

Budget Notes

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Prosper Portland Economic Development

The FY 2025-26 Proposed budget reduces General Fund programming for Prosper Portland to \$13.2 million and replaces \$2 million in ongoing funding with one-time funding. Given this direction, Prosper Portland is directed to prepare potential permanent reductions to General Fund allocations for the FY 2026-27 Requested Budget. The new Prosper Executive Director will work with the Prosper Board to evaluate strategic cost cutting measures including staffing efficiencies and will present a report to the Deputy City Administrator of Community and Economic Development by December 1st, 2025. The General Fund reduction and expiration of the one-time funds in 2026 will equate to a cumulative 20% reduction in economic development funding since adoption of the FY 2024-25 budget, resulting in the elimination of one or more economic development programs. Although agreements and service plans are updated annually, staffing and other program infrastructure benefit from funding stability over five-year periods, expiration of one-time funds without replacement funding will require early termination of program contracts significantly reducing services to Portland's job seekers and small businesses.

Implement a Citywide Incident Management System (CIMS)

The City recognizes the importance of coordinated response to emergencies. Emergency management activations have increased in frequency since 2020 and the increased need to collaborate and communicate with multiple internal and external stakeholders before, during, and after emergency activations is challenging. The City's recent Charter Reform, which has resulted in a new form of government, presents a unique opportunity to develop and implement a CIMS with a more unified, coordinated and strategic approach moving forward.

The Portland Bureau of Emergency Management (PBEM) and the Bureau of Technology Services (BTS) are directed to develop a workplan that includes the scope, success criteria, schedule, budget, and organizational change management necessary to procure and successfully implement a Citywide Incident Management System (CIMS). The workplan will be delivered to the City Administrator no later than September 30, 2025. To help ensure a successful outcome, this project will have Technology Oversight Committee (TOC) oversight, including independent Quality Assurance reviews.

City bureaus are directed to partner with PBEM as requested to support the development of the workplan along with ongoing support to operate a CIMS, including:

- ◆ A CIMS governance structure, including roles and responsibilities.
- ◆ Development of the workplan, citywide requirements, standards, and practices in support of utilizing a CIMS.
- ◆ A Citywide emergency management communication, alerting, and reporting plan leveraging CIMS.
- ◆ Identify funding options for ongoing costs related to implementation.

Develop an allocation methodology and implementation plan to offset the Flood Safety Benefit Fee

For FY2024-25, the City's responsibility for payment of a new Flood Safety Benefit Fee (per ORS Chapter 550) (the "FSB Fee") to the Urban Flood Safety and Water Quality District has been allocated to bureaus Citywide via General Fund overhead. In response to a prior (FY2024-25) budget note, the Deputy City Administrator of Budget & Finance / Chief Financial Officer recommended that General Fund overhead continue to carry this cost obligation while alternative funding options continue to be explored. For FY2025-26, the estimated annual FSB payment amount of \$5.3 million will be treated as a one-time expense from General Fund overhead with an expectation that a fee will be incorporated into the City utility bill in an amount sufficient to cover the FSB Fee on an ongoing basis beginning in FY2026-27. The City's Chief Financial Officer will convene a workgroup including the Portland Water Bureau, Bureau of Environmental Services, Revenue Division, City Attorney and other City stakeholders to identify a recommended customer allocation methodology and implementation plan for consideration by the Finance Committee and/or City Council no later than October 15, 2025, in advance of FY2026-27 budget development.

Overtime Reduction Strategies for Police and Fire

In the past five years, the Portland Police Bureau (PPB) and Portland Fire & Rescue (PF&R) have increasingly relied on overtime to meet operational demands, resulting in unsustainable budget pressures. Monthly oversight meetings between the bureaus and City leadership, established in response to a budget note, helped ensure more disciplined budget management in FY2024-25. Given these positive results, the Deputy City Administrator of Public Safety is directed to continue the monthly committee meetings and associated tracking in FY 2025-26 to reinforce accountability and support timely course corrections.

To encourage a transition to more sustainable staffing models, the FY 2025-26 Proposed Budget includes a \$2 million ongoing General Fund reduction for both PPB and PF&R. This reduction is backfilled with one-time General Fund resources for FY 2025-26.

Reinvest in Citywide Technology

The City recognizes that secure and robust technology is vital to providing good and efficient service to Portlanders. Technology has a major impact on government service delivery by streamlining services and reducing bureaucracy. The City's recent Charter Reform, which has resulted in a new form of government, presents an opportunity to invest more strategically in technology that serves citywide goals.

