

COUNCIL BUDGET WORK SESSION

City Budget Office

October 17, 2017



Agenda

- 9:30-9:35 Introduction & Opening Remarks
- 9:35-9:55 Review: Recent Surplus Prioritization
- 9:55-10:20 Local Economic Conditions & Forecast Preview
- 10:20-10:30 FY 2018-19 Budget Guidance & Process
- 10:30-11:30 FY 2017-18 Fall BMP Work Session

REVIEW: RECENT SURPLUS PRIORITIZATION



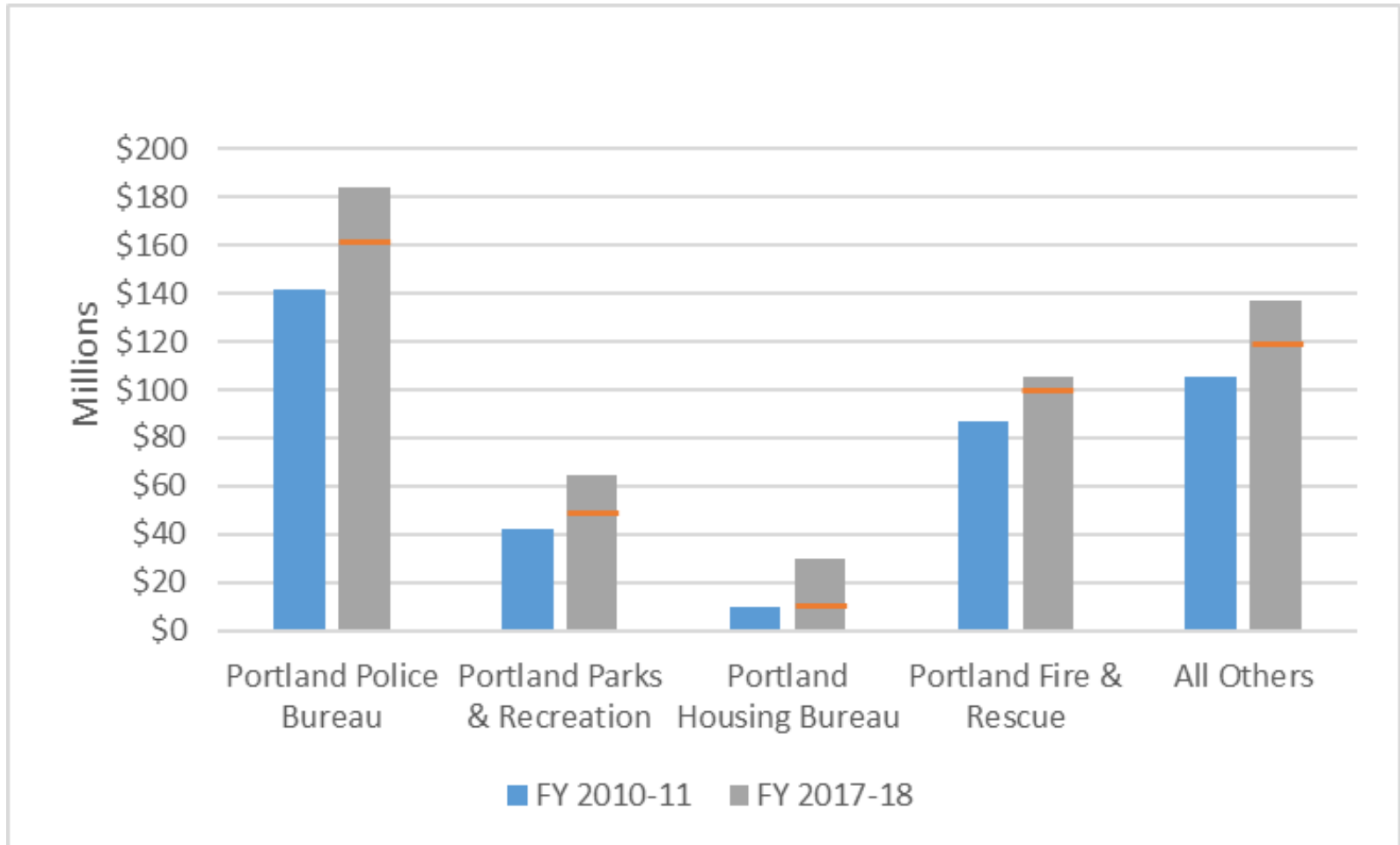
Andrew Scott, Budget Director

Claudio Campuzano, Assistant Budget Director

October 17, 2017

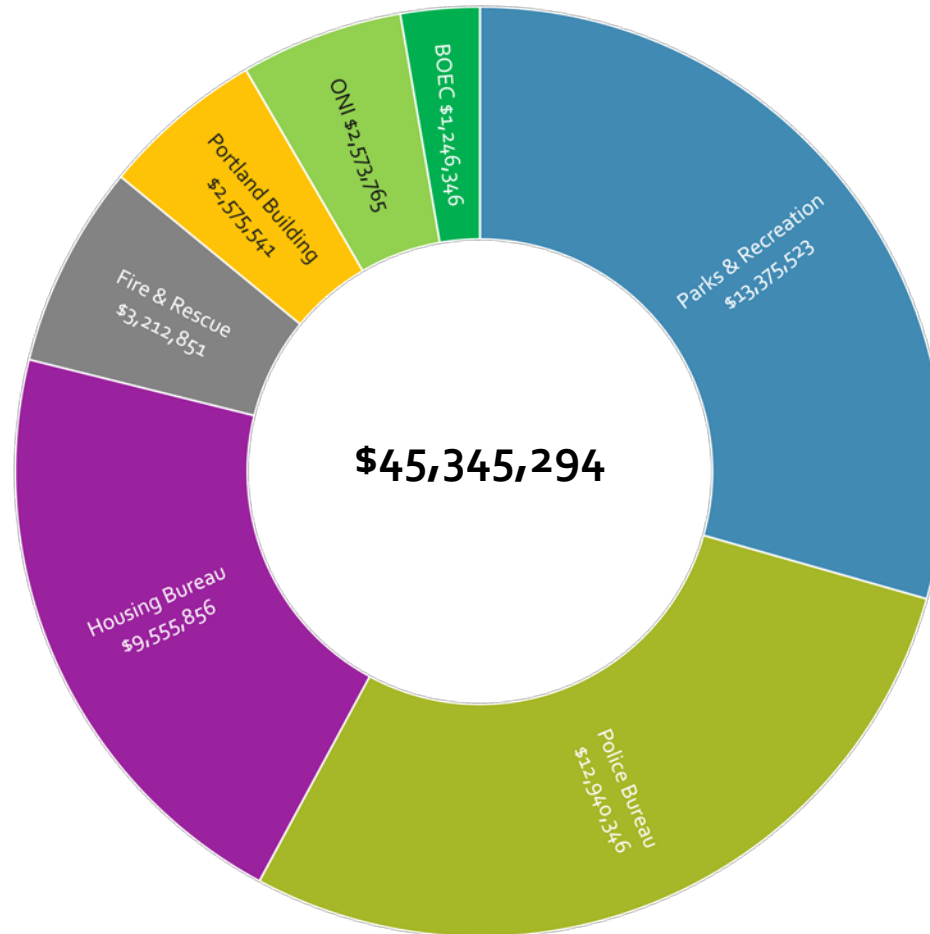
General Fund Growth

Total Discretionary/Overhead Increases Since FY 2010-11



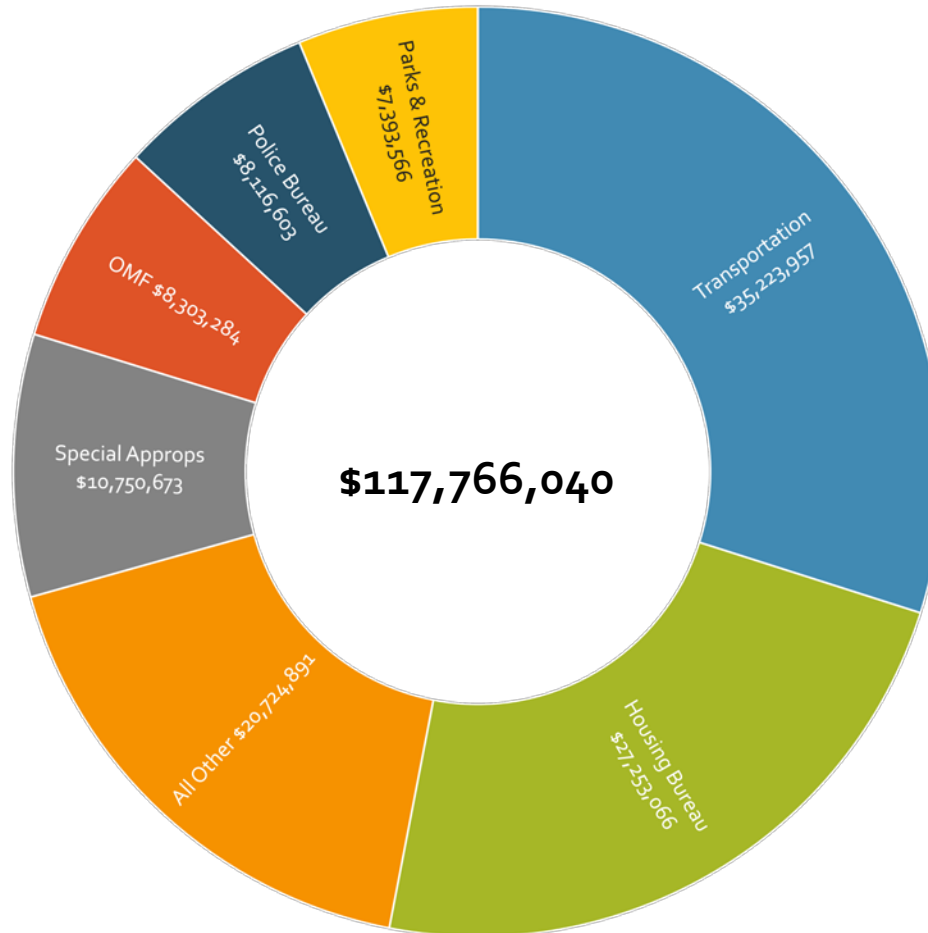
Ongoing Decision Packages & CAL Adjustments

Total Discretionary/Overhead from FY 2014-15 to FY 2017-18



One-Time Program Enhancements

Total Discretionary/Overhead from FY 2014-15 to FY 17-18



FY 2016-17 Performance

General Fund Investment Priorities

Year-end Results

Homeless Services
\$26.6 m

- Permanent housing placement, prevention services, shelters, outreach
- Campsite management, campsite cleanup
- Enforcement program to keep homeless out of justice system

- Point in time Count 4,177: ↑9.9%
1,668 unsheltered: ↓ 11.6%
- Per capita homelessness ↑6.87% since 2015
- 6,576 people provided rent assistance and other interventions
- 600 new shelter beds

Public Safety
\$7.6 m

- Police Patrol officers
- Body cameras, Internal Affairs, Sexual Assault, Gang Outreach
- 9-1-1 operators
- Firefighters
- Vision Zero traffic study, high crash corridor safety improvements

- 72 officers hired, ↑ from 21 in PY
- Crime rates y/y:
 - Property crime ↑ 9%,
 - Person crime ↑ 5.4%
 - Societal crimes ↓ 12.8%
- Response times increased, but fatalities from fire ↓ to 4 total.
- 9-1-1 call-taking slower than target
- Traffic deaths ↑ 18.9% from last year to 44.
- Perception of safety unknown



City of Portland 2017 Performance Dashboard

Green or red values indicate whether annual target has been met.
 Hover over values for more information.
 Click on a measure to observe its trend and strategic target.

