

Budget Updates

Michael Kersting, Financial Analyst

Michelle Rodríguez, Business Operations Supervisor

Budget Context & Timeline

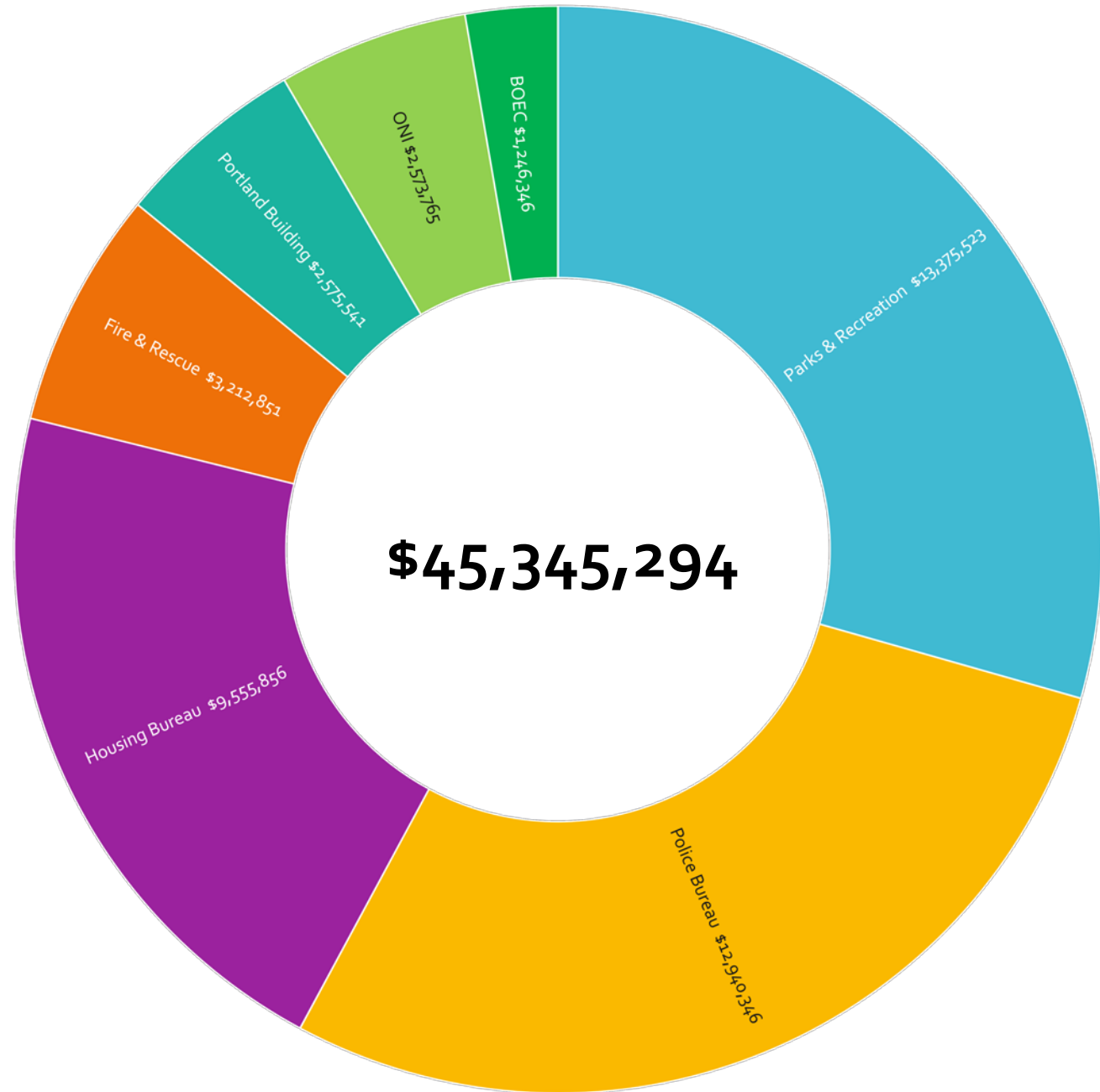
- Context & Current Allocation Level (CAL) number
- Next Steps
- Remarks from Commissioner Eudaly
- Clarifying Roles

