFPO000000GS	NON-		NOT-	90,388

				PROGRAM		RELEVANT	
100000	PLOP000065	521100	PSSFSFPO000000GS	NON-PROGRAM		NOT-RELEVANT	50,000
100000	PLOP000065	532000	PSSFSFPO000000GS	NON-PROGRAM		NOT-RELEVANT	24,358
100000	PLOP000065	561500	PSSFSFPO000000GS	NON-PROGRAM		NOT-RELEVANT	97,000
100000	PLCH000024	511100	PSEPEPPS000000GS	NON-PROGRAM		NOT-RELEVANT	240,209
100000	PLCH000024	514100	PSEPEPPS000000GS	NON-PROGRAM		NOT-RELEVANT	80,070
100000	PLCH000024	532000	PSEPEPPS000000GS	NON-PROGRAM		NOT-RELEVANT	24,715
100000	PLSB000022	511100	PSHRHRCI000000GS	NON-PROGRAM		NOT-RELEVANT	112,546
100000	PLSB000022	514100	PSHRHRCI000000GS	NON-PROGRAM		NOT-RELEVANT	37,515
100000	PLSB000022	532000	PSHRHRCI000000GS	NON-PROGRAM		NOT-RELEVANT	21,357
100000	PLOP000065	487120	PSSFSFPO000000GS	NON-PROGRAM		NOT-RELEVANT	960,868
100000	ATAT000001	511100	LALS0000000000GL	NON-PROGRAM		NOT-RELEVANT	110,000
100000	ATAT000001	532000	LALS0000000000GL	NON-PROGRAM		NOT-RELEVANT	17,592
100000	ATAT000001	529000	LALS0000000000GL	NON-PROGRAM		NOT-RELEVANT	105,110
100000	ATAT000001	487120	LALS0000000000GL	NON-PROGRAM		NOT-RELEVANT	232,702
100000	ECOP000001	512100	PSOPOC00000000GS	NON-PROGRAM		NOT-RELEVANT	57,272
100000	ECOP000001	487120	PSOPOC00000000GS	NON-PROGRAM		NOT-RELEVANT	57,272
100000	AUCA000002	511100	LAIP0000000000GL	NON-PROGRAM		NOT-RELEVANT	89,728
100000	AUCA000002	514100	LAIP0000000000GL	NON-PROGRAM		NOT-RELEVANT	33,750
100000	AUCA000002	651511	LAIP0000000000GL	NON-PROGRAM		NOT-RELEVANT	6,215
100000	AUCA000002	651512	LAIP0000000000GL	NON-PROGRAM		NOT-RELEVANT	33,123
100000	AUCA000002	651302	LAIP0000000000GL	NON-PROGRAM		NOT-RELEVANT	6,000
100000	AUCA000002	532000	LAIP0000000000GL	NON-PROGRAM		NOT-RELEVANT	600
100000	AUCA000002	487120	LAIP0000000000GL	NON-PROGRAM		NOT-RELEVANT	169,416
100000	MFFM000002	487100	LAFPBE00000000GL	NON-PROGRAM		NOT-RELEVANT	1,420,258
100000	MFFM000002	425100	LAFPBE00000000GL	NON-PROGRAM		NOT-RELEVANT	1,420,258

**[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]**  
**PUBLIC INVOLVEMENT**

**8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:**

- YES:** Please proceed to Question #9.  
 **NO:** Please, explain why below; and proceed to Question #10.

**9) If “YES,” please answer the following questions:**

**a) What impacts are anticipated in the community from this proposed Council item?**

**b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?**

**c) How did public involvement shape the outcome of this Council item?**

**d) Who designed and implemented the public involvement related to this Council item?**

**e) Primary contact for more information on this public involvement process (name, title, phone, email):**

**10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.**

The publicly noticed hearing of this ordinance serves as the sole element of public involvement. This is a small part of the much larger budget process; the rest of the budget process is subject to extensive public outreach in the form of public meetings, public hearings, Council worksessions, requests and analysis provided online, and the inclusion of public budget advisors.



Rich Goward Jr., Chief Financial Officer



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

Sam Adams, Mayor  
Jack Graham, 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: December 10, 2012  
Subject: FY 2012-13 Supplemental Budget Ordinance

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This memo details bureau appropriation level adjustments included in the FY 2012-13 Supplemental Budget Ordinance. Typically, adjustments to appropriation levels are accomplished through the Budget Monitoring Process; however, the emergent need of the items outlined below requires immediate action.

**Arts Education and Access Tax**

In the spring of 2012, Council approved Resolution #36939 to refer an Arts Education and Access Income Tax to voters. Portland voters approved the tax in the November 6, 2012 General Election, and in doing so established the Arts Education and Access Fund. The purpose of this fund is to distribute net revenues to school districts and the Regional Arts and Culture Council.

The Office of Management and Finance - Revenue Bureau is directed to implement the tax and manage the Arts Education and Access Fund. Planning efforts are already underway and it is imperative that the bureau be granted authority to hire the staff necessary to manage and administer the tax.

