



Office of Mayor Charlie Hales
City of Portland

PRESS RELEASE

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MAYOR CHARLIE HALES' PROPOSED BUDGET FOR 2014-15: FROM DAMAGE CONTROL TO GOOD GOVERNANCE

PORTLAND, OR – Portland Mayor Charlie Hales releases his proposed budget for 2014-15 today. This is the city's first "stabilization" budget after years of cuts, and reflects the Mayor's values, including long-range fiscal planning, transparency and other good-governance policies.

Having eradicated last year's massive shortfall, and having set aside funds to pay off city debt in fall 2013, this year the Mayor's proposed budget includes initiatives aimed at three investment priorities: homelessness and hunger; emergency preparedness; and complete neighborhoods. Investments also address critical needs regarding equity, youth services and the environment.

The budget introduces key performance indicators, designed so that city residents can measure the impact of funding decisions.

Last year, the city faced an historic, \$21.5 million shortfall. The city had to cut 142 full-time equivalent positions in 2013-14, including cuts to the city's largest bureaus such as Police and Parks. Having made the cuts, the city went on to retain its AAA bond rating, and in the fall the Council set aside funding to pay down millions of dollars in city debt, freeing up additional funds for years to come without having to go to voters for new taxes.

This year, the city has slightly more than \$9 million in discretionary funds to allocate, including \$4.6 million in ongoing funds, and \$4.7 million in one-time funds.

"We're in a much stronger position this year. But \$9 million represents only a little more than 2 percent of the city's budget," Hales said. "Jobs are on the rise in Portland. Our economy is growing stronger. Our livability is the envy of the nation. But we can't be satisfied. My budget drives all of these positive trends even further."

The Mayor also has created \$1.5 million in additional revenues from revamping urban renewal areas, plus \$500,000 of contingency savings from Fiscal Year 2013-14. In total, the Fiscal Year 2014-15 budget will include \$11.3 million in discretionary resources above current service level, about 2.7 percent of the budget.

THREE PRIORITIES

Of the discretionary funds available, the Mayor proposes:

- \$2.25 million for homelessness – including \$1 million for more outreach, referral and permanent housing for those now homeless and programs for youth homelessness. An additional \$1 million would go for the Housing Investment Fund, which leverages federal and other money to build more units of affordable housing.
- \$1.27 million for emergency preparedness – including funds for improving the community emergency notification system and regional disaster preparedness. The budget calls for \$1.2 million for the Jerome Sears Facility, to further develop the city-owned asset into a West Side emergency operations facility.
- \$1.98 million to help make neighborhoods complete – including new and ongoing funding for the Schools Uniting Neighborhoods, or SUN, program. Additional SUN Schools under the Mayor’s proposal include adding 10 new schools to the 70 SUN schools operating now, and providing permanent funding for five sites that faced expiring grants. The proposed budget also includes funding for the East Portland Action Plan and key investments in livability programs in the Office of Neighborhood Involvement and the Bureau of Planning and Sustainability.

YOUTH AND EQUITY

Beyond SUN Schools, the budget includes a wide array of programs to support young Portlanders. These include continued funding for the TriMet Youth Pass for Portland Public School students, summer internships, funds to prevent sex trafficking, funds for Earl Boyles Early Learning Center, the Greenspaces Restoration & Urban Naturalist Team program for students, and the Mayor’s Black Male Achievement initiative.

The budget sets aside funds for strategic investments in equity, including Black Male Achievement; the Diversity and Civic Leadership Program within the Office of Neighborhood Involvement; funding for Southeast Works; a VOZ day laborers’ work center; and an equity position within Portland Police. That person will direct and manage the operations and activities designed to increase diversity, equity, empowerment, inclusion and cultural proficiency of the Police Bureau.

ACCOUNTABILITY

The budget also dramatically reduces the number of “one time, ongoing” funded projects – projects outside a city bureau, which received funding on a “one-time” basis for two or more years, over and over again. These generally were “good causes” that, once funded, tended to stay around due to budgetary inertia.

“That’s a particularly bad budget-writing habit,” Hales said. “As appropriate, we have turned those special appropriations from one-time to ongoing funds, and we have moved them into bureaus where professional managers can keep an eye on them and be accountable for them.”

Hales began that process last year, during his first budget.

CITY/COUNTY BUDGETING

A centerpiece of the Mayor’s budget is the city/county funding deal hammered out by Mayor Hales and Marissa Madrigal, chair of the Multnomah County Commission. “With the Chair’s leadership, we were able to create some true clarity in the respective roles of the city and county. This accord would not have been possible without the Chair’s strong support,” Hales said.

The details of the agreement were reached early, which provided clarity for budget-writers at both the city and the county.

“The city/county agreement helps move both governments into the appropriate lanes of focused responsibilities,” Hales said. “This starts work that has to be continued with the new Chair.”

RE-THINKING URBAN RENEWAL

From early on in his term, Hales began analyzing the use of urban renewal areas – sectors of the city set aside to address blight. Under Oregon law, a city may draw boundaries around urban renewal areas, temporarily freeze property taxes that go to other governments, and use any incremental property tax revenue growth to stimulate development and investment. When urban renewal areas expire, the property tax value of their enhanced developments then flow back to the city, county, schools and other taxing jurisdictions.

Next week, the Council is expected to take up Hales’ proposal, which would return an estimated \$1.06 billion onto the tax rolls, and would provide approximately \$5 million to the city, county and school budgets this year, growing to approximately \$6 million in 2015-16.

That proposal breaks down to an immediate increase of an estimated \$1.5 million into the city's 2014-15 budget – almost 17 percent of the additional \$9 million in discretionary funds, without raising taxes.

Multnomah County and Portland-area schools would receive immediate additional funds, thanks to the Mayor's proposed URA changes.

MEASURING SUCCESS

Finally, the Mayor's proposed budget will include key performance indicators, designed to track the outcomes of the priority funding. "City residents and the media should be able to come back to us in a year and ask the question: 'You spent money on these priorities. How did you do?'" Hales said.

The City Council will hold a special budget hearing 6:30 p.m., Thursday, May 15, at City Hall, 1221 S.W. Fourth Ave. The City Council is expected to vote on the budget by the end of May. The 2014-15 fiscal year starts July 1.