

FY 2020-21 Budget Work Sessions

INTRODUCTORY SESSION

JESSICA KINARD, BUDGET DIRECTOR

Agenda

1. Budget Work Session Organization

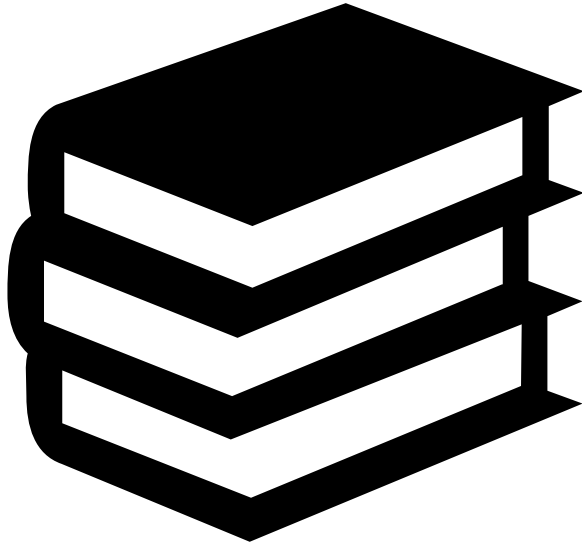
- Resources
- Order of Operations

2. Budget Context

- Mayors Guidance
- Updated GF Forecast
- GF Request Summary
- CBO Recommendation Summary

3. Notable Citywide Issues

Work Session Resources



Work Session Binders Include:

- CBO Reviews first, organized by major service area
- Work Session materials at the back, organized by day
- We will be swapping in presentation materials for March 12th-19th presentations next week

All materials currently in the binders are available online at www.portlandoregon.gov/cbo under the “budget docs & analysis” tab.

- Work Session Schedule is at the beginning of work session materials
 - 7 sessions
 - Organized by thematic issue area
 - Each day begins with a collaborative multi-bureau presentation
 - Bureau time slots vary according to bureau size and complexity
 - Bureau presentations should leave ample time for discussion and questions.

FY 2020-21 Council Budget Work Sessions

Time	Thursday, March 5 2:00pm-5:00pm
	Introductory Day; Leading with Equity
2:00-2:35	Budget Update, Process Overview, & Citywide Issues
2:35-3:15	Equity Manager Presentation
3:15-3:45	Office of Equity and Human Rights
3:45-4:00	Break
4:00-4:30	Office of Community and Civic Life
4:30-4:45	Children's Levy
Time	Monday, March 9 1:00pm-4:00pm
	Cannabis Fund & Special Appropriations
1:00-3:00	Cannabis Fund Work Session
3:00-3:15	Break
3:15-3:45	Special Appropriations
Time	Tuesday, March 10 9:30am-12:30pm
	Financial Sustainability
9:30-10:00	Addressing Long Term Liabilities
10:00-10:15	City Budget Office
10:15-10:30	City Attorney's Office
10:30-10:45	Fire, Police Disability & Retirement
10:45-11:00	Break
11:00-11:15	Office for Community Technology
11:15-12:15	Office of Management and Finance



Legislation, Administration, & Support
City Budget Office

FY 2019-20 Adopted Budget
\$3,287,552
23rd largest out of 28

FY 2019-20 Adopted **General Fund** Allocation
\$2,987,076
17th largest out of 26.



FY 2020-21 Requested Budget

Category	Sub-category	Amount	% of Total
Revenue	Internal Revenue	\$1,355,729	40.97%
	General Fund Discretionary	\$1,633,463	48.86%
	General Fund Overhead	\$124,896	3.83%
	Interagency Revenue	\$18,899	0.58%
	Miscellaneous Fund Allocations	\$18,899	0.58%
Total Revenue		\$3,208,886	100.00%
Expense	Operating Expenditures	\$2,382,941	73.10%
	Personnel	\$486,380	14.72%
	External Materials and Services	\$405,557	12.58%
	Internal Materials and Services		
Total Expense		\$3,208,886	100.00%



Top 2 largest of 2 total program offers

Program Offer Name	Rank	FTE	Budget	% of Bureau Budget
Budget & Economics	1	15.0	\$1,956,100	60.4%
Portland Liberty Board Support	2	1.5	\$124,896	3.8%

NEW: Bureau Summary Documents



Legislation, Administration, & Support
City Budget Office

Key Performance Measures are selected by bureaus to represent the outcomes of core service delivery. KPMs are intended to be the most important and relevant indicators for bureau customers or the Portland community and should be simple and comparable to other agencies or jurisdictions. Together, KPMs create a Citywide layer of results that reflect bureau goals and City strategic priorities that provide Council and bureau leadership with information to guide budget, management, and policy decision-making.

