

General Fund Reconciliation

	<u>Bureau Request</u>	<u>Mayor's Proposed</u>
Capital Set-Aside Request		
Office of Management & Finance - PSSRP-RegJIN & FIS Project Resource Carryover (N	\$88,464	\$88,464
Portland Bureau of Transportation - Montgomery Jasmine Block Streetcar Local Match (T	\$1,587,517	\$230,000
Portland Parks & Recreation - Pay off City Debt of \$3.2M Line of Credit (PK_009)	\$3,218,000	\$3,218,000
Portland Police Bureau - MAVTechnology (1 Lt. Term position) (PL_010)	\$894,403	\$834,619
Portland Police Bureau - Mobile Data Computer (MDC) Funding Gap (PL_013)	\$500,000	\$0
Portland Police Bureau - Servers to House PPB Email Solutions - CJIS (PL_014)	\$180,000	\$155,000
Special Appropriations - Sears Bldg - Building Occupancy (SA_010)	\$632,811	\$0
Special Appropriations - Sears Bldg - Deicing Operations (SA_011)	\$747,444	\$0
Special Appropriations - Sears Bldg - Fuel Station (SA_012)	\$2,252,295	\$0
Total Capital Set-Aside Request	\$10,100,934	\$4,526,083

Carryover Request		
Office of Neighborhood Involvement - Carryover of excess revenues (NI_011)	\$21,985	\$21,985
Portland Fire & Rescue - Recognize excess program revenues (FR_006)	\$570,012	\$570,012
Portland Parks & Recreation - Fall - Gen Fund Non-Disc Revenue Carryover (PK_004)	\$403,463	\$403,463
Portland Police Bureau - Police Non-discretionary Carryover (PL_002)	\$416,410	\$416,410
Total Carryover Request	\$1,411,870	\$1,411,870

Encumbrance Carryover Request		
Commissioner of Public Affairs - Encumbrance Carryover Request (PA_002)	\$363,821	\$363,821
Commissioner of Public Affairs - Advance Carryover Request (PA_003)	\$82,256	\$82,256
Commissioner of Public Safety - CPS-Fall Bump Encumbrance Carryover-Printer Main (F	\$300	\$300
Commissioner of Public Works - CPW-Fall Bump Encumbrance Carryover-Printer Main (\$300	\$300
Office of Equity & Human Rights - Encumbrance Carryover (OE_001)	\$32,671	\$32,671
Office of Management & Finance - Accounting - Encumbrance Carryover (MF_040)	\$87,800	\$87,800
Office of Management & Finance - Revenue - Encumbrance Carryover (MF_049)	\$57,926	\$57,926
Office of Management & Finance - Procurement Svs Carryover Request (MF_083)	\$155,153	\$155,153
Office of Neighborhood Involvement - PO Encumbrance Carryover (NI_006)	\$295,182	\$295,182
Office of the Mayor - Mayor-Encumbrance Carryovers (MY_002)	\$272,185	\$272,185
Office of the Mayor - Mayor-Advance Carryover Requests (MY_003)	\$529,963	\$529,963
Portland Development Commission - Encumbrance Carryover (ZD_001)	\$123,915	\$0
Portland Fire & Rescue - Encumbrance Carryover (FR_005)	\$392,005	\$392,005
Portland Housing Bureau - General Fund Encumbrance Carryover (HC_003)	\$6,307	\$6,307
Portland Parks & Recreation - Fall - Encumbrance Carryover (PK_003)	\$333,180	\$333,180
Portland Police Bureau - Police Encumbrance carryover (PL_001)	\$567,178	\$567,178
Special Appropriations - Advance Carryover (SA_005)	\$2,014,501	\$2,014,501
Total Encumbrance Carryover Request	\$5,314,643	\$5,190,728

New Request		
Bureau of Development Services - Tree Project Program Coordinator Position (DS_006)	\$55,404	\$55,404
Bureau of Planning & Sustainability - Central City 2035: SE Quadrant Plan (PN_009)	\$95,000	\$0
Commissioner of Public Utilities - Sick Leave Implementation (PU_002)	\$86,000	\$86,000
Fund & Debt Management - Debt Repayment Set-Aside (FM_002)	\$8,095,000	\$8,095,000