City Budget Office Context
slides provided by:

Andrew Scott, Budget Director
Josh Harwood, City Economist

Ongoing Decision Packages & CAL Adjustments

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



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



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

Transformational
Change



Oregon Office of
Economic Analysis

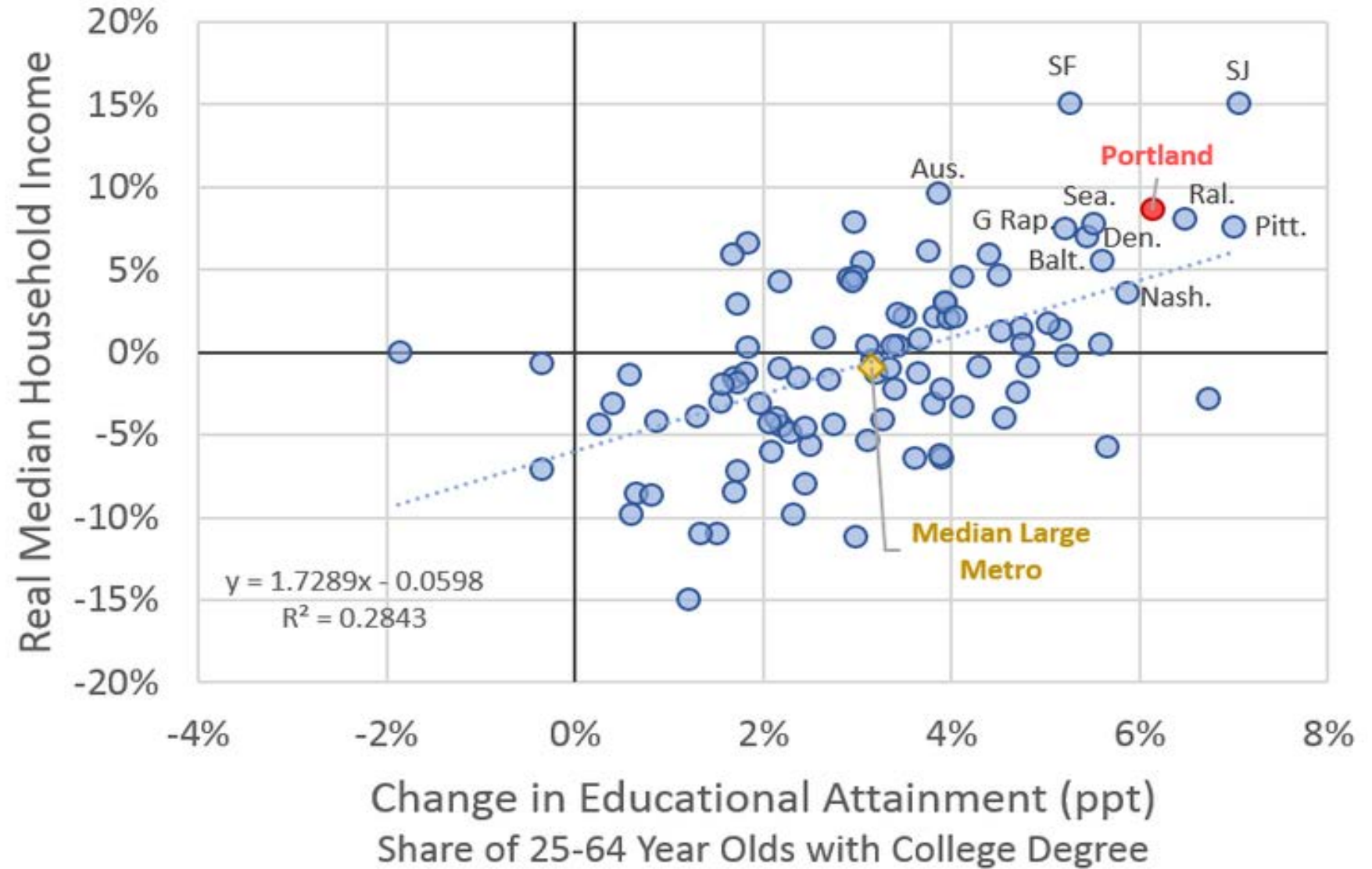


People moving
to Portland

Changing the
Landscape

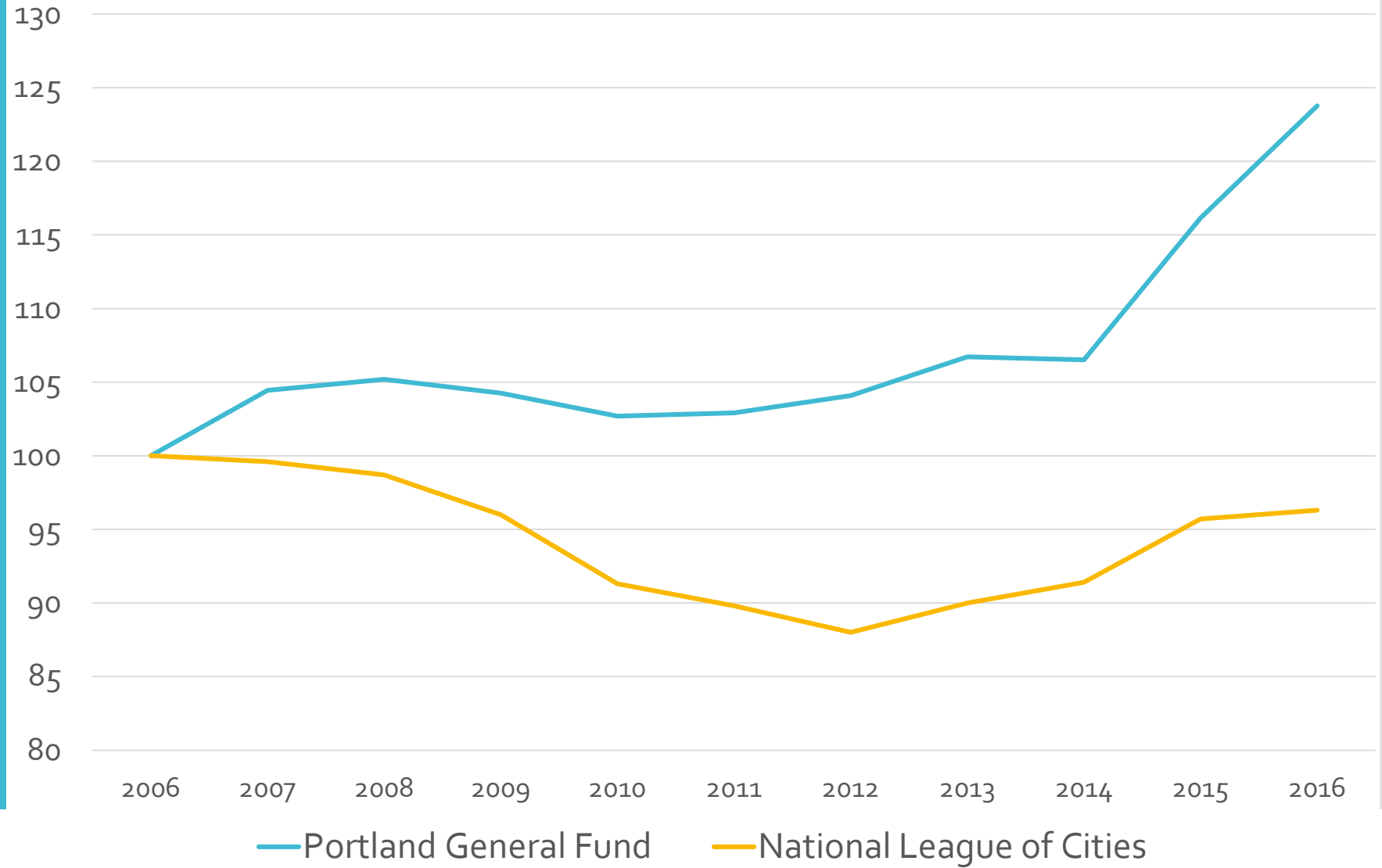
Reshuffling the Deck

Change from 2007 to 2016, 100 Largest MSAs



Portland
General Fund
Better than
Most

Inflation Adjusted GF Revenues (2015 dollars)



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

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
- Mayor asking all GF bureaus (including PPB, Fire, Housing) to propose 5% in ongoing budget reductions

Current Allocation Level (CAL)

What is the CAL number?

Last year's money + expected increase in cost over time

Only, ongoing general fund portion of ONI's budget

5% reduction of ONI budget for Mayor's scenario = **\$426,598**

Ongoing Disc/OH	+	Prior Year Comp Set-Aside	X	Weighted Inflation Factor	+	Adds/(Subtracts)	=	Total Target	-	Overhead	=	Disc. Target