	2015	2016	2017	2018	2019	2020 Target	2021 Target	Strategic Target
Annual repair, rehabilitation, & replacement funding gap (Citywide)	\$241,808,000	\$267,889,000	\$287,908,000	\$318,000,000	\$427,889,000	\$510,000,000	\$513,000,000	\$0
CBO budget process with products website views	Not Available	11,854	42,669	55,099	15,325	50,000	50,000	50,000
Customer service rating (4 pt scale)	3.88	4.07	Not Available	3.48	3.28	3.89	3.60	3.75
Percentage of City KPMs w/ 3+ positive year-over-year results	88.0%	48.0%	45.0%	88.2%	89.8%	43.0%	45.0%	65.0%

Mayor's Guidance

- Explicit guidance in seven key issue areas
- Focus on collaboration
- No immediate cuts or constraints
- Allowed for requests for General Fund resources, but required a 50% offset

General Fund Forecast Update

Initial Forecast:

\$0.1M ongoing

\$10.8M one-time



February Forecast Update:

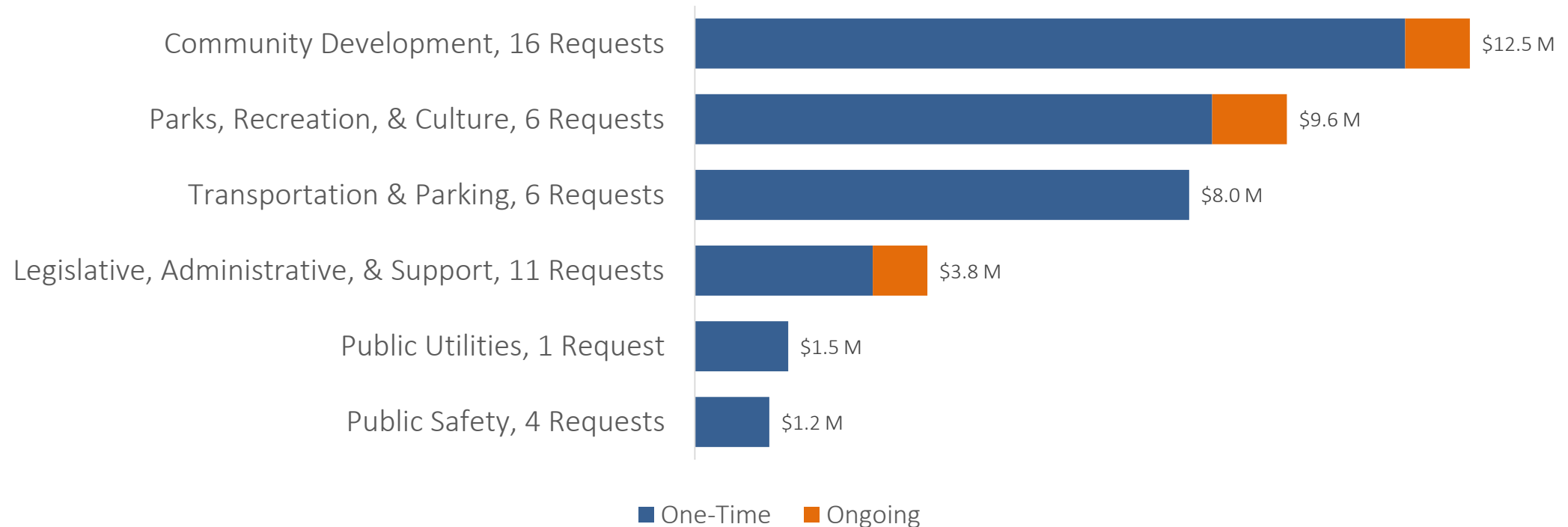
\$4.5M ongoing

\$24M one-time

Per financial policy, 50% of one-time resources should go towards the Capital Set Aside

Bureau Requests

Bureaus submitted a total of 44 requests for General Fund resources totaling \$36.5 million



For reference, last years' General Fund budget requests totaled \$144.7 million

CBO Recommendations

In issuing recommendations, CBO considers:

- Impact on the City's financial sustainability;
- Available data and evidence supporting proposed impact;
- Likelihood of improving equitable outcomes for underserved populations;
- Completeness of the proposal;
- Alignment with adopted Council goals and/or Mayoral priority areas;
- The ability of other funding sources outside of discretionary funding to support the effort, among other criteria.

