



Mayor's Proposed Budget FY 2012-13

Prosperous. Healthy. Educated. Equitable.

Last week, as part of the Portland Plan, the City Council adopted these as the official goals for the City of Portland.

The Mayor's Proposed Budget, which I am announcing today, invests in achieving these interlocking goals: To help businesses create jobs to boost family incomes, keep people safer and healthy, maintain the momentum of local education reforms by preventing deeper school teacher layoffs, and lay the groundwork and provide action towards a more equal Portland.

In terms of the city's fiscal fundamentals, during tough times like this, it may be tempting to draw from the City's General Reserve fund. But that would be a short-sighted maneuver that would increase the City's risk and decrease the City's development. By prudently avoiding using the General Reserve fund, the City has saved taxpayer dollars by maintaining its AAA credit rating, a rating shared by less than seven percent of U.S. cities.

When the global recession hit in 2008, we acted early and decisively, the cuts the City of Portland face today are not as steep as they might have been had we not addressed the downturn head on.

Compared to requested Bureau Budgets, this Mayor's Proposed Budget trims overhead and administration to better preserve frontline services. The Office of Management and Finance, the City's central service administrative department, sees the largest single city bureau program reductions. OMF takes direct General Fund Discretionary reductions of 8%; I also propose overhead and administration reductions in the operating bureaus themselves. OMF cut \$5.1 million in Internal Service Fund programs which resulted in additional savings to the General Fund of \$3.4 million.

I also propose overhead and administration reductions in most other bureaus. I worked hard to save Portlanders money on utilities. The Water Bureau requested an 11 % increase this year; I am proposing 8.1%. The Bureau of Environmental Services asked for a 5.9 % utility increase; I am proposing 5.35 %.

These moves are necessary: We are experiencing prolonged and widespread property value declines for the first time under our voter-approved property tax system set by Measures 5 and 50 in the 1990s. This is resulting in a spike in what is known as property tax compression, which

essentially means that property tax collections to the City will grow at a slower pace than it has over the last 15 years, and, more importantly, not keep up with expected growth in City expenses.

Due to these factors, the General Fund budget for FY 2012-13 needs to be reduced by \$14.7 million dollars of the City's discretionary budget.

PROSPEROUS

As the Portland Plan's strategies demonstrate, many of our important actions are intertwined. If we increase our focus on economic development, we increase our tax base and then we have the resources to increase our outreach to vulnerable communities. If we increase our focus on education, we have more high school and college graduates and that creates more skilled workers, which also increases our tax base and helps education fund itself.

- The Portland Development Commission helps our city grow and prosper. Because economic development is the base of what ultimately will make Portland a prosperous, healthy, educated and equitable city, I have met many of PDC's funding requests.
 - The Neighborhood Prosperity Initiative, which strengthens the economic competitiveness of targeted neighborhood business districts through community-planned and community-implemented actions and projects, is fully funded.
 - The proposed budget provides \$2.3 million in new one-time economic development dollars to bring jobs to the City, invest in workforce readiness, and support neighborhood businesses.
 - I've proposed \$1.7 million each for traded sector and neighborhood economic development initiatives and \$1.6 million for the Economic Opportunities Initiative which helps propel people out of poverty.
- Bureau of Development Services program revenues continue to recover from the economic downturn, allowing the bureau to hire back an additional 16.6 FTE and improve its overall service level.
- In the Office of Government Relations, a Federal Assistant position is fully funded with one-time appropriations. This position is essential to the City's efforts to advocate for additional federal funding for Portland's priorities and partnerships and against unnecessary federal regulations.
- My proposed budget includes one-time General Fund resources of \$51,018 to finish the West Hayden island project, which will establish land use guidelines as a precursor to its possible incorporation into the City.
- To protect our city's most vulnerable citizens and keeping our safety net, I am proposing \$4.1 million of one-time funding for shelter services, rent assistance, and housing access services.

HEALTHY

One focus of my budget has been on healthy, connected, complete communities. Communities where Portlanders have access to what they want and need to thrive. Communities where

Portlanders are safe.

In my proposed budget, I've protected frontline services in our parks, our housing programs, and our public safety bureaus whenever possible. Some of our bureaus that focus on administrative needs saw the largest cuts so that we can keep staff on the street.