The City Budget Office and the Bureau of Technology Services are directed to work with the City Administrator to identify a total savings amount that will be allocated back to the Bureau of Technology Services (BTS) for investments in enterprise technology governance, modernization, and resilience. Specifically, BTS is directed to:

- ◆ Establish, resource, and maintain a technology governance framework that prioritizes technology investments aligned with citywide strategic goals, uses measurable and equitable outcomes, and promotes standardization and reusability. Investments should include facilitation with City Leaders to create the process, tools to provide transparency, and ongoing monitoring of outcomes realized from these investments.
- ◆ Develop a multi-year plan to decrease enterprise risk and technical debt caused by legacy and/or duplicative technology systems and processes, increase security and resilience, and ensure support for the full lifecycle of technology assets. The plan shall align with citywide asset management goals. Investments should include process, tools, and staff to inventory, analyze, and implement near-term consolidation and/or risk mitigation opportunities and longer-term portfolio management.
- ◆ In order to implement updated organizational structures, systems, and practices that support efficient enterprise service delivery, partner with other core service providers to invest in business process improvement and automation, change management, training, data sharing, and best practice benchmarking.
- ◆ Invest in project management, technology, and professional service resources to ensure that public-facing digital platforms comply with expanded accessibility and language access requirements. Work with the City Leadership Team to designate and resource an owner for the ongoing work of maintaining and enhancing digital accessibility.

City Bureaus are directed to partner with BTS on these efforts.

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Added via Council Amendment

Development of an Asset Management Strategic Plan

The city owns billions of dollars' worth of public assets and infrastructure that has been underinvested in. As noted in a recently published audit, the city needs to take on a more strategic approach to managing our assets and infrastructure. To address these critical needs, the City Administrator and Revenue and Chief Financial Officer will develop a strategic and financial plan. These plans should meet the goals and timelines listed below and be submitted to council by the timelines listed to be factored into the FY26-27 Budget Process.

- ◆ Identification of current best practices for asset management decision making with long-range financial planning, with compliance and financial implications meaningfully informing enterprise-wide policies and standards.
- ◆ Development of a standardized approach to asset management across all bureaus that recognizes different needs.
- ◆ Inclusion of a proposal for monitoring, communicating, and updating Council and other stakeholders on the status and progress of citywide asset management; and
- ◆ The Report on a new Citywide Asset Management Strategy should be submitted to the Council no later than September 31, 2026.
- ◆ The City Administrator and the Chief Financial Officer shall develop a proposed strategy for a Citywide general obligation bond program that must be included in the proposed Citywide Asset Management Strategy. This strategy should be submitted to the Finance Committee for comment no later than December 31, 2026.

Explore changes to Bureau Deputy Director and Director classifications

The City Administrator will instruct the Bureau of Human Resources to review and re-evaluate Deputy Director positions and classifications, as well as Bureau Director classifications and pay scales, to reflect duties that have changed in the new form of government. The review should ensure that Director level positions (I, II, and III) are commensurate with the size of the unit. The expectation is that this review will result in pay and position reductions that will result in cost savings to the City.

Reestablishing Independent Programmatic Analysis within the City Budget Office

The City acknowledges the critical role of the City Budget Office (CBO) in delivering independent, objective, and comprehensive analysis of bureau budget requests. Historically, the CBO has served as a cornerstone of Portland's fiscal governance, leveraging institutional knowledge to assess program performance, scrutinize spending justifications and trends, and inform strategic policy decisions. For the FY 25/26 budget process, the discontinuation of comprehensive analyses of program, bureau, and service area budget trends has impeded the Council's ability to make informed decisions, leading to a reliance on bureau-submitted narratives without sufficient independent scrutiny. This shift has not only diminished the analytical depth available to decision-makers but has also resulted in a gradual loss of institutional expertise within the CBO.

To address these challenges and restore the CBO's foundational functions, the City Budget Office is directed to:

- ◆ **Prioritize Independent Budget Assessments:** Undertake thorough and impartial reviews of bureau budget submissions as well as the Mayor’s proposed budget, focusing on program effectiveness, alignment with city-wide priorities, and long-term fiscal sustainability.
- ◆ **Establish Institutional Knowledge:** Systematically document and disseminate accumulated insights into bureau operations, programmatic outcomes, and spending history to inform budget analyses and macro-level fiscal planning. Maintain subject-matter expertise on bureau programs and service area developments over time.
- ◆ **Integrate Program-Level Analysis:** Incorporate detailed evaluations of specific programs into broader assessments of bureau and service area budgets, facilitating a holistic understanding of resource allocation and service delivery.
- ◆ **Enhance Transparency and Accountability:** Provide clear, accessible reports that provide budget analyses and recommendations (e.g., areas of strategic investment, revenue generation options, analyses of budget tradeoffs, proposed solutions to problems identified by Council), enabling informed decision making by Council and the public.
- ◆ **Collaborate with Oversight Bodies:** Engage with entities such as the City Council, the City Auditor, and bureau staff at all levels to ensure that budget analyses address pertinent policy questions and fiscal challenges.
- ◆ **Provide Annual Retrospective Performance and Budget Execution Reporting.** As in prior years, prepare an annual retrospective performance and budget execution report each fall. This report should provide a comprehensive analysis of the previous fiscal year’s budget implementation, evaluating program outcomes, expenditure patterns, and alignment with strategic objectives. By institutionalizing this practice, the CBO will enhance transparency, inform future budgeting decisions, and ensure accountability for resource utilization.

