

Budget 101

A guide to understanding
how the City of Portland
budgets and spends its
resources.



**City
Budget
Office**

What services does the City provide?

- **Transportation** includes traffic, parking, streetcar, and road maintenance
- **Public Safety** includes police, fire, and emergency management and communications
- **Parks, Recreation, & Culture** includes city parks, golf, and the Portland International Raceway
- **Public Utilities** include environmental services, sewer, hydroelectric power, and water.
- **Community Development** includes development services and permitting, planning and sustainability, community and civic life, housing and cable franchising.
- **Legislative, Administration, & Support** include attorney, auditor, government relations, equity and human rights, management & finance.

Why does the City only provide these services?

In 1983, the City of Portland and Multnomah County entered into an agreement about which government would supply select services. Multnomah County passed **Resolution A**, which codified this agreement.

Even though the resolution laid out discrete responsibilities between the two jurisdictions, there have been overlapping efforts since the resolution's adoption 36 years ago.

Resolution A established that...

The City of Portland

- Will primarily provide urban services to its citizens, such as **public safety**, **transportation** infrastructure and management, **parks and recreation**, and **water** and **sewer services**.

Multnomah County

- Will primarily provide **assessment and taxation**, **elections**, **corrections**, **libraries**, and **health and social services**.

Where does the money come from?

Bond & Notes Proceeds are sold to the public to fund major infrastructure projects

Beginning Fund Balance represents the remaining balance of City resources each year, after liabilities are deducted (and represents a major portion of resources that *will* be spent in the next year).

Services Charges & Fees are collected for services such as water, sewage, parks and parking.

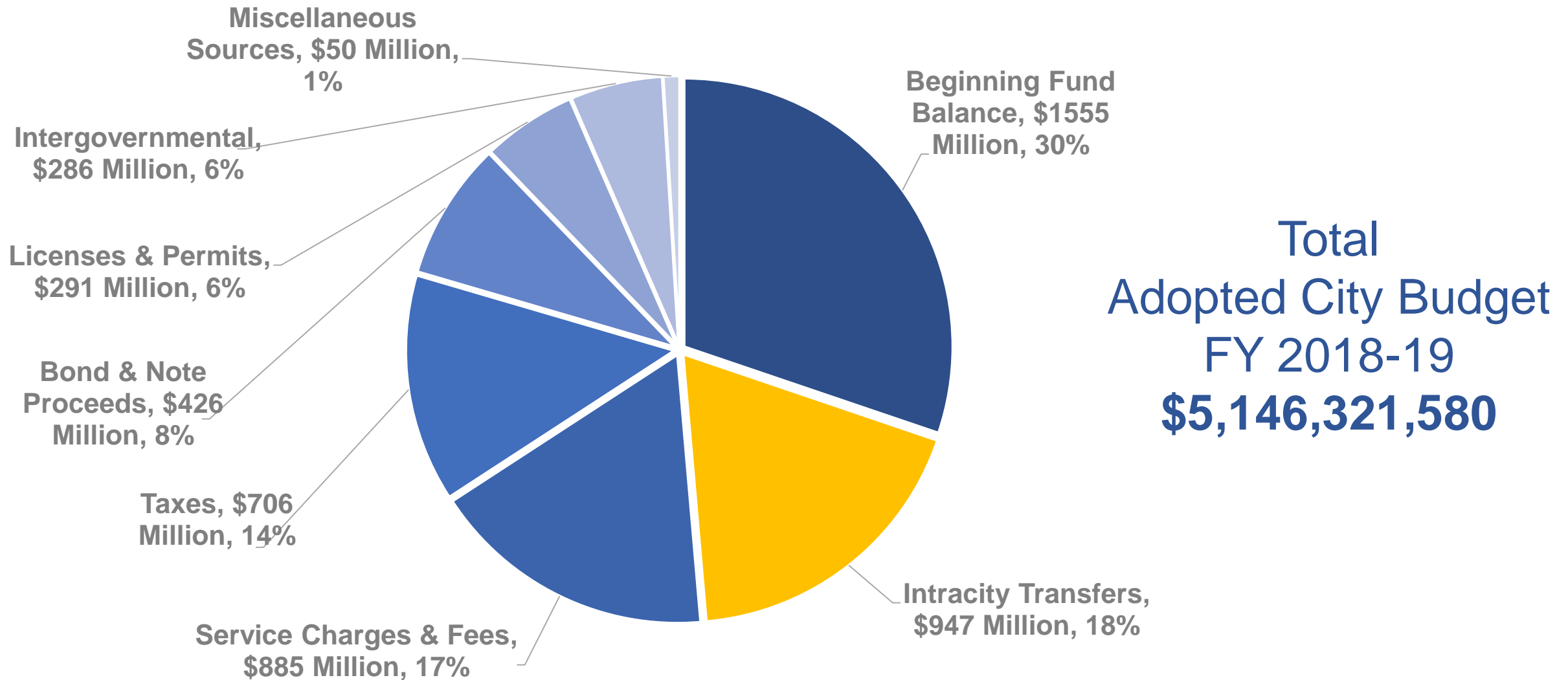
Taxes are made a revenue mix comprised of property, lodging, license and gas taxes (among others).