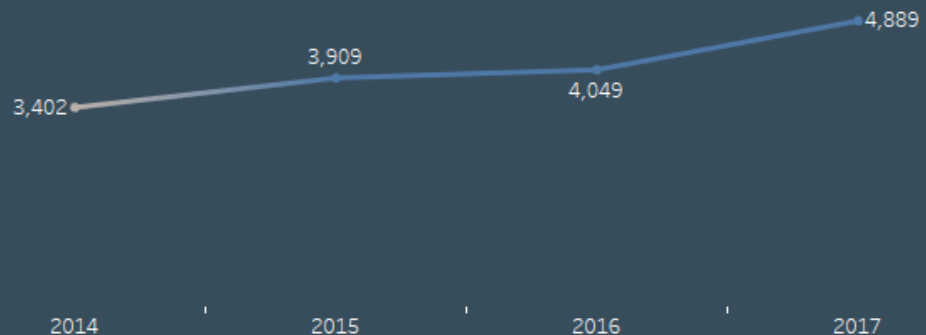
Select Measure Type

Key Performance Measure

Administration Community Development Parks Public Safety Transportation Utilities

Equity & Human Rights	Percentage of ADA Title II Transition Plan barriers removed by City bureaus each y..	47%
	Percentage of bureaus that have translated essential documents into the safe har..	100%
	Percentage of City employees that have completed Equity 101 training	74%
	Percentage of City management that are employees of color	18%
Housing Bureau	Housing units opened that are newly affordable	650
	Number of individuals prevented from becoming homeless	6,576
	Percentage of households moved from homelessness into housing that subsequen..	8%
	Percentage of households receiving home repairs and retaining their homes 12 mo..	88%
	Percentage of households receiving homebuyer education or counseling and subse..	15%
	Percentage utilization of minority contracts in housing construction (contract \$ a..	15%
	Retention rate of households placed in permanent housing at 12 months	74%
	Total number of homeless individuals placed in permanent housing	4,889
Neighborhood	Percentage of residents that have been involved in a community project or attend..	Not yet available

Total number of homeless individuals placed in permanent housing



Bureau: Housing Bureau

Program: Housing Access & Retention

Current Value: 4,889

Strategic Target:

LOCAL ECONOMIC CONDITIONS AND FORECAST PREVIEW



Josh Harwood, City Economist
Andrew Scott, Budget Director

October 17, 2017

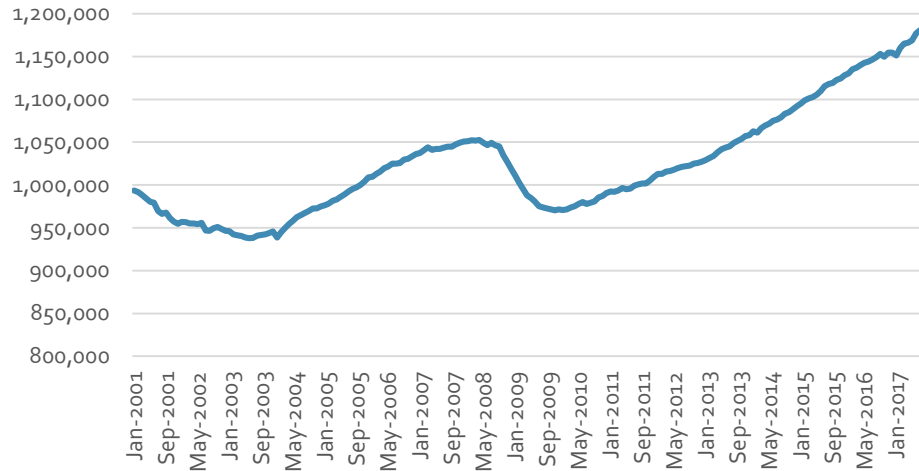
Current Economic Conditions

Indicator	Most Recent	Value	Year Ago Change	Recent Trend
Economy				
Total Employment, Portland MSA	8/2017	1,179,100	2.6%	Positive
Portland City Unemployment Rate	8/2017	4.0%	-0.5%	Positive
Consumer Price Index, Portland-Salem	1H-2017	247.9	4.2%	Neutral
Real Estate				
Median Home Price, Portland Metro	9/2017	\$385,000	9.1%	Positive
Portland Metro Industrial Vacancy Rate	2Q-2017	3.6%	-0.7%	Positive
Portland Office Vacancy Rate	2Q-2017	8.2%	-0.5%	Positive
Multnomah County Multi-Family Vacancy Rate	2Q-2017	5.8%	1.3%	Positive
Commerce				
Total Air Passengers (Y-T-D)	8/2017	12,807,909	5.7%	Positive
Total Freight (Y-T-D in Tons)	8/2017	156.418	5.5%	Positive
Total Port of Portland Marine Freight (Y- T-D in Tons)	8/2017	7,545,482	17.8%	Positive
Hotel Average Revenue Per Available Room	2Q-2017	\$108.38	1.1%	Positive

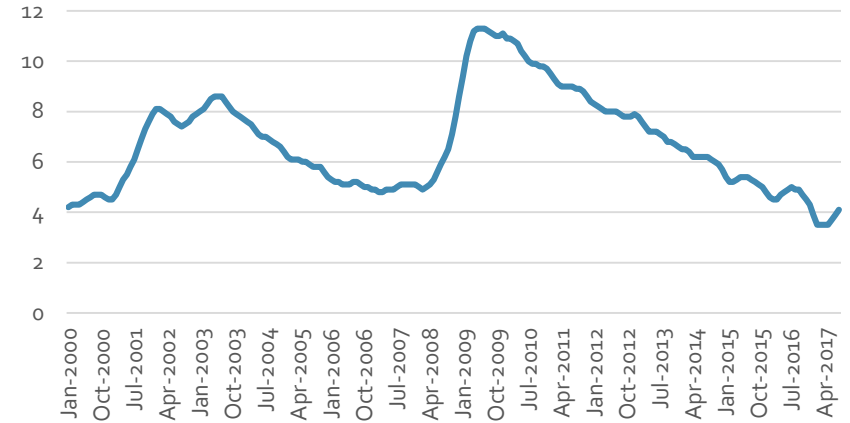
Sources: Oregon Employment Department, Bureau of Labor Statistics, National Association of Realtors, U.S. Census Bureau, Colliers International, Port of Portland, CBRE Hotels.