CBO shall conduct 1-6 outlined above as a matter of course, routinely supporting informed decision-making without necessitating specific directives from the City Council. This budget note seeks to realign the City Budget Office’s current operations with its established practices, ensuring that, within existing staffing levels, it continues to provide the City Council and the public with the detailed analyses and transparent reporting necessary for informed decision-making in our evolving governance landscape. CBO shall submit the first reporting in line with this note, the Annual Retrospective Reports, by October 15, 2025.

Oversight Framework for the Mayor’s “Enterprise Efficiencies”

This Budget Note establishes oversight parameters for the Mayor’s identification, development, and implementation of “enterprise efficiencies.” To ensure transparency, accountability, and alignment with Council priorities, the Mayor’s Office is directed to provide regular briefings, no less frequent than once every four weeks, to City Council in executive or work sessions (as appropriate).

Each briefing must include:

- ◆ Clearly defined decision packages and implementation milestones;
- ◆ Data-driven analysis of the operational and fiscal impacts of proposed changes; and
- ◆ Explicit identification of affected programs, services, and personnel.

In recognition of the potential for workforce reductions or reassignments, each update must also include a detailed accounting of any positions at risk, an evaluation of alternatives considered, and the rationale for proceeding with specific actions. This framework is intended to ensure that Council is informed and engaged in a timely manner and equipped to exercise effective oversight before any decisions with long-term implications for City services or employee livelihoods are finalized. The Mayor shall begin to provide these briefings following the passage of this note. The briefings will continue until the end of Fiscal Year 2025-26.

Budget Transparency and Information Access Framework

In response to persistent concerns regarding the detail and usability of the Mayor's Proposed Budget, this Budget Note directs the City Budget Office (CBO) to develop and present to Council a set of options for restructuring the FY 26/27 budget format. These options should explore enhanced line-item detail, program-level structuring, and other formats that enable Council to more effectively review, amend, and engage with the budget in a manner consistent with its legislative responsibilities. The goal is to ensure Council has meaningful visibility into how public funds are allocated and the authority to shape budget decisions accordingly.

In addition, this Budget Note addresses current information access protocols that impede Council's ability to perform its legislative and oversight functions. Under existing administrative practice, bureau staff have been discouraged from responding to Council inquiries or sharing information unless authorized by or in the presence of, a Deputy City Administrator (DCA). This has led to significant delays and a breakdown in timely, transparent information-sharing. While the Council affirms the importance of maintaining a clear separation between executive and legislative authority, this system has created an unnecessary bottleneck and limited Council's ability to conduct informed policy and budget deliberations.

To resolve this, Council directs the City Administrator to work with the Mayor and Council to develop a revised information access framework that:

- ◆ Acknowledges the placement of executive authority with the Mayor and City Administrator, while affirming Council's right to independent access to information necessary to fulfill its legislative duties;
- ◆ Prohibits the imposition of communication protocols so restrictive that they excessively delay, limit, or obstruct Council's access to factual information, staff expertise, or documentation relevant to pending legislation or budget decisions; and
- ◆ Allows Councilmembers and their staff to submit information requests directly to bureau personnel, with appropriate notice to executive staff, and permits bureau staff to respond without requiring real-time oversight or prior approval from executive staff.

To that end, Council directs the formation of a working group composed of representatives from the Mayor's Office, the City Administrator, and City Council. This group shall meet as appropriate and prepare for Council a joint proposal for an updated protocol that promotes timely, structured, and transparent communication. This protocol will ensure legislative access to critical information without undermining executive cohesion.

The CBO and City Administrator shall report back to Council on both directives no later than September 1, 2025.

**City and Prosper
Portland Grants
Inventory**

This budget note directs the City Operations Deputy City Administrator and Prosper Portland Executive Director to produce inventories of the grant agreements for which the City and Prosper Portland are the grantor of funds to community organizations. The inventories will be developed into a joint report and then presented to the City Council at a Council Work Session on or before December 31, 2025. This inventory will be provided to the City Council in advance of FY 2026-27 Bureau Budget submissions, to help inform Council as they engage in budget development. The inventory will include the following elements: grantee, grant period, city grant manager/contact, amount of grant, funding source, brief description of the grant scope of work.