General Fund Reconciliation

Exhibit #4

	<u>Bureau Request</u>	<u>Mayor's Proposed</u>
New Request		
Office of Management & Finance - Allocate 11-12 Facilities Reserves to All Funds (MF_1	\$0	\$343,830
Office of Neighborhood Involvement - Civic Engagement Grants (NI_012)	\$300,000	\$20,000
Office of the City Auditor - Council Worksession Captioning Request (AU_002)	\$7,500	\$0
Office of the Mayor - Mayor-Legal Services Contingency Request (MY_004)	\$1,410	\$1,410
Office of the Mayor - Mayor-Last Thursday Costs Contingency Request (MY_005)	\$15,000	\$15,000
Office of the Mayor - Mayor-Entertainment District Costs Cont Request (MY_006)	\$16,000	\$16,000
Office of the Mayor - OMF Consulting Services (MY_010)	\$30,000	\$30,000
Portland Development Commission - PDC - Housing Bureau Revenue Swap (ZD_002)	(\$200,000)	(\$200,000)
Portland Housing Bureau - Immediate Options On Homelessness (HC_001)	\$1,900,000	\$1,900,000
Portland Parks & Recreation - Fall-O&M for Major Projects Completed in FY13-14 (PK_0	\$280,708	\$103,181
Portland Police Bureau - School Resource Officers (4 positions) (PL_007)	\$265,664	\$0
Portland Police Bureau - Diversity and Equity Training (PL_008)	\$50,000	\$0
Portland Police Bureau - Narcotics Dog Replacement (PL_009)	\$23,300	\$0
Portland Police Bureau - Restoration of Traffic Officers (5 positions) (PL_011)	\$514,800	\$0
Portland Police Bureau - Gang Enforcement Team staffing (3 positions) (PL_012)	\$202,704	\$0
Portland Police Bureau - Budget Note Required Staffing Study (PL_015)	\$200,000	\$0
Portland Police Bureau - Domestic Violence Response Advocate Contract (PL_016)	\$30,000	\$0
Portland Police Bureau - Southeast Precinct Property Purchase (PL_017)	\$263,500	\$0
Portland Police Bureau - Effective Communication Training (PL_018)	\$100,000	\$0
Special Appropriations - FY 213-14 COPPEA (SA_001)	(\$2,914)	(\$2,914)
Special Appropriations - League of OR Cities Foundation (SA_002)	\$25,000	\$25,000
Special Appropriations - Columbia River Levee Repair & Certification (SA_003)	\$25,000	\$25,000
Special Appropriations - Human Trafficking Survivors (SA_009)	\$250,000	\$0
Total New Request	\$12,629,076	\$10,512,911
Technical Adjustment		
Bureau of Planning & Sustainability - Reallocation between Programs (PN_004)	\$0	\$0
Office of the Mayor - Mayor-Move Encumbrance to MFSA23 (MY_008)	(\$5,399)	(\$5,399)
Portland Police Bureau - Lifeworks Funding moved from Spec Approp (PL_005)	\$100,000	\$100,000
Special Appropriations - Transfer LifeWorks NOW to Police (SA_004)	(\$100,000)	(\$100,000)
Special Appropriations - MFSA23-Transfer Enc Carryover from Mayors Office (SA_006)	\$5,399	\$5,399
Total Technical Adjustment	\$0	\$0
Grand Total	\$29,456,523	\$21,641,592

Exhibit 5: Position Changes

The following table summarizes recommended position changes in the supplemental budget:

Bureau/Classification	Regular	Limited Term	Total
BDS	15.5		15.5
Accountant I	1		1
Administrative Specialist, Sr	1		1
Building Inspector II	1		1
Development Services Technician II	3		3
Management Analyst	1		1
Management Assistant	3		3
Office Support Specialist II	1		1
Planner II. City-Land Use	1		1
Plans Examiner, Commercial	1		1
Plumbing Inspector, Sr	1		1
Program Specialist, Assistant	1		1
Program Coordinator	0.5		0.5
BES	1.2		1.2
Business Systems Analyst, Assistant	0.2		0.2
Engineering Associate, Sr-Electrical	1		1
ONI	2		2
Office Support Specialist II	-1		-1
Program Specialist, Assistant	3		3
Parks	6	-1.33	4.67
Administrative Assistant	-1		-1
Administrative Specialist, Sr	2	-1	1
Business Operations Supervisor	1		1
Capital Improvment Program Planning Supvr	1		1
Capital Project Manager II	1		1
Electrician/Instrument Technician	1		1
Horticulturist	1		1
Maintenance Mechanic	-1		-1
Planner II. City-Parks	1		1
Recreation Coord I-Multnomah Art Center	1	-0.33	0.67
Utility Worker II	-1		-1
PBOT	2		2
Engineering Associate-Civil	1		1
Portland Streetcar Operations Supvr	1		1
Police	1		1
Police Lieutenant	1		1
Total	27.7	-1.33	26.37

EXHIBIT #6**Fall Supplemental Budget****Budget Note:**

PBOT and BES are directed to cooperatively evaluate the current street sweeping program, which is housed in PBOT, and implement changes that will increase water quality/stormwater benefit. The bureaus will issue a joint recommendation, in the form of a report to Council, not later than September 30, 2013.

Update:

BES and PBOT continue to work on evaluating and developing the street sweeping program. In August 2013, BES provided PBOT with updated information related to street sweeping priorities for our bureau. The bureaus are now designing a pilot program to improve program effectiveness and efficiency. The intent is for data from this pilot to help inform a revised BES and PBOT payment share proposal. Details on the pilot program design and goals will be available during the FY 2014-15 budget development process. The deadline for accomplishing the budget note is extended to February 20, 2014.

Budget Note:

Council Budget Subcommittee 1 recommended that the City conduct a preliminary span of control analysis that results in at least \$1.1 million in General Fund ongoing savings. Specifically, the analysis should identify bureaus, divisions, or functions where the current span of control might be increased and include recommendations for maximizing the span of control or reorganizing where appropriate. The analysis and recommendations are to be completed by December 1, 2013. Current Appropriation Level targets in FY 2014-15 will be adjusted to reflect the span of control recommendations. A Council subcommittee will manage and implement this analysis, with staff assistance from the City Budget Office and Bureau of Human Resources.

Update:

Overall, the Span of Control project is currently operating on budget, and within scope. Phase 1, which is now complete, focused on defining the span of control in all areas of the City, in order to establish a baseline for the analysis and inform future recommendations. Phase 2, which is currently underway, includes in-depth meetings with bureaus to discuss specific span of control relationships and the development of recommendations. The Executive Steering Committee continues to meet bi-weekly with smaller project team meetings held in the off weeks. In response to a request made at a prior Bureau Directors Meeting, the project's Executive Steering Committee membership was expanded to include two bureau director representatives. Analysis necessary to develop sound span of control recommendations requires additional time and therefore extends the project end date by one month to January 31, 2014.

Budget Note:

The Office of Management and Finance, under the direction of a Council subcommittee, is directed to manage an Administrative Process Review Project. The project should focus on modernizing and streamlining the following processes using existing technology: time-keeping, procurement, paper based human resource processes, accounts payable and receivable activities. OMF should also survey bureaus to identify and prioritize other citywide administrative processes that could be made more efficient. OMF should develop a method for measuring the ongoing savings generated from implementing these efficiencies, broken down by City bureau. Total projected General Fund ongoing savings should be at least \$400,000, and should be reported to Council in the FY 2013-14 Fall Budget Monitoring Process. The City Budget Office is directed to capture those savings in Current Appropriation Level target decreases for FY 2014-15.

Update:

To date, OMF has convened a work team with the primary focus of developing a plan to address the specific elements of the Administrative Process Review Project budget note. The analysis necessary to develop the resulting recommendations will require additional time, and therefore the project reporting deadline is extended to the Spring Budget Monitoring Process.

