



Office of Mayor Ted
WheelerCity of Portland

DATE: March 17, 2021

TO: Commissioner Jo Ann Hardesty
Commissioner Mingus Mapps
Commissioner Carmen Rubio
Commissioner Dan Ryan
City Auditor Mary Hull Caballero
City Bureau Directors

FROM: Mayor Ted Wheeler

RE: Spring BMP Guidance

I am proud of the way we have collectively overcome the many obstacles of 2020 to continue providing essential services to our community. While there is reason for optimism, we have a very difficult year ahead of us. Current forecasts project a \$20.2 million deficit in the City's General Fund, and significant reductions in the Transportation, Development Services and Water funds. Federal resources may help our overall financial picture next year, but there is enormous need in our community and the timeline for recovery is uncertain.

As a result of this continued uncertainty, I am providing budget guidance for the FY 2020-21 Spring BMP to ensure that we are using our limited resources to lessen the economic challenges we anticipate next year while continuing to meet the needs of our community.

Program Carryover Requests

In a typical year, bureaus may identify and request to "carry over" General Fund funding into the next fiscal year to complete projects funded with one-time resources. Similar to last year, however, I am directing that Spring BMP budget General Fund program carryover requests be made only to:

- Fund one-time requests made as part of a bureau's FY 2021-22 requested budget, or
- Continue one-time work that was funded in the current fiscal year but not completed.

New Requests

I am directing bureaus to be extremely judicious in putting forward new General Fund requests in the Spring BMP. As always, the bureau's Commissioner-in-Charge must be aware and supportive of any new resource requests, which should be reserved for the following:

- To solve for the legitimate concern, based on year-end projections, that the bureau may not end the year within budget, or
- To meet an urgent community need, *which the bureau clearly cannot pay for within existing budgeted resources*, related to the COVID-19 economic crisis – including housing, small business support, and food security.

Compensation Set Aside Requests

Cost of Living Adjustments were eliminated or delayed for almost all City employees in FY 2020-21. As a result, a substantial portion of Compensation Set Aside resources were used to balance the FY 2020-21 General Fund deficit, and the remainder is meant to back-stop healthcare cost increases. As such, I expect bureaus to request Compensation Set-Aside resources only if:

- Resources are absolutely necessary to end the year within budget, and
- The bureau can demonstrate that being at or near full staffing throughout the year generated higher-than-anticipated personnel costs.

Returns to the General Fund

Spring BMP guidance last year directed bureaus to slow or limit all non-essential spending to retain resources for COVID-19 impacts to the FY 2020-21 budget. I am not directing that bureaus eliminate all non-essential spending for the remainder of the year, but I am asking that bureaus identify any capacity to return resources to the General Fund, and encourage bureaus to return any non-needed General Fund resources as part of the Spring BMP. By identifying these resources as part of the Spring BMP, my colleagues and I will have greater flexibility to support bureau budget requests for next year.

I am thankful to you and your teams for the selflessness, dedication, and commitment I have seen over the past year. Next year will be difficult for the City, both financially and operationally. But there is hope on the horizon, and I know that by working together we can support our community and build back better.



Ted Wheeler
Mayor, City of Portland