



Dear Budget Advisory Committee (BAC):

Happy New Year!

We are rescheduling our January 8 Portland Parks & Recreation BAC meeting to **January 24 from 5:30 to 7:00PM** at the Congress Center, 1001 SW 5th Avenue, Room 513. Dinner will be served at 5:00PM with the meeting beginning promptly at 5:30PM. **Please RSVP to Nicola Sysyn** at nicola.sysyn@portlandoregon.gov to let her know if you will attend.

As you are aware from our last BAC meeting, this year's budget process presents both challenges and opportunities. While PP&R had been planning a FY2019-20 budget based on a 1% decrease in the General Fund discretionary allocation, **we now expect to have to reduce the budget by notably more than 1%**. Below is a brief description of where we are and what our process is:

- As you may know, for the past two years PP&R has attempted to manage structural budget issues: rapidly growing personnel costs and benefits expenses, increased revenue generation requirements, and flat market demand. While many bureaus are struggling with growing expenses, our bureau is unique in that 27% of our \$92 million operating budget is paid for by revenues that we generate from service charges and program fees.
- Since the beginning of this FY2018-19 budget year, PP&R has been working to collaboratively and creatively to implement revenue generation strategies to manage the FY2018-19 budget and preserve access to PP&R's highly valued city services and programs.
- Unfortunately, in FY2019-20, the gap between our ability to generate revenues and rising expenses is projected to widen. We expect continued increased costs for personnel, benefits, interagency agreements, and operations and maintenance costs of new parks; meanwhile revenues are projected to remain relatively flat.
- Our past strategies when we didn't meet revenue goals—shifting money between budgets, accessing trust funds, freezing spending mid-year, etc.—simply cannot work anymore because the budget gap has gotten too large.

MOVING FORWARD AND NEXT STEPS:

- To institute the Mayor's new budget process, our Finance Team has been working on a highly compressed schedule. All City bureaus are struggling through these changes and short timeline, but the intention is to have a better budget process for the years to come.

Administration

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Nick Fish, Commissioner
Kia Selley, Interim Director



- With renewed focus on understanding the data and achievable revenue generation—we are rebuilding our budget line by line.
- By late-January, we expect to have a clearer understanding of the size of the budget gap we must solve. The PP&R Budget Advisory Committee (BAC) meeting is rescheduled for January 24 so that we can present the most complete information possible about PP&R's FY2019-20 budget and possible staffing, service, and equity impacts.

Commissioner Fish and his team are engaged in every step of this process. We are developing reduction proposals in the context of the BAC priorities of equity, safety, maintenance, and financial sustainability. We will lean heavily on what we have learned from past budget processes, our cost recovery policy work, and other data like our Community Needs Survey and past focus groups.

I recognize that this is difficult news, and I appreciate your patience as we work to secure more details to share with you on the 24th.

If you have questions or concerns, please reach out to me directly. Thank you for all you do for PP&R.

Sincerely,
Kia Selley