It's Good Out There, Really Good

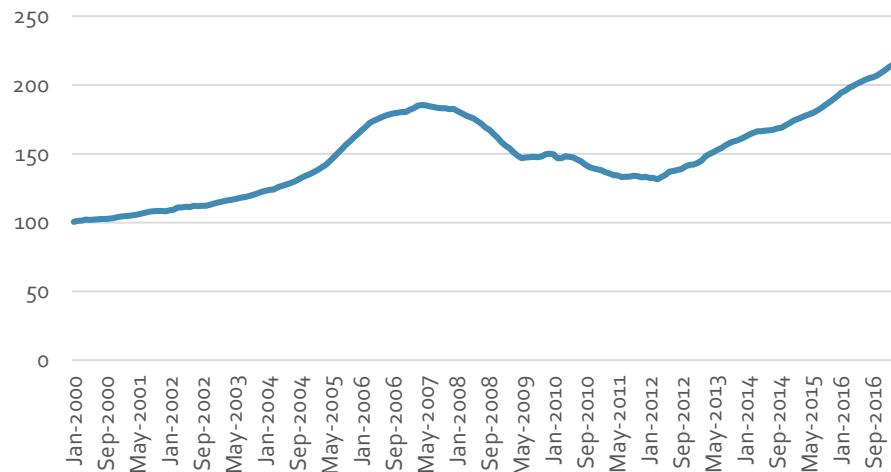
Metro PDX Employment



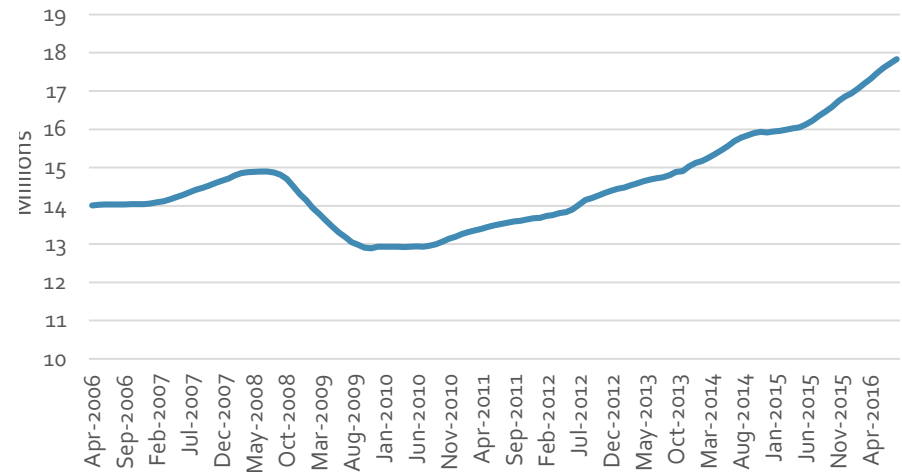
Portland Metro Unemployment Rate



Home Prices (Case-Shiller)



PDX Airline Passengers





Transformational Change

Portland's ranking among the nation's 100 largest metros

	2007	2016	2007-16 Change
High-Wage Jobs	222,500 32 nd Highest Share	301,100 15 th Highest Share	+35% 5 th Fastest
Educational Attainment (Share of 25-64 with a College Degree)	34.1% 27 th Highest	40.2% 16 th Highest	+6.1 ppt 5 th Largest
Median Household Income (Inflation-Adjusted, 2016\$)	\$63,200 32 nd Highest	\$68,700 19 th Highest	+8.7% 4 th Largest

