

CITY BUDGET OFFICE

Ted Wheeler, Mayor
Dan Ryan, Commissioner
Carmen Rubio, Commissioner
Mingus Mapps, Commissioner
Jo Ann Hardesty, Commissioner
Mary Hull Caballero, Auditor



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CITY OF PORTLAND, OREGON

TO: Mayor Ted Wheeler
Commissioner Dan Ryan
Commissioner Carmen Rubio
Commissioner Mingus Mapps
Commissioner Jo Ann Hardesty
City Auditor Mary Hull Caballero

FROM: Jessica Kinard, City Budget Director

DATE: May 3, 2021

SUBJECT: Approval of the FY 2021-22 Budget for the City of Portland

With this memo, the City Budget Office conveys a package of information to aid the Council in considering changes to the Proposed Budget and moving to an Approved Budget for submittal to the Tax Supervising and Conservation Commission (TSCC). Attached to this memo are the following documents:

- **Attachment A:** A step-by-step description of the process for consideration of and deliberation on changes to the FY 2021-22 Proposed Budget at the May 13th Budget Committee meeting
- **Attachment B:** List of all adjustments to the FY 2021-22 Proposed Budget
- **Attachment C:** Summary of adjustments by fund and major object category
- **Attachment D:** Budget Notes as Proposed and amended for the Approved
- **Attachment E:** Tax increment collections planned for the City's Urban Renewal Districts.

The City Budget Office will present these adjustments and budget notes to be incorporated into the Approved Budget subject to the vote of the Budget Committee on Thursday, May 13, 2021. **Because of the short timeframe for voting on the Approved Budget, the City Budget Office would appreciate receiving any contemplated amendments in advance of May 13th.** This will allow staff to be adequately prepared for Council discussion and action.

The City has requested and received an extension to the May 15th deadline for filing the Approved Budget with TSCC. The extension is to May 18th.



OFFICE OF MAYOR
TED WHEELER

Mayor's Budget Message

Introduction

There are signs Portland is beginning to overcome the economic and human impacts of the global pandemic, including increased vaccine distribution and re-opening of schools, but though we are on the path to recovery, key variables remain uncertain.

And the impacts continue: while demand for city services continues to increase, the City lost over \$100 million dollars to the pandemic – including a projected deficit of over \$20 million in the city's General Fund, which supports many core programs and services.

Because of the pandemic-caused shortfalls, my fall guidance asked bureaus – apart from the Joint Office of Homeless Services – to show how they would take a 5% cut in Fiscal Year 2021-22. I asked bureaus to protect proven community-facing programs from cuts, and to focus on eliminating duplicative, unnecessary, or inefficient expenses. Our bureaus did a great job finding ways to save money and invest in high-priority needs.

In January, my colleagues and I identified three priorities for the next 12-18 months: addressing homelessness, community safety, and economic recovery. And, we reaffirmed the commitment we made last summer to center equity and climate in our COVID response and recovery efforts.

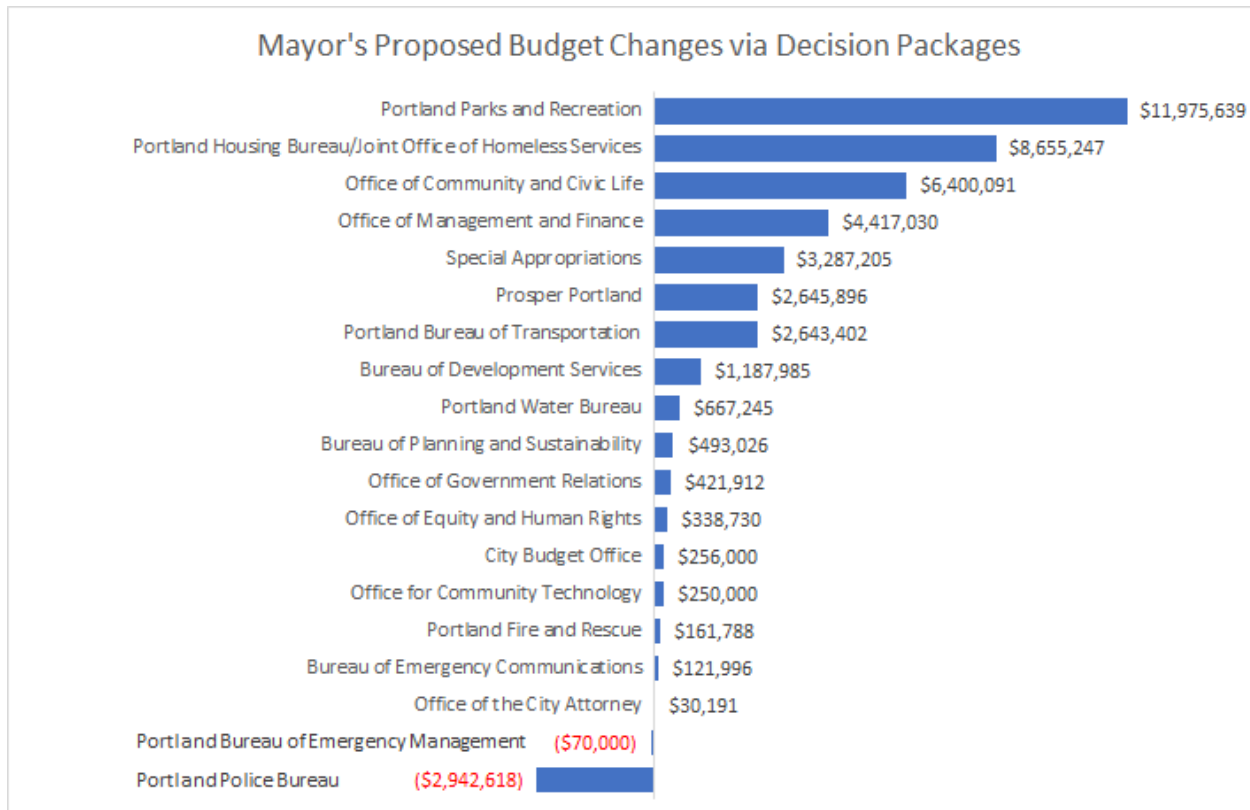
Our community will receive federal support from the American Rescue Plan Act, allowing us to strategically invest in the City's core priorities and lay the foundation for a sustainable, equitable recovery. We anticipate a large installment of these funds in May, and a second installment early in 2022. My proposed budget commits just under \$30 million of anticipated first round Rescue Plan investments to core priorities; the remaining 70+% of the funds will be allocated by the City Council this summer.