CBO recommendations total \$4.5 million of ongoing and \$11.2 million in one-time discretionary General Fund resources.

CBO Recommendations

CBO **Ongoing General Fund** Recommendations (\$4.5 million total):

- **\$3.1 million** in known future personnel costs associated with open labor bargaining efforts and new state legislation related to Paid Family Leave
 - These were **not** requested by bureaus
- **\$1.2 million** for Parks to support major maintenance for current assets, and to provide operations and maintenance for new parks coming online.
- Remaining available ongoing is recommended to support:
 - enhancements to the tribal relations program,
 - coordinated regional efforts aimed at the reduction of carbon emissions from fossil fuels
 - enhance Title VI compliance efforts and to provide continuity of service levels at the Office of Equity and Human Rights

CBO Recommendations

CBO **One-time General Fund** Recommendations (\$11.2 million total):

- **\$7.1 million** to continue current service levels in the Joint Office of Homeless Services
- **\$1.2 million** for the Revenue Division to maintain current revenue collection efforts
- **\$1.1 million** for OMF's Facilities services division to support core operating and climate investments
- ...and several other smaller requests

Capital Set Aside

Capital Set Aside Balance: \$17.5 million

- \$18.3 million requested
- CBO recommends: \$16.6 million

New Pilot Evaluation Method

- Business Case Analysis required with CSA Requests
- Sought to quantify the costs and expected benefits of each project; ended in a benefit-to-cost ratio
- Increased and more nuanced information about the benefits of each project
- Projects were evaluated and validated by asset managers and CBO together

Citywide Issues

Two notable issues are affecting several bureau budgets this year:

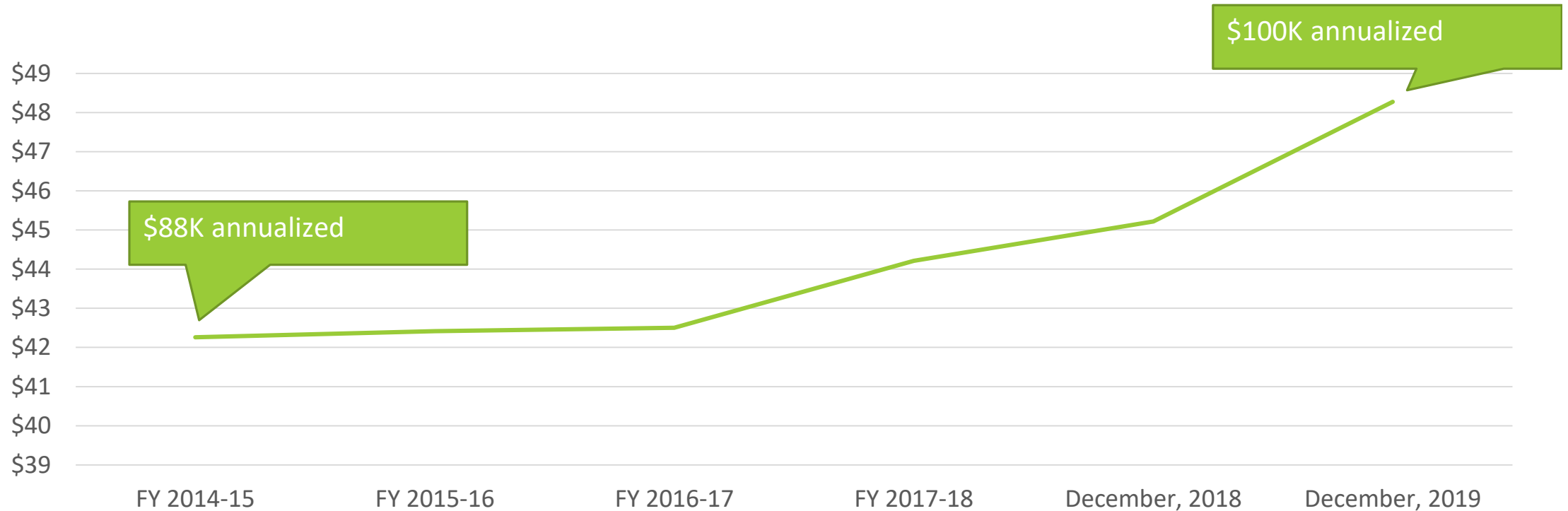
1. Growth in Non-represented Employee Wages
2. Increased Facilities (Rent) Costs