Source: BEA, BLS, Census, Oregon Office of Economic Analysis



High-Wage Jobs

Large Metro Job Polarization

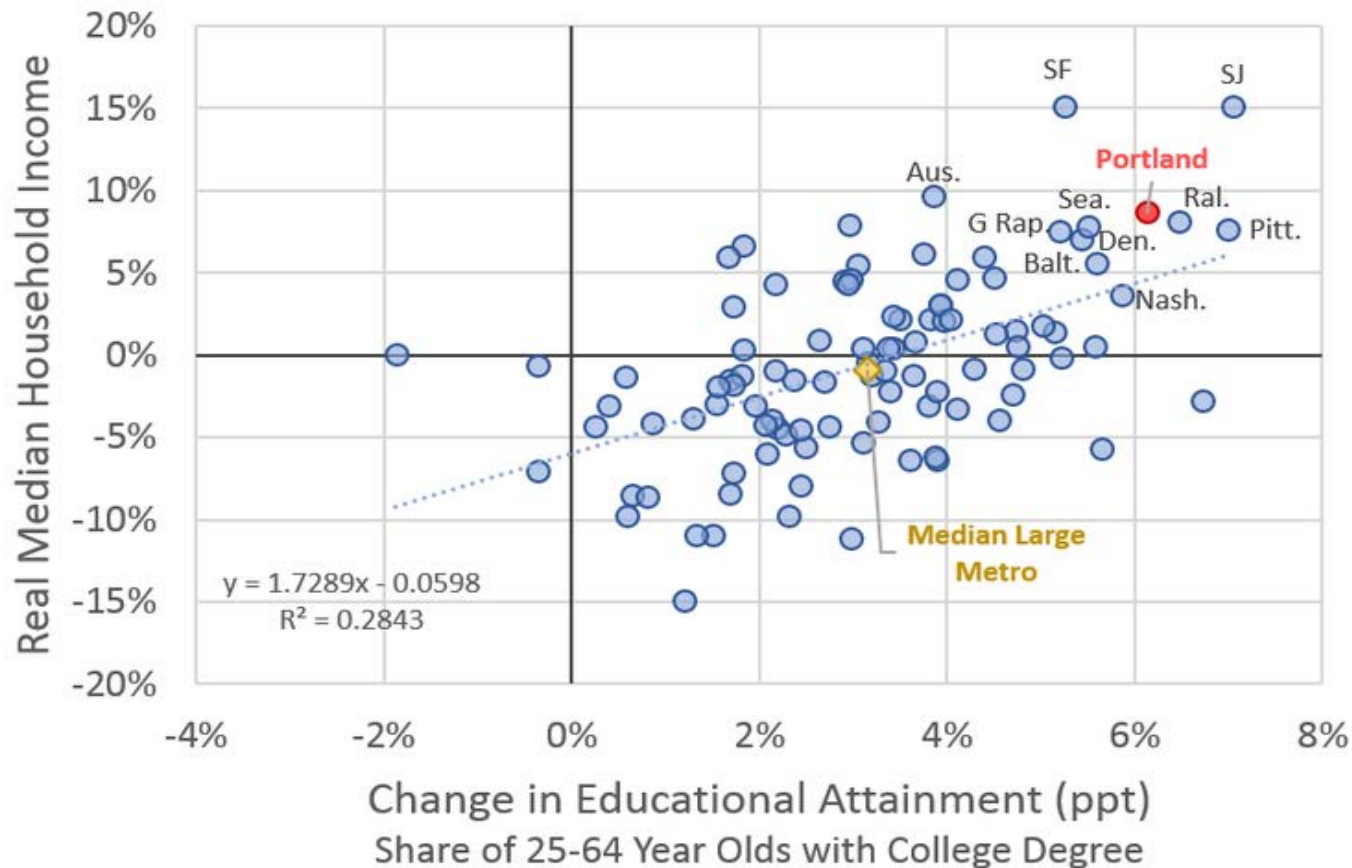
2007 to 2016 Emploment Change



Migrants Changing the Landscape

Reshuffling the Deck

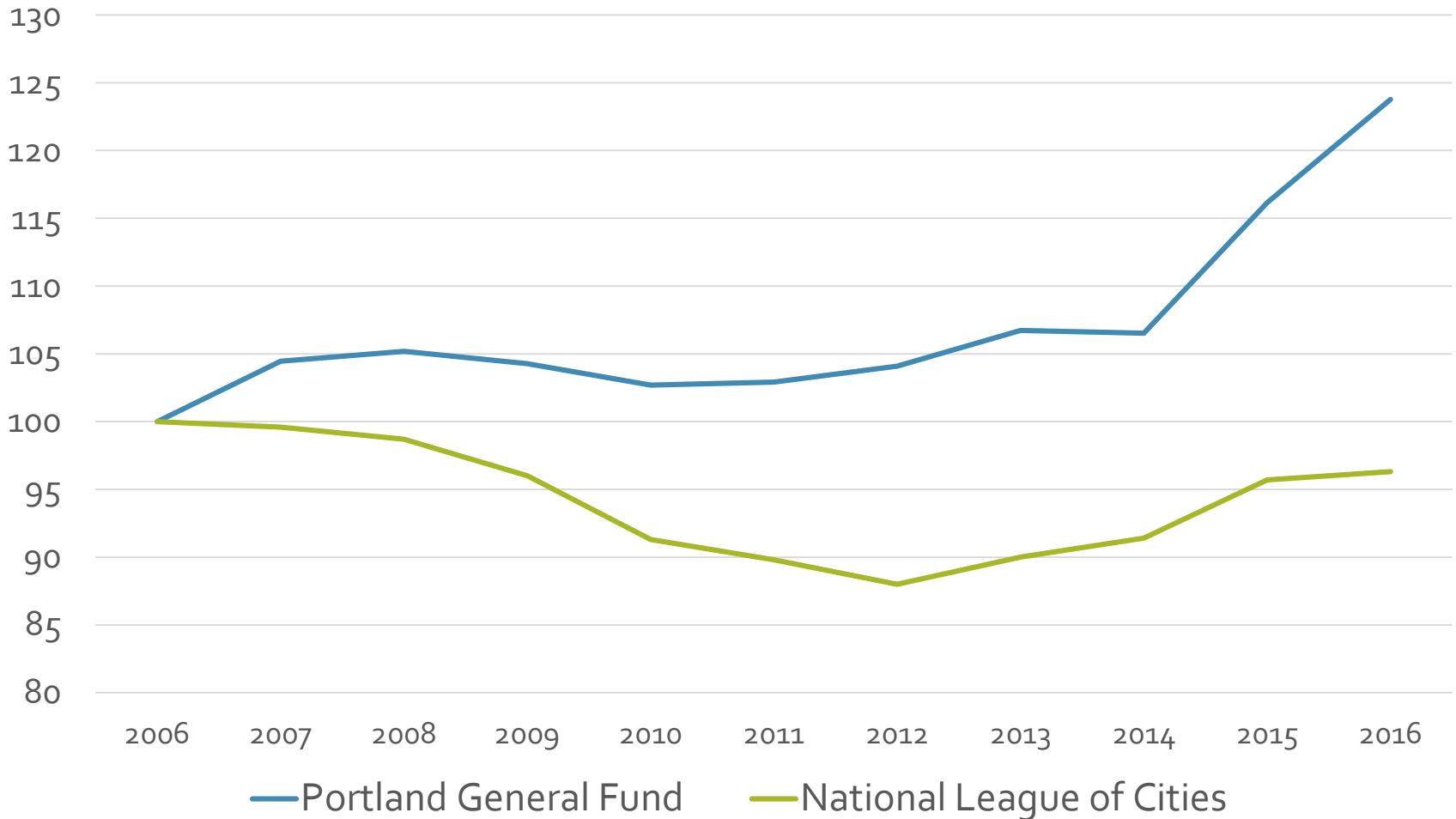
Change from 2007 to 2016, 100 Largest MSAs



