Budget 101

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

- **Beginning Fund Balance**: $1,555 Million, 30%
- **Intracity Transfers**: $947 Million, 18%
- **Service Charges & Fees**: $885 Million, 17%
- **Taxes**: $706 Million, 14%
- **Intergovernmental**: $286 Million, 6%
- **Licenses & Permits**: $291 Million, 6%
- **Bond & Note Proceeds**: $426 Million, 8%
- **Miscellaneous Sources**: $50 Million, 1%

**Total Adopted City Budget FY 2018-19**: $5,146,321,580
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?

- Transportation and Parking: 14%
- Public Utilities: 21%
- Public Safety: 21%
- Legislative, Administrative, & Support: 24%
- Parks, Recreation, and Culture: 8%
- Community Development: 12%
- Parks, Recreation, and Culture: 8%
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?

- **Property Taxes**: 37.9%, $258 Million
- **Business Licenses**: 19.0%, $130 Million
- **Utility License Fees**: 12.8%, $87 Million
- **Transfers from Other Funds**: 10.2%, $69 Million
- **Service Charges & Other**: 5.3%, $36 Million
- **Beginning Fund Balance**: 5.1%, $35 Million
- **Transient Lodging Taxes**: 5.0%, $34 Million
- **Intergovernmental Revenues**: 4.7%, $32 Million
What does the City spend its General Fund on?

2018-19 Adopted Budget

- Public Safety: $362 Million
- Parks, Recreation, & Culture: $102 Million
- Community Development: $74 Million
- City Support Services: $66 Million
- Reserves and Other Transfers: $39 Million
- Elected Officials: $21 Million
- Transportation & Parking: $16 Million
- Public Utilities: $2 Million
- Legislative, Administrative, & Support: $1 Million
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.

**Example with No Cut**
- Base Budget
- Inflationary Factors
- Compensation Set-Aside
- Prior Year Budget (GF Disc only)

**Issued CAL minus 1% Guidance**
- 1% Reduction
- Inflationary Factors
- Compensation Set-Aside
- Prior Year Budget (GF Disc only)
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.
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.
Budget Calendar

Fiscal Year 2019-20 Adopted Budget

February 4
Bureaus submit requested budgets

March 4
CBO Reviews due to Council

March 4-22
Council Work Sessions

April 2, 6 & 9
Budget Outreach Events

May 1
Mayor’s Proposed Budget Released

May 14
Approved Budget Work Session

June 12
Council Action to Adopt Budget
Questions?

Reach out to a CBO Analyst
or email
CityBudgetOffice@PortlandOregon.gov