

BAC meeting #4: Thursday, January 11, 2024

Attending

- Eric Engstrom, BPS Deputy Director
- Julie Ocken, BPS Strategic Projects
- Harmonee Dashiell, BPS Equity Manager
- Anthony Locke, City Budget Office
- Kevin Block, BPS CPPW member
- Brandon Spencer-Hartle, BPS Protec17 member
- Nicole Kosina, BPS DCTU member
- Calvin Hoff, CIC member
- Juan Muro, Digital Inclusion Network
- Mary-Rain O'Meara, Planning Commission Chair

Not in attendance

- Megan Horst, PCEF Committee

Budget Updates & Process

Eric provided an overview of the Mayor's / CBO's instructions. The gist of the instructions was that all bureaus will take a General Fund (GF) cut. This means the budget office lowered our target budget number, and then we have to document what we did to meet this lower target number. This is the work that is in process.

At the first meeting, we talked about the BPS revenue sources:

- General Fund (GF)
- Solid Waste Management Fund (SWMF)
- Portland Clean Energy Fund (PCEF)
- Mt Hood Cable Regulatory Commission (MHCRC)

Budget instructions are largely about the GF cut requirement. PCEF has more funding than expected. In the Fall Budget Adjustment Process (BMP), we added positions based on last year's fee increase to the SWMF. MHCRC is a slowly declining revenue source, but it's fairly stable from last year into this next year. We fund our internal service programs at BPS through an overhead model, and those functions and that budget are in good shape given the various funding sources (PCEF and SWMF growth), even though the GF portion is shrinking a bit.

Issues BPS has identified

- All programs are taking a bit of a cut given the budget instructions. This isn't a reduction in real dollars, but it's not keeping up with the COLA costs that staff got from raises, so it is a bit of a loss.
- Community Technology – biggest expense is the Open Signal contract, which funds the broadcasting of Council, a cost that increases every year.

- Last year, the head of CT went to the City's community safety division including the funding, so we took a hit there as well.
- Graffiti Abatement program has been increasing services, but funding is for a one-time funded position instead of ongoing. We have continued to spend more on graffiti abatement given the need in the city.
- Planning and Equity teams are a bit shorter than last year given the 5% cut.
- Climate & Energy is also a bit short, mostly due to our adding a position to staff the new Sustainability & Climate Commission.

We were asked to fill out a worksheet about the cut scenarios, which includes how we will absorb the cuts.

BPS identified three options to evaluate how to meet the lesser funding:

- Eliminate vacancies.
- Cut back in programs.
- Reallocate funding.

Vacancy Strategy

- The challenge we have is that most vacancies are in PCEF and SWMF – not where we need to worry about funding, so this isn't a great option.

Programmatic Cuts

- Where we have the most challenges are programs that have a large public interest and equity rationale to not cut.

Reallocate Funding

- We looked carefully at this, and we can do a few things that can help.
- Internal Services (bureau overhead model) – staff in the bureau who work for the whole bureau, but in the Equity & Engagement Team and GIS Team, these are currently funded by GF, not in the overhead model. So we are looking to move these positions/program from GF to bureau overhead so we can spread the cost of these programs to the other fund sources, taking a bit of load off the GF source.
- Looking at if we can fund some Climate program staff with PCEF funding directly – this is dependent on what we can use the PCEF fund for, which we are looking into seeing if these changes can be justified.

With these changes, as of January 10, we thought we could cover all the costs without staff layoffs or losing ongoing positions.

However... yesterday, we got our bills for Interagency (IA) services. Fleet, BTS, rent costs were posted yesterday. We had been told that those bureaus had been constrained per the Mayor's memo, but in reality that didn't happen. BTS costs rose much higher, and we are now looking at about a \$300k loss. So we are now looking at if we have to cut some vacant positions, see what's eligible to use PCEF and SWMF funds. We are still very hopeful the combination of these changes will help us retain all BPS staff.

Juan: Is there any information about how Council priorities what gets funded? Was there community engagement to see what Portlanders want to prioritize, and how was that feedback taken?

- Eric: Council has not made decisions yet about what they consider important or not; it's all a formula given to all bureaus. Now we are preparing the Proposed Budget, and Council does an engagement process after all the bureaus have submitted their projects including public testimony; they then will make amendments to the budget from there before adopting the budget in June. Almost every year, the BAC feels the process is not as robust as we'd like. We fully understand this.

Next steps in coordinating with C&ED Service Area Bureaus

Bureau of Development Services (BDS), Portland Housing Bureau (PHB), and Prosper Portland, along with BPS comprise the Community & Economic Development Service Area. We are going through a series of structured meeting to look for opportunities for coordination within our portfolio – efficiencies, moving resources to help other bureaus, etc. We just had the first meeting as giving an overview of potential problems. The next two meetings will be more discussion about sharing or moving resources; and the final meeting will be to confirm decisions and recommendations.

