

Prior Year Performance Report

Fiscal Year 2018-19



City
Budget
Office

Executive Summary

Introduction

In Fiscal Year (FY) 2018-19, the City of Portland appropriated \$4.83 billion for services to keep the City running and to address pressing concerns of Portlanders, including \$547.3 million from the City's more flexible General Fund. This report focuses on investment and performance in key City priority areas and areas of community concern, as demonstrated by recent City budget investments and long-range plans including the Portland Plan—the City's strategic plan for creating a prosperous, educated, healthy, and equitable community.

In this report, the City Budget Office (CBO) seeks to illuminate connections between the City's investment and service-level results as well as big-picture outcomes for Portlanders. This report is one element of the City's efforts to use data to assess the effectiveness of our work and make continual improvements to serve those who live, work, and play in Portland. This Executive Summary offers key findings and recommendations from CBO's analysis of the City's performance in FY 2018-19. More detailed analysis, information, and recommendations for each key issue area is provided in each theme's full section, which you can access by clicking on each section title below.

Key Findings and Recommendations

Achieving Equitable Outcomes for All Portlanders

Advancement of equity for historically marginalized groups is one of the City of Portland's top priorities; the City seeks to advance equity both through direct services and broader-reaching policy creation and implementation. The urgency and importance of this work is apparent through many avenues; one example is the City's 2019 Portland Insights Survey, where Black residents scored the lack of racial equity as the third most important challenge facing the city, citing this issue more than any other racial group. Portland has operationalized equity work not only through the Office of Equity and Human Rights (OEHR), but also through the approximately 28 FTE serving as equity managers and in other equity-focused roles across City bureaus.

In FY 2018-19, OEHR introduced a new performance framework to help City staff use a more data-driven, outcomes-based approach to advancing racial equity. The bureau plans to use the Results-Based Accountability framework to develop shared equity goals and track the impact of bureau racial equity plans in the coming year. Connecting this new framework to the City's existing performance management system and establishing Citywide measures that can be disaggregated by race and ethnicity—as were the results of the Portland Insights Survey—will be key to enabling bureaus to sustain the practice.

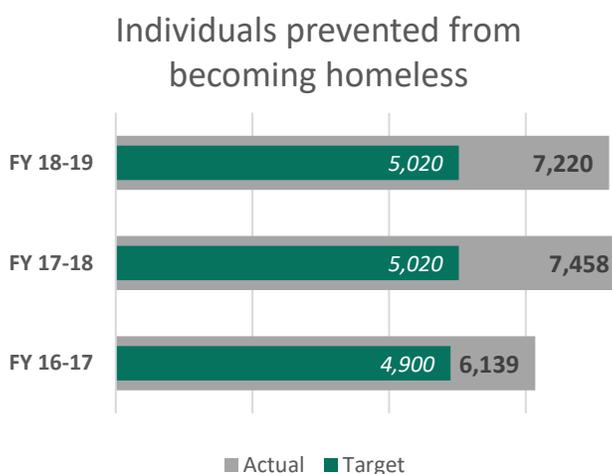
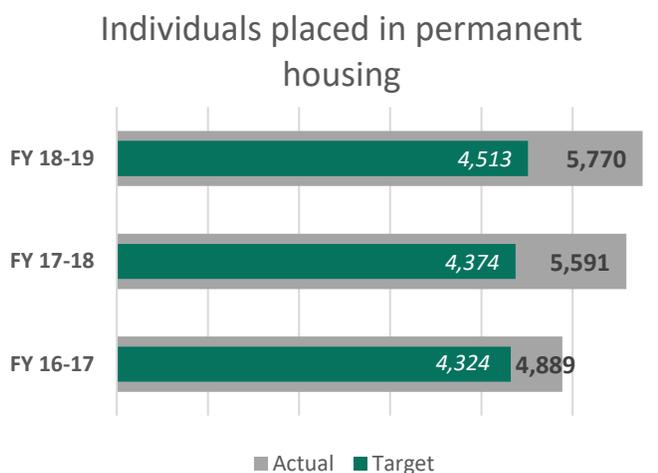
One area where the City has significant leverage to advance prosperity amongst Portland's communities of color is through its contracting and procurement practices. In FY 2018-19, Procurement Services continued developing the Community Opportunities and

Enhancements Program (COEP) and subsequent resolutions to standardize and expand the City’s efforts in this arena. Establishing the funding source of the COEP program through a 1% set-aside of hard construction costs has proved to be challenging, and no formal action has been taken by Council regarding COEP since the initial resolution was passed in November 2017. To the degree that the COEP structure and funding model, as originally envisioned, is not feasible for implementation on a reasonable timeline or without putting undue administrative burden on the City, other options to further equitable contracting and workforce diversification practices should be considered.