Grants represent assistance provided by other organizations to help fund specific programs.

Licenses & Permits are revenues collected by the City when they regulate activities such as construction, business, and use of public spaces.

Miscellaneous Revenues include investment interest, capital asset sales, assessment collections, miscellaneous sales, private grants and donations, loan repayments, and refunds.

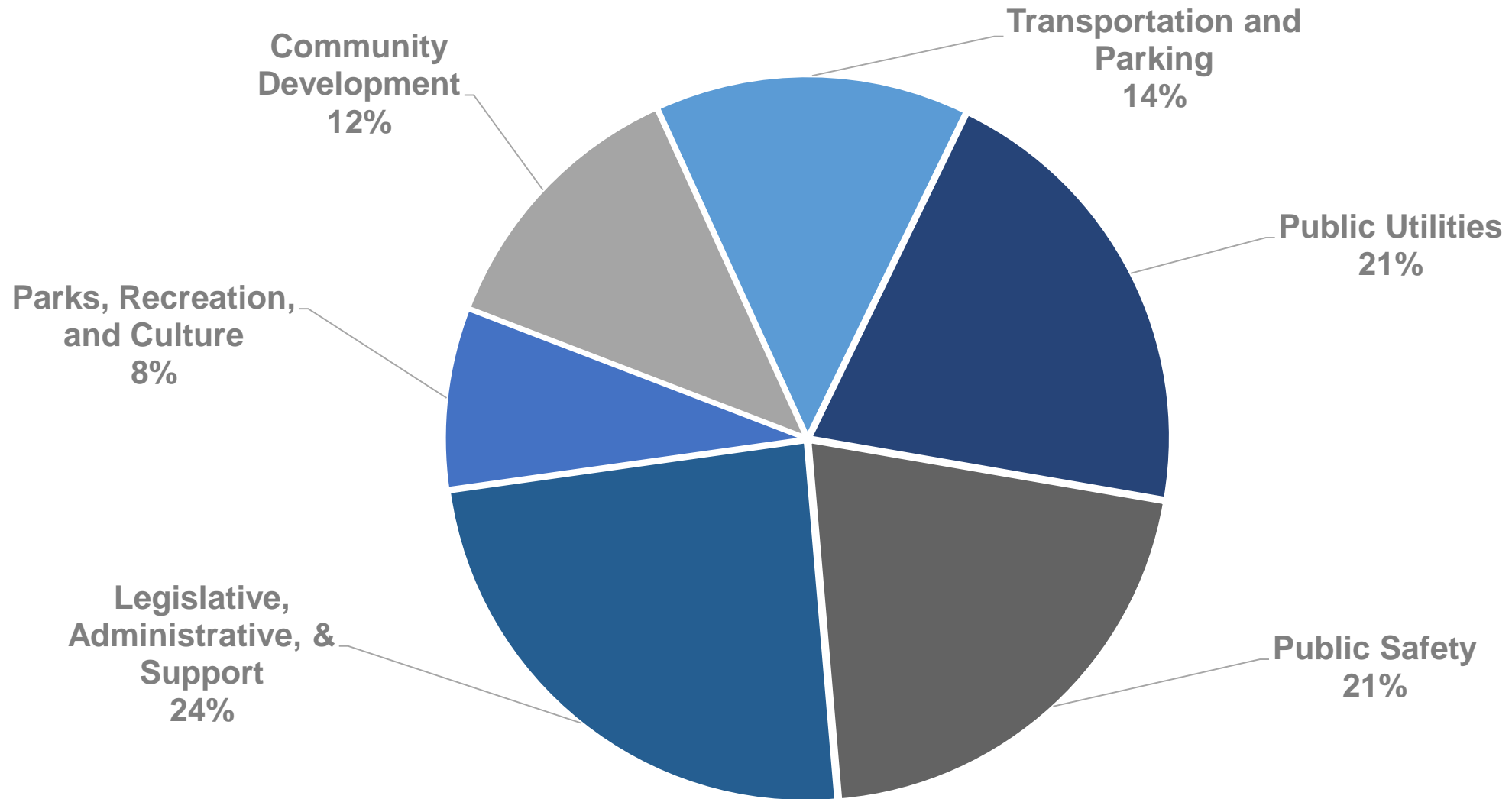
How does the City get its money?