Non-Rep Employee Wage Increases

Confluence of two recent developments have resulted in significant wage increases:

- Wider compensation bands and fewer classifications with the Class Comp study
- Followed by implementation of the Pay Equity law

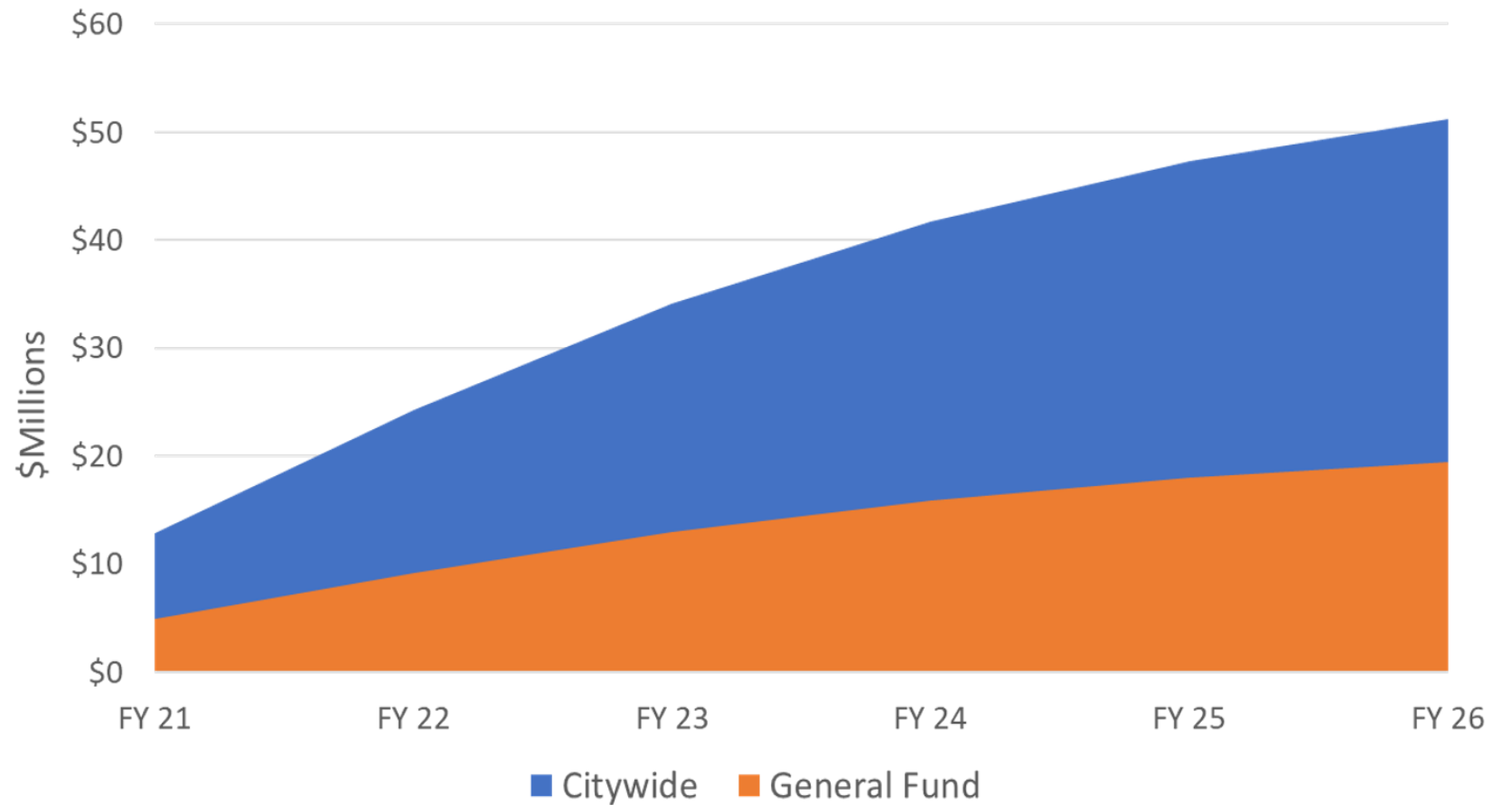
Median Non-Rep Hourly Wage



Average Non-Rep wage is now above \$100,000;
average total non-rep cost now exceeds \$140,000

Costs pressures will continue to grow with the larger classification bands and our merit pay practices, among other personnel cost drivers

Maximum potential impact of these changes is **\$51 million Citywide** and **\$19 million in General Fund** over the next six years.



