

Budget 101

City of Portland, Oregon
Fiscal Year 2017-18



City Service Areas

- **Transportation**
 - Traffic, Parking, Street Car, Road Maintenance
- **Public Safety**
 - Police, Fire, Emergency Management & Communications
- **Parks, Recreation & Culture**
 - Parks & Recreation, Golf, Portland International Raceway
- **Public Utilities**
 - Environmental Services (Sewer), Hydroelectric Power, Water
- **Community Development**
 - Development Services and Permitting, Planning and Sustainability, Neighborhood Involvement, Housing, Cable
- **Legislative, Administrative & Support**
 - Attorney, Auditor, Government Relations, Office of Equity and Human Rights, Management & Finance

Budget

- A plan for the acquisition and allocation of resources to accomplish specific purposes.
- The budget provides the strategic direction the City intends to take over the coming fiscal year (July 1-June 30).

Where does the money come from?

- **Bond and Note Proceeds**
 - Bonds and notes are sold to the public to fund major infrastructure projects.
- **Beginning Fund Balance**
 - The remaining balance of City resources each year, after liabilities are deducted. This represents a major portion of resources that will be spent in the next year.
- **Service Charges and Fees**
 - Fees and charges collected for services such as water, sewer and parks usage.
- **Taxes**
 - A portion of property taxes collected by the County are available to the City. Other taxes include the Lodging Tax, Business Income Tax and Gas Tax.
- **Grants**
 - Assistance provided by other organizations to help fund specific programs.
- **Licenses and Permits**
 - The City sells licenses and permits that regulate activities such as construction, business and use of public spaces.
- **Miscellaneous Revenue**
 - Includes investment interest, Capital Asset Sales, Assessment Collections, Misc. Sales, Private Grants and Donations, Loan Repayments and Refunds.

Allocating Resources

- Many funds are dedicated to specific uses based on their source.
 - Water and sewer fees pay for water and sewer system maintenance and improvements.
 - Permit fees pay for development services.
- The General Fund is the pool of general City resources, that are not set aside for specific uses.
 - These primarily come from property, business, utility, lodging and liquor taxes.
 - Allocated based on City Council priorities.

