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2025-081

Presentation

Comments from Portland Parks Alliance and Virginia Ehelebe, Concerned Citizens

Placed on File
Comments on sustainable operations, budget, and community-based support for parks.

Exhibits and Attachments

[Presentation](#) 206.37 KB

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March 13, 2025 Regular Agenda <div>Climate, Resilience, and Land Use Committee</div>	Placed on File

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Introduced by

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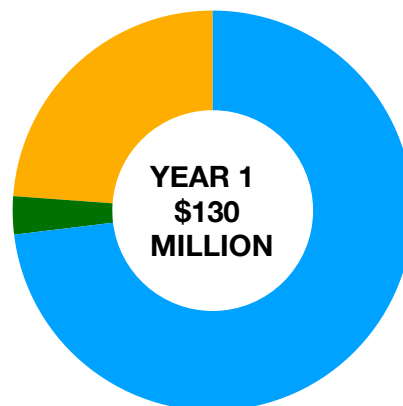
Meeting Date
March 13, 2025
Time Requested
20 minutes

PP&R: 2019 FINANCIAL SUSTAINABILITY PLAN REMAINS USEFUL ROADMAP

PP&R's 2019 "A Sustainable Future" project remains a solid policy roadmap for achieving the financial sustainability that has long eluded the bureau. Pulled together in the wake of a painful cash crunch, the project incorporated advice from the City Budget Office, namely, to boost the share of the budget devoted to capital maintenance while curbing operational spending growth. The proposed pairing of rebalanced spending priorities with fiscal discipline was designed to prevent future operational budget deficits and avert widespread park asset closures.

The presentation given to the City Council in November 2019 on the envisioned 15-year project showed how PP&R would divvy up its base budget if no additional funding was forthcoming. As shown in the pie chart on the right, operations would receive the lion's share of the base budget; capital maintenance would get only a 3 percent share.

**BASE BUDGET
FY2020 -FY2035**



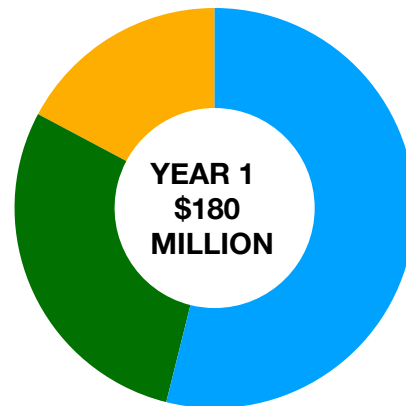
More importantly, it laid out a relatively modest "maintain" scenario and a more ambitious "fulfill" one for achieving the project's sustainability goals. The former required \$50 million-plus annually in new funding and the latter (minus street tree maintenance) required roughly double that amount.

● OPERATIONS ● CAPITAL MAINTENANCE ● CAPITAL GROWTH

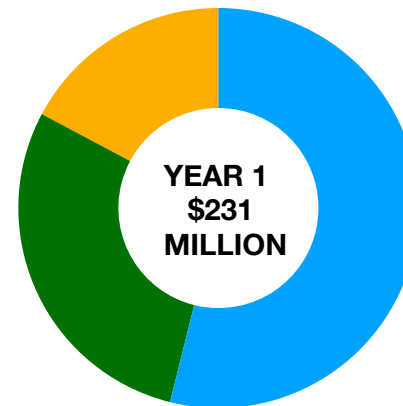
GOALS

- To maintain existing recreational programming
- To tackle the bureau's massive deferred maintenance backlog, which PP&R officials warned could force the closure of 1 in 5 park assets within 15 years.

**MAINTAIN SCENARIO
FY2020 -FY2035**



**FULLFILL SCENARIO
FY2020 -FY2035**



GOALS

- To boost park tree and daily maintenance and also increase program affordability
- To pare the capital maintenance backlog and undertake energy and seismic upgrades
- To add park system capacity in underserved areas.

The COVID pandemic, however, spurred city leaders in 2020 to pursue a levy instead. Elements of the "maintain" and "fulfill" scenarios were incorporated into the levy ballot language. But the operations-centric focus of the levy and its price tag meant its enactment would worsen—rather than ameliorate—the imbalance between operations and capital maintenance funding and would allow the bureau to avoid strict fiscal discipline. The spending entry pairs highlighted in blue spotlight the imbalance impact, while the numbers outlined in orange capture the relaxation in fiscal discipline.

