



Office of Mayor Sam Adams

City of Portland

**Convening Budget Committee**

- ◆ I am convening the Budget Committee for the purpose of receiving the budget message. Committee members received copies of the budget document yesterday.
- ◆ This budget is the product of months of work by the City Council, community advisors and residents, our bureau staffs, and the Office of Management and Finance.
- ◆ My Proposed Budget invests in programs to help businesses create jobs to boost family incomes, keep people safer and healthy, maintain the momentum of local education reforms by preventing deeper school teacher layoffs, and lay the groundwork and provide action towards a more equal Portland.
- ◆ My budget trims overhead and administration to better preserve frontline services in our parks, our housing programs, and our public safety bureaus. The Office of Management and Finance sees the largest single City bureau program reductions of 8%.
- ◆ I worked hard to save Portlanders money on utilities. The Water Bureau requested an 11 % increase this year; I am proposing 8.1%. The Bureau of Environmental Services asked for a 5.9 % utility increase; I am proposing 5.35 %.
- ◆ To protect our city's most vulnerable citizens and keep our safety net, I am proposing \$4.1 million of one-time funding for shelter services, rent assistance, and housing access services.

- ◆ The proposed budget provides \$2.3 million in new one-time economic development dollars to bring jobs to the City, invest in workforce readiness, and support neighborhood businesses.
- ◆ Approximately \$7.5 million will go to help Portland schools, with \$5 million going to Portland Public Schools and the rest going proportionately to the other Portland school districts.
- ◆ And finally, the Office of Equity budget was spared reductions, which reflects the City's commitment to moving a meaningful equity agenda forward and supports the Portland Plan's equity framework and the action items related to closing gaps, engagement, partnering, racial issues, disability issues, and City accountability.
- ◆ I want to again thank my colleagues on the Council, and everyone in our community, for helping shape this budget.
- ◆ Are there any questions or comments from the committee?
- ◆ This meeting of the Budget Committee is continued to Thursday, May 17 at 6:30 PM at David Douglas High School, where we will hear public testimony on the budget. David Douglas High School is located at 1001 SE 135<sup>th</sup> Ave. I look forward to seeing you all there.
- ◆ I am now reconvening this group as the City Council.



OFFICE OF MAYOR SAM ADAMS  
CITY OF PORTLAND

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## Mayor's Message

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### Introduction

This is the fourth and final budget that I have the privilege of presenting as Mayor. From the time I became Mayor-elect in late 2008 through the fiscal year 2012-13 budget, I have balanced three competing needs: 1) keeping the City on a fiscally sustainable path, 2) continuing to provide the basic services that citizens expect, and 3) preparing the City to emerge from the recession with a strong, vibrant economy and world-class livability.

The City is beginning its recovery from the worst global recession in more than a generation, but progress is slow. Business activity is increasing, exports are up, and Portland continues to be a job-creating engine in the state. Unemployment is still too high, but is slowly trending downward. At the same time, a weak local housing market and slow economic growth nationally are having a material impact on City finances. In FY 2012-13, the City needs to cut \$14.7 million of ongoing General Fund services in order to balance over the five-year forecast.

This budget remains focused on the priorities noted above by making the cuts needed to balance over the five-year forecast, focusing those cuts on overhead and administration in order to preserve front-line services, and making investments in economic development that will result in a stronger, more resilient City. My budget also continues to support the most vulnerable in our community through investments in housing, homelessness prevention, mental health, and addiction services. And I continue to focus on equity to ensure that every Portlander has access to the most equal of opportunities. Taken as a whole, this budget will make Portland's economy stronger and more resilient, our streets safer, our communities more equitable, and our government more responsive.

### Early, Decisive Action

Starting in late 2008, it was clear that our City was going to face the worst recession in decades. In addition to declining business license and other local revenues, the City had many ongoing programs and positions that were being funded with one-time revenue, creating a "shadow obligation" for the City to fund in the future. Considering these risks and factors, we started preparing early:

- As Mayor-elect, I worked with the City Council to make mid-year reductions in fall 2008 in anticipation of declining revenues.
- In FY 2009-10, we asked bureaus to propose programmatic reductions of up to five percent. And during the year, we continuously monitored and adjusted bureau spending based on the latest available data, allowing us to stay ahead of the financial crisis and avoid deeper, more damaging cuts. In April 2010, I implemented a citywide hiring freeze, directed bureaus to slow down all discretionary spending, and asked bureaus to find additional personnel savings by holding positions vacant.

- In FY 2010-11, I asked public safety bureaus to prepare two percent reductions, and non-public safety bureaus to prepare four percent reductions. These reductions produced enough savings to balance the General Fund and create one-time resources that were reinvested in the City's highest priorities.
- In FY 2011-12, even though revenues were recovering I asked for modest program and administrative reductions, and asked bureaus to be creative in terms of realignments and efficiencies that could save money without reducing services.

Now, as we face the prospect of additional reductions due to property tax compression, it is clear that these early actions helped keep the City on a glide path towards a new, reduced level of funding. We were able to do so by focusing on administration and overhead and preserving front-line services. While all four budgets that I have presented as Mayor have been prepared during difficult times, they have all been structured to keep Portland ahead of the recession and prepared to move into the future.

## **Mayor's Approach**

In building the FY 2012-13 budget, I focused on four interlocking goals for the City, taken from the Portland Plan: Prosperous, Healthy, Educated, Equitable.

### **Prosperous**

As the Portland Plan's strategies demonstrate, many of our important actions are intertwined. If we increase our focus on economic development, we increase our tax base and then we have the resources to increase our outreach to vulnerable communities. If we increase our focus on education, we have more high school and college graduates and that creates more skilled workers, which also increases our tax base and helps education fund itself.

- The Portland Development Commission helps our city grow and prosper. Because economic development is the base of what ultimately will make Portland a prosperous, healthy, educated and equitable city, I have funded many of PDC's requests:
  - The Neighborhood Prosperity Initiative, which strengthens the economic competitiveness of targeted neighborhood business districts through community-planned and community-implemented actions and projects, is fully funded.
  - The proposed budget provides \$2.3 million in new one-time economic development dollars to bring jobs to the City, invest in workforce readiness, and support neighborhood businesses.
  - The proposed budget includes \$1.7 million each for traded sector and neighborhood economic development initiatives and \$1.6 million for the Economic Opportunities Initiative, which helps propel people out of poverty.
- Bureau of Development Services program revenues continue to recover from the economic downturn, allowing the bureau to hire back an additional 16.6 FTE and improve its overall service level.
- In the Office of Government Relations, a Federal Assistant position is fully funded with onetime appropriations. This position is essential to the City's efforts to advocate for additional federal funding for Portland's priorities and partnerships and against unnecessary federal regulations.
- The proposed budget includes one-time General Fund resources of \$51,018 to finish the West Hayden island project, which will establish land use guidelines as a precursor to its possible incorporation into the City.
- To protect our city's most vulnerable citizens and keeping our safety net, I am proposing \$4.1 million of one-time funding for shelter services, rent assistance, and housing access services.

## Healthy

One focus of my budget has been on healthy, connected, complete communities. Communities where Portlanders have access to what they want and need to thrive. Communities where Portlanders are safe. In my proposed budget, I've protected frontline services in our parks, our housing programs, and our public safety bureaus whenever possible. Some of our bureaus that focus on administrative needs saw the largest cuts so that we can keep staff on the street.

- The Portland Police Bureau stands front and center in keeping the peace in the city, while many of our other bureaus – such as Portland Fire and Rescue – contribute to protecting our people, streets and parks. During my State of the City address, I pledged to work with my colleagues to keep all sworn public safety positions. My proposed budget reflects this pledge.
- To keep more police officers on the street, the proposed budget cuts twelve non-sworn administrative and management positions totaling \$857,000. Eight of these positions are currently vacant.
- Internal Portland Police Bureau efficiencies, such as tightening overtime, a decrease in our risk insurance costs and reduced printing, creates close to \$2.5 million in savings.
- The proposed budget includes \$150,000 in programs to combat human trafficking.
- In Portland Fire & Rescue (PF&R), the budget includes one-time funding to keep a station open and four employees to staff the rapid response vehicles.
- The proposed budget continues funding for services that partner with the County, including Service Coordination Team, CHIERS van and Hooper Sobering Station.
- This budget reflects continued support of youth violence prevention efforts. The Office of Youth Violence Prevention (OYVP) within the Mayor's Office will fund community partner agencies at a level that supports the employment of ten gang outreach workers. Additionally, OYVP will continue its current level of funding for programs that provide positive activities for Portland youth to reduce violence and increase opportunity throughout the city.
- Front-line Portland Parks and Recreation (PP&R) staffing is largely preserved to ensure the maintenance and amenities in all parks Citywide. Management and support functions are reduced, saving \$1 million. There will be a \$606,000 decrease in landscaping and maintenance services.
- PP&R savings of \$194,000 are generated through streamlining of recreation programming including the closure of Buckman Pool and the Fulton Community Center. The Fulton center will continue to function as a community asset with Parks leasing the facility to various stakeholders.
- In the Bureau of Development Services (BDS), one-time funding to help prevent the deterioration of existing housing and contribute to safe and healthy Portland neighborhoods is preserved. Specifically, \$310,392 of funding will support four positions in the Improved Neighborhood Inspections, Enhanced Rental Inspections, and Extremely Distressed Properties Enforcement Programs.
- The tax exemption for property owners with nine or fewer residential rental units is proposed for elimination, producing new revenues of \$198,000. The revenues will fund two additional BDS housing inspectors.
- One time funding in the amount of \$144,882 and 1.0 FTE, is preserved for the continuation of the Citywide Tree Project.
- In the Office of Neighborhood Involvement (ONI), ongoing funds for Neighborhood Small Grants (\$99,318) are eliminated, but \$93,855 in one-time funds are awarded for the same purpose.
- The ONI Graffiti Abatement Program is funded again one-time with \$447,232.

- The East Portland Action Plan is again receiving a one-time infusion of \$279,692 for an advocate position and grants to the community. This budget action will help the residents of East Portland to be more actively engaged in the City's affairs, helping to fulfill the Portland Plan's goal to improve involvement.
- The proposed budget restores or adds 10.5 of front line Portland Bureau of Transportation staff by eliminating 8.5 management/administration positions. The position add backs reinstate a street sweeping crew, a street paving crew as well as adding 3 more parking enforcement officers.

## **Educated**

In order for all Portlanders to gain success for themselves and the City, we must improve on the fundamental element underlying that success: education. My proposed budget offers a significant contribution to Portland schools for essential services. It is essential to the economic well-being of this city that we have an educated workforce, and as mayor of this city, I cannot allow these awful economic times derail the success of the next generation of this city's citizens. Portlanders are less concerned with which government agency is responsible for which service – they just want it done right. And educating our city's youth is something we must get right.

- Approximately \$7.5 million will go to help Portland schools, with \$5 million going to Portland Public Schools and the rest going proportionately to the other Portland school districts. Seven million of these funds are proposed to come from the General Fund (specifically Business License Fee revenue) and the balance from other funds.
- Critical programs supporting the Portland Plan strategy of thriving educated youth are included in the PP&R budget, including funding of \$300,000 for Teen Programming and \$70,000 for Summer Lunches.
- SUN Schools were also preserved in the PP&R budget, maintaining all Parks-managed sites and the pass-through to the County for the schools that they operate.
- The SUN Program at David Douglas High School received funding of \$100,000.
- The proposed budget also funds the Youth Planning program in the Bureau of Planning and Sustainability at \$53,726, to support career paths for hired youth planners.
- Finally, the proposed budget includes \$450,750 for the Mayor's Education Program, \$235,000 for the City's contribution to the county-wide Cradle-to-Career Strategy, and \$100,000 for the Right Brain Initiative arts education program.

## **Equitable**

For the city to succeed, all Portlanders—regardless of race, gender, sexual orientation, ability, neighborhood, age, income or where they were born—must have access to opportunities to advance their well-being and achieve their full potential. Equity not only makes individual lives better, it lifts up the whole city. Despite a tough budget year, I have kept equity at the forefront.


- The Office of Equity budget was spared reductions, which reflects the City's commitment to moving a meaningful equity agenda forward in FY 2012-13 and beyond.
- The funding supports the Portland Plan's equity framework and the action items related to closing gaps, engagement, partnering, racial issues, disability issues, and City accountability.
- In order to increase Portland Fire & Rescue's workplace diversity, the budget funds a bureau recruiter dedicated to outreach to underrepresented communities and communities of color.
- The proposed budget includes \$368,000 to fund phases II and III of the citywide compliance assessment project related to the Americans with Disabilities Act. This effort supports the implementation of the Disabilities Transition Plan stated in the Portland Plan.

- The proposed budget includes \$118,526 to continue funding for the Minority Evaluator position in Procurement Services. This is part of the effort to improve evaluation methods and mitigate disparities in the procurement process, as part of the Portland Plan.
- The City Attorney's office will continue to provide legal advice on Equity in Contracting, Civil Rights Act, and American's with Disabilities Act compliance, among others.

## Conclusion

I want to commend all the Portlanders who participated in our budget process, through community budget forums or service on a bureau or citywide budget advisory committee. With your input and feedback, we have been able to focus this budget on the programs and services that matter most to you. As mayor, you never want to have to face budget cuts. In order to keep the City on a fiscally sustainable path, some very good people who have worked very hard for our City will be losing their jobs. I thank them for all they've done to help Portland be a better place. I look forward to hearing the community's input on my proposed budget, and working with my council colleagues to adopt a final budget that makes Portland a more prosperous, healthy, educated, and equitable place.

Thank you,



Mayor Sam Adams

Agenda No.  
**REPORT NO.**  
Title

Mayor's Message to Budget Committee (Report) *Mayor convenes Council as the Budget Committee)*

<p><b>INTRODUCED BY</b> Commissioner/Auditor: <b>Mayor Adams</b></p>	<p>CLERK USE: DATE FILED <u>MAY 11 2012</u></p>
<p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance and Administration - Adams <i>[Signature]</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p>	<p align="center">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <i>[Signature]</i> Deputy</p>
<p><b>BUREAU APPROVAL</b></p> <p>Bureau: Office of the Mayor Bureau Head: Mayor Sam Adams.</p>	<p><b>ACTION TAKEN:</b></p> <p><b>MAY 16 2012 PLACED ON FILE</b></p>
<p>Prepared by: Jeramy Patton Date Prepared: May 10, 2012</p>	
<p>Financial Impact Statement</p> <p>Completed <input type="checkbox"/>      Amends Budget <input type="checkbox"/> Not Required <input checked="" type="checkbox"/></p>	
<p>Council Meeting Date <b>May 16, 2012</b></p>	
<p><b>City Attorney Approval</b></p>	

<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input checked="" type="checkbox"/></p> <p><b>Start time: 9:30 AM</b></p> <p><b>Total amount of time needed: 15 minutes</b> (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input type="checkbox"/></p>
<p><b>REGULAR</b> <input type="checkbox"/></p> <p><b>Total amount of time needed: _____</b> (for presentation, testimony and discussion)</p>

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		

NO VOTE REQUIRED