

FY 2024-25 Fall BMP Hearing

October 9, 2024



City Budget Office

Financial Analysis for the City of Portland



General Fund Ending Balance & Available Funds

FY 2024-25 General Fund Ending Fund Balance & Adjustments

Ending Balance as of 9/1/2024	\$82,341,087
Late accrual for Utility License Fee revenue	\$12,965,803
Total General Fund Ending Balance	\$95,306,890

Adjustments

Budgeted Beginning Fund Balance	(\$55,334,994)
Encumbrance Carryovers	(\$17,669,225)
STR to HIF	(\$2,460,367)
Other True Ups & Cash Transfers	(\$730,306)
Cash Transfers revenue from PY Errors	\$4,576,326
Available Balance after adjustments	\$23,688,324

Summary of Fall BMP Allocations

Approved Exception Requests

Bureau - Name	DP - Name	FY 2024-25 Requested	FY 2024-25 CBO Recs
Office of the City Auditor	Exception Request for Programmatic Carryover	\$106,000	\$106,000
Office of City Operations	Clean Air Construction carryforward	\$169,817	\$169,817
Portland Fire & Rescue	Health & Wellness Carryover	\$286,750	\$286,750
Portland Fire & Rescue	Public Order Related Premium and Overtime Expenses		\$40,000
Bureau of Human Resources	PPA Fund GF Subsidy	\$607,310	\$607,310
Bureau of Human Resources	Payroll & Operations + Tech Serv EBS Support	\$1,901,690	\$1,790,970
Bureau of Human Resources	Tax Reconciliation Project	\$40,000	\$40,000
Bureau of Human Resources	Payroll Consulting and Training	\$175,000	\$175,000
Portland Police Bureau	Auto & Retail Theft Taskforce Funding	\$350,000	\$350,000
Facilities	Unfunded DCA & Council Space		\$87,006
TOTAL		\$3,636,567	\$3,652,853

Summary of Fall BMP Allocations

Amounts Added to Contingency

Capital Set-Aside

ADA compliance liabilities (PBOT and Parks)	\$6,173,720
City fleet headquarters relocation	\$3,397,000
UFSWQD flood safety benefit support	\$2,279,000

Contingency & Policy Set-Aside

Emergency Fund (per budget note)	\$1,000,000
Prior Year Remaining Public Safety Set Aside	\$915,000
Projected Police overtime Above Budget	\$3,500,000
Current Year Health Benefit Set-Aside	\$2,770,751

Compensation Set-Aside

- Compensation set-aside is being allocated to bureaus through the Fall BMP this year rather than the Spring BMP. We do not expect to have a Spring BMP but will still have an over-expenditure ordinance.
- Allocating out compensation set-aside allows bureaus to better plan their personnel spending vs. budgets.

Bureau	Requested
Office of the City Attorney	\$280,695
Office of the City Auditor	\$213,780
City Budget Office	\$102,823
City Administrator	\$1,692
Office of City Operations	\$271,502
Bureau of Emergency Communications	\$192,900
Portland Fire & Rescue	\$3,248,341
Office of Government Relations	\$63,397
Portland Housing Bureau	\$41,784
Bureau of Human Resources	\$349,558
Office of the Deputy City Administrator of Budget & Finance	\$283,132
Office of Community and Civic Life	\$110,424
Office of Equity	\$77,990
Commissioner of Public Affairs	\$42,897
Portland Parks & Recreation	\$1,799,125
Portland Police Bureau	\$5,156,987
Bureau of Planning & Sustainability	\$319,594
Commissioner of Public Safety	\$43,282
Commissioner of Public Utilities	\$41,925
Commissioner of Public Works	\$42,453
Office of the Public Safety DCA	\$492,000
Compensation Set-aside Total	\$13,176,281



Additional Details



Details – Policy Set-aside

- **Emergency Fund – \$1,000,000**
 - This allocation follows previously established budget note language directing CBO to take \$1.0 million of unappropriated ending fund balance in the General Fund for a centrally managed emergency resource to support bureau expenditures if there is a City-declared emergency.
- **Public Safety Set-Aside – \$4,415,000**
 - This set-aside is a combination of \$915,000 remaining at the end of the FY 2023-24 Public Safety Set-Aside plus an additional \$3,500,000 which is equivalent to the amount of the Police Bureau exception request for overtime. While it is equal to the amount of the Police Bureau’s exception request for overtime, it can be used to address any overspending in the Public Safety service area. As mentioned above, Public Safety submitted four General Fund Exception Requests that were not directly funded. Instead, \$4,415,000 have been put in a policy set-aside account.
- **Current Year Health Benefit Set-Aside – \$2,770,751**
 - The Compensation Set-Aside amount that was allocated in the FY 2024-25 Adopted Budget included a five percent health benefit rate increase. Compensation Set-Aside is being allocated to bureaus in this Fall BMP ordinance. This set-aside addresses an additional five percent funding gap for health benefit increases (for a total increase of roughly 10%). These resources can be drawn upon in the Over-Expenditure Ordinance to offset health benefit costs that cannot be absorbed by the bureau through vacancy savings.