\$8,553,520		\$98,887		1.50%		(\$19,659)		\$8,760,188		\$228,223		\$8,531,965

ONI BUDGET FY 17-18	Ongoing General Fund	Ongoing Overhead	Ongoing Revenues	Ongoing County	One-time General Fund	Total
ONI Admin	737,341					737,341
Crime Prevention	1,478,807					1,478,807
Mental Health Specialist	56,609	67,161				123,770
Information & Referral	133,425	167,382		300,807		601,614
Liquor Licensing	19,377		196,000			215,377
Graffiti	365,351				440,000	805,351
Neighborhood Mediation	260,717					260,717
Noise Control	277,457		230,000			507,457
Cannabis Licensing			895,679			895,679
Diverse Civic Leaders	961,410					961,410
Neighborhood Program	441,884					441,884
Non-City Coalitions	1,721,619					1,721,619
North Portland NS	307,353		18,824			326,177
East Portland NO	334,379					334,379
East Portland Action Plan	332,448					332,448
Public Involvement	61,628	63,050			1,861	126,539
New Portlanders	249,980					249,980
Youth Commission	129,737					129,737
Disability Program	151,816					151,816
Elders in Action	160,842					160,842
Special Projects	75,956					75,956
Portland United Against Hate					118,235	118,235
City Hall one-time security					94,634	94,634
Housing/Homeless outreach					230,000	230,000
Public Elections Fund					250,000	250,000