Responding to Homelessness

The Joint Office of Homeless Services and other City-supported homeless response programs continued to serve record numbers of individuals and families in FY 2018-19, exceeding performance targets by significant margins. Although original system expansion goals have been achieved, Portland continues to be confronted by unmet need for housing and supportive services. Last year, 5,410 people accessed homeless services for the first time, and a total of 37,000 people were provided with prevention, housing, and placement services through a total budget of \$71.5 million (including a record \$32.5 million in City General Fund resources). The sustained inflow into homelessness and ongoing need for services highlights the importance of continuing to reassess underlying assumptions and the

outcomes of the local approach to homeless services.



This includes sustaining efforts to align the work of traditional service providers with public health and safety entities. Last year, the City received 35,000 reports of active campsites throughout Portland. Addressing the potential health and safety issues that impact both campers and neighbors is incredibly challenging. The new Navigation Team launched in early 2019 provides focused outreach and holistic support to the highly vulnerable Portlanders living in public spaces. The team works with the City’s Homelessness & Urban

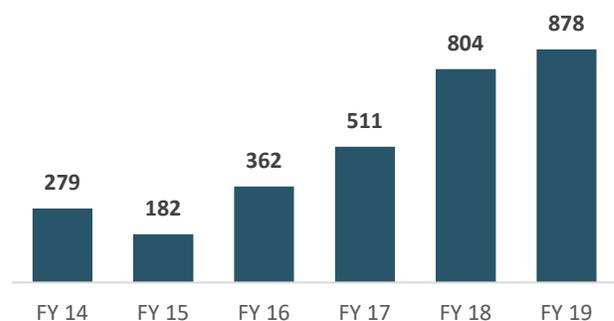
Camping Impact Reduction program (HUCIRP) and other public agencies to address areas where high-impact camping is frequent.

Building Shared Growth for a Changed Portland

Portland’s population has grown significantly in the last decade, reaching an estimated 653,115 in 2018. This expansion has been accompanied by significant economic growth, but these gains have not been shared equally by all Portlanders. Experts predict slower economic growth in the near future; as the City continues to adapt to a larger population and faces changing economic conditions, the City is simultaneously seeking to address existing racial and economic disparities through its work around housing affordability and neighborhood development.

Housing affordability –The City continues to invest in affordable housing development, with new affordable housing units coming online at record levels—878 new units in FY 2018-19. However, estimates show that Portland needs to produce an average of 1,800 affordable housing units each year through 2035 to meet anticipated growth.¹ The largest gap exists for households earning below 30% of the Area Median Income; the Mayor and Housing Bureau recently

Housing units opened that are newly affordable



announced nine new projects that put the City on track to meet or exceed the goals of Portland’s affordable housing bond. As the City continues to invest in housing affordability, CBO recommends continued assessment of the impact of regulations, such as Inclusionary Housing and rental policies, on development and the rental market; exploring locally-based tools like vouchers to buy down housing costs for more households; and continuing to support and assess programs that keep individuals and families in safe and stable housing.

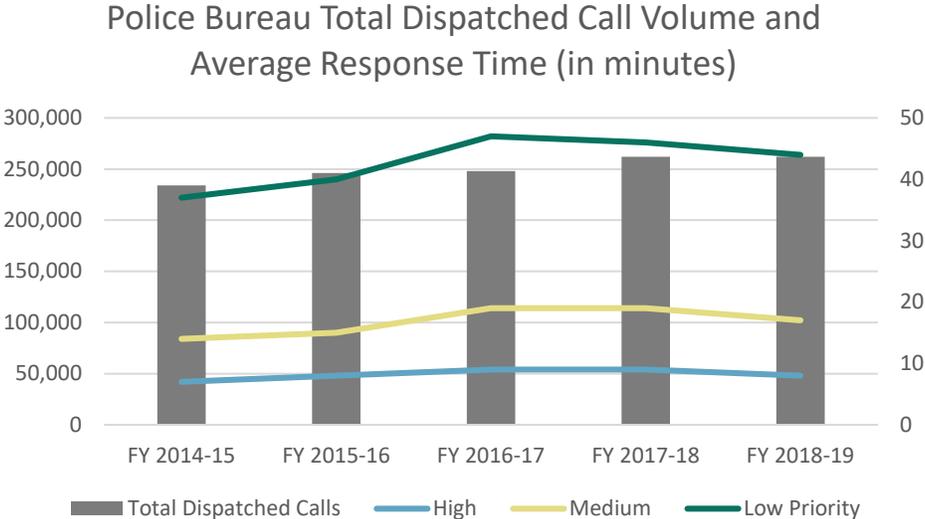
Complete neighborhoods – Housing exists in the context of neighborhoods, which provide amenities, access to job opportunities, and other necessary elements of daily life. The Bureau of Planning and Sustainability (BPS) tracks Portlanders’ access to these necessities through the *percentage of Portlanders living in complete neighborhoods*, which increased by four percentage points in FY 2018-19 to 67%. Progress toward this goal may be achieved by either expanding investments in neighborhood amenities or by increasing access to and development within already ‘complete’ neighborhoods. BPS met its FY 2018-19 target for the *percentage of new housing units that are in Centers and Corridors* at 89%, indicating progress toward the latter strategy. As the bureau continues to refine its approach to tracking its efforts in this area, CBO recommends more frequent updates to the complete

¹ *City of Portland FY 2015-16 Prior Year Performance Report*, City Budget Office, p. 62. <https://www.portlandoregon.gov/cbo/article/650874>

neighborhoods geography, more frequent reporting on this metric, and use of a suite of measures to more fully capture the complexity of neighborhood change.

Improving Community Safety

A scan of Portland’s public safety bureaus reveals several shared themes. The first is that demand for services from the City’s public safety bureaus—Portland Police Bureau, Portland Fire and Rescue, and the Bureau of Emergency Communications (BOEC) 911 Dispatch—increased in FY 2018-19, as it has for the past several years. Public safety bureaus recently have begun using more innovative approaches to manage this demand, including the embedded Police sergeant pilot and changes to call answering and response protocols at BOEC and the Fire Bureau. The Police Bureau, Fire, and BOEC all reduced their emergency response and call answering times last year; notably, this was accomplished within the bureaus’ existing budgets and with greater call volume. Community safety outcomes last year also included a six-percentage-point drop in the reported property crime rate, which may have been in part due to focused missions in Police precincts aimed at reducing and preventing crimes like motor vehicle theft and burglary.



A second common theme among public safety bureaus is the evidence that the nature of City emergency response services is changing, with more demand for homeless-related and disorder-type calls. A preliminary analysis by BOEC suggests that 911 calls with a nexus to homelessness have been increasing over the last several years, and the majority of calls to 911 that have a nexus to homelessness generate a Police Bureau response. This evolving analysis could be a tool for the City to evaluate the impact of calls related to homelessness on public safety bureaus.

As the City looks to new approaches like Portland Street Response to address these emerging challenges, Council should also consider the effectiveness of existing public safety programs, including the Office of Community and Civic Life’s Community Safety program (renamed from the longstanding Crime Prevention program in FY 2018-19).

Maintaining the City's Critical Infrastructure

Many City bureaus, including the Portland Bureau of Transportation (PBOT), Portland Parks and Recreation (Parks), Portland Water Bureau (PWB), Bureau of Environmental Services (BES), and the Office of Management and Finance (OMF) manage critical infrastructure that keeps the city running. Estimated infrastructure condition and funding gaps across bureaus indicate significant challenges facing the City in this area. In FY 2018-19, the City's *annual repair, rehabilitation, and replacement (R/R/R) funding gap*, which has been increasing over the past several years, stood at \$427.8 million². The latest available data show that approximately 69% of the City's assets were *in fair or better condition* at the end of calendar year 2018, down from a high of 76% in 2013.

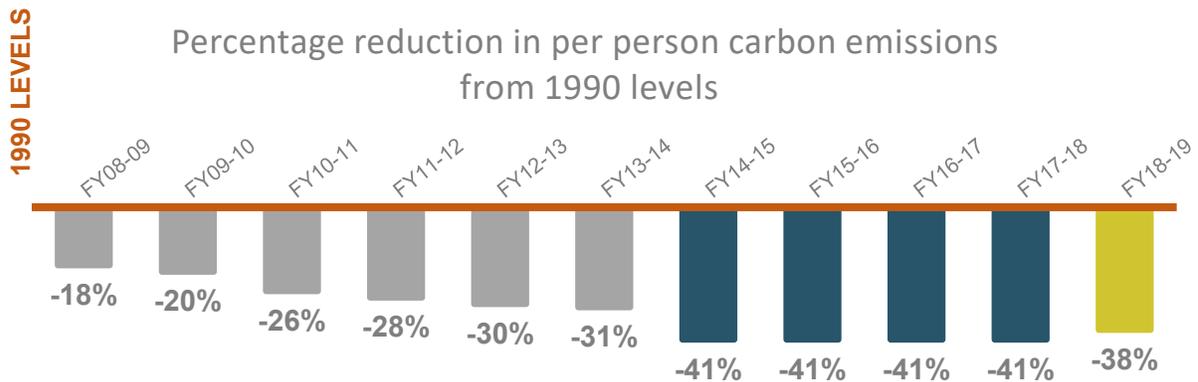
Different bureaus experience distinct challenges in achieving infrastructure maintenance and asset management goals. In some cases, insufficient resources are the primary factor impeding progress toward major maintenance goals. Parks, for instance, faces a \$450.0 million maintenance backlog and its ongoing capital maintenance funding level is significantly below industry best practices. PBOT faces an R/R/R gap of \$295.3 million per year over the next ten years to maintain current service levels. In other cases, the most immediate challenges are operational or informational in nature. The Division of Asset Management within OMF, which manages the City's fleet and building facility assets, notes the need for more robust software and condition assessments to successfully manage the City's assets. The Water Bureau faces a growing portfolio of complex capital projects, the costs of which impact affordability of Portlanders' utility bills. For PBOT, additional Federal compliance requirements paired with an influx of new resources created challenges to capital project throughput, leading to notable bureau process improvements in capital project management.

The City has made significant reinvestments in our asset base in recent years. While more capital and operational investment is certainly needed to put our assets on a sustainable path, increased Citywide alignment around asset management practices and performance will also help bend the cost curve. CBO recommends that bureaus continue working together to develop a Citywide asset management conceptual framework; that the City institutionalize a Business Case Evaluation approach for common funding sources such as Capital Set-Aside and Build Portland; and that asset-managing bureaus adopt a short list of standard performance measures, including asset condition, capital throughput, and project cost accuracy, to increase alignment between asset management practices over time.

² The R/R/R gap accounts for existing infrastructure only and does not include infrastructure improvements required by mandate (policy/regulation expectations) or capacity additions (growth). The most recent data from the Citywide Asset Managers Group documents a mandate gap of \$32 million and a capacity gap of \$117.1 million, for a total of \$576.9 million.

Working Toward a Sustainable and Resilient Future

Portland has long been a leader in environmental sustainability, furthered last year by the City's participation in the American Cities Climate Challenge and C40's New Clean Air Cities Declaration. Despite this, over the past several years the City has seen stagnation of progress toward its goals in the areas of carbon reduction, active transportation, and waste reduction. Citywide, per-person carbon emissions increased from 41% below 1990 levels in FY 2017-18 to 38% below in FY 2018-19, the first increase since tracking began.



The percentage of commuters commuting by walking, bicycling, and transit declined from 24.6% in 2017 to 23% in 2018, short of the City's goal of 70% by 2030. Additionally, the percentage of waste recycled or composted Citywide held steady at 54% in FY 2018-19, compared to a high of 79% in FY 2013-14. In response to these concerning trends, the City is increasing investment through efforts such as the Portland Clean Energy Community Benefits Fund (PCEF) and is in the process of making other policy and planning changes to accelerate progress toward sustainability goals. CBO recommends that bureaus including the Bureau of Planning and Sustainability and the Portland Bureau of Transportation quickly identify performance measures and evaluation strategies for these new efforts.

In terms of preparedness for and resiliency to large-scale emergencies like natural disasters, the Portland Bureau of Emergency Management (PBEM) has in recent years focused largely on community-facing programs, while internal City preparedness efforts have not kept pace. The number of PBEM plans that are up to date according to their published standards has declined in each of the past five fiscal years, reaching 58% of plans in FY 2018-19. CBO recommends that PBEM work to identify the right balance between its Planning and Mitigation and Community Programs sections and consider adding Citywide performance measures around resiliency to better communicate the City's overall preparedness level.

Promoting a Transparent, Effective, Engaged Government

In FY 2018-19, many bureaus demonstrated improved results in customer-facing services using the principles of process improvement and performance management. Notably, the City reduced turnaround times for fulfilling the City's 32,317 public records requests last year. The Police Bureau, which responds to about 75% of all requests to the City, reduced

the backlog for public records requests from 16 weeks in 2015 to three to four weeks by the end of FY 2018-19.

In another important touchpoint with the Portland community, the Bureau of Development Services (BDS) shortened turnaround times for commercial development permits, a process coordinated across seven bureaus. Though some of these efficiency gains should be attributed to reduced development activity in FY 2018-19, improvements also may have arisen from progress on the Portland Online Permitting System (POPS) implementation and more active performance management. BDS is building on these efforts by conducting a cross-bureau strategic planning process for development plan review in FY 2019-20.

Finally, Procurement Services—a City function that helps administer about \$500 million in contracts each year—made several major changes in FY 2018-19 to streamline the City’s procurement processes, including defining service targets and tracking cycle-times for customer bureaus across a range of procurement types. These successes demonstrate the value of using data to improve performance.

Moving from performance measurement to performance management

The successful process improvements of internal service bureaus provide a good example of the evolution from performance *measurement*, in which data is tracked and reported to meet requirements, to performance *management*, in which that data is used to inform management decisions. Throughout this report, CBO offers recommendations around ways bureaus can improve their performance data and incorporate it more seamlessly into decision-making.

The City added an important new dataset to its toolkit for assessing its priorities and services with the 2019 Portland Insights Survey. This survey, managed by CBO and building on the long-running Auditor’s Survey, asked Portlanders about their priorities and perceived gaps across City services in areas of civic participation, housing and economic development, safety, infrastructure, and nature and parks. For the first time, this survey data is available disaggregated by respondents’ demographic characteristics, allowing for a more nuanced understanding of how different communities perceive, utilize, and prioritize City services. Significant findings from the survey are used throughout this report to supplement CBO’s analysis of the City’s performance, and several bureaus are already thinking about how to incorporate community perception data into their performance measures if the survey becomes a longer-term initiative providing year-over-year comparative data.

Continuing to improve results across the City

While Portland has made notable strides in performance, addressing the complex challenges affecting multiple service areas requires a greater level of support for improving results. In many cities, this support takes the form of team of staff that works on Citywide

data governance and open data, performance management and analytics, behavioral insights and human-centered design, low-cost evaluation, and process improvement.

Such an office often houses a team with specialized skills in analytics, behavioral insights, and human-centered design that are out of reach for all but the largest bureaus. These staff can also more effectively support projects that require coordination across multiple bureaus, often working on projects that offer direct benefits to the community. For example, Seattle's Performance and Innovation team recently used behavioral insights and low-cost evaluation to change the City's parking enforcement letters, reducing the likelihood that tickets lead to default and debt collection, a problem that has especially impacted low-income residents and residents of color.³

Centralized teams are a cost-effective way to support training and culture change for municipal staff, including process improvement programs. Portland has put some effort toward building its own process improvement program over the last several years, beginning with a pilot program started by CBO in FY 2016-17. The pilot was based on the model of Denver's *Peak Academy*, which has trained over 8,600 employees since the program started in 2011 and saves the City of Denver \$4-5 million each year through large and small innovations. While no dedicated centralized funding for this work exists, multiple bureaus continue to pursue individual and collective process improvement efforts. A multi-bureau, informal 'team' of City staff process improvement enthusiasts continues to meet and share tips and training on process improvement.

For more than forty years, the City of Portland has diligently collected and reported on performance data. Because of this foundation, the City has an opportunity to improve its results by going beyond measuring performance to applying the tools of performance management at a Citywide level. Transitioning to a system of performance management will require the City to set goals and monitor progress to address the community's priorities. Additionally, in order to improve results within existing resources, bureaus and collaborative efforts must receive support to overcome operational challenges. This report highlights programs across the City that are achieving better results for the community by using data analytics, innovation, and performance management. However, there are areas that lag behind, and challenges that will require greater collaboration across City services to address community priorities. Lifting all bureaus to this next stage is critical to enabling the City to meet the demands of a growing and changing Portland.

³ Todd, Richard. "Using behavioral science to improve court ticket outcomes." *Innovation and Performance Blog*, City of Seattle, 12 March, 2019, <https://innovation-performance.seattle.gov>