Budget Note:

In FY 2013-14, the Portland Police Bureau will contract out a staffing analysis or prepare one in-house for peer review. The analysis should incorporate the number and configuration of shifts, appropriate call classification and response time goals, work week schedules, the volume of calls for service, and officer safety requirements. The bureau should report on the status and anticipated timing of this analysis in the FY 2013-14 Fall Budget Monitoring Process.

Update:

The bureau has initiated the RFP process to solicit qualified contractors to perform a staffing analysis, and expects to issue an RFP in October 2013. A completed product is expected within 18 months (June 2015). The study will incorporate the number and configuration of shifts, appropriate call classification and response time goals, district patrol area size, work week schedules, the volume of calls for service, community expectations and officer safety requirements. Procurement has estimated this scope will require \$200,000; the bureau requested this funding in the Fall BMP.

Budget Note:

The Portland Police Bureau and Portland Fire and Rescue are directed to review current overtime tracking systems to determine if they provide optimal information to management in making fiscal and operational decisions regarding overtime, and report back to Council in the FY 2013-14 Fall Budget Monitoring Process. The bureaus, starting in July 2013, should also provide monthly reports to Council on overtime costs, trends, and other relevant data.

Update:

The Police Bureau conducted a thorough analysis of its overtime coding and reporting practices beginning in June, 2013 and completed in September, 2013. The analysis included input ranging from

Sergeants tasked with coding, approving and submitting overtime slips to command staff charged with making operational decisions impacting overtime. The analysis resulted in revisions to the overtime coding process that will provide more consistent and accurate overtime data. Reports on overtime costs, trends and other relevant data are provided monthly to bureau command and to Council. In addition, the bureau is working with Fire and the EBS team on possible further improvements to overtime reporting and examining the possibility of electronic submission of overtime.

Portland Fire & Rescue has started its monthly overtime report to Council since July.

Budget Note:

Per Resolution 36473, the City has a goal of increasing the Business License Tax owner's compensation deduction to \$125,000. For Tax Year 2014, Council's intent is to increase the owner's compensation deduction to at least \$100,000. The City Budget Office is directed to identify potential options to pay for this increase, including: the use of ongoing revenues above forecast; efficiencies and other savings from the span of control study, administrative process review, or other process improvements greater than the savings already assumed in the budget; or the identification of spending offsets. The CBO will present options to Council in the FY 2013-14 Fall Budget Monitoring Process.

Update:

Projected Cost (Revenue Bureau Estimates as of 9/11/13):

- \$2,772,000 @ \$125,000
- \$1,689,000 @ \$110,000
- \$865,000 @ \$100,000

Potential Sources:

- *Ongoing Revenues Above Forecast* – Likely will be some in the December/April Forecasts. Will know more when the forecast is published. Also, actions considered as part of this Supplemental could create ongoing resources sufficient to fund this change.
- *Efficiencies or Other Savings* – Phase I of the span of control project may not produce excess savings of the magnitude required for increasing the deduction. However, deeper analysis could produce larger savings. No information is currently available regarding the administrative review process and the amount of savings that will be realized.
- *Other Changes to Business License Tax Law* – The Revenue Bureau can provide options that would make the increase in the owner's compensation deduction revenue-neutral.

EXHIBIT 7

Overhead Model Metrics

(Updates Identified in Italics and Underline)

Overhead costs are allocated using two metrics, budget size (75%) and position count (25%). In order to increase stability, the model utilizes a three-year average of each fund's percent share of each metric.

- When a new fund is added to the model, the metrics are rolled back to the three prior year data sets (position counts are copied to prior years and actual budget size is adjusted for inflation using a standard rate of 2.5%). Calculating it this way allows for a more accurate first year overhead charge. If not rolled back, the first year would only be about 33% of what the total overhead charge should be (the previous years would show zero, thus affecting the average). Since the fund will not have prior year actuals or position counts in the year it was created, the current budget size (projected Requested Budget or Approved Budget if model is updated) should be used instead. Once actuals are available, use that year as the baseline for rolling back to the previous years.
- When a fund is closed or removed from the model, the metrics for all three years should be removed. This will recalculate the percent splits each year. This is necessary so that overhead charges are not calculated based on the remaining two years in the historical average.