The next meeting is next Thursday. We have been asked to talk about efficiencies (e.g. internal service opportunities). We had some discussions about this topic last summer with managers in our portfolio. It's not clear if we'll have an "a ha" moment or a big new proposal within this work, but we may propose things that may be more fleshed out in the Mayor's budget. It could theoretically mean moving funds to another bureau, but this is more a political question.

Kevin: Where does the discussion of increasing revenue come in?

- Eric: This plays out in the Mayor's budget instructions. In the fall, CBO and the Mayor's office is involved in forecasting revenues. So depending on the economic outlook, the Mayor's memo outlines what can be asked for in terms of adding funding. It's very specific year-to-year. This year we were told bureau's can't ask for more money, but there will be more guidance for decision package requests coming out soon.

Mary-Rain: Around the revenue line, and example is the Airbnb licenses and enforcement. On graffiti, it seems like an odd fit for BPS in terms of the role – is there a part of that program that generates a fee that could be looked at from an increase perspective?

- Eric: These conversations happen year-round. We are involved in discussions. With graffiti, we are working with the Mayor's office and are actually pursuing State money. We have funding to cover staff, but the question is more funding for the actual clean-up. This can happen outside this budget process. We have the graffiti role because we manage the public trashcans, so in the public space arena these go hand-in-hand. The other revenue sources we've been pursuing are the utility right-of-way fees, which we're in the middle of overhauling the fees – and once confirmed, we will look at increasing rates. We are also always seeking grant money and have IAs with various organizations (e.g. Rose Quarter and IBR work from the state; historic resources funding from the feds).

Nicole: Graffiti is part of the Waste Team, but it's General Fund. Is it a possibility to bring it into SWMF funding?

- Eric: In the past we have deemed it to be not compatible with the purpose of the SWMF. We do spread some of the SWMF to other bureaus in response to the trash problems, but it hasn't expanded into the graffiti team. Smart City PDX is General Fund and ARPA funded as well as one-time GF from the data governance work.

Limited-term Positions

We have about 20 limited-term positions currently at BPS.

One group is positions funded in 2021 when there was a big influx of GF money that year, which was distributed in 2-year allotments. These positions are scheduled to end on June 30 and won't be extended as expected in the positions.

In the Smart City team, about 6 people are doing work where there is money to continue for the next year, and we are pursuing extensions of these positions, but that doesn't happen until the Spring BMP process.

ARPA process is separate, and these are decisions made beyond BPS.

The other group of limited-term positions have ongoing money, so at some point we want to convert these positions to ongoing in an HR sense. At this point, we are holding on these changes, extending the limited term positions, and waiting until later to change the positions.

Kevin: Will there be efforts to have these people be able to apply for next (e.g. PCEF) positions?

- Eric: Yes, we are telling folks about potential opportunities if we know their funding won't continue. Donnie is also planning a Q&A session to provide more information with these staff.

Juan: How common is it to keep folks past the timeframe they were funded?

- Eric: It happens sometimes. We don't want a limited-term funded position to be floating for years without the job security of ongoing funding. If projects are longer, or if the staff is really useful, we try to continue and figure how to – but we can't give unrealistic hope if we're unsure.

BAC Letter to Council

Sometimes the BAC's letter includes advocating for additional funding, but that's not really a possibility this year – so the letter may be quite succinct.

Suggestions from BAC members

Mary-Rain: Is there a place to acknowledge the uncertainty and pressure that increasing administrative costs are causing? Recognition of changing our form of government and if there are any pass-through costs to the bureaus. Support and collaboration is important both within the C&ED Service Area and any operational constraints.

Juan: High-level statement about an opportunity to look at the process of community input into the budget process. Do we have the right people in the right places to make the best-informed decisions in the budget process? What's most important to me is the Digital Inclusion work and how we can solve problems for the new infrastructure. Support DI coalition work as an equity initiative and its building blocks.

Nicole: You had mentioned BTS is getting paid twice in some ways. Should we comment on this? It is an opportunity for cost savings or at least something to be addressed.

- Eric: We have an IA for general services BTS provides. Then, separately, certainly job classifications that were at BPS were moved to BTS, but BPS still pays for these positions. So we end up paying a premium for these positions.

Kevin: In the City transition, I think some of the independent commission management may be in a separate section. Where is this funding coming from?

- Eric: For MHCRC, the authority will move, but BPS will still run the program, so we don't anticipate the program moving. For the S&CC, we see the Climate leadership at that higher layer, as well as possibly the commission itself. But for now, we are budgeting for these positions within BPS.

[Additional BAC Meeting](#)

We confirmed Thursday, January 25 at 4 p.m. for the final BAC meeting. Julie will send an initial draft letter prior to the meeting for discussion and finalizing.