ESTIMATED REVENUE/SPENDING TOTALS, BY CATEGORY AND BY POLICY OPTION (\$ MILLION)

Spending Policies Down/ Policies Across	BASE BUDGET	MAINTAIN SCENARIO	FULLFILL SCENARIO	2020 Levy
OPERATIONS				
5 Year Total	557	569	722	796
(Amount over Base)		12	165	239
CAPITAL MAINTENANCE				
5 Year Total	23	305	422	23
(Amount over Base)		282	399	0
CAPITAL IMPROVEMENT				
5 Year Total	182	182	235	182
(Amount over Base)		0	53	0

Source: Base, maintain, and fulfill scenario numbers drawn from November 2019 Council Work Session presentations: <https://www.portland.gov/parks/sustainable-future#toc-city-council-work-session-november-26-2019>

Estimates assume—in keeping with the initial A Sustainable Future projections—that general fund allocations to PP&R would rise 5 percent annually and that levy revenue would increase 3 percent annually. Obviously the assumed General Fund 5 percent increase has not materialized in recent years. The estimates therefore should be considered mainly as indicators of policy intent.

PP&R: WHY IS THE BUREAU’S FINANCIAL SUSTAINABILITY DETERIORATING?

Ironically, Parks’ financial position has become more tenuous since 2020, when voters approved the bureau’s largest ever funding package. PP&R data and official statements show the extent of the deterioration.

THEN (2020)

The capital maintenance backlog was roughly \$450 million..

The maintain Sustainable Future scenario pegged the the FY2020 operational shortfall at \$2 million.

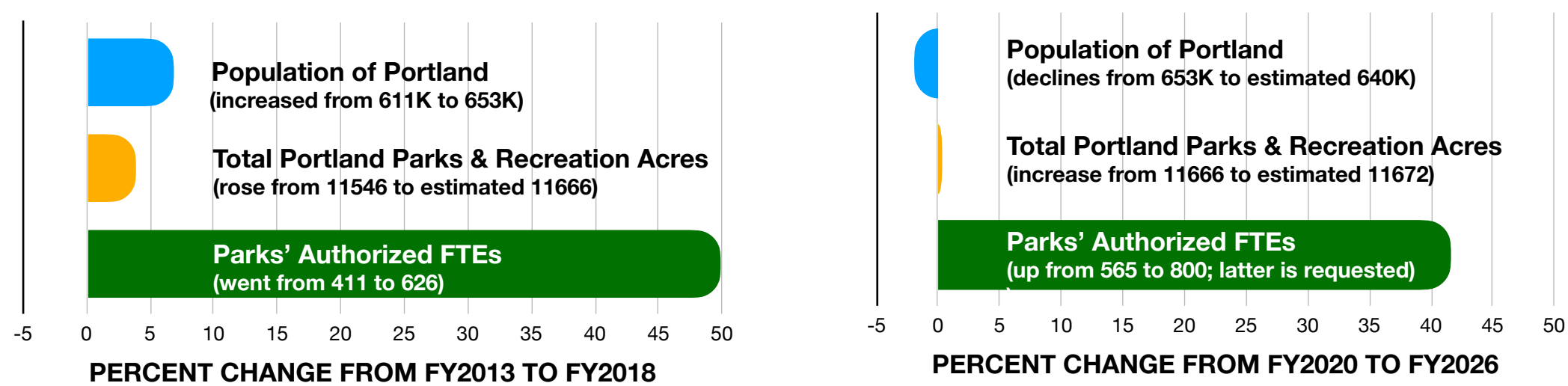
...AND NOW

But stood at \$591 million in FY2025

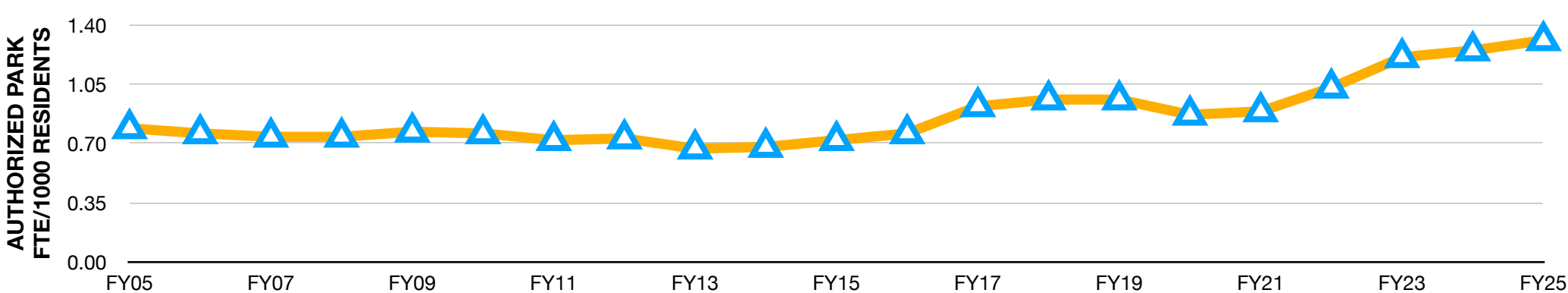
PP&R’s five-year requested budget plan estimates that, even with the existing levy, the bureau will need to cut spending by \$23 million in FY2026. It posits service cuts of \$100 million—more than twice the size of the current levy— if the levy is not renewed.

