

IMPACT STATEMENT

Legislation title: Mayor's Message to Budget Committee (Report)

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Presenter name: Mayor Hales

Purpose of proposed legislation and background information:

The Mayor is required by state law to deliver a budget message to the budget committee at its first meeting.

Financial and budgetary impacts:

The delivery of the budget message corresponds with the delivery of the Proposed Budget document. The Proposed Budget includes multiple programmatic changes that, if ultimately approved, have budgetary impacts in FY 2015-16.

Community impacts and community involvement:

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. In addition, numerous public hearings were held throughout the budget process. Public testimony on the budget was accepted in person, in writing, and online.

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

Mayor's Message



Office of Mayor Charlie Hales
City of Portland

INTRODUCTION

I have proposed a budget for 2015-16 that puts a major emphasis on investing in the basics. That includes streets, affordable housing and the homeless, and safe activities for our young people.

This is a back-to-basics budget, even though the city's budget forecast anticipates \$484.5 million in discretionary General Funds next year and a total annual budget of over \$3.5 billion. The additional \$49 million in discretionary funding came about because the City's economy is booming and the City Council has made prudent financial decisions over the last two budgets, including paying down a portion of the City's debt. The Council also passed the first comprehensive review of Urban Renewal Areas, championed by the Mayor, which improved the budget picture for the City, Multnomah County, and the state's Common School Fund.

In good times and in bad, Portlanders' values are clear. They expect us to take care of what we have and invest in a better future. This year, the budget news is great, so this is the right year to invest wisely.

INVESTMENT PRIORITIES

My budget this year focuses on specific areas of investment. The priorities are:

Basic Services -- \$30.38 million

First, I am calling for investing almost \$20 million more in streets.

In 2013-14, Transportation Commissioner Steve Novick and I highlighted the need to address the estimated \$90 million per year backlog of maintenance on city streets. During that deliberation, Portlanders asked us to focus on fixing our streets. I listened. This budget does that. My proposal won't solve the city's whole street problem, but I'm serious about addressing the problem.

The proposal includes \$8.89 million for paving; \$6.89 million for street safety improvements; \$1.5 million for the "Out of the Mud" program to help pave dirt streets for the first time; plus other transportation projects for a total of more than \$19 million.

Since last spring's budget adjustment, we have proven that we are serious about taking care of our streets. We increased general fund investment to the Transportation Bureau by 141 percent – from \$12 million to \$29 million in that time.

Beyond the streets, the second major investment under "basic services" is \$5.97 million more to address homelessness and affordable-housing programs. That is atop the more than \$90 million already in the city budget for housing from all sources, for a total of almost \$100 million.

In addition to supporting affordable housing, other funds are dedicated to a year-round women's shelter; getting all homeless veterans into housing, and a focused effort to address large, illegal homeless camps.

Public Safety and Emergency Preparedness -- \$9.63 million

First, I propose moving forward with the long-awaited renovation of The Portland Building, including making it seismically safe. The cost for the entire project is estimated at \$175 million, and my proposed budget includes \$2.57 million for both planning funds for project design, plus a 20-year financing plan.

I want to continue investing in an improved relationship between the Portland Police Bureau and the community it serves. These investments include a program targeting domestic violence; crime analysts; and coordinated efforts to address gang violence. Plus, investing \$500,000 in a psychiatric emergency services center, which will give first responders a safe and sensible alternative to jail or an emergency room for people undergoing mental health crises.

I also am calling for \$1.38 million to retain 26 firefighter positions next fiscal year.

Kids -- \$4 million

The largest new investment in my budget focuses on programs for at-risk teens. We have to give our young people safe options and activities. That includes sports and other recreation. It includes internships. It includes education and job opportunities. Throughout the city, schools, nonprofits and other governments are rallying behind this. So is the faith community. So is the business community. This is a city-wide initiative.

That's why I am proposing a \$2 million parks program for youths. The plan is to open more of the city's parks, gyms and facilities for teenagers, free of charge, and to leverage other agencies, such as the school districts and Portland Community College, to do the same. I am reaching out to the private sector and foundations for additional funding.

After-school and weekend activities aren't enough, of course. So my budget calls for \$960,000 for the Youth Bus Pass program; \$400,000 for the "3 to PhD" program at Concordia University; \$250,000 for Parks for New Portlanders program; \$135,000 for summer interns; \$130,000 for the Parks "Free For All" program; and an additional \$129,000 for Portland Community College's Future Connect program, bringing the total to \$561,000.

Part of what is fueling this is a rise in gang violence in this city. We have had more than 40 gang-related incidents of violence so far this year. It's not enough to tell at-risk youths, "put down the gun." We have to give young people something else to "pick up" – such as healthy activities, internships and job skills. When I say we have to invest in our assets, I mean our young people most of all.

OTHER INVESTMENT PRIORITIES

Beyond those issues, the primary investments in my budget include:

- \$900,000 to increase pay to \$15 per hour for many city employees.
- \$300,000 for the East Portland Action Plan.
- \$158,000 to convert seasonal workers to full-time status.

- Funds for a mental health specialist; New Portlanders program; equity and civil rights; expansion of the Diversity and Civic Leadership program; and staff to oversee compliance on women- and minority-owned businesses.

And finally, \$1.93 million to support security, public access and youth programs at the 2016 Indoor Track and Field events. The worldwide sporting events will draw audiences from around the world next March, with much of the activities free of charge and centered in downtown Portland. We beat out cities throughout the world for this honor. The result will be an untold amount of good will and fun for our entire city," Hales said, noting the estimates of \$25 million in economic benefits coming to the community. "This event puts Portland on a global stage, and I'm committed to being ready."

Money spent how will come back to our community many-fold, along with an untold amount of good will and opportunities for young people.

UTILITY RATES

This year, under the leadership of Water and Sewer Commissioner Fish, we are submitting service rate increases of 7% for water and 3.6% for the Bureau of Environmental Services. The combined rates comes in at 4.7%.

CONCLUSION

In three years, we have seen record-setting budget cuts, a flat budget and, this year, a major increase in discretionary spending. But throughout those changes, I have recommended a budget that gets back to basics, and invests in the future. I have said before that the difference between "spending" and "investing" is the same as a family taking a vacation or fixing the roof on the house. We are taking this opportunity to "fix the roof."

Charlie Hales

Mayor