Source: BEA, Census, Oregon Office of Economic Analysis

Portland GF Better Than Most

Inflation Adjusted GF Revenues (2015 dollars)



December Forecast: What We Know

- FY 2017-18 property taxes will be about \$1 million above forecast – ongoing add
- Record Third quarter Business License Tax payments – up 50% from last year
- Lodging tax collections slowing, but yet to see “eclipse” receipts
- New revenue from state marijuana tax will add approx. \$1 million ongoing

December Forecast: What We Know

New ongoing costs

- **Labor contracts**
 - \$3.6 million already committed, PFFA & DCTU could add \$6 million more
- **Joint Office of Homeless Services IGA** - \$7.5 million?
- **Increased COLA/PERS obligation in forecast**
 - COLA will likely be closer to 4% this year, increasing personnel costs by \$4-\$5 million above typical year
 - PERS Unfunded liability increased, may need to reevaluate forecasted rates – potential increased costs of \$2-\$4 million

December Forecast: Between Now & Forecast Release

Revenue Information

- Business License Tax extension filers
- Nov. 15 Quarterly ULF Payment
- Oct./Nov. Lodging taxes
 - Last year equaled about 30% of annual total

Expense Information

- COLA/Health Benefit Updates
 - BLS discontinuing COLA measure after 2017
- Fall BMP Adjustments

December Forecast: Forecasting the Forecast?

- Revenue should be above what was projected last April
 - However, any surplus likely to be exceeded by committed new spending
 - Need for modest cuts
- Longer-term: Need another year of record growth to offset expense commitments

FY 2018-19 BUDGET GUIDANCE AND PROCESS



Andrew Scott, Budget Director

October 17, 2017

FY 2018-19 Budget Guidance: Discussion

- Lots of unknowns, but projected ongoing deficit between \$5 - \$25 million
- Does not include new requests, new priorities, unanticipated expenses
- 1% reduction = \$5.0 million

Preliminary Budget Calendar

DATE	ACTION
January 29	Bureau Requested Budgets Due
March 5	CBO Reviews Released
March 12-30	Council Budget Work Sessions
April TBD	Community Budget Forums (Public Hearings)
April 30	Mayor Announces Proposed Budget Decisions
April 30	General Fund Forecast Released
May 8	Approved Budget Work Session
May 10	Budget Committee Public Hearing
May 16	Budget Committee Approves Budget
June 6	TSCC Public Hearing on Approved Budget
June 7	Council Action to Adopt Budget

THANK YOU

Questions?