These federal investments provide a bridge to the economic recovery we expect over the next few years, presenting an opportunity to take a thoughtful look at how we serve Portlanders and intentionally reorient our investments to align with our community's needs and priorities.

Overview

My proposed budget accepts over \$15 million of the cuts bureaus proposed to help close our \$20 million deficit. To prioritize programs and services with the greatest community impact, I made the difficult decision to assume cost reductions related to freezing cost of living adjustments and merit increases for many City staff. I am grateful for our employees' continued service during a very difficult time.

However, simply closing our budget deficit is not enough to meet our community's needs. My proposed budget leverages significant new resources – including federal Rescue Plan resources and money from the voter-approved parks levy – to invest in our shared priorities. Despite the significant deficit in our General Fund, these additional resources have made it possible to fund important community-facing programs and services to continue building on progress we have made toward shared goals.



Highlights

Economic Recovery

Many small businesses closed in 2020. Bringing them back – and creating space for new ones, especially those owned by Black, Indigenous, and people of color owners – is key to a successful, equitable recovery. Funds for the Ankeny food cart project, our minority business chambers, our Inclusive Business Resource network, small business repair grants, and streamlined permitting at our Bureau of Development Services will help advance this goal.

My budget expands the Portland Film Office to keep Portland competitive as a location for film and video productions. These productions brought \$150 million and 1,300 jobs to our community last year, and helped us show the best of Portland to the world. We are also supporting Music Portland with grant money to build capacity in Portland’s vibrant music scene, and the jobs it creates and supports.

Finally, as we look toward our small employers reopening, to new local entrepreneurs joining and adding to the vibrancy of our neighborhood employment districts, and to coming back together in our shared community spaces, my budget includes significant resources for citywide clean-up of our parks and neighborhoods, graffiti removal, and a low-barrier employment program to create job opportunities. This is in addition to \$750,000 I allocated to our partner SOLVE to host volunteers contributing their time to clean up our city.

- \$700,000 for minority chambers of commerce
- \$500,000 for small business repair, in addition to \$250,000 allocated for this fiscal year
- \$250,000 for digital inclusion support for small businesses and individuals
- \$531,000 for Venture Portland to support neighborhood business districts
- Up to \$9.5 million to preserve important permitting capacity
- \$192,960 to expand the Portland Film Office
- \$100,000 to Music Portland for capacity-building grants
- \$269,000 for the Ankeny food carts
- \$5.7 million for citywide clean-up of our neighborhoods and parks

Homelessness

The need for homeless services has increased dramatically, and so has our investment: this year brings record investments in the County/City housing and homeless system. My fall guidance exempted the Joint Office of Homeless Services from cuts, and the City continues to fully fund the office, including new resources for shelter development and services for transgender people experiencing homelessness. And I have continued to fund citywide access to hygiene stations: hygiene is a basic human right, and in this pandemic we must ensure this essential service is available to our neighbors experiencing homelessness.

- \$6.3 million, full funding for Joint Office of Homelessness Services
- \$250,000 for services for transgender people experiencing homelessness
- \$2.4 million for hygiene stations citywide
- \$2 million for new shelter capital expenses

Community Safety

My budget supports urgent action toward an improved system of community safety by creating a Community Safety Transition program. Our public safety bureaus contributed resources to staff the program, and I have added funds for community engagement. The program's initial work plan includes the broad categories of systems change, operational change, and identifying new strategies. The Transition Director will help implement the immediate gun violence plan Council adopted this month, and partner with the Office of Violence Prevention, community-based organizations, and the Council to develop a Citywide approach to the virus of gun violence that claimed over 40 lives in our community in 2020, including 24 people of color.

My budget also reorients our public safety bureaus in other important ways.