The supplemental budget ordinance recognizes newly generated Arts Education and Access Fund revenues totaling \$9.0 million. The revenues will fund Office of Management and Finance program expenses totaling \$762,500, including FTEs, one-time start-up costs associated with implementing the tax, and ongoing program expenditures. Remaining revenues, \$8.2 million, will be appropriated in contingency. The revenues will be held in contingency until distribution decisions are finalized.

Additionally, the supplemental budget ordinance authorizes five new regular positions in the Revenue Bureau (4.5 FTE), of which four are full-time Revenue and Taxation Specialist II's and one is a part-time Revenue Auditor.

This request is consistent with the original estimate provided at the time of passage.

**Private for Hire Transportation Reforms**

Council recently approved ordinance #185723 to establish reforms in the Private For-Hire Transportation program and increase taxi company and vehicle fees via ordinance #185721.

The Office of Management and Finance - Revenue Bureau will require additional staff to implement the reforms. The supplemental budget ordinance recognizes new regulatory program revenues totaling \$46,000 and authorizes two regular Regulatory Program Specialist positions (2.0 FTE).

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*An Equal Opportunity Employer*

*To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.*

## Department of Justice Agreement

Council recently approved ordinance #185736 to execute an Agreement with the United States Department of Justice (DOJ) regarding changes to policies and procedures in and oversight of the Portland Police Bureau (PPB), to ensure that encounters between police and persons with perceived or actual mental illness, or experiencing a mental health crisis, do not result in unnecessary or excessive force.

The agreement relates to PPB's use of force, training, Employee Information System, officer accountability, community engagement and outreach, and crisis intervention, as well as the City's role in the provision of community based mental health services. Increased staffing and associated costs within PPB and other City bureaus are estimated at over \$5 million annually, with ramp-up costs beginning in the current fiscal year. This ordinance appropriates a total of \$1,420,258 to support current year costs, including 27 FTEs. Position classifications are still in discussion, but are expected to include:

### Police Bureau:

- 3.0 Police officers
- 2.0 Police Lieutenants
- 5.0 Police Administrative Assistants
- 2.0 Police Sergeants
- 1.0 Crime Analyst
- 1.0 Police Captain
- 1.0 Senior Management Analyst
- 3.0 Internal Affairs Investigators
- 2.0 Police Detectives
- 2.0 Training Development Analysts
- 1.0 Program Manager

### Office of the City Auditor, Internal Police Review:

- 2.5 Complaint Investigators
- 0.5 Office Support Specialist II

### Office of the City Attorney:

- 1.0 Deputy City Attorney

The ordinance also directs FPD to increase FY 2013-14 CAL targets for three bureaus, according to the current estimate of investment that implementation of the DOJ Agreement will require. CAL targets will be increased as follows:

	<b>FY 2012-13</b>	<b>FY 2013-14</b>	
		<b>One -Time</b>	<b>Ongoing</b>
Portland Police Bureau	960,868	233,870	4,589,184
Office of the City Auditor	169,416	-	335,397
Office of the City Attorney	232,702	-	450,179
Bureau of Emergency Communications	57,272	-	-
	<u>1,420,258</u>	<u>233,870</u>	<u>5,374,760</u>

Both current and future year costs will be supported by increased utility license fees, which will simultaneously be budgeted. Council recently approved ordinance #185756, which amended the Utility License Law to revise the calculation of telecommunications license fees (from 7% of local exchange services to 5% of gross revenues). This adjustment is anticipated to generate between \$1.5 and \$2.5

million in additional revenues in the current fiscal year and between \$3.0 and \$5.0 million annually thereafter.

Please let us know if you have any questions or require further information.

Attachments.

C: Jack Graham  
Rich Goward, Jr.



**This document was substituted  
with a revised version.**

**See final document:**

185859

## **ORDINANCE No.**

\* Adopt budget adjustments and establish appropriation authority for the Arts Education and Access Fund, Private For-Hire Transportation program reform and Department of Justice Agreement implementation (Ordinance)

The City of Portland Ordains:

Section 1. The Council finds:

1. Council approved Resolution #36939 to refer an Arts Education and Access Income Tax to voters at the November 6, 2012 General Election ballot.
2. Voters approved the Arts Education and Access Income Tax at the November 6, 2012 General Election, thereby adding section 5.04.510 to City Code and creating the Arts Education and Access Fund.
3. The purpose of the fund is to receive gross revenues received from the Arts Education and Access Income Tax and provide the Net Revenues to the school districts and to the Regional Arts and Culture Council solely for the purposes established in Chapter 5.73 of City Code.
4. Council approved ordinance #185723 to establish reforms in the Private For-Hire Transportation program and increase taxi company and vehicle fees via ordinance #185721.
5. Council approved ordinance #185736 to execute an Agreement with the United States Department of Justice (DOJ) regarding changes to policies and procedures in and oversight of the Portland Police Bureau (PPB), to ensure that encounters between police and persons with perceived or actual mental illness, or experiencing a mental health crisis, do not result in unnecessary or excessive force.
6. The agreement relates to PPB's use of force, training, Employee Information System, officer accountability, community engagement and outreach, and crisis intervention, as well as the City's role in the provision of community based mental health services. Increased staffing and associated costs within PPB and other City bureaus are estimated at over \$5 million annually, with ramp-up costs beginning in the current fiscal year. This ordinance appropriates a total of \$1.4 million to cover current year costs.
7. The DOJ Agreement necessitates investments in future years, the estimated cost of which should be added to base budgets for General Fund bureaus in the form of Current Appropriation Level adjustments.
8. Council approved ordinance #185756, which amended the Utility License Law to revise the calculation of telecommunications license fees (from 7% of local exchange services to 5% of gross revenues).
9. This adjustment is anticipated to generate between \$1.5 and \$2.5 million in additional revenues in the current fiscal year and between \$3.0 and \$5.0 million

annually thereafter. These fees are intended to largely offset implementation costs of the DOJ Agreement.

10. It is necessary to create the appropriation for the Arts Education and Access Fund, Private For-Hire Transportation program reform, and DOJ implementation in order to prevent delays in program implementation and hiring.

NOW THEREFORE, the Council directs:

a. The FY 2012-13 Appropriation Schedule is hereby amended to include appropriation authority for the newly established Arts Education and Access Fund, Transportation for Hire program reform, and DOJ implementation as called for in Ordinance #185736.

b. The FY 2012-13 budget is hereby amended as follows:

Office of Management and Finance:

Fund 100  
Business Area MF  
Bureau Program Expense \$808,954

Fund 223  
Business Area MF  
Bureau Program Expense \$762,500  
Contingency \$8,231,887

Portland Police Bureau

Fund 100  
Business Area PL  
Bureau Program Expense \$960,868

Office of the City Auditor

Fund 100  
Business Area AU  
Bureau Program Expense \$169,416

Office of the City Attorney

Fund 100  
Business Area AT  
Bureau Program Expense \$232,702

Bureau of Emergency Communications

Fund 100

Business Area EC  
Bureau Program Expense \$57,272

- c. The number of authorized regular positions in the FY 2012-13 Adopted Budget is hereby amended as follows:

Office of Management and Finance:	6.5 FTE
Portland Police Bureau:	23.0 FTE
Office of the City Auditor:	3.0 FTE
Office of the City Attorney:	1.0 FTE

- d. The actions amending the FY 2012-13 budget contained in this ordinance are binding City policy.
- e. FPD shall increase the FY 2013-14 ongoing and one-time Current Appropriation Level targets of three bureaus as follows, to reflect estimated costs of continued DOJ Agreement implementation:

	One -Time	Ongoing
Portland Police Bureau	233,870	4,589,184
Office of the City Auditor		335,397
Office of the City Attorney		450,179

Section 2. The Council declares that an emergency exists because a delay would significantly impede the hiring of positions necessary to implement the Arts Education and Access Income Tax, Private For-Hire Transportation reforms, and DOJ implementation; therefore, this ordinance shall be in full force and effect from and after its passage by Council.

Passed by the Council:

Mayor Sam Adams

Prepared by: Sara Lowe

Date Prepared: December 13, 2012

**LaVonne Griffin-Valade**  
Auditor of the City of Portland  
By

Deputy

~~1513~~

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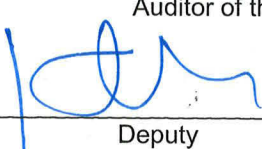
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See substitute

185859

Agenda No.  
**ORDINANCE NO.**  
Title

\*Adopt budget adjustments and establish appropriation authority for the Arts Education and Access Fund, Private For-Hire Transportation program reform, and DOJ Agreement implementation.  
*spell out*

<b>INTRODUCED BY</b> Commissioner/Auditor: <b>Mayor Sam Adams</b>	CLERK USE: DATE FILED <u>DEC 14 2012</u>
<b>COMMISSIONER APPROVAL</b>	LaVonne Griffin-Valade Auditor of the City of Portland  By: <u></u> Deputy
Mayor—Finance and Administration - Adams <i>Adams</i>	
Position 1/Utilities - Fritz	
Position 2/Works - Fish	
Position 3/Affairs - Saltzman	
Position 4/Safety - Leonard	
<b>BUREAU APPROVAL</b>	<b>ACTION TAKEN:</b>  <u>DEC 19 2012 RESCHEDULED TO JAN 16 2013 10:00 AM</u> <u>TIME CERTAIN</u>
Bureau: OMF/Financial Services CAO: Jack D. Graham <i>JG</i> Bureau Head: Rich Goward <i>RG</i>	
Prepared by: Sara Lowe Date Prepared: December 11, 2012	
Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input checked="" type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Council Meeting Date <b>December 19, 2012</b>	
<b>City Attorney Approval:</b> required for contract, code, easement, franchise, comp plan, charter	

<b>AGENDA</b>
<b>TIME CERTAIN</b> <input type="checkbox"/> Start time: _____  Total amount of time needed: _____ (for presentation, testimony and discussion)
<b>CONSENT</b> <input type="checkbox"/>
<b>REGULAR</b> <input checked="" type="checkbox"/> Total amount of time needed: <u>5 minutes</u> (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz	
2. Fish	2. Fish	
3. Saltzman	3. Saltzman	
4. Leonard	4. Leonard	
Adams	Adams	