The extent of this deterioration was not inevitable. Although PP&R’s pivot to an operations levy in the midst of COVID was understandable, some of its subsequent levy-related policy choices are questionable; they appear to ignore the one-time status of levy money, the sizable levy underspending in the measure’s first two years, and the continuing need to tackle the growing deferred maintenance backlog. A case in point: the bureau’s adoption of a leveraged funding accounting model for levy expenditures in 2022 rendered moot a CBO initiative to redirect some of the bureau’s traditional general fund underspending to capital major maintenance. Nor has the bureau taken full advantage of the time and money the levy afforded to bolster its long-term financial health by identifying measures to cut costs and improve productivity. (It is worth noting that the CBO expected the levy to afford the bureau time to “thoughtfully and equitably restructure its services and address funding gaps.”)

An especially problematic levy-era policy choice is Parks’ decision to significantly expand its staffing levels. For General Fund bureaus such as Parks, letting staffing increases outpace population growth by a large margin is a recipe for large operating deficits—since it means their largest expense category ends up growing much faster than their primary revenue source. The resulting uptick in personnel costs feeds into higher program-delivery costs, which in turn require larger subsidies to keep programs affordable for many residents. Large levies allow bureaus to ignore these fiscal realities for a fair amount of time, but not indefinitely.

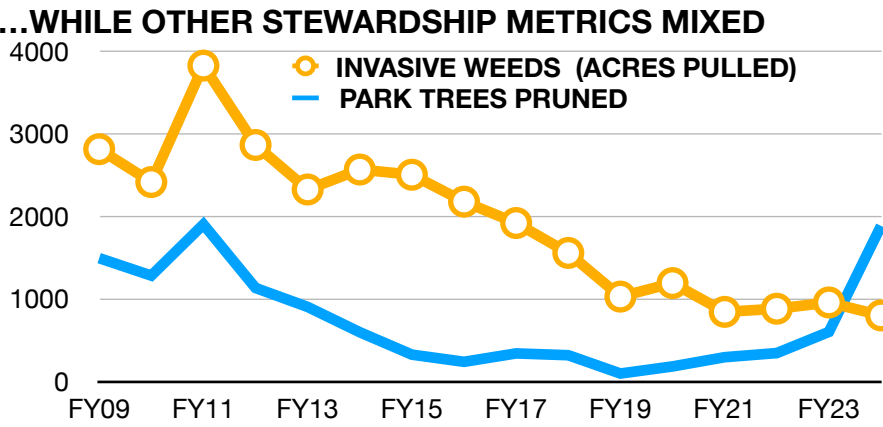
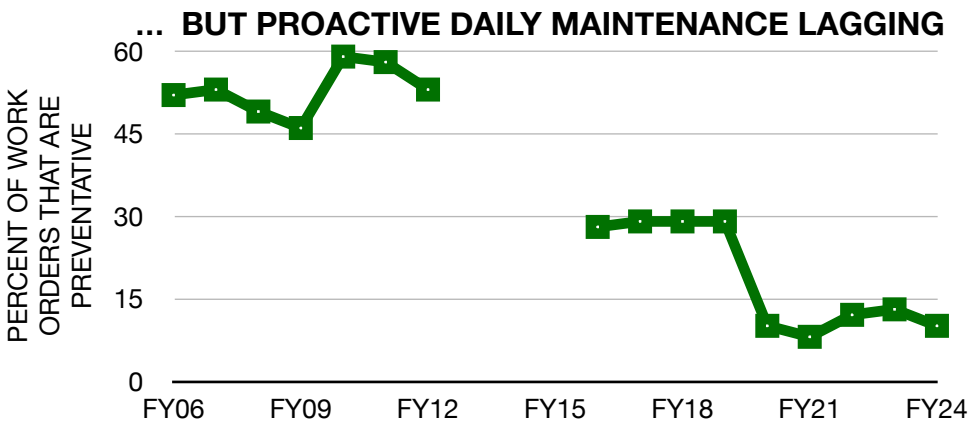


This post-levy hiring surge, coming on the heels of a similar hiring spurt that helped spark the bureau’s 2019 cash crunch, has boosted authorized Park FTEs per 1000 residents from the roughly 0.75 that prevailed from FY2005 through FY2015 to 1.3 in the current fiscal year.