How is the money allocated?

- The **General Fund** can be used for anything allowed by City Charter.
 - The majority of general fund resources are spent on **Police, Fire & Rescue**, and **Parks & Recreation**
- **Other City Funds** are dedicated to specific uses.
 - Water and Sewer Fees pay for related system and infrastructure maintenance and improvements.
 - Building Permit fees support development services.
 - Parks fees support recreation services.

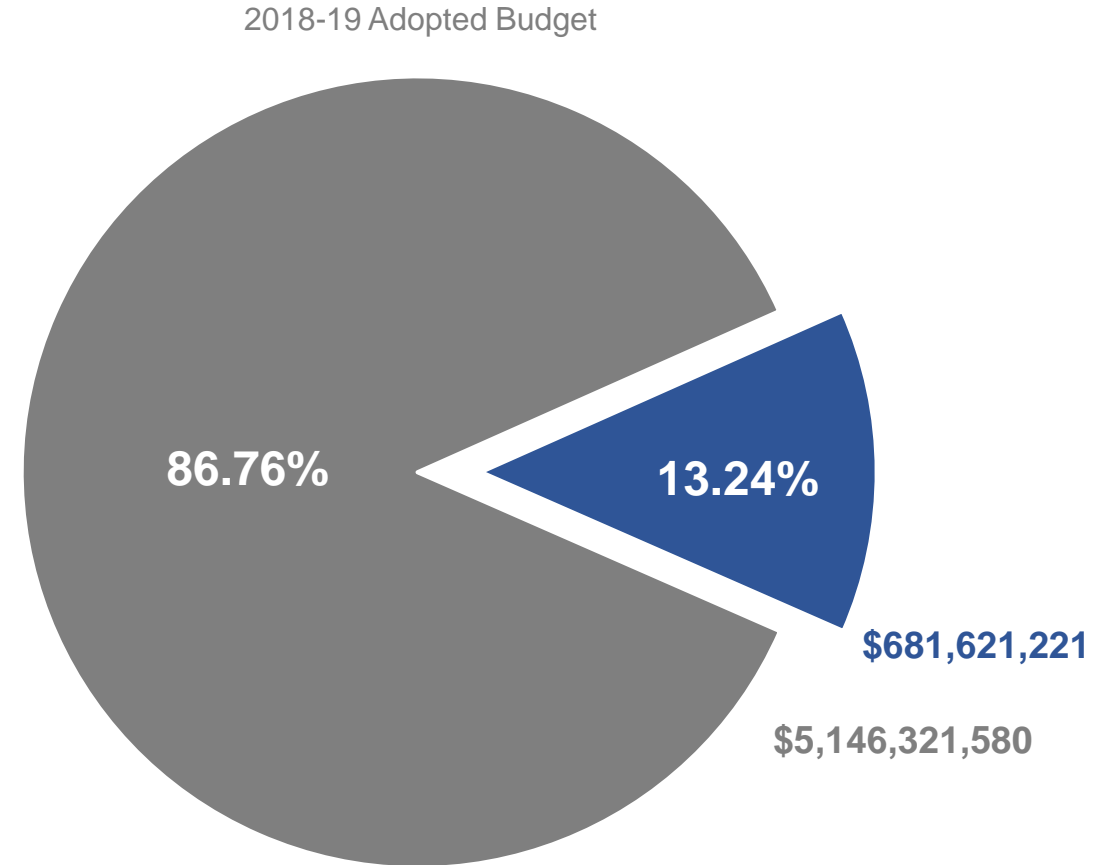
How are total City bureau expenses distributed?



