

# COUNCIL BUDGET WORK SESSION

City Budget Office

October 17, 2017

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# 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



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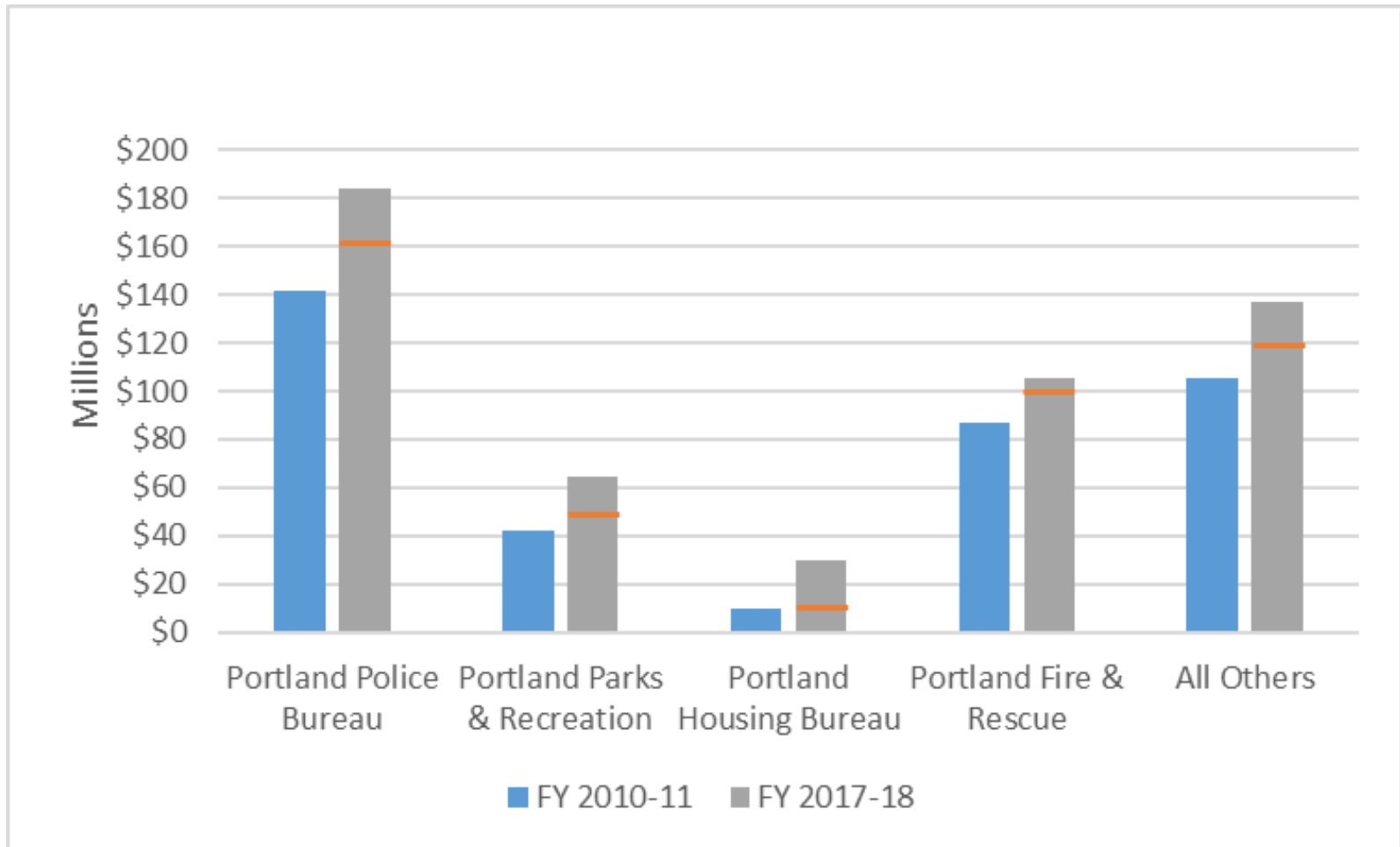
Andrew Scott, Budget Director