2016-17 Budget

\$3,459,847,415

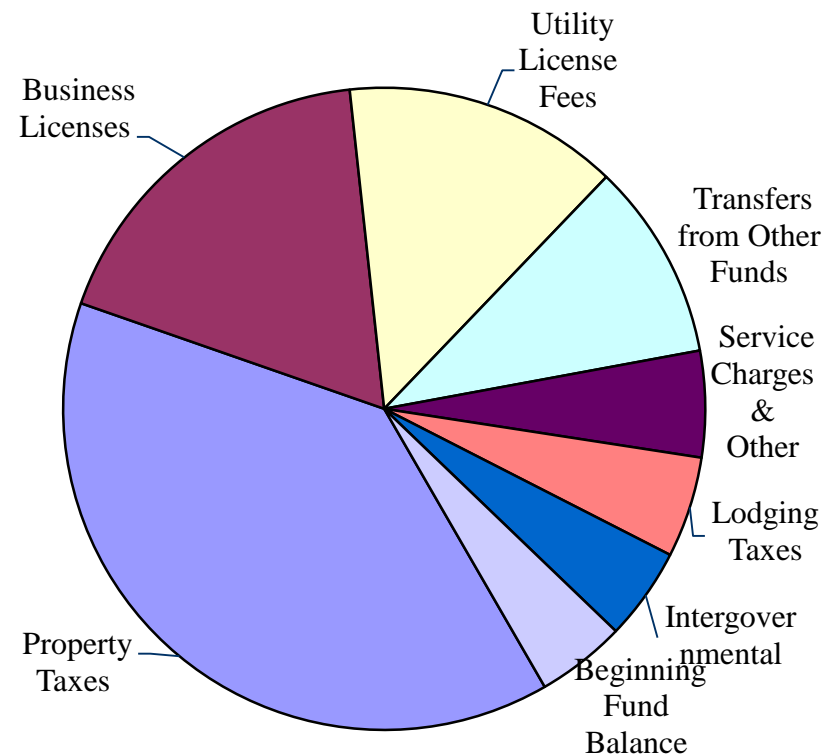
All funds combined, Total Budget

\$602,000,662

Total General Fund Budget

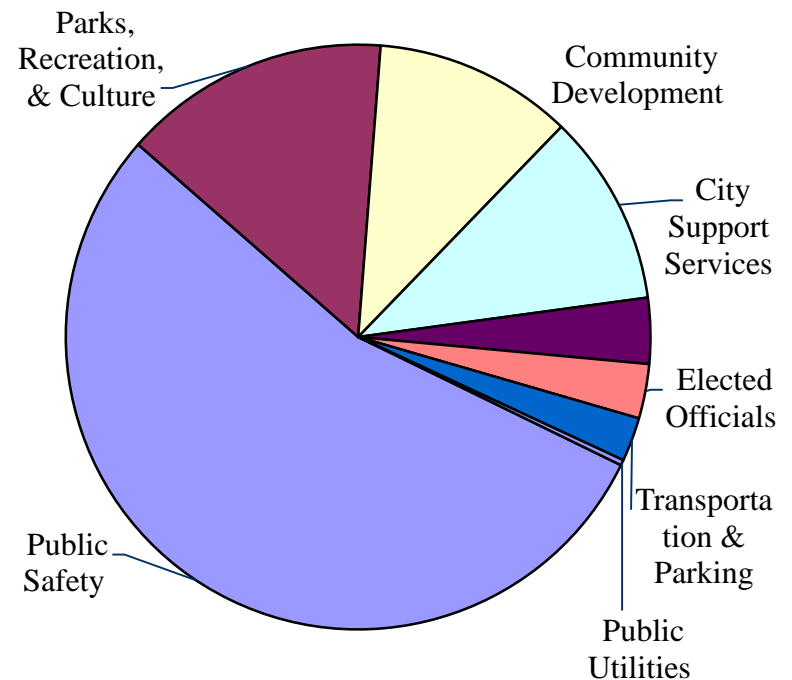
General Fund Resource Summary

Resource	Budget	Percent
Property Taxes	\$232,768,000	38.7%
Business Licenses	108,063,578	18.0%
Utility License Fees	83,536,795	13.9%
Transfers from Other Funds	59,796,414	9.9%
Service Charges & Other	32,169,688	5.3%
Lodging Taxes	30,600,000	5.1%
Intergovernmental	28,026,393	4.7%
Beginning Fund Balance	27,039,794	4.5%
Total General Fund Budget	\$602,000,662	100.0%



General Fund Expenditure Summary

Service Area	Budget	Percent
Public Safety	\$ 326,393,646	54.2%
Parks, Recreation, & Culture	89,022,533	14.8%
Community Development	66,234,193	11.0%
City Support Services	63,892,279	10.6%
Reserves and Other Transfers	21,879,281	3.6%
Elected Officials	18,133,515	3.0%
Transportation & Parking	14,633,349	2.4%
Public Utilities	1,811,866	0.3%
Total General Fund Budget	\$ 602,000,662	100.0%



December Forecast: What We Know Now

- FY 2016-17 property taxes will be about \$2 million above forecast – ongoing add
- Third quarter Business License Tax payments were down slightly from last year
- At least \$11 million in likely added ongoing costs
 - \$6.6 million for PPA
 - \$3.5 million for Housing IGA
 - \$1 million in Overhead Model cost pool updates
 - Other Labor contracts?

December Forecast: Between Now & Forecast Release

- Revenue Information
 - Business License Tax extension filers
 - Nov. 15 Quarterly ULF Payment
 - Oct./Nov. Lodging taxes
 - Last year equaled about 30% of annual total
- Expense Information
 - COLA/Health Benefit Updates
 - Fall BMP Adjustments

December Forecast: Forecasting the Forecast?

- Revenue should be above what was projected last April
 - However, any surplus likely to be exceeded by committed new spending
 - Need for modest cuts
- Longer-term: Need another year of record growth to offset expense commitments
- Greater uncertainty after election

Addressing the Challenges

- Budget process:
 - Tackles short-term problems
 - Makes progress on long-term issues
 - Creates budgetary flexibility to invest in priorities
- Council tools:
 - FY 2017-18 budget guidance
 - Performance metrics
 - Government Accountability, Transparency, and Results (GATR) sessions

Budget Guidance

- Expectations for bureaus
 - Reduction/realignment packages
 - Review of new programs:
 - Are they core to City mission?
 - Are we getting value out of new spending?
 - Review of old programs
 - What can we do without?
- How do we limit add packages (\$95 million!)

FY 2017-18 Budget Guidance - Draft

Reduction Options

Public Safety/Housing

- 2.0% reduction options
- Focus on regionalization of services and leveraging technology

General Fund Bureaus

- 5.0% reduction options
- Focus on programs that are outside core mission

Non-GF Bureaus

- Reductions and efficiencies designed to keep fee and rate increases as low as possible

Bureaus should expect a 1.0% reduction in General Fund discretionary in order to prepare for an economic slowdown

FY 2017-18 Budget Guidance - Draft

Program Expansions

One-Time

- Investments to decrease long-term costs or increase revenue

Ongoing

- Affordable housing
- Reducing homelessness
- Critical infrastructure

Preliminary Budget Calendar

DATE	ACTION
Jan 30	Bureau Requested Budgets Due
March 6	CBO Reviews Released
March 13-31	Council Budget Work Sessions
April TBD	Community Budget Forums (Public Hearings)
April 27	Mayor Announces Proposed Budget Decisions
April 30	General Fund Forecast Released
May 9	Approved Budget Work Session
May 11	Budget Committee Public Hearing
May 17	Budget Committee Approves Budget
June 7	TSCC Public Hearing on Approved Budget
June 8	Council Action to Adopt Budget