Budget Size

- The metric accounts for 75% of the model allocation
- Uses actual expenses, not budget. Actual expenditures provide a more stable metric because the bureaus are not charged overhead for large one-time projects or other budget increases that don't materialize into actual expenses throughout the year. In addition, using actual expenditures allows the bureaus to predict the overhead charges for the next year based on the prior year activity, and it reduces the amount of true-up adjustments (updating Adopted Budget figures with actual expenditures) that were required under the old model.
- Only prior year actual expenditures in personal services, external materials and services, and capital outlay are used.
- Internal materials and services are not included in the calculation. Under the old model, the bureau requesting the service was charged overhead based on the expenses identified as internal materials and services. In addition, the bureau providing the service was charged overhead based on the actual work completed (expenses identified as personal services, external materials and services, and/or capital outlay). The bureau providing the services typically included the overhead charges in the interagency charge back to the bureau requesting the service, thus the requesting bureau is charged twice for the same expense. Eliminating the charge for internal materials and services moved the entire overhead charge to the bureau providing the service, which can then be passed on to the bureau requesting the service via the interagency. This methodology improved equity within the model by eliminating the double charge.
- Debt service expenditures are not included in the calculation. The cost of providing debt management services are already captured via interagencies with the Public Finance and Treasury division within the Office of Management and Finance. To charge for these services again through the Overhead Model adds unnecessary inequities for the services provided.
- Other fund level requirements (cash transfers, contingency, and ending fund balance) are excluded from the model.

- Capital expenditures (those tagged with a capital project funded program) receive a 50% discount. Expenditures in capital outlay that are not tagged with a capital project will not receive the 50% discount.
- Operating projects for the TIF Reimbursement Fund and Housing Investment Fund receive a 50% discount (similar to capital projects).
- Retirement payments, PERS contributions, and disability and death benefits are excluded from FPDR when calculating its budget size.
- Insurance claim payouts are excluded from the Health Fund when calculating its budget size.
- Excludes trust and endowment funds (Parks Trust, Parks Endowment, and Fire & Police Supplemental Retirement Reserve Fund).
- Excludes the Special Finance and Resource Fund. The fund transfers bond proceeds to the Portland Development Commission.
- *The Children's Investment Fund, Property Management License Fund, Convention and Tourism Fund, Arts Education and Access Fund, and the Mount Hood Cable Regulatory Commission Fund (MHCRC, non-budgeted agency fund) will be charged a flat overhead amount of \$25,000. The funds are largely used to pass through funding to other organizations and governments. The flat fee was deemed equitable given the nature of the expenses budgeted in these funds and the level of overhead services used.*
- *Budget size for bureaus and programs that are overhead funded are excluded entirely. In the prior model, the overhead bureaus were allocated overhead costs during the first pass, and then those costs were run through the model a second time to allocate further (since the overhead expenses were a cost to the overhead bureau, those expenses needed to be allocated out via the model). Using this logic, the only way to allocate out the overhead costs 100% would be to run the model for the overhead bureaus in infinite amount of times (the allocated costs to these bureaus would decrease with every pass through the model). Since the model only allocated the costs a second time, the burden to pay what remained fell to the General Fund. To fix this anomaly, the model now excludes the budget size for overhead bureaus all together, therefore eliminating the charge all together. This has the same effect as running the overhead allocations for these bureaus through the model an infinite amount of times.*

Position Count

- The metric accounts for 25% of the model allocation
- Positions are allocated by home cost center and derived fund as assigned in SAP.
- Position counts are captured using SAP report ZHRT_POSITIONS_BY_PA - Positions By PA Report. Position counts are captured using the key date of January 1 of the previous fiscal year (e.g. the metric for FY 2014-15 will be based on the download from January 1, 2013).
- The download includes all employee groups: regular (full-time and part-time), limited term, casual, budgeted temporaries, and working retirees.
- Vacant (separated) casual positions at the time of the download are excluded.
- *Vacant regular, limited term, double fill, job-share, and recurring positions are included.*