Claudio Campuzano, Assistant Budget Director

October 17, 2017

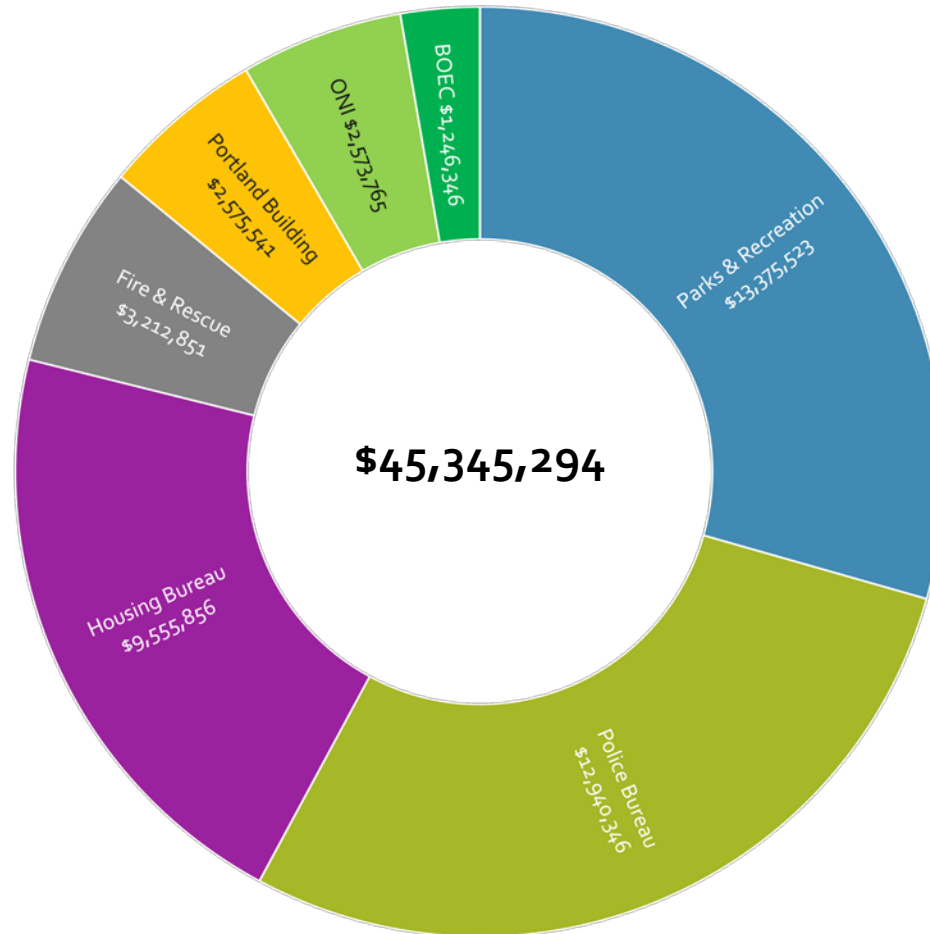
# General Fund Growth

Total Discretionary/Overhead Increases Since FY 2010-11



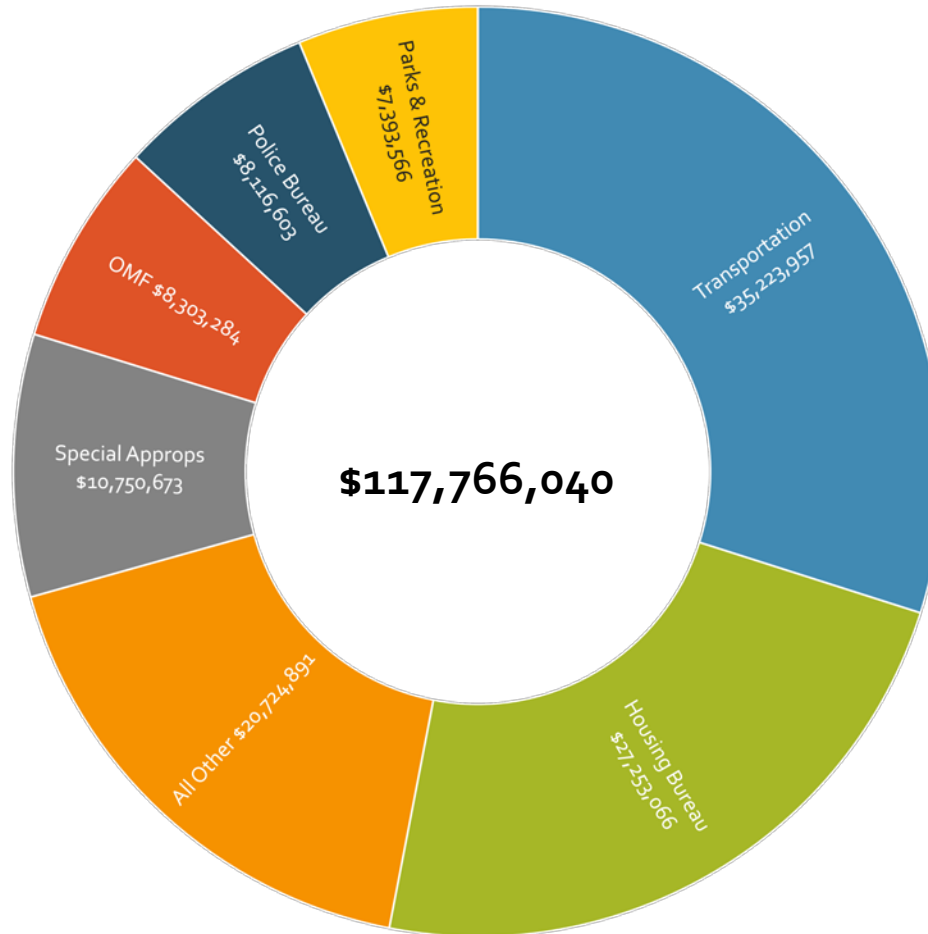
# Ongoing Decision Packages & CAL Adjustments

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.

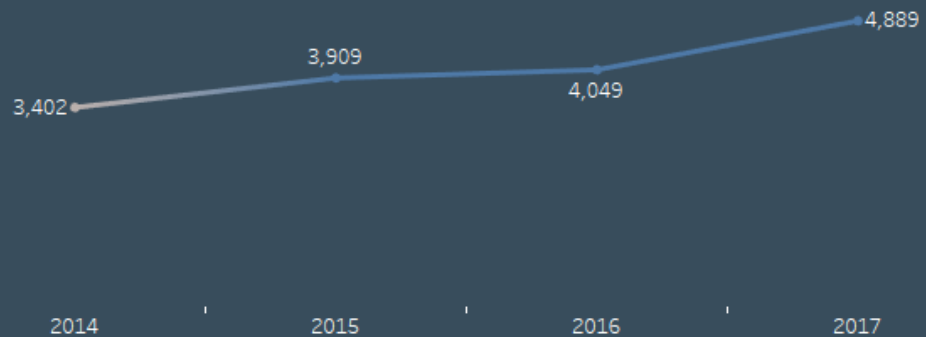
Select Measure Type

Key Performance Measure

Administration    Community Development    Parks    Public Safety    Transportation    Utilities

<b>Equity &amp; Human Rights</b>	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%
<b>Housing Bureau</b>	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
<b>Neighborhood</b>	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



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Josh Harwood, City Economist  
Andrew Scott, Budget Director

October 17, 2017

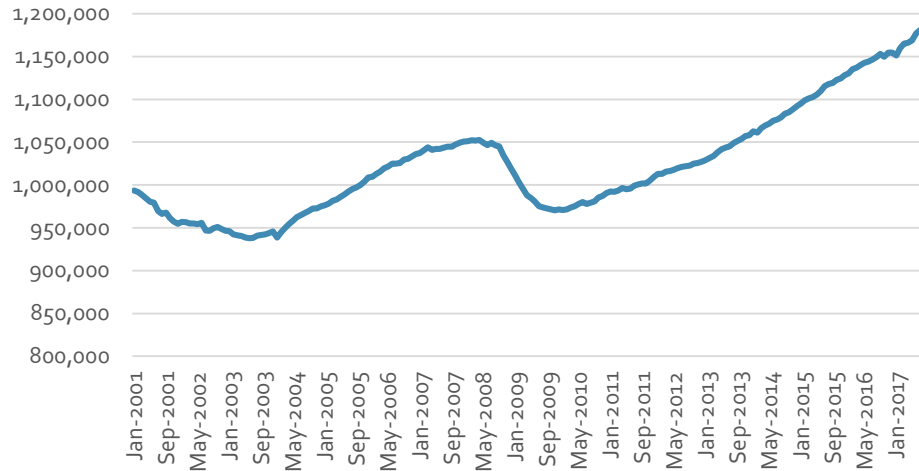
# Current Economic Conditions

Indicator	Most Recent	Value	Year Ago Change	Recent Trend
<b>Economy</b>				
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
<b>Real Estate</b>				
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
<b>Commerce</b>				
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

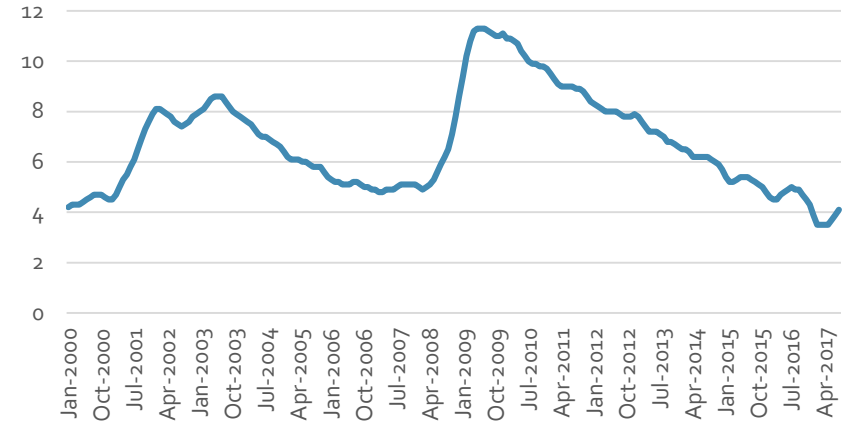
Sources: Oregon Employment Department, Bureau of Labor Statistics, National Association of Realtors, U.S. Census Bureau, Colliers International, Port of Portland, CBRE Hotels.

# It's Good Out There, Really Good

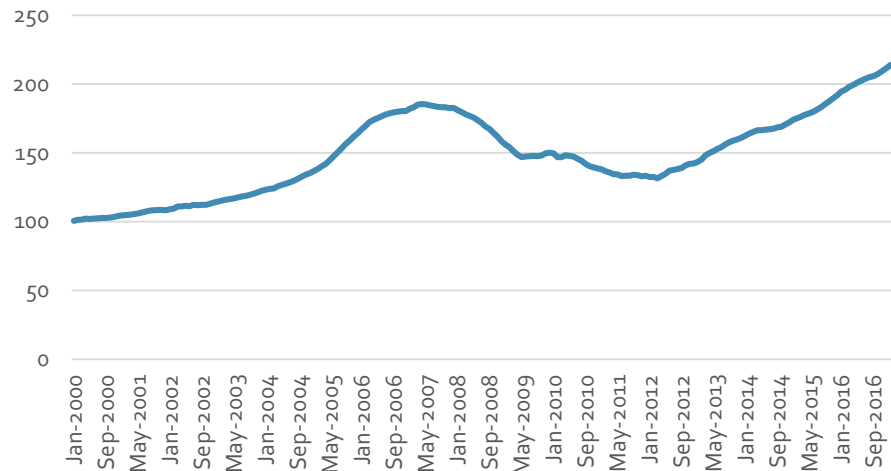
## Metro PDX Employment



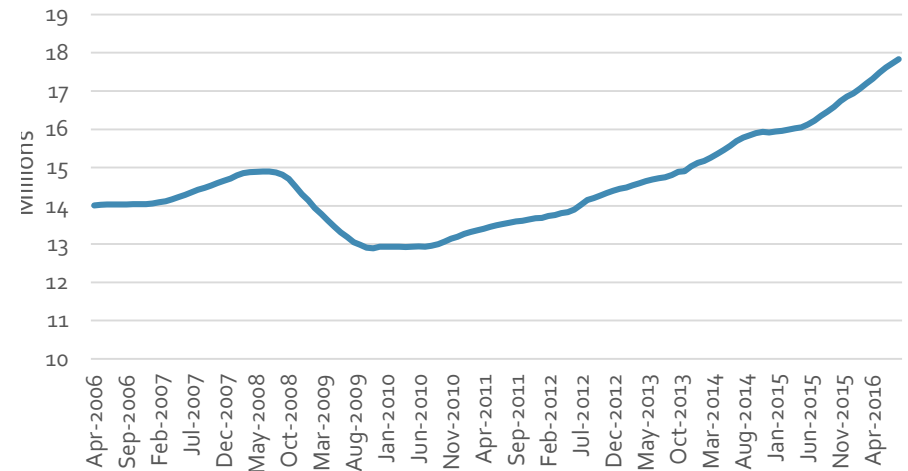
## Portland Metro Unemployment Rate



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

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



# High-Wage Jobs

## Large Metro Job Polarization

2007 to 2016 Emploment Change



Oregon Office of Economic Analysis

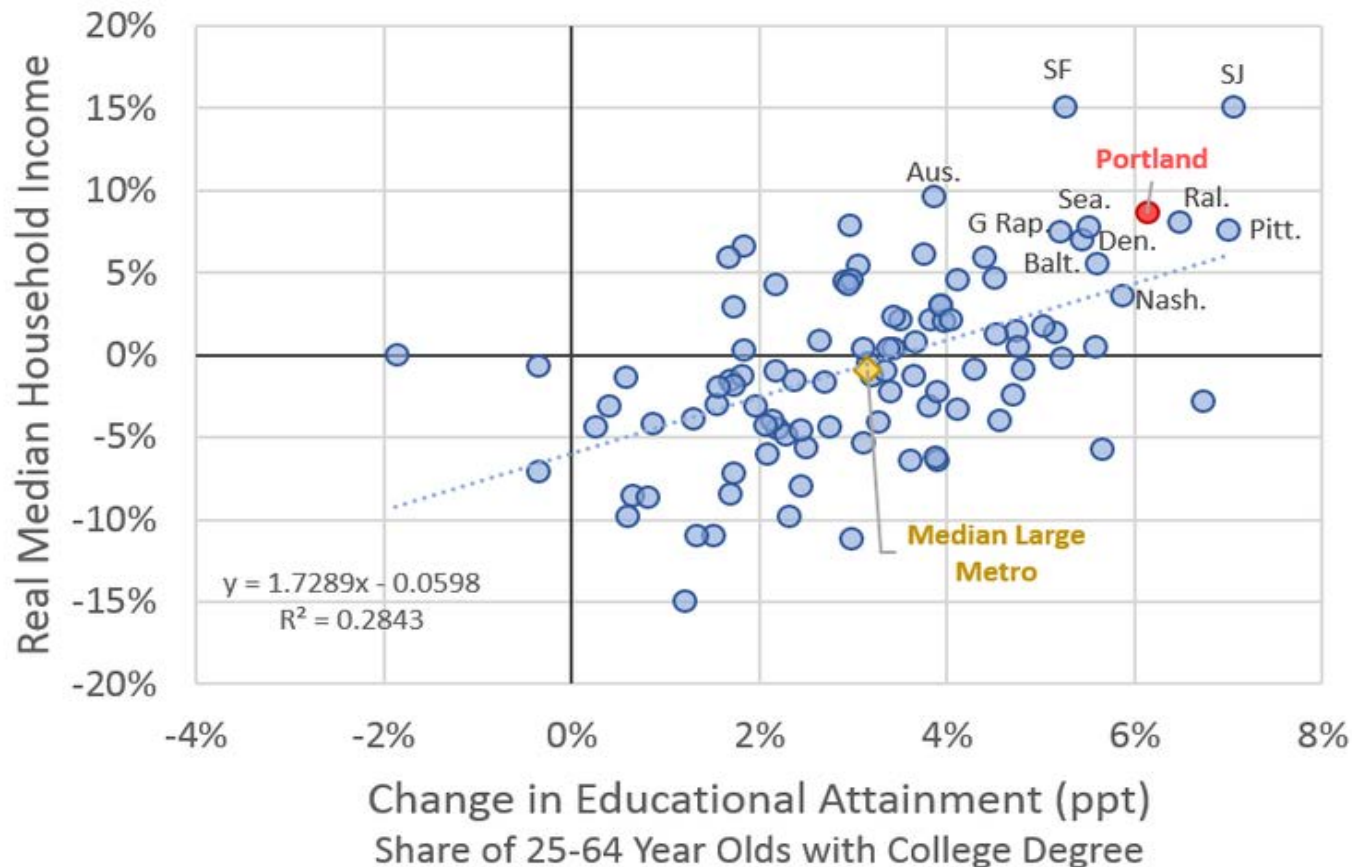
Source: BLS, Oregon Office of Economic Analysis



# Migrants Changing the Landscape

## Reshuffling the Deck

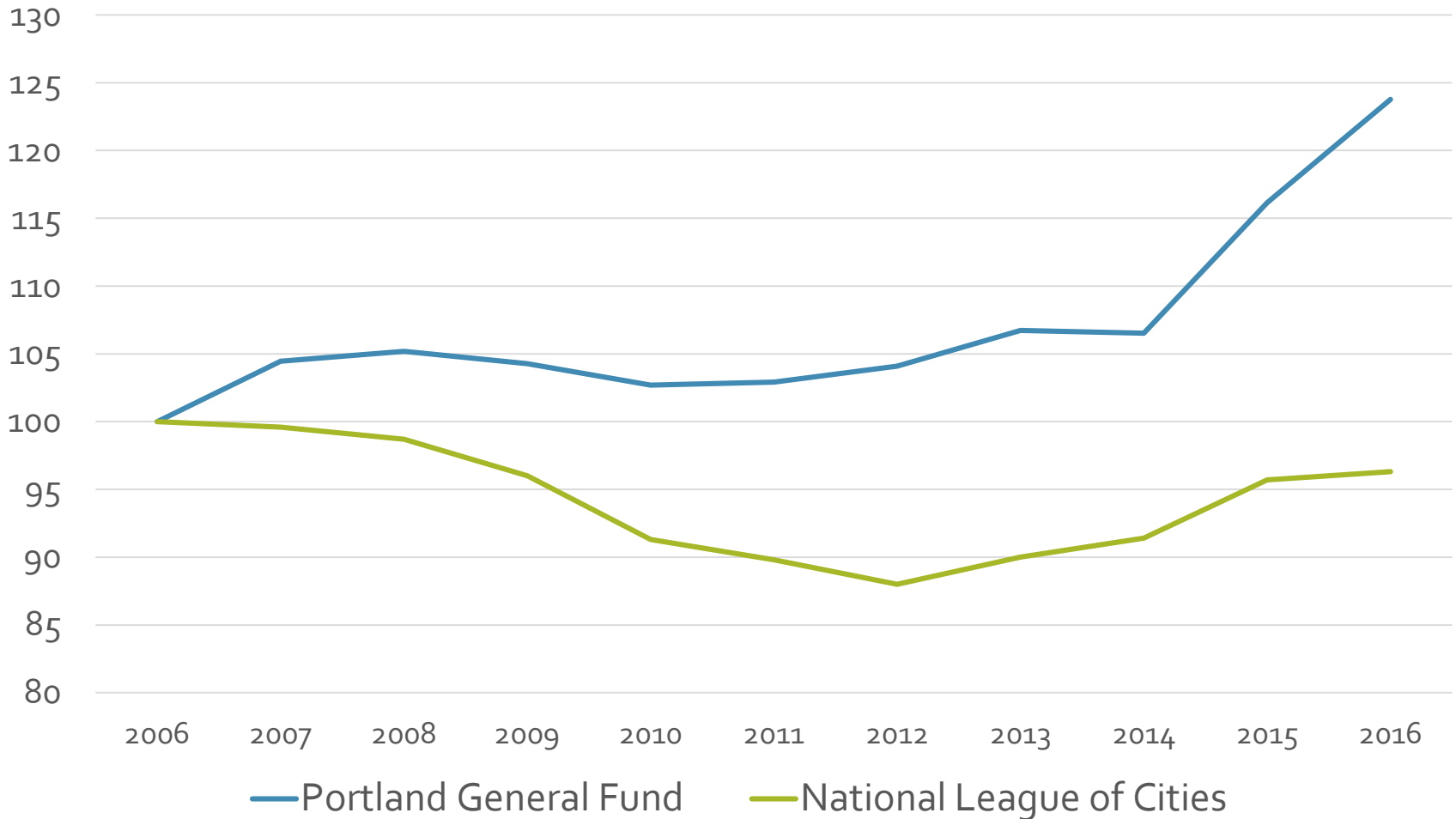
Change from 2007 to 2016, 100 Largest MSAs



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



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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

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Questions?