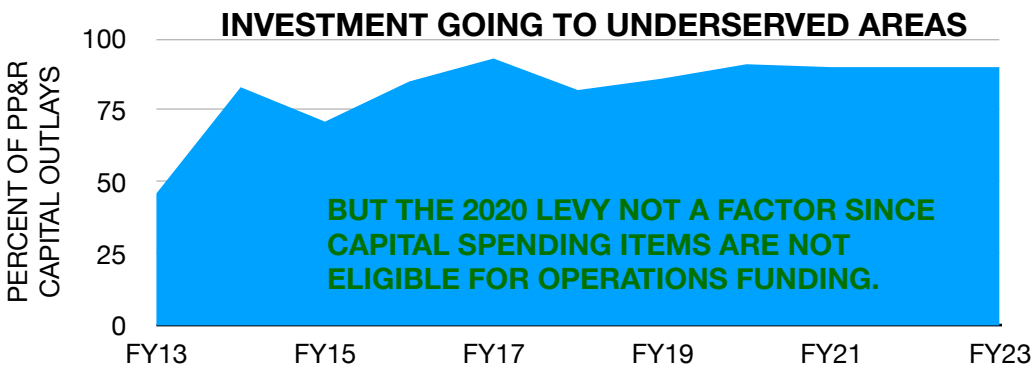


PP&R: ROOM FOR IMPROVING PERFORMANCE METRICS

Levy funding has had a positive impact on several maintenance-related performance metrics but more needs to be done. The share of the budget spent on routine maintenance has almost reached the high levels recorded a decade ago, but daily maintenance remains reactive rather than proactive. The bureau has adopted a proactive maintenance program for park trees, leading to an uptick in pruning activity vital to the long-term health of Portland’s mature-large-form trees. That said, the number of park trees pruned last year was below the number recorded in FY2011.

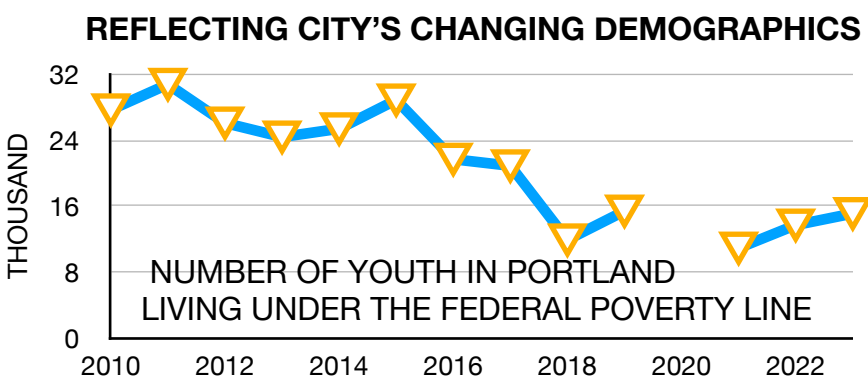
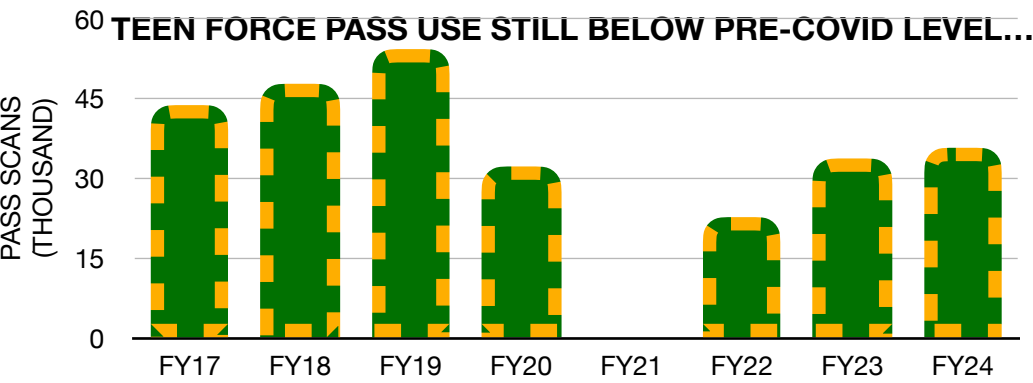


The access pass program, which has more than tripled the share of recreation program participants receiving financial assistance, is regarded as another levy success. Several other programs focused on underserved communities, however, have registered lackluster results in recent years; some have yet to restore performance levels to pre-pandemic levels. Portland’s evolving demographics appear to be driving some of these outcomes. Our city’s aging population and rising household incomes has roughly halved the number of city youth living below the federal poverty line. That, in turn, presumably is responsible for the weak performance metrics evident in summer lunch programs and Teen Force Pass use.