- Portland Police Bureau stands front and center in keeping the peace in the city, many of our other bureaus—such as Portland Fire and Rescue--contribute to protecting our people, streets and parks. During my State of the City address, I pledged to work with my colleagues to keep all sworn public safety positions. My proposed budget reflects this pledge.
- To keep more police officers on the street, I've had to cut twelve non-sworn administrative and management positions totaling \$857,000. Eight of these positions are currently vacant.
- Internal Portland Police Bureau efficiencies, such as tightening overtime, a decrease in our risk insurance costs and reduced printing, creates close to \$2.5 million in savings.
- My proposed budget includes \$150,000 in programs to combat human trafficking
- Additionally, the Portland Fire & Rescue (PF&R) budget includes one-time funding to keep a station open and four employees to staff the rapid response vehicles.
- We will continue funding for services that partner with the County, including Service Coordination Team, CHIERS van and Hooper Sobering Station.
- This budget reflects continued support of youth violence prevention efforts. The Office of Youth Violence Prevention (OYVP) within the Mayor's Office will fund community partner agencies at a level that supports the employment of ten gang outreach workers. Additionally, OYVP will continue its current level of funding for programs that provide positive activities for Portland youth to reduce violence and increase opportunity throughout the city.
- Front-line Portland Parks and Recreation (PP&R) staffing is largely preserved to ensure the maintenance and amenities in all parks Citywide. Management and support functions are reduced, saving \$1 million. There will be a \$606,000 decrease in landscaping and maintenance services.
- PP&R savings of \$194,000 are generated through streamlining of recreation programming including the closure of Buckman Pool and the Fulton Community Center. The Fulton center will continue to function as a community asset with Parks leasing the facility to various stakeholders.
- In the Bureau of Development Services (BDS), one-time funding to help prevent the deterioration of existing housing and contribute to safe and healthy Portland neighborhoods is preserved. Specifically, \$310,392 of funding will support four positions in the Improved Neighborhood Inspections, Enhanced Rental Inspections, and Extremely Distressed Properties Enforcement Programs.
- The tax exemption for property owners with nine or less residential rentals units is proposed for elimination, producing new revenues of \$198,000. The revenues will fund two additional BDS housing inspectors.
- One time funding in the amount of \$144,882 and 1.0 FTE, is preserved for the continuation of the Citywide Tree Project.
- In the Office of Neighborhood Involvement (ONI), ongoing funds for Neighborhood Small Grants (\$99,318) are eliminated, but \$93,855 in one-time funds are awarded for the same purpose.
- The ONI Graffiti Abatement Program is funded again one-time with \$447,232.

- The East Portland Action Plan is again receiving a one-time infusion of \$279,692 for an advocate position and grants to the community. This budget action will help the residents of East Portland to be more actively engaged in the City's affairs, helping to fulfill the Portland Plan's goal to improve involvement.
- My proposed budget restores or adds 10.5 of front line Portland Bureau of Transportation staff by eliminating 8.5 management/administration positions. The position add backs reinstate a street sweeping crew, a street paving crew as well as adding 3 more parking enforcement officers.

EDUCATED

In order for all Portlanders to gain success for themselves and the City, education is a fundamental element that we must improve on. My proposed budget offers a significant contribution to Portland schools for essential services. It is essential to the economic well-being of this city that we have an educated workforce, and as mayor of this city, I can not allow these awful economic times for our area schools derail the success of the next generation of this city's citizens. And as I said in my State of the City speech, when it comes down to it, Portlanders are less concerned with which government agency is responsible for which service—they just want it done right. And educating our city's youth is something we must get right.

- Approximately \$7.5 million will go to help Portland schools, with \$5 million going to Portland Public Schools and the rest going proportionately to the other Portland school districts. Seven million of these funds are proposed to come from the General Fund (specifically Business License Fee revenue) and the balance from other funds.
- Critical programs supporting the Portland Plan strategy of thriving educated youth are included in the PP&R budget, including funding of \$300,000 for Teen Programming and \$70,000 for Summer Lunches.
- SUN Schools were also preserved in the PP&R budget, maintaining all Parks-managed sites and the pass-through to the County for the schools that they operate
- There is also SUN Program at David Douglas High School funding of \$100,000
- My proposed budget also funds the Youth Planning program in the Bureau of Planning and Sustainability at \$53,726, to support career paths for hired youth planners.
- Finally, my proposed budget includes \$450,750 for the Mayor's Education Program, \$235,000 for the City's contribution to the county-wide Cradle-to-Career Strategy, and \$100,000 for the Right Brain Initiative arts education program.

EQUITABLE

For the city to succeed, all Portlanders—regardless of race, gender, sexual orientation, ability, neighborhood, age, income or where they were born—must have access to opportunities to advance their well-being and achieve their full potential. Equity not only makes individual lives better, it uplifts the whole city. Despite a tough budget year, I have kept equity at the forefront.

- The Office of Equity budget was spared reductions, which reflects the City's commitment

to moving a meaningful equity agenda forward in FY 2012-13 and beyond.

- The funding supports the Portland Plan's equity framework and the action items related to closing gaps, engagement, partnering, racial issues, disability issues, and City accountability.
- In order to increase the PF&R bureau's workplace diversity, the budget funds a bureau recruiter dedicated to outreach to underrepresented communities and communities of color.
- My proposed budget includes \$368,000 to fund phases II and III of the citywide compliance assessment project related to the Americans with Disabilities Act. This effort supports the implementation of the Disabilities Transition Plan stated in the Portland Plan.
- My proposed budget includes \$118,526 to continue funding for the Minority Evaluator position in Procurement Services. This is part of the effort to improve evaluation methods and mitigate disparities in the procurement process, as part of the Portland Plan.
- A model for fairly realizing full cost recovery on large and small athletic events will be developed and implemented. New revenues of \$365,000 are projected and will offset related expenditures in Police and the Revenue Bureau.
- Though the City Attorney's office budget has been cut six percent, the office will continue to provide legal advice on Equity in Contracting, Civil Rights Act, and American's with Disabilities Act compliance, among others.

As mayor, you never want to have to face budget cuts. Because of our contracting budget, some very good people who have worked very hard for our City will be losing their jobs. I thank them for all they've done to help Portland be a better place. I look forward to hearing the community's input on my proposed budget, and working with my council colleagues to adopt a final budget that makes Portland a more prosperous, healthy, educated, and equitable place.