



Office of Mayor Charlie Hales
City of Portland

TO: City Bureau Directors
City Budget Managers and Contacts

FROM: Mayor Charlie Hales

DATE: November 19, 2015

SUBJECT: Fiscal Year 2016-17 Budget Guidance

The foundation of Portland's economy remains strong, and we continue to find ourselves in a place of relative fiscal stability.

While this is good news for the city as a whole, there are significant areas of concern. Portland is in the grips of an affordable housing and homelessness crisis that requires additional resources to invest in the most effective approaches. We are experiencing an increase in gun-related violence that requires a robust response. And there are pockets of the city where residents still do not have access to the complete neighborhoods that make Portland great.

As I look ahead to the FY 2016-17 budget, I want to address these issues head-on. The City Council and I have already set-aside \$10 million of additional money to respond to the housing state of emergency, and I will call on every bureau to help us find solutions to the housing crisis. I will look to preserve core public safety functions so that we can respond to the epidemic of gun-related violence and proactively engage with the community. And I will continue to ensure that City resources are allocated to programs that have a direct impact on the lives of our citizens and that we focus on maintaining our assets and infrastructure.

FY 2016-17 Budget Guidance

The forecast for FY 2016-17 will likely include some additional one-time resources, but new ongoing resources will be limited. Therefore, I am asking all General Fund bureaus to propose reductions of 5.0% from their FY 2016-17 Current Appropriation Level targets. This will allow me to determine if there are budget realignments that should be made within bureaus and between bureaus to fund the priorities outlined above, as well as other City needs.

Given the State of Emergency in Housing and Homelessness and the recent addition of \$10 million to the Portland Housing Bureau's (PHB) budget, I am not asking PHB for reductions. However, I do expect that

PHB will submit a budget request that clearly delineates their proposed uses for the additional funding, and the metrics that will be used to track whether the additional investment is achieving its intended outcomes. In addition, I am asking PHB to closely examine the performance of all of their existing programs to determine if any current resources should be reallocated to new or existing programs that can better address the state of housing emergency.

Realignments. Consistent with prior years, I ask that you look for ways to realign existing resources to focus more directly on your core mission and Council priorities. In particular, I am asking bureaus that have a direct or indirect role in housing and homelessness to propose realignments that will assist us in addressing the crisis. To the extent that we can redirect existing resources to this urgent problem, it will mitigate the need to find those resources through program reductions.

Ongoing Add Requests. Bureaus should focus on accomplishing their primary goals within existing resources while looking for innovative ways to enhance service to the public. Ongoing add requests should only be made for the highest priority programs and services.

One-Time Add Requests. As in prior years, I will be focusing available one-time resources on taking care of what we already have – our streets, parks, community centers, buildings, and other civic assets – and expanding infrastructure in areas that are underserved. I will again ask the City Budget Office to apply a consistent set of criteria to rank proposed infrastructure projects.

I will also be looking for ways to use one-time resources to address the State of Emergency in Housing and Homelessness and respond to gun-related violence and other public safety concerns. I am very interested in one-time investments that will increase our capacity to deal with these issues.

Non-General Fund Bureaus. Bureaus and programs that are funded with non-General Fund resources should work with their Commissioner-in-Charge to develop their Requested Budget. I expect that these bureaus will also review their programs for realignments and efficiencies before asking for fee or rate increases, and my Proposed Budget will seek to keep fee and rate increases to a minimum.

Performance Management. Last year, bureaus took on the challenge of identifying Key Performance Measures (KPMs) that best represent the outcomes of core programs and services. We are now sharing this information through online dashboards that are easily accessible to the public. Building upon these efforts, this year I'll be asking bureaus to identify how each of your KPMs align with the City's and your bureau's strategic goals. I am also asking that bureaus work with your stakeholders and Commissioner-in-Charge to set ambitious, yet achievable, targets for each KPM. As we move through the budget process, we will look to these measures to better understand the expected impacts of proposed changes.

City Plans and Policies. The City has adopted a number of plans and policies —including the Portland Plan, Climate Action Plan, and East Portland Action Plan —that will guide us now and in the future. Council will also be adopting a new Comprehensive Plan in early 2016. All of these plans have goals – some of which are concrete and require bureau action, and some of which are aspirational and require bureau consideration. However, there is currently no good mechanism for tracking our progress against

these goals. As part of your FY 2016-17 budget submission, I would like you to include information on your bureau's efforts vis-à-vis these plans and, to the extent possible, an estimation of the fiscal or other barriers to achieving the adopted goals. The City Budget Office will send out additional clarification on this issue in December.

Summary

The City's fiscal condition is good. However, in FY 2016-17 we may need to make some difficult budget decisions in order to ensure that resources are available to address the most pressing issues that our city is facing. I believe that, working together, we can make real progress in this budget and keep Portland on a fiscally sustainable path now and into the future.

I welcome your feedback and look forward to working with you as we craft next year's budget.

CC: Commissioner Nick Fish
Commissioner Amanda Fritz
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