What percentage of the City's budget is General Fund?

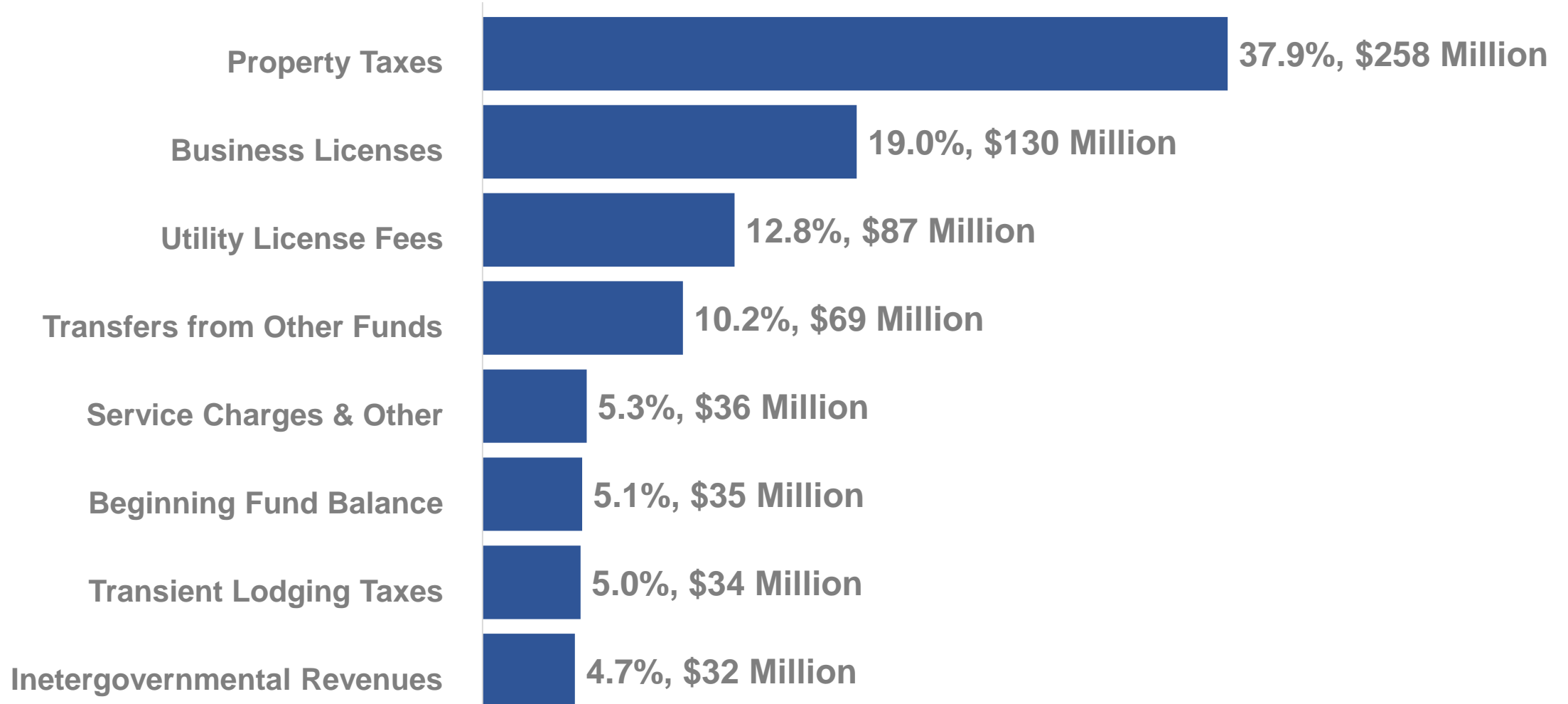
Total General Fund
\$681.6 Million

Total All Funds
\$5.1 Billion