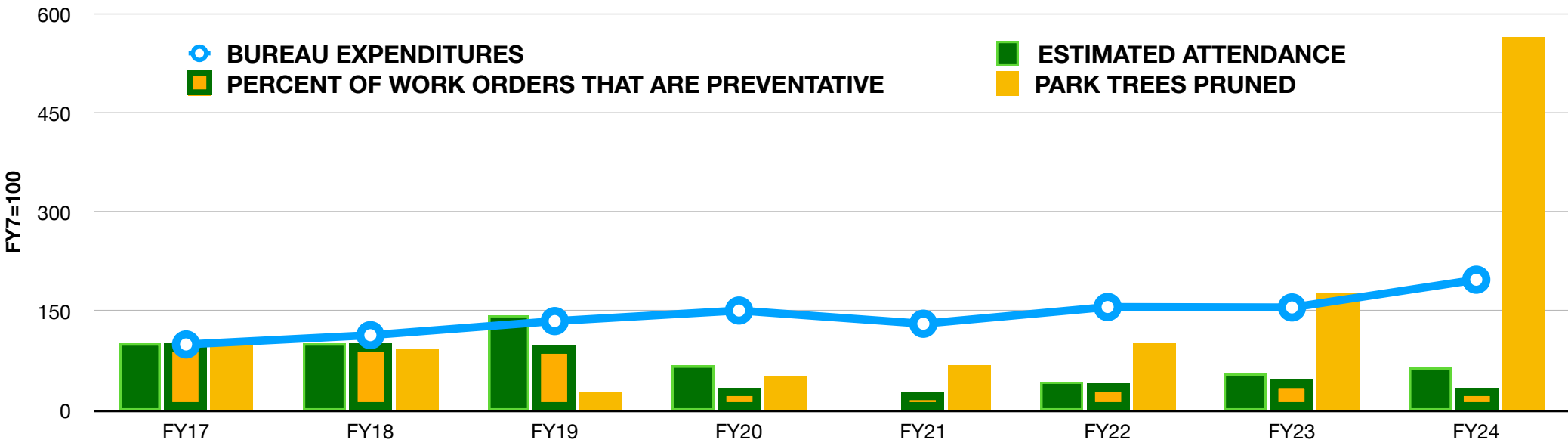


...BUT SUMMER PROGRAMS ARE SHRINKING

	SWIM LESSONS	FREE CONCERTS	FREE LUNCHES
	PROVIDED	ATTENDANCE	DISTRIBUTED
2013	31K	53K	101K
2023	11K	12K	99K



Parks’ lackluster performance in various—but not all—endeavors raises questions about the bang-for-the-buck residents are receiving from levy spending. A potential silver lining: the subpar results suggest there is ample scope for productivity gains, which if realized should reduce the need for projected service cuts.



A NEED FOR GREATER CLARITY FROM PP&R

**...ON WHAT ITS LEADERS CONSIDER THE BUREAU'S
CORE MISSIONS AND HOW CLOSELY
THAT LIST MIRRORS RESIDENTS' AND ELECTED
OFFICIALS' PRIORITIES**

**...ON ANTICIPATED OUTLAYS FOR KEY
ELEMENTS OF LARGE SPENDING PACKAGES.
THE PROJECTED COSTS OF PRESERVING
OR EXPANDING EXISTING PARK SERVICES AND
THE COSTS OF NEW PROGRAMS EACH MERIT SCRUTINY**

**...ON WAYS TO ENHANCE METRICS FOR GAUGING PP&R'S
SUCCESS NOT ONLY IN DELIVERING SERVICES BUT ALSO IN
THE STEWARDSHIP OF LIVING AND BUILT ASSETS
...AND APPROPRIATE TIMEFRAMES FOR
REMEDYING SHORTCOMINGS**

**...ON THE ODDS THAT A SPENDING PACKAGE WILL RESULT
IN A FISCAL CLIFF LIKELY TO TRIGGER LARGE
SERVICE CUTS WHEN THE INITIAL FUNDING LAPSES...AND
THE BUREAU'S PLAN FOR MINIMIZING THOSE RISKS**