Details – Capital Set-aside

- **ADA Compliance Liabilities for PBOT & Parks – \$6,173,720**
 - These resources will help cover ADA related projects
 - PBOT for the Civil Rights Education and Enforcement Center (CREEC) settlement, which is an unfunded liability of \$71 million as of FY 2023-24
 - Parks for the major maintenance costs to remove ADA barriers across the City, estimated to cost \$112 million
- **City Fleet Headquarters Relocation – \$3,397,000**
 - These resources will help cover fleet rate increases in FY 2024-25 and FY 2025-26 and beyond for a lease and debt-financed tenant improvements related to relocating CityFleet’s Kerby Garage. Setting aside resources in capital set-aside would cover a portion of the rate increase for the debt service on tenant improvements in FY 2025-26.
- **Urban Flood Safety & Water Quality District Flood Safety Benefit Support – \$2,279,000**
 - The UFSWQD is charging an intergovernmental Flood Safety Benefit Fee (FSB Fee) to cities within the district’s boundary. This fee is designed to reflect the “regional significance” of the economic and community benefits provided by the district and would be apportioned to each jurisdiction based on population. In response to a FY 2024-25 budget note, the Deputy City Administrator of Budget & Finance convened a Citywide work team and ultimately recommended that the FSB Fee be paid via General Fund overhead for at least two fiscal years. The estimated resources set aside represent a portion of the General Fund contribution to a \$5.3 million fee that will be charged to the City in FY 2025-26.



Details – Exception Requests

- **BHR – Payroll Taxes Related Requests - \$2.16 million**
 - Includes three decision packages (Payroll & Operations Payroll + EBS Support (\$1.9 million, Tax Reconciliation Project (\$40k), Payroll Consulting & Training (\$175,000))
 - Impetus for the projects arise out of misplaced funds resulting in \$558,832 in Unrestricted GF allocated in FY 2023-24 Spring BMP.
 - This request is for 4.0 LTE and \$1,901,690 in one-time general fund resources to support Payroll and Operations, as well as Technology Services / EBS Support for completion of a backlog of urgent payroll and time changes. Four limited term positions in BHR will support this work, along with \$903K in external contracting services with Aspire HR and \$538K for BTS/EBS Configuration.
 - There have been on-going delays due to all teams having resource constraints due to critical changes needed for Charter Reform, delays in requirements, and staff turnover. This is perpetuated by the use manual workarounds in lieu of system automation that impacts the ability to free up resources to implement system changes. This funding will address the backlog by having dedicated resources from the required city teams, enlist outside consulting assistance and complete this work as quickly as we can without impacting current processes and functionality such as payroll and system security.
 - \$40k one-time GF request needed for tax reconciliation project, \$175k one-time GF request for external contracting support and for an evaluation of payroll processes



Details – Exception Requests

- **BHR – PPA Health Subfund - \$607,000**
 - This request is for \$607,310 in one-time general fund resources to subsize the Portland Police Association (PPA) health plans as agreed to during budget development and rate setting but did not get make it into the Approved Budget for the PPA Health Fund budget.
 - The council-approved health plan for PPA included a rate increase of 11.5% (inclusive of all health, dental and vision coverage). Of the total increase, only 8% will be charged to the bureau and the remaining 3.5% will be covered by a one-time City subsidy.
- **Procurement – Clean Air Construction Carryforward – \$169,817**
 - The carryforward request is in accordance with section 3.C of the IGAs signed with partner agencies that states that \$30K of unused funds will be set aside in a "Rainy Day Fund" and any remaining amount in excess of \$30K will be carried over to the subsequent fiscal year for use on one-time Program activities. The City serves as the lead agency for the CAC Regional Program indicating a commitment to support all participating agencies in administering compliance with the CAC standard. Due to complications surrounding the COVID19 pandemic and a vacancy of the Coordinator II role dedicated to support of this program, crucial front-end work necessary to ensure the CAC program's success has been delayed, resulting in fewer expenses anticipated for the current Fiscal Year.
 - This request satisfies the Tier 1 request because of the signed IGA obligations.



Details – Exception Requests

- **Portland Fire & Rescue – Health & Wellness – \$286,750**
 - The 2023-2027 Labor Agreement between the City and PFFA established an allocation of \$300k for a Health and Wellness Fund to increase annually by the rate of COLA. The \$300k was allocated in FY 2023-24 to the bureau's GF and unused dollars fell to balance at the end of the year. This resource is intended to be held separately from the bureau's General Fund and as such a Health and Wellness Fund was created. This request to carry over the \$286,750 unencumbered dollars moves the remaining unspent FY 2023-24 allocation into the Health and Wellness Fund.
- **Police – Auto & Retail Theft – \$350,000**
 - This request was originally intended to be awarded to the bureau during the FY2025 Mayor's Proposed phase of budget development. These resources allow the bureau to increase the number of retrail and auto theft missions ran on overtime. The bureau is requesting the full amount of the interagency agreement to continue providing current levels of service and effectively partner with neighboring agencies.



Details – Exception Requests

- **Facilities – Unfunded Leadership & Council Space– \$87,006**
 - This request addresses a funding gap in the space agreements in FY 2024-25 for the City Leadership team and Mayor’s Office. Facilities is paying the Water Bureau for the space, but Facilities has no additional discretionary money to cover this unanticipated cost. The Mayor’s space is funded through the Facilities Charter Transitions project and the Council operations team space is funded by an inter-agency (IA) billing to them. Facilities will include the total leadership team rent costs in FY 2025-26 interagency agreements.
- **Portland Fire & Rescue – Public Order Related Premium & Overtime Expenses – \$40,000**
 - This request addresses premiums and overtime costs related to the Public Order program and the RRT/SERT medic agreement.