I restored proposed fire bureau cuts that would have closed a fire station and eliminated rapid response vehicles. At the same time, I directed the Transition Director to work with fire bureau leadership to reduce the burden of low-acuity medical calls.

I accepted significant ongoing cuts to the police bureau but restored one-time resources to prevent a major staffing shortage in Fiscal Year 2022-23 and invest in core priorities. I restored ongoing resources to add 22 Public Safety Support Specialists, unarmed community service officers; increase capacity to process public records requests; and fund analysts to support compliance with our Department of Justice settlement agreement. The ongoing cuts allow us to fund the voter-approved police oversight board with a significant budget starting next year.

I also directed the police bureau to use existing resources to continue a successful pilot that embedded a sergeant with 911 dispatchers to triage emergency calls. This position will deploy officers more effectively by reviewing and triaging calls for service, helping to prioritize police response, clearing calls that don't require an officer, and in some cases diverting calls to a more appropriate agency or provider. The goal is to free up officers from just handling emergency response toward proactive, community-based work.

Finally, and importantly, my budget fully funds the Portland Street Response pilot, with direction for the program to return to Council with 6-month and 12-month reports about its performance. With good data about the outcomes of the pilot, we can choose how to best expand the program citywide.

- \$1.4 million to create Community Safety Transition program

- \$978,000 to fully fund the Portland Street Response pilot
- \$4 million, starting in Fiscal Year 2022-23, for new police oversight board
- \$1.8 million for 22 new community service officers, or Public Safety Support Specialists
- \$2.4 million to prevent a fire station closure
- Almost \$9 million in ongoing cuts to the police bureau
- \$294,000 to the Office of Violence Prevention, in addition to the \$5.9 million Council previously committed to an immediate gun violence response
- \$5.3 million in one-time resources to prevent a patrol officer shortage in Fiscal Year 2022-23
- \$475,000 to support compliance with the Department of Justice agreement

Equity

My budget increases resources for a community-directed budgeting project led by Reimagine Oregon. The fund was established last year with money reallocated from the Police Bureau. The Directors of our Office of Equity & Human Rights, Office of Civic and Community Life, and City Budget Office will contribute expertise and resources to ensure the process is transparent and accountable. Internally, I have added equity-focused positions in bureaus, supported our employee affinity groups with resources for training and other actions, and directed our Human Resources Director to improve our recruitment, retention, and promotion of Black employees.

- \$5.4 million for a community-directed budgeting process led by Reimagine Oregon
- Almost \$500,000 to the Charter Review Commission
- \$125,000 to City employee affinity groups
- \$125,000 to lift up community voices with the Smart City PDX program
- \$390,000 for equity-focused positions in City bureaus
- \$3 million for ADA-compliant (Americans with Disabilities Act) curb ramps and accessible open spaces, and new street lights in East Portland
- New Housing Bureau capacity to support rolling applications to the Preference Policy program, which addresses the harmful impacts of urban renewal by preferencing housing applicants with generational ties to North/Northeast Portland

Conclusion

The City Council's top priorities are safety, homelessness, and economic recovery. The investments I have proposed reflect the City's core values of anti-racism, equity, transparency, communication, collaboration, and fiscal responsibility. Our responsibility this year is to ground ourselves in these values and to thoughtfully, carefully reorient our resources to invest in high-value actions that will help us begin to build back better. The budget I have proposed reflects my commitment to meaningful change, and my optimism for Portland's brighter future.

IMPACT STATEMENT

Legislation title: Approval of the FY 2021-22 budget for the City of Portland (Mayor convenes Council as Budget Committee)

Contact name: Christy Owen, Assistant Budget Director

Contact phone: 503-823-6960

Presenter name: Jessica Kinard, City Budget Director

Purpose of proposed legislation and background information:

The report includes changes to the FY 2021-22 Proposed Budget which must be approved by the City of Portland Budget Committee.

Financial and budgetary impacts:

The action of the Budget Committee (as requested in this report) will increase total requirements in various funds by \$117,885,444 from the FY 2021-22 Proposed Budget, as distributed on April 29, 2021. There is a net increase of 3.0FTE in the FY 2021-22 Approved Budget.

Community impacts and community involvement:

The Approved Budget includes multiple programmatic changes that will impact the community. These programmatic changes invest resources and reallocate internal resources into bureau programs as articulated in the Mayor's Proposed Budget document. A five-member Community Budget Advisory Board was invited to sit in on budget discussions with the Mayor and Council as the budget was developed. There were seven work sessions held to discuss the FY 2021-22 Budget process between March 7- April 1, 2021. Council conducted three virtual listening sessions in April as well. Public comment has been solicited on the City Budget Office website, and in accordance with Oregon Local Budget Law, live public testimony is scheduled to be received on May 5th through a virtual community meeting and during the hearing date for May 13, 2021. Council members receive weekly emails from the CBO compiling the written comments received by the public through the online portal.

The budget process continues with the final opportunity for Council to amend the budget and receive public testimony and input. At present, this is scheduled to occur on June 9, 2021.

100% Renewable Goal:

This action does not directly impact the 100% renewable goal.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
 NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount