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FINANCIAL PLANNING DIVISION ANALYSIS FY 2012-13 Budget

Portland Parks & Recreation

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I. Overview

Budget Summary	Revised FY 2010-11	Revised FY 2011-12	Request Base FY 2012-13	Request Total FY 2012-13	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$17,521,301	\$18,199,752	\$13,649,043	\$13,649,043	-25.0%
Taxes	65,039	32,142	16,071	16,071	-50.0%
Licenses & Permits	309,669	231,088	278,502	278,502	20.5%
Charges for Services	27,757,095	28,764,059	28,170,984	27,361,471	-4.9%
Intergovernmental Revenues	6,461,344	16,047,474	8,551,233	8,551,233	-46.7%
Interagency Revenue	3,039,301	2,679,029	3,567,406	3,567,406	33.2%
Fund Transfers - Revenue	5,520,440	2,908,733	1,328,170	1,238,899	-57.4%
Bond and Note Proceeds	774,800	3,684,000	1,515,000	1,515,000	-58.9%
Miscellaneous Sources	2,174,579	2,936,163	1,640,009	1,640,009	-44.1%
General Fund Discretionary	41,091,826	43,115,618	43,687,822	40,844,495	-5.3%
Total Resources	\$104,715,394	\$118,598,058	\$102,404,240	\$98,662,129	-16.8%
Expenditures					
Personnel Services	\$45,659,719	\$47,156,598	\$46,903,075	\$43,644,361	-7.4%
External Materials and Services	24,909,923	26,266,662	22,092,100	21,897,847	-16.6%
Internal Materials and Services	8,680,855	8,824,224	8,988,891	8,789,018	-0.4%
Capital Outlay	9,575,726	20,818,012	17,189,731	17,100,460	-17.9%
Debt Service	2,377,476	2,667,498	913,142	913,142	-65.8%
Fund Transfers - Expense	4,164,478	1,772,429	519,708	519,708	-70.7%
Contingency	8,544,490	10,930,013	5,634,971	5,634,971	-48.4%
Unappropriated Fund Balance	802,727	162,622	162,622	162,622	0.0%
Total Requirements	\$104,715,394	\$118,598,058	\$102,404,240	\$98,662,129	-16.8%
Total Bureau FTE	446.00	445.00	440.00	402.00	-9.7%

Percent Change is the change from FY 2011-12 Revised Budget to FY 2012-13 Total Requested Budget.

II. Key Issues

Operational Impacts of Staff Reductions

Exclusive of add packages for ongoing unfunded programs, the Parks request, at the full 8% reduction target, includes staff cuts of 40.40 FTE. The bulk of these reductions come from front-line staff. In addition to the full-time staff cuts, a number of seasonal positions are reduced – a total net reduction of \$453,000 (an equivalent of about 12.50 FTE at \$17/hr). While these do not reflect authorized position reductions, they have a considerable additional impact on service levels above and beyond the permanent staff cuts.

At the 8% reduction level, 28.50 FTE in maintenance of parks and natural areas, 9.90 FTE in recreation, and 2.00 FTE in administration would be eliminated. This disproportionate cut to front-line operations is based on several factors:

- The bulk of General Fund discretionary (51%) funds the infrastructure program so cuts to discretionary will necessarily come from this program to a large degree;
- Recreation is generally ranked lower than infrastructure but, because it is also supported by program income, requires deeper cuts to achieve discretionary savings;
- Daily maintenance and recreation reductions do not have long-term impacts on Parks assets and can be reversed more quickly and with little one-time cost;
- The Support program has taken considerable cuts in recent years and is more difficult to scale; and
- The bureau and the BAC did not wish to ‘thin the soup’ by reducing service levels across the board.

The above logic notwithstanding, the impacts of reductions to front-line staff could potentially be offset by more extensive reorganization of the support function than what is proposed or, given the extreme nature of the reductions at the 8% level, reorganization of zone operations supervision. These work groups are particularly impacted by the proposed cuts – 23.5 FTE are cut – representing a 40% cut to overall headcount and an over 45% cut to frontline staffing. Span of control is cut in half across all zone operations, with each Parks Maintenance Supervisor supervising half the staff as previously. See the table below for total cumulative impacts of daily maintenance and landscaping reductions in Zone Operations. A reorganizational initiative announced to the BAC on March 1 – to merge the South and East zones might provide an opportunity to eliminate a zone maintenance supervisor.

Zone	Base Staff	Requested Budget
West Zone 1	17	10.5
West Zone 2	7	4
South Zone	10	6
East Zone	9	5
North Zone	8	5
Northeast Zone	8	5
<i>Total</i>	<i>59</i>	<i>35.5</i>

The specific operational impacts are discussed in the decision package narratives below. To provide perspective on the total requested cuts, Personnel Services in the Infrastructure and Recreation programs in the General Fund are cut by \$3.4 million from a \$31.1 million base while the Support program is reduced by \$100,000 from a \$5.8 million base (see table below).

Program	Base	Requested	Difference	% Change
Community	\$3,875,576	\$4,115,576	\$240,000	6%
Infrastructure	\$17,574,267	\$15,335,188	\$(2,239,079)	-13%
Recreation	\$13,610,081	\$12,450,446	\$(1,159,635)	-9%
Support	\$5,775,495	\$5,675,495	\$(100,000)	-2%
<i>Total</i>	<i>\$40,835,419</i>	<i>\$37,576,705</i>	<i>\$(3,258,714)</i>	<i>-8%</i>

One advantage to looking to support and administration for additional reductions is that the support program, like the maintenance functions, is almost entirely funded by General Fund discretionary so cuts in this program are very efficient at meeting discretionary targets.

FPD recommends that the bureau explore further organizational changes that might preserve front-line staffing and, consequently, service levels and, prior to the Proposed budget, Parks should develop at least \$250,000 of alternative Support program reductions. One alternative to consider would be revisiting the bureau overhead allocation to the Golf Fund and Portland International Raceway (PIR) Fund. This alternative is discussed later in this review.

The Challenge of Cutting Recreation Programming

The cuts to maintenance of parks and natural areas discussed above impact the highest priority programs in the bureau. Out of 30 identified programmatic priorities, maintenance, safety, and property management represent the top nine. Recreation programming is, as a general matter, considered a lower priority but is far less affected by the proposed cuts. This is partially the result of the maintenance programs receiving the majority of General Fund discretionary as noted above. Another reason is that because recreation programming generates fees, cuts to achieve discretionary savings must typically go at least twice as deep. Finally, another potential reason for the minimal reductions to recreation and other programs is the political challenge associated with programs that have more vocal support bases.

As the table below shows, the cuts proposed by Parks to recreation programs and other services total less than \$600,000 in discretionary savings but result in almost \$1.5 million in total service cuts.

Program	Discretionary Reduction	Program Revenue Reduction	Total Funding Reduction	FTE Reduction
SUN Community Schools (4%)	(332,416)	(95,000)	(427,916)	(3)
Outdoor Recreation and Environmental Education (4%)	(71,412)	(84,781)	(156,193)	(1)
Buckman Pool (4%)	(\$79,720)	(\$56,445)	(\$136,166)	(1)
Fulton Community Center (6%)	(\$74,693)	(\$221,742)	(\$296,435)	(2.4)
Hillside Community Center (6%)	(33,524)	(\$366,044)	(\$399,568)	(2.5)
Total	(591,765)	(824,012)	(1,416,278)	(10)

One additional dynamic that is important to note regarding reductions to recreation programming is that costs are recovered more efficiently in more affluent areas because of differentials in fee schedules. This creates a tradeoff between cutting more services in affluent districts to achieve the same targets as a more minimal reduction to services in a lower-income area. This is an important equity tradeoff that was discussed in depth by the BAC during the process, with the BAC ultimately choosing to spare small community centers in less affluent areas – centers larger general fund subsidies per visitor.

FPD recommends that Parks look to mitigate some of the recreation cuts through additional revenue generation – either through increased fees at targeted centers and programs or through fundraising. Alternatively, Parks might seek options to eliminate programs with lower rates of cost recovery at those centers. Finally, Parks might look to lease space to private non-profit and for-profit entities to provide certain services. Parks has already begun to explore a number of these alternatives. Details are discussed under the specific decision package narratives.

Interagency Agreement Reduction Impacts

Separate from the reductions in the Parks requested budget, the Bureau of Environmental Services has included reductions to services provided by Parks through interagency agreements. These reductions total \$223,899 of a total interagency base budget charge of \$1.5 million to BES. BES is discontinuing funding for a Forest Park ranger (\$65,000), Multnomah County Animal control pass-through (\$69,000), the inoculation of the Elm trees of (\$62,500), and (\$27,398) of landscaping at the Water Pollution Control Lab.

Short-Term Savings May Be Insufficient

Because a large portion of the reductions identified by Parks come from Personnel Services reductions, there is the risk that unemployment and other separation costs have not been fully accounted for. Parks has budgeted \$327,645 in the base budget for unemployment claims. This is 9% greater than the FY 2011-12 revised budget. Parks has indicated that they anticipate a number of current claimants to reach the end of their benefits period, thus freeing up budget for new claimants. At less than \$10,000 per potential claim, the figure still seems a bit low in light of the \$26,364 maximum per claim. Additionally, in order to capture a full year of savings on the reduced positions, Parks will need to begin initiating the position reduction process in spring 2012, before the FY 2012-13 budget is adopted. Some positions are not expected to be reduced until after the summer season in order to capture a large seasonal portion of the annual revenue that supports those positions. FPD recommends that Parks carefully monitor unemployment claims and other separation costs throughout the year and ensure that savings are generated sufficient to not overspend the Personnel Services budget.

FPD Alternatives

In an effort to preserve front-line services and basic parks maintenance and recreations functions, FPD has recommended a number additional reductions or revenue options that should be considered. These are discussed in the packages below but are summarized here:

- Additional reductions to pass-throughs. These programs are the lowest ranked General Fund programs in the bureau and are not delivered in Parks or by Parks staff. They are recreational and inclusive in nature, but FPD recommends that they not be prioritized ahead of Parks assets and direct programs. FPD recommends more than pro rata reduction of pass-throughs up to and including possible elimination.
- Bureau overhead charges to enterprise funds. FPD recommends that the Golf Fund and the PIR Fund pay an increased share of bureau support and administration costs. These cash transfers could mitigate a portion of the necessary cuts. Currently, the bureau charges for cost of service, but this model may not be picking up overhead costs that are more difficult to identify and measure.
- Additional Support staff reductions. As discussed earlier, FPD recommends that the bureau propose additional reductions to the Support program.
- Revenue and other creative offsets for programming cuts. The Hillside and Fulton could be offset or partially offset by generating additional fee, leasing, or fundraising revenue or through increased volunteerism. These alternatives are discussed in the package narratives below.

Unfunded Capital Plan

Parks sources of funding for capital projects include system development charges (SDCs), the Portland Development Commission, some Metro funding for acquisitions of natural areas, a small annual allocation of General Fund for major maintenance, and some remaining but earmarked levy funds from the most recent local option levy. Historically, Parks has gone to voters every decade or so to fund a more ambitious capital plan. Until and unless such a bond or levy is passed by voters, the Parks five-year capital plan will remain largely unfunded. Of the 15 largest projects in the CIP, 14 are unfunded and represent almost 50% of the entire CIP. This issue is discussed in the Capital section of this review. FPD recommends that the bureau clearly identify to City Council in their budget narrative the funded portion of their CIP by program and objective by year; as currently presented, it may create false expectations around projects being completed. This year is the first year that funding sources are called out in the project narratives; FPD recommends that Parks add a summary table to their submission in future years.

Elimination of Unfunded Positions

There are 13.90 FTE that are authorized but unfunded. These positions were maintained so as to allow Parks to fill them quickly without returning to Council for authorization if revenues were to materialize. Given the current significant operational reductions, it is unlikely that these positions will be filled ahead of restorations to some of the currently proposed cuts. FPD recommends eliminating these positions and has included a separate realignment package; this package has no dollar impact.

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested				FPD Analyst Recommendations					
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Parks & Recreation											
<u>Reductions</u>											
PK_31 - FPD Alt: Additional Pass-through Reductions		0.00	0	0	0	0	0.00	(823,789)	0	0	(823,789)
PK_01 - Administration	01	(1.00)	(100,000)	0	0	(100,000)	(1.00)	(100,000)	0	0	(100,000)
PK_02 - Printing & Distribution	02	0.00	(100,000)	0	0	(100,000)	0.00	(100,000)	0	0	(100,000)
PK_03 - Sponsorship	03	(1.00)	(50,000)	0	0	(50,000)	(1.00)	(50,000)	0	0	(50,000)
PK_04 - SUN Community Schools	04	(3.00)	(332,416)	0	(95,500)	(427,916)	(3.00)	(332,416)	0	(95,500)	(427,916)
PK_05 - Pass-Through Grants 4%	05	0.00	(35,817)	0	0	(35,817)	0.00	(35,817)	0	0	(35,817)
PK_06 - Outdoor Recreation and Environmental Education	06	(1.00)	(71,412)	0	(84,781)	(156,193)	(1.00)	(71,412)	0	(84,781)	(156,193)
PK_07 - Reduce Daily Park Maintenance	07	(11.00)	(982,854)	0	0	(982,854)	(11.00)	(982,854)	0	0	(982,854)
PK_08 - Close Buckman Pool	08	(1.00)	(79,720)	0	(56,446)	(136,166)	(1.00)	(79,720)	0	(56,446)	(136,166)
PK_09 - Pass-Through Grants 6%	09	0.00	(17,909)	0	0	(17,909)	0.00	(17,909)	0	0	(17,909)
PK_10 - Close Fulton Community Center	10	(2.40)	(74,693)	0	(221,742)	(296,435)	(2.40)	(74,693)	0	(221,742)	(296,435)
PK_11 - Close Hillside Community Center	11	(2.50)	(33,524)	0	(366,044)	(399,568)	0.00	0	0	0	0
PK_12 - Reduce Daily Park Maintenance - 6%	12	(3.00)	(244,166)	0	0	(244,166)	0.00	0	0	0	0
PK_13 - Park Landscaping	13	(5.50)	(505,817)	0	0	(505,817)	0.00	0	0	0	0
PK_14 - Pass-Through Grants 8%	14	0.00	(17,909)	0	0	(17,909)	0.00	(17,909)	0	0	(17,909)
PK_15 - Park Landscaping - 8%	15	(1.00)	(65,243)	0	0	(65,243)	0.00	0	0	0	0
PK_16 - Reduce Daily Park Maintenance - 8%	16	(3.00)	(347,541)	0	0	(347,541)	0.00	0	0	0	0
PK_17 - Irrigation except on Sports Fields	17	0.00	(104,000)	0	0	(104,000)	0.00	0	0	0	0
PK_18 - Tree Inspection	18	(1.00)	(80,000)	0	0	(80,000)	0.00	0	0	0	0
PK_19 - Natural Areas and Hoyt Arboretum	19	(2.00)	(130,000)	0	0	(130,000)	(1.00)	(77,796)	0	0	(77,796)
PK_20 - Dutch Elm Program	20	(2.00)	(131,417)	0	0	(131,417)	0.00	0	0	0	0
PK_21 - Major Maintenance 4%	21	0.00	(44,635)	0	0	(44,635)	0.00	0	0	0	0
PK_22 - Major Maintenance 6%	22	0.00	(22,318)	0	0	(22,318)	0.00	0	0	0	0
PK_23 - Major Maintenance 8%	23	0.00	(22,318)	0	0	(22,318)	0.00	0	0	0	0
Total Reductions		(40.40)	(3,593,709)	0	(824,513)	(4,418,222)	(21.40)	(2,764,315)	0	(458,469)	(3,222,784)
<u>Unfunded Ongoing</u>											
PK_27 - Teen Programming	01	3.00	0	300,000	15,000	315,000	0.00	0	0	0	0
PK_28 - Portland Summer Lunch Program	02	0.00	0	70,000	0	70,000	0.00	0	70,000	0	70,000
Total Unfunded Ongoing		3.00	0	370,000	15,000	385,000	0.00	0	70,000	0	70,000

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					FPD Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Parks & Recreation											
<i>Bureau Adds</i>											
PK_29 - O&M for Acq. and Parks Developed	03	0.00	214,876	13,987	0	228,863	0.00	0	0	0	0
<i>Total Bureau Adds</i>		0.00	214,876	13,987	0	228,863	0.00	0	0	0	0
<i>Realignments</i>											
PK_32 - FPD Alt: Eliminate Unfunded Positions		0.00	0	0	0	0	(12.90)	0	0	0	0
<i>Total Realignments</i>		0.00	0	0	0	0	(12.90)	0	0	0	0
Total Portland Parks & Recreation		(37.40)	(3,378,833)	383,987	(809,513)	(3,804,359)	(34.30)	(2,764,315)	70,000	(458,469)	(3,152,784)
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Summary by Decision Package Type											
<i>Total Reductions</i>		(40.40)	(3,593,709)	0	(824,513)	(4,418,222)	(21.40)	(2,764,315)	0	(458,469)	(3,222,784)
<i>Total Unfunded Ongoing</i>		3.00	0	370,000	15,000	385,000	0.00	0	70,000	0	70,000
<i>Total Bureau Adds</i>		0.00	214,876	13,987	0	228,863	0.00	0	0	0	0
<i>Total Realignments</i>		0.00	0	0	0	0	(12.90)	0	0	0	0
Grand Total		(37.40)	(3,378,833)	383,987	(809,513)	(3,804,359)	(34.30)	(2,764,315)	70,000	(458,469)	(3,152,784)

III. Decision Package Analysis & Recommendations

Reduction Packages

Administration/PK_01, (\$100,000), (1.00) FTE, Bureau Priority #1

This General Fund discretionary-funded position reduction is a placeholder for Parks restructuring to align management span of control with delivery of service in light of other proposed cuts. On March 1, the Parks Director announced that this reduction would be an Administrative Manager in the Workforce Support and Development group. The value of this position is greater than the \$100,000 placeholder value originally requested by Parks, however the bureau is likely to reduce only \$100,000; the remainder will be retained to transition workload.

As noted in the Key Issues section above, the cuts in the requested budget fall primarily on direct maintenance functions and, to a lesser degree, on recreation and other programs. This package and PK_02 and PK_03 below are the only purely administrative/support reductions.

According to Parks, over the last three years, the bureau has made the following reductions to the 'backoffice' and supervisory functions:

- 2.5 FTE planners in Planning & Corporate Strategy
- 2.0 FTE in the Customer Service Center
- 3.0 FTE in Marketing and Administration
- 1.0 FTE Maintenance Supervisor

FPD recommends that, in addition to the \$100,000 reduction in this request, that Parks aggressively seek further reductions through restructuring of bureau management and reengineering support processes and functions.

FPD Recommendation: (\$100,000), (1.00) FTE

Printing & Distribution/PK_02, (\$100,000), Bureau Priority #2

This package reduces the distribution of program brochures and is funded with General Fund discretionary. The overall brochure budget is over \$330,000. The bureau plans to migrate a large portion of customers to the website over time. Many recreation districts nationwide are moving to a less paper/mail intensive marketing methodology. However, some studies show that registrations can be significantly impacted by a reduction of direct mail catalog marketing. Parks has acknowledged that this might have a direct impact on registrations and program revenue. FPD recommends this package be implemented but with careful monitoring of registrations and revenues to ensure that alternative marketing methods are working. In the event that revenues are impacted negatively, the bureau should seek to reallocate the reduction mid-year.

FPD Recommendation: (\$100,000)

Sponsorship/PK_03, (\$50,000), Bureau Priority #3

This package eliminates a sponsorship coordinator position responsible for raising funds for the Summer Free for All program. A portion of the savings is redirected to fund temporary help to perform the same function.

This position has not been filled for the last two years, so there should be no impact on current operations. The position, however, was intended to meet bureau goals of funding 10% of operations with gifts, grants, and sponsorships. The bureau anticipates being able to maintain

existing sponsorship relationships with existing staff, but will be unable to grow the program as hoped.

The typical expectation of a fundraising position is to raise four times the value of the position, according to Parks. While the continued funding (and filling) of this position would potentially generate net revenue, that revenue would be directed at a lower priority program (i.e. Summer Free for All) than many of the other cuts proposed (i.e. daily maintenance). FPD recommends the implementation of the reduction as requested.

FPD Recommendation: (\$50,000), (1.00) FTE

SUN Community Schools/PK_04, (\$427,916), (3.00) FTE, Bureau Priority #4

Parks has indicated that the nature of this package is subject to change over the course of the budget process as discussions continue with Multnomah County and other stakeholders. In its current form, this package would result in the closure of three SUN School sites and reduce the pass-through funding to Multnomah County by \$53,012. This would result in \$332,416 in discretionary savings and \$95,500 of reduced fee revenue. At this point, specific sites have not been identified. Parks is attempting to make closure decisions by mid- to late-March. Criteria for closures are size and percent of students receiving free and reduced lunch; additional factors being considered are race and ethnicity and achievement gaps.

Each site is staffed by a full-time Recreation Coordinator as well as seasonal, part-time staff. Parks would continue to operate eight sites; Multnomah County operates another 53 sites though non-profit providers. The program is ranked 16th out of 30 program priorities by Parks and, compared to other program offerings, is at a low level of cost recovery. Specific sites have not been selected for closure.

According to recent figures from the bureau in the ‘SUN Spots’ newsletter, roughly 62% of all students at the affected schools receive free or reduced lunch (FRL). However, the population of students using SUN school services is likely higher than the school average..

School	# of Students at School	% Free or Reduced Lunch
Alice Ott	736	71%
Arleta	429	68%
Beaumont	480	31%
Centennial	993	61%
Faubion	435	76%
Grout	358	71%
Lane	444	85%
Mt Tabor	591	37%
Parkrose	1033	67%
Roseway Heights	588	41%
Sitton	326	85%
Total	6413	62%

The total passthrough amount is \$272,000 and equates to funding for about three schools. The actual impact of the pass-through reduction has not yet been determined. It should be noted that the Children’s Levy is another funder of the SUN system and is experiencing significant declines in resources resulting from compression losses. Compression loss is a complex dynamic of the property tax system that results in reduced collections as real market values fall, approaching

assessed values; the impacts of compression fall disproportionately on local option levies, of which the Children's Levy is one.

It should be noted that specific nature of this reduction is still in flux and dependant on discussions within the SUN coordinating council.

Parks has indicated that there are few if any opportunities to increase cost recovery at SUN schools. The agreement with the County does not allow sites to charge fees unless the school is over 50% FHL. Only three schools of the 11 qualify. The additional fees that these three would be able to generate by increasing the sliding scale structure would be minimal and dampen attendance. Absent cost recovery options, FPD recommends implementing this reduction in light of the program's ranking in the lower half of the bureau priorities.

FPD Recommendation: (\$427,916), (3.00) FTE

Pass-Through Grants 4-6-8%/PK_05, 09, ,14, (\$71,635), Bureau Priorities #5, 9, 14

These packages represent pro rata reductions to the following pass-through contract base amounts:

- Multnomah County Aging Services - \$565,819 for support of district senior centers
- Local school districts - \$284,890 for after school activities.
- Linnton Community Center - \$44,716 for operating support

Specific impacts are still being developed by sub-recipients.

These are effectively special appropriations that have been placed in Parks' budget. Parks has, based on past direction from FPD, held them harmless from reductions greater than the cut targets provided by Council.

In light of the fact that these pass-throughs are ranked 27th out of 30 programs with only golf, the raceway, and administration below them, FPD recommends exploring reductions greater than the pro rata cuts requested by Parks – including the possible elimination of the pass-throughs. FPD would work with Parks and the pass-through entities to fully understand impacts and the rationale for funding these lower-ranked services over more highly ranked, directly delivered Parks services. Additional cuts may obviate the need for other, more highly ranked program cuts. At this time, FPD recommends at least the full 8% reduction proposed by Parks based on the low program ranking. Furthermore, in the FPD balancing scenario, the full pass-through amount has been eliminated.

Much of the rationale behind the significant daily maintenance and horticulture cuts – services that are the highest ranked by the bureau and BAC – is that these are the only alternatives to 'thinning the soup'. By the same logic, an elimination of the bureau's lowest ranked General Fund program – passthroughs - would avoid thinning the soup while at the same time protecting Parks primary assets.

FPD Recommendation: (\$895,424)

Outdoor Recreation/PK_06, (\$156,193), (1.00) FTE, Bureau Priority #6

This package would eliminate a position in the Outdoor Recreation and Environmental Education program. The program is staffed with a supervisor, seven full-time reports, and seven seasonal staff. The cut is supported by General Fund discretionary (\$71,412) and charges for services (\$84,781). The bureau is planning a restructure of the program, but the exact changes are still undetermined. With the exception of adult programs, Parks has indicated that the goal is to preserve current

programming – albeit in a manner that may lose synergies with stewardship activities. According to Parks, customers of adult programs tend to be white, professional females between the ages of 38-80. This population is likely to have the means to seek outdoor recreational activities in the private market through non-profit and for-profit providers or other organizations.

FPD Recommendation: (\$156,193), (1.00) FTE

Reduce Daily Park Maintenance 4-6-8%/PK_07, 12, 16, (\$1,585,024), (17.00) FTE, Bureau Priorities #7, 12, 16

These decision packages would reduce the frequency of park care and maintenance, including emptying trash cans, litter pick up, park and amenity safety inspections, graffiti removal, and restroom cleaning. The original request submitted to the BAC indicated that many restrooms would be replaced with portable units and many trash cans would be removed, however, through further development, the plan has evolved to close most restrooms and not replace them with portable toilets; the goal of the revised plan is to keep more staff and keep a few restrooms in key parks open and clean.

The table below shows the breakdown of full-time staff reductions by zone by cut level versus the total base budget staffing. In addition, seasonal maintenance workers are reduced by a total of 19, 26, or 35 out of 50 workers, depending on the cut level. The entire package is funded with General Fund discretionary.

	4%	6%	8%	BASE TOTAL
West Zone 1	2 Parks Technicians 2 Utility Worker 1s	2 Parks Technicians 2 Utility Worker 1s	3 Parks Technicians 2 Utility Worker 1s	8 Parks Technicians 2 Utility Worker 1s
West Zone 2	1 Parks Technicians	2 Parks Technicians	2 Parks Technicians	4 Parks Technicians
South Zone	2 Maintenance Workers	2 Maintenance Workers	2 Maintenance Workers 1 Utility Worker 1	3 Parks Technicians 2 Maintenance Workers 1 Utility Worker 1
East Zone	2 Parks Technicians	2 Parks Technicians	3 Parks Technicians	6 Parks Technicians
North Zone	1 Utility Worker 1	1 Utility Worker 1 1 Parks Technician	1 Utility Worker 1 1 Parks Technician	2 Utility Worker 1 3 Parks Technician
Northeast Zone	1 Utility Worker 1	1 Utility Worker 1 1 Parks Technician	1 Utility Worker 1 1 Parks Technician	1 Utility Worker 1 4 Parks Technician
Total	5 Parks Technicians 4 Utility Worker 1s 2 Maintenance Workers	8 Parks Technicians 4 Utility Worker 1s 2 Maintenance Workers	10 Parks Technicians 5 Utility Worker 1s 2 Maintenance Workers	28 Parks Technicians 6 Utility Worker 1s 2 Maintenance Workers

While the 8% reduction amounts to almost a 50% cut in front line staffing of zone operations, the bureau estimates a 20% cut in daily parks maintenance service levels; the 4% scenario results in an estimated 12% reduction in maintenance, and the 6% scenario results in an estimated 15% reduction in maintenance. Measuring the service level impact in such precise terms is difficult since some parks will continue to receive the same number of weekly visits by Parks staff while some will see significant reductions in the number of visits. Parks continues to develop new routing plans to accommodate these cut levels.

Despite the high priority of daily maintenance in the bureau rankings, the bureau has prioritized this cut based on the minimal long-term impacts; should funding become available again, these activities could be resumed with little to no additional cost related to restarting or catching up on deferred maintenance.

As noted in the Key Issues section above, there are no supervisory reductions associated with these cuts despite the significant staff reductions at the 8% level. When the landscaping cut is included, the overall ratio of front-line staff to supervisors declines by half.

While skeptical of the bureau's choice to cut the number one priority so deeply, FPD recommends the implementation of this series of cuts to the degree necessary to balance. Moreover, as noted in Key Issues and PK_01, FPD recommends that Parks explore restructuring options to mitigate a portion of the service impact of this package through supervisory or administrative cuts and other alternative cuts and revenues as discussed in other packages.

FPD Recommendation: (\$982,854) (11.00) FTE

Close Buckman Pool/PK_08, (\$136,166), (1.00) FTE, Bureau Priority #8

The Buckman Pool is owned by Portland Public Schools and is located in the basement of Buckman Elementary School. The pool received 20,366 visits in FY 2010-11. Assuming operations at six days a week, year around, that results in fewer than 70 visits per day. At almost \$17 per visit (including indirect and overhead costs), this pool has the highest General Fund subsidies per visit of all PPR pools. Adult and senior fees are \$4 for a single swim. Youth is \$2.50 per swim. Discounts apply for 10-swim, and 20-swim packages.

The General Fund savings associated with this package is \$79,720; the remainder of the cut package is a reduction of program revenue. The savings is generated through the elimination of a full-time Recreation Leader, part-time seasonal staff, and other operating expenses. A portion of the program revenue may potentially shift to other aquatic centers including Matt Dishman, Mt Scott, East Portland, increasing cost recovery rates at those other locations and freeing up additional discretionary. During the summer months, almost all parts of the Buckman area are served by outdoor or indoor pools. During the winter months, there is a portion of Southeast that falls outside of the three mile service areas for Dishman and Mt Scott. Besides this geographical area that will periodically be underserved, the Buckman Pool is currently the only pool with a Gender Swim program; users of this program will also be unserved without programming changes at other pools.

Eventually, Parks hopes to serve this area with a new community center with a pool at the former Washington Munroe High School site. Construction of that facility is not currently funded.

FPD recommends this reduction given inefficiency of the facility, the fact that it is not a Parks asset, and that alternatives are available for most users.

FPD Recommendation: (\$136,166), (1.00) FTE

Close Fulton Community Center/PK_10, (\$296,435), (2.40) FTE, Bureau Priority #10

Closure of the Fulton Community Center would result in \$74,693 General Fund discretionary savings and a loss of \$221,742 in program revenue. Some of this revenue may instead be earned through programming at other centers as users are displaced – there are three other centers within two miles, according to Parks. Closure of the center would result in the elimination of a full-time recreation leader and a full-time recreation coordinator. In addition, the package includes a 0.5 FTE

reduction for a Recreation Supervisor position shared with Hillside Community Center (see PK_11 below); the other half of that position is also eliminated as part of the Hillside decision package.

The center has a low number of visitors (18,786) and a high General Fund subsidy compared to other small community centers.

Parks has mentioned that cost containment, additional revenue, and leasing options are being considered to mitigate the impact of closure on the many activities that take place at the center.

FPD recommends tentatively including this cut in balancing scenarios while exploring the feasibility of revenue or leasing options to generate sufficient discretionary savings while keeping the site available as a community asset – either as a Parks community center or as a leased facility.

FPD Recommendation: (\$296,435), (2.40) FTE

Close Hillside Community Center/PK_11, (\$399,568), (2.50) FTE, Bureau Priority #11

Closure of the Hillside Community Center would result in \$33,524 General Fund discretionary savings and a loss of \$366,044 in program revenue. Some of this revenue may instead be earned through programming at other centers as users are displaced. Closure of the center would result in the elimination of a full-time recreation leader and a full-time recreation coordinator. In addition, the package includes a 0.5 FTE reduction for a Recreation Supervisor position shared with Fulton Community Center (see PK_10 above); the other half of that position is also eliminated as part of the Fulton package.

This center receives considerably more visits (30,613 in FY 2010-11) than the Fulton center, in part because it is the only center – small or large – in Northwest. The center also has a very high cost recovery rate as evidenced by the low \$1.14 per visit discretionary subsidy (versus \$4.06 for Fulton). The number of visits is on par with most of the other mid-sized centers and the subsidy is the lowest of all.

Overall, it does not appear that the minimal discretionary savings would warrant the significant impacts associated with closure. Moreover, the closure might have a chilling effect on fundraising and other long-term sustainability problem-solving at other sites in the system. Historically, the neighborhood has been a significant driver of the creation and maintenance of the center. As an example: at its founding, a small group of local residents took second mortgages on their homes to fill the fundraising gap to purchase the property; the community then went on to raise funds on a regular basis to help those residents pay off their loans. To close the center after these efforts would not be conducive to leveraging other citywide community resources in the future.

FPD recommends that Parks continue to develop cost containment and revenue generation plans to reduce the General Fund subsidy. Even in the event that such efforts do not bear fruit, FPD recommends pursuing other alternatives to closure of this site.

FPD Recommendation: \$0

Reduce Park Landscaping/PK_13, 15, (\$571,060), (6.50), Bureau Priorities #13, 15

According to the decision package narrative, the bureau would eliminate landscaping functions in the 179 of 201 developed parks. Those parks held harmless would include high use, historic, and tourism-related parks as well as community center grounds. The cuts would eliminate 37-43% of horticulturists on staff in zone operations. Long-term impacts to the reduction would be the loss of

plants and beds to disease and weeds. Cessation of pruning may also have security impacts related to visibility.

Parks asserts that, depending on how long the decrease in service is allowed to continue, the cost to restore beds could be as high as 3 to 4 times the amount of the annual savings. These long-term impacts and high restart costs are the primary reason for the low ranking of these reduction packages.

Below is a breakdown of where the Horticulturist positions are eliminated, by package, comparing the total to the base.

	BASE TOTAL	PK_13 cuts	PK_13 & PK_15 cuts
West Zone 1	4	1	1.5
West Zone 2	2	1	1
South Zone	3	1	1
East Zone	2	0.5	1
North Zone	2	1	1
Northeast Zone	2	1	1
Total	15	5.5	6.5

This reduction is not recommended as part of the FPD balancing scenario as it represents a long-term and negative impact on Parks green infrastructure.

FPD Recommendation: \$0

Irrigation except Sports Fields/PK_17, (\$104,000), Bureau Priority #17

This package would eliminate most irrigation for all sites except sports fields and sites using well-water or water not paid for with General Fund resources. According to Parks, passive recreation areas would likely go dormant in August and September. Over time, soil would weaken and aggressive weeds would fill voids.

Parks has noted that they have move to more draught tolerant species, but conversion of over one million square feet of shrub beds to such species is a long-term endeavor.

This cut is proposed at the 8% level. Given the Citywide impact on all parks users, the potential costs of reestablishing healthy lawns and shrub beds, and the relatively small savings that would be gained, FPD does not recommend implementing this reduction at this time.

FPD Recommendation: \$0

Tree Inspection/PK_18, (\$80,000), (1.00) FTE, Bureau Priority #18

This package would eliminate one of four inspectors assigned to inspections, outreach, and enforcement for public trees. Parks anticipates that tree permits will take an average of one week longer with one fewer inspector. Currently the average permit takes two weeks. Currently, inspectors are required to do on-site inspections for most permit types.

In its current form and with the currently anticipated results, FPD does not recommend the reduction. The increase in wait time is, according to Parks, likely to lead to lower compliance rates and loss of support for regulation. One alternative is to begin charging fees for tree inspections. Currently, tree inspections are free. The intent of the free inspection policy is to encourage compliance. In FY 2010-11, inspectors performed nearly 3,000 inspections on nearly 5,000 trees. A charge sufficient to mitigate this reduction might lead to considerable non-compliance.

FPD Recommendation: \$0

Natural Areas and Hoyt Arboretum/PK_19, (\$130,000), (2.00) FTE, Bureau Priority #19

This package would eliminate a Horticulturist dedicated to the maintenance of Hoyt Arboretum and a newly created – and as yet, unfilled – Botanic Technician I position in the City Nature East unit. The former is one of two dedicated staff that care for the arboretum, home to more than 5,800 specimens from all over the world. Impacts of reduced care could result in long term costs and unquantifiable impacts of losing species. The latter position was created with operations and maintenance funding received to manage newly acquired properties through Metro Local Share funding.

FPD recommends the elimination of the City Nature East vacancy, but, based on unique and Citywide value of Hoyt Arboretum, FPD does not recommend the Hoyt Arboretum reduction at this time.

FPD Recommendation: (\$77,796), (1.00) FTE

Dutch Elm Program/PK_20, (\$131,417), (2.00) FTE, Bureau Priority #20

Elimination of this program would result in no longer inoculating elms on a three-year rotation. The long-term impacts would be an estimated loss of 30% of the 405 elms in the rotation within five to ten years. These elms in the rotation represent a portion of the total potentially susceptible elms citywide – roughly 3,400. Allowing the disease to go unchecked would impact the entire population and affect the overall tree canopy.

The average tree removal costs between \$1,000-\$5,000; FPD does not recommend elimination of this program since the cost associated with removal resulting from this loss would erode the value of the savings in the long-term and the resulting net savings would likely not be worth the disease vector and tree canopy impacts.

Depending on Council's decision regarding BES's reduced IA funding, an additional \$62,500 will be needed to fund the inoculant. This would entail additional reductions by Parks beyond those recommended currently.

FPD Recommendation: \$0

Major Maintenance 4-6-8%/PK_21, 22, 23 (\$89,271), Bureau Priorities #21, 22, 23

These cuts are made to the cash transfer to the Parks Capital Construction and Maintenance Fund and are requested at the direction of FPD based on CAL and cut targets. Given the high-priority nature of maintaining assets and the fact that capital maintenance is already insufficiently funded, FPD recommends reductions to Parks operations in place of these cuts.

FPD Recommendation: \$0

Add Packages

O&M for Acquisition and Parks Development/PK_29, \$228,863, Bureau Priority #1

This request for \$214,876 of ongoing and \$13,987 of one-time General Fund has been revised downward from the original request to reflect a half year of anticipated costs for The Fields and a

phase-in of costs for the Lents Floodplain Restoration project. The request is broken down as follows:

- \$43,303 ongoing and \$3,228 one-time for maintenance of various properties acquired or brought online in FY 2011-12.
- \$119,390 ongoing and \$5,527 one-time for The Fields which is expected to come into service in January 2013
- \$52,183 ongoing and \$5,232 one-time for Lents Floodplain Restoration which will be phased-in beginning in FY 2012-13.

While it is City policy to fund maintenance of new assets as they come online, given the nature of the ongoing reductions required in FY 2012-13 and the limited availability of one-time funding, FPD does not recommend these increases as requested. However, FPD does recommend that these increases be added to CAL in fall 2012, affecting Parks FY 2013-14 CAL targets. An alternative to funding these in the current year would be to take additional cuts that are currently not recommended by FPD as one-time reductions to self-fund the maintenance costs in the current year with future years covered through the recommended CAL adjustment.

FPD Recommendation: \$0 in FY 2012-13; \$214,876 FY 2013-14 ongoing.

Unfunded Ongoing Packages

Teen Programming/PK_27, \$315,000, 3.00 FTE, Bureau Priority #1

This package would continue funding for three of five recreation coordinator positions with at-risk youth outreach specialties. The five positions are currently located at Mt Scott, East Portland, Montavilla, Matt Dishman, and University Park Community Centers. These coordinators run approximately 15 registration programs quarterly as well as program drop-in activities; supervise approximately 10 part-time employees and volunteers; assist in the management of the community center facilities and programming; establish and sustain partnerships with schools and community service agencies; and prepare and distribute marketing materials.

The goal of the program is to develop a strong core of engaged teens at each site that will attract additional teens who might otherwise be engaged in unproductive or negative behaviors.

FPD has not recommended funding for this program for the last three fiscal years (since FY 2009-10) and, in light of one-time funding constraints in FY 2012-13 continues to recommend against funding. Should one-time funding be available for Parks, FPD would recommend that that funding be directed to buying back on a one-time basis more highly ranked programs that are cut as part of this requested budget. Alternatives that the bureau might explore are shifting the three one-time funded positions to the base recreation budget, thereby displacing other recreation priorities, or, alternatively, reducing the program staff to two regular positions and having those positions work part-time at each community center.

FPD Recommendation: \$0

Portland Summer Lunch Program/PK_28, \$70,000, Bureau Priority #2

This request would continue the backfill of an ongoing cut made in the FY 2010-11 budget. Last year, this was funded with \$50,000 of one-time General Fund resources. The additional funding this year would extend the program by three weeks and provide running water and bathrooms – conditions of the Federal free lunch program – at several sites that will not have those amenities as a result of the proposed maintenance cuts. The number of sites, however, is expected to shrink

from 24 last summer to 13-16 this summer. The funds pay for part-time seasonal staff to provide the lunches, training, and supplies. Last summer, 101,500 lunches were distributed.

FPD, while recommending one-time funding for this program in this fiscal year, recommends that the bureau explore the possibility of reconfiguring the program to distribute the lunches at locations with existing, peak-season recreation staff. The bureau should develop a plan to absorb this program back into the base budget for FY 2013-14.

FPD Recommendation: \$70,000

Realignment Packages

FPD Package: Eliminate Unfunded Vacancies/PK_32, \$0, (12.90) FTE, Bureau Priority N/A

As noted in the Key Issues section, there are a number of unfunded vacancies. These were intended to give the bureau flexibility to hire into them quickly in the event that the revenue picture improved considerably. With the current General Fund outlook and given the reductions likely to be taken as part of this process, these positions should no longer be maintained. To the degree that they are added back at some future date, FPD recommends that it happen through a future budget process.

FPD Recommendation: \$0, (12.90) FTE

FPD Package: Golf and PIR Bureau Overhead Charges/TBD, Bureau Priority N/A

There are two enterprise funds – Portland International Raceway Fund and the Golf Fund – that are currently paying a total of between \$190,000 and \$225,000 annually for Parks bureau overhead. This amount is based on a blended cost of service model with some allocations for management and other support functions. FPD recommends that Parks revisit this methodology for charging the funds for utilization of bureau management, finance, customer service, and other support functions. Areas to explore would include ensuring that the cost pool is properly defined and the allocation metrics fairly address the balance of resource utilization. Any potential increase in this overhead charge would help to mitigate the impacts of service reductions proposed in the Requested budget.

At this point, FPD has not performed the analysis necessary to develop a potential savings figure for the General Fund.

FPD Recommendation: \$tbd

IV. Capital Improvement Plan Analysis & Recommendations

Capital Plan Summary	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	5-Year Total
Acquisitions	\$3,092,735	\$2,086,721	\$1,435,000	\$1,435,000	\$1,435,000	\$9,484,456
Buildings & Pools	\$3,662,490	\$23,175,099	\$27,565,455	\$31,025,124	\$33,049,654	\$118,477,822
Developed Parks	\$5,976,224	\$11,146,105	\$29,264,220	\$25,422,000	\$2,310,000	\$74,118,549
Golf	\$178,500	\$4,700,000	\$0	\$0	\$0	\$4,878,500
Green Infrastructure	770,000	4,433,000	3,482,734	746,000	10,000	\$9,441,734
Recreation Facilities	1,524,875	10,714,000	21,062,195	9,316,000	1,200,000	\$43,817,070
Utilities, Roads, Trails	6,301,290	7,554,800	6,566,000	14,321,000	17,012,000	\$51,755,090
Capital Plan Total	\$21,506,114	\$63,809,725	\$89,375,604	\$82,265,124	\$55,016,654	\$311,973,221

Major Projects – FY 2012-13

In FY 2012-13, no major new construction is scheduled to be undertaken. Some projects are continued or will be closed out. Acquisitions are non-specific and funded through SDCs and Metro Bond funding. The Buildings & Pools line is composed primarily of unspecified major maintenance, completion of the Delta Park and Flavel property facilities, and the Pittock Mansion Terrace replacement. Developed parks funded in the coming year are Lents Urban Renewal Area (URA) development and SDC neighborhood park development. The only project in the Golf line item is the new clubhouse at Heron Lakes Golf Course. The most significant item in the Recreation Facilities line is \$1 million for a bubble at the Portland Tennis Center funded by tennis program revenue and SDC funds. There are several moderately sized projects that constitute the Utilities, Roads, and Trails line item.

Major Projects – Five-Year Plan

Large, unfunded projects make up a significant portion of the rest of the plan. This highlights the fact that the Parks capital plan functions largely as a planning tool for the eventuality of a bond measure or other outside funding. Without such a resource infusion, these and many other projects will remain undone. The top 15 projects total \$157.9 million of the \$312.0 million five-year CIP. All but one of these projects – ‘Major Maintenance’ – is unfunded at this time. The Major Maintenance project is funded with General Fund resources which are partially utilized for debt service on several ongoing major maintenance projects. The other highest value projects, all of which are currently unfunded are:

- Mt Tabor Maintenance Facility renovation - \$30.5 million
- Washington Monroe Community Center - \$30.4 million
- Leaf Erickson Drive (Phase 1) - \$13.8 million
- Cully Park - \$12.0 million
- Matt Dishman - \$8.3
- East Delta Park Synthetic Field - \$8.0 million
- Multnomah Arts Club - \$7.6 million
- Sports Fields at public schools - \$7.5 million
- Mt Scott Community Center - \$7.4 million
- Errol Heights Master Plan - \$6.1 million
- Parklane Park Master Plan - \$6.0 million
- Willamette Greenway - \$5.1 million
- O’Bryant Square Park - \$5.1 million
- Roads and Parking Lots - \$5.0 million

Major Maintenance and Line of Credit

In October 2010, Council authorized a \$3.8 million line of credit for Parks to do capital maintenance on several maintenance facilities. This line of credit is amortized over 12 years with debt service expected to be around \$400,000 annually once the line is fully expended. The funding source for debt service is the annual capital maintenance allocation from the General Fund. Should a Parks bond be approved by voters, bond proceeds could be used to take out the line of credit. The projects are underway and debt service has commenced. Unless and until a Parks bond is put forward and meets voter approval, roughly 35% of the annual General Fund capital maintenance allocation to Parks will be committed to debt service, leaving about \$700,000 annually for major maintenance.

V. Performance and Accountability

Budget Advisory Committee

This year was the first year that the bureau's BAC was composed of the Parks Board plus three labor representatives. The utilization of the board as the BAC was useful in leveraging the experience and knowledge of that body; members had a baseline understanding of programs and priorities and were able to make use of meeting times to ask pertinent questions of staff and have a robust conversation regarding the reduction packages.

Program Rankings, Program Summary, and Baseline Template

After refining the program rankings over the last several years with past BAC's, the bureau did not revisit the exercise; the BAC was generally amenable to pass over this step. The rankings continue to reflect a focus on maintenance of Parks physical assets – built and plant assets; developed areas and natural areas. Recreation and other programming continues to be in the middle tier of priorities. At the bottom are administration, pass-throughs, and enterprise funds (i.e. Golf and Portland International Raceway).

Portraying seasonal maintenance workers and other casual staff in the workforce data section of the baseline template continues to be an issue. FPD will work with the bureau to provide better guidance to address the unique nature of their workforce.

Customer Service and Performance

The most recent customer service survey data indicate that Parks continues to receive very high approval of all aspects of community centers from Parks users. Parks grounds are considered to be well-maintained by 84% of survey respondents. This is down slightly from a high of 86% in 2010, but the trend has been upward since 2002 when 77% of respondents rated grounds as well-maintained. This will be a critical indicator going forward should some of the more maintenance-focused reductions be put into place.