Increased Facilities (Rent) Costs

Bureaus are paying \$13.8 million in increased rent costs this year

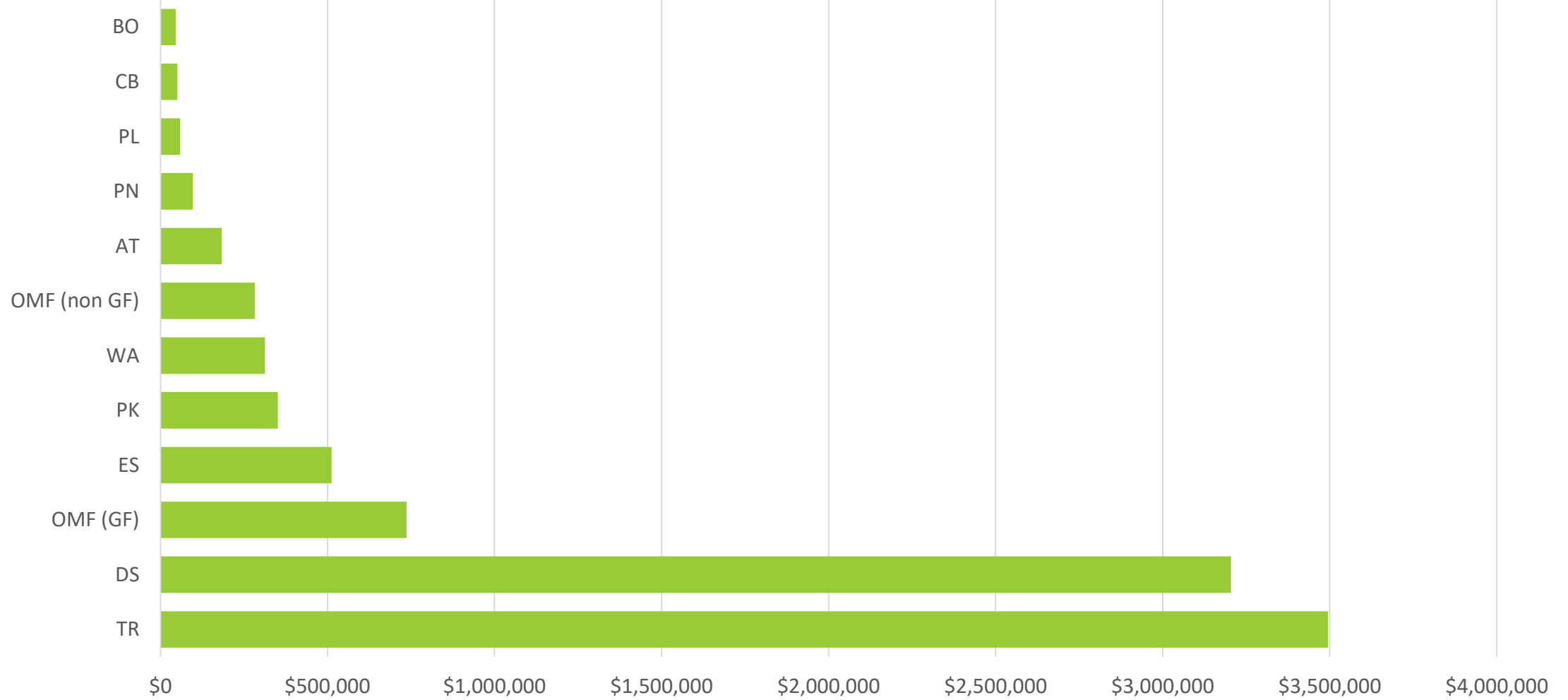
➤ \$11.2 million is attributable to debt service costs allocated via the blended rate

Council authorized the new “blended rate” for charging facilities costs in 2015

➤ Pilot project this year

➤ Spreads large debt service costs across the downtown core

Significant Blended Rate impacts that were not backed by new GF resources



Questions