Accommodations Fund					100,000	100,000
	8,258,136	297,593	1,340,503	300,807	1,234,730	11,431,769

Next Steps

Next Steps

- BAC Meetings
 - December 11th – Discuss initial budget scenarios, review Mayor's priorities, Begin program exploration
 - January 8th – Explore program options/scenarios
 - January 16th – Initial discussion of BAC letter
 - January 22nd – Review, submit edits for draft BAC letter
 - Majority and Minority opinions (if desired)
 - January 29th – FINAL BUDGET SUBMISSION DUE FROM ONI TO CBO
 - February – No meetings
 - March-June – Discuss strategies, competencies, allies and infrastructure needed to reach long-term goals

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

Remarks from Commissioner Eudaly

Clarifying Roles

Roles

Who?

	Bureau Advisory Committee	Bureau Staff	Bureau Director	Commissioner in Charge
Advise on long term strategy & direction of ONI	✓	✓	✓	✓
Recommend pathways to equitable outcomes	✓	✓	✓	✓
Contribute to the presentation of a budget that is responsive to community needs	✓	✓	✓	✓
Represent diverse community perspective	✓			
Provide program level subject matter expertise		✓		
Synthesize and prioritize bureau-wide needs			✓	
Synthesize and prioritize city-wide needs				✓

Clarifying Roles