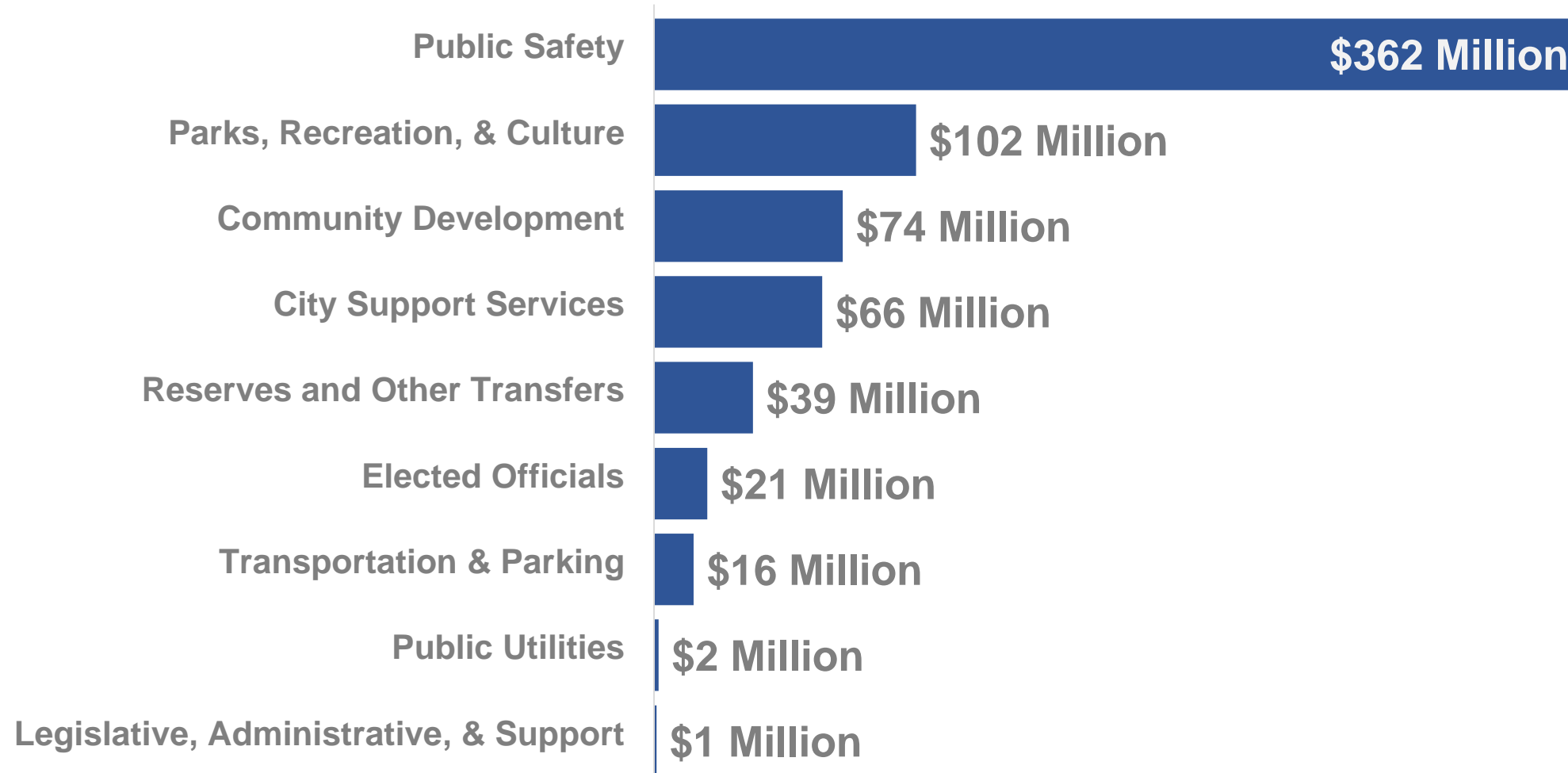
What are General Fund resources comprised of?

2018-19 Adopted Budget



What does the City spend its General Fund on?

2018-19 Adopted Budget



General Fund Forecast

Available New

Ongoing Funding

\$1.7 million

Available New

One-Time Funding

\$14.0 million

General Fund Forecast

Significant Changes since April

- Minor changes to revenue and expense forecasts
- Increased forecast for business license taxes to reflect higher tax rate
- Higher inflation-related forecasts, but slightly lower forecast for PERS related expenses

Local Economic Highlights

- Home prices and rent growth abating, some turning negative
- Local unemployment rate remains near record low
- Local construction pipeline drying up

Budget Guidance

General Fund Bureaus will only be given **99%** of their Current Appropriation Level in Fiscal Year 2019-20.



Budget Guidance

Utility Fund Bureaus will propose budgets that align with prior years' combined forecasted rate increase In Fiscal Year 2019-20

Internal Service Funds should limit the growth of its target rate budget to inflationary increases, less 1%

Budget Process

Bureaus will develop their budgets in a **Program Offer** format beginning in Fiscal Year 2019-20.

Program offers combine program descriptions, budget, and performance data for a set of services into a brief and concise document.

Portland Water Bureau

Fountains

Program Description & Goals

The Water Bureau owns 129 drinking fountains, primarily the four-bowl fountains known as Benson Bubblers, throughout the city. This program includes operation, maintenance, cleaning, repair, and replacement of those drinking fountains. The first Benson Bubblers date from 1912. This program maintains these iconic features and provides public drinking water to Portlanders. This program also includes work by the Parks Bureau to operate and maintain the decorative fountains.

Measure Name	2017 PM Actuals	2018 PM Actuals	PM Goal	PM Target	PM Total AP
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Explanation of Services

Cleaning: Water Bureau crews clean the fountains every two weeks.
Maintenance: Staff in this program maintain, inspect, repair, and replace the fountains as necessary.
Engineering Support: Staff in engineering provide support to maintain standards and develop replacement projects when needed.

Equity Impacts

Changes to Program

Program Budget

Bureau Expense	2016-17 Actuals	2017-18 Actuals	2019 Revised Budget	2019-20 Request - V52 - No DP
External Materials and Services	3,644	2,600	2,500	102,500
Internal Materials and Services	6,044	5,587	637,191	637,708
Personnel	58,304	76,099	88,163	96,712
Sum	67,992	84,286	727,854	836,920

Resources: Resources come from ratepayer charges for water and water-related services. Capital investments in water system infrastructure may also be funded with proceeds from issuance of Water Revenue Bonds and capital revenues. Capital revenues include sales of assets and System Development Charges from installations of new mains and services.

Expenses:

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Directions to Develop

- Beginning in FY 2019-20, **all decision packages must be requested and explicitly authorized by a member of Council.**
- The **Direction to Develop** process is intended to **highlight** the highest priority areas for Council's focus; **increase** the predictability of the budget process, and; **maximize** the value of limited bureau staff time.



DATE: January 7, 2019

TO: Kia Selley, Interim-Director Portland Parks & Recreation
Jessica Kinard, Interim-Director City Budget Office

CC: Claudio Campuzano, Portland Parks & Recreation
Asha BellDuboset, City Budget Office

FROM: Commissioner Nick Fish *Nick Fish*

ISSUE TITLE: Major Maintenance

ISSUING DIRECTION: Unanimous City Council vote in FY 2018-19 Budget Process, with additional direction from Commissioner Fish

BUREAU DIRECTED: Portland Parks & Recreation (PP&R)

ISSUE OVERVIEW AND DESIRED GOAL/OUTCOME:

In the FY 2018-19 Adopted Budget, due to a major maintenance funding gap of ~\$450 million, Council directed Portland Parks and Recreation to request:

"ongoing funding of \$500,000 for major maintenance needs in each budget process until a level of funding is achieved that is sufficient for addressing the bureau's regular, scheduled major maintenance needs. Council will make the determination each year whether to fund this additional allocation with new or realigned resources. Portland Parks & Recreation shall use this funding to address major maintenance needs in addition to its current annual appropriation. This funding should complement other strategies in addressing the bureau's major maintenance gap, including the internal reallocation of resources, the divestment of assets, and periodic General Obligation bonds."

Budget Calendar

Fiscal Year 2019-20 Adopted Budget



Questions?

Reach out to a CBO Analyst
or email

CityBudgetOffice@PortlandOregon.gov