

MEMO

Date: January 7, 2025

TO: City Councilors

FROM: Jonas Biery, DCA of Budget & Finance, and Chief Financial Officer

RE: Council Office Funding Increase Ordinance

Introduction/Background

City Council has authority to modify the FY 2024-25 City budget (subject to State Budget Law requirements) to address “a pressing necessity that could not reasonably be foreseen when preparing the original budget or a previous supplemental budget for the current year or current budget period and that requires prompt action.” ([ORS 291.471](#)) Further, City Council has the authority and responsibility to adopt the FY 2025-26 City Budget in June 2025. In February 2025, the City Administrator will offer a package of initial budget recommendations for review and consideration by Portlanders and by City Council. Input from the community and City Council will lead to a balanced FY 2025-26 Proposed Budget from the Mayor in early May, and then culminate in a final balanced FY 2025-26 Budget for approval and adoption by City Council in June.

A primary objective and responsibility of the Chief Financial Officer and the City Budget Office is to provide transparency to support community input and Council decision-making. Additionally, the Chief Financial Officer must monitor and consider the City’s financial condition broadly and provide recommendations that support long-term financial viability of the City. As has previously been communicated, the City is facing an upcoming budget cycle that will require deep and significant reductions to City programs and service delivery, and staffing. Additional expenses identified in the near-term will increase the reductions required in FY 2025-26 to fit within available revenues. I appreciate that the currently Adopted FY 2024-25 Budget is not aligned to priorities of the newly elected City Council and look forward to supporting City Council in realigning the budget to reflect that shift in priorities.

Supplemental budgets act only on the current fiscal year, and therefore only change allocations on a one-time basis. There are limited resources available in FY 2024-25 that are unencumbered, flexible and legally eligible to be spent on new appropriation for Council offices. Most of these funds are included in the General Fund Contingency, which is held to address necessary and unforeseen mid-year budget adjustments. As of January 5, 2025, the amount of available resources in the General Fund Contingency is roughly \$13.8 million. Re-allocation and spending of these dollars is possible but does reduce contingency that would be available for unexpected needs that could materialize later in the fiscal year, or to mitigate required cuts in FY 2025-26. City Council can also choose to reallocate budget from other areas outside of contingency, with the trade-off of reducing service levels, possibly including personnel, in the current fiscal year.

Per direction from the Council President, this memo accompanies an ordinance that will be filed for Council consideration on January 15, 2025 to adjust the City Council budgets. The following two sections of this memo summarize key information related to the ordinance as filed, as well as another option to

increase the budgets by a smaller amount (as an example of a “bookend” option with a lower cost impact). City Council may vote to amend the ordinance as filed to reflect a different decision about either the size or source of the reallocation. The final section of this memo briefly describes the key steps required to adopt and implement an Ordinance to modify the FY 2024-25 Budget, with the assumption that City Council wishes these actions to come forward for consideration and approval as quickly as possible.

Ordinance to Increase City Council and Mayor Staffing

Increases Council office staffing by 1 FTE and Mayor’s office staffing by 3 FTE for FY 2024-25 plus External Materials & Services funding to bring Council office budgets to the annualized equivalent of previous Commissioner office budgets.

FY 2024-25 Cost Impact:

The ordinance as filed would add 1 Senior Council Aide position to each Council office for remainder of FY 2024-25, plus \$261,677 per office for external materials and services, for a total (annualized) budget of \$1.6 million per Council office. Current Council office budgets are \$306,798 for the half year of FY 2024-25. Current year costs would be increased by \$359,869 per office (pro-rated \$1.6 million for 5 months, less \$306,798). This proposal also adds 3 FTE to the Mayor’s Office for the remainder of FY 2024-25. Total costs as described above would be **\$4.6 million in FY 2024-25** above current budgets.

The funding for this increase would come from the City Administrator’s budget by reducing a total of \$4,588,234 on a one-time basis in FY 2024-25. The options for the one-time reduction in the City Administrator’s budget depend on the Council’s desired direction for the ongoing funding reduction. If the ongoing reduction comes from the same place as the one-time reduction, it could come from any portion of the budget. Details of the City Administrator’s budget are listed in the Appendix below. It could also come from other locations within the City’s budget in other service areas. The City Administrator and/or Chief Financial Officer expects to provide a follow-up memo with a more in-depth discussion of expected budget reduction concepts in FY 2025-26 by the end of day Friday January 10th.

If the one-time reduction is not tied to the ongoing budget reduction, then the reduction would best be made to un-encumbered external materials and services (EMS) backed by General Fund Discretionary in order to avoid an impact to staff or other ongoing expenses. Using this approach would likely mean reducing the Impact Reduction Program (IRP), the Public Environmental Management Office (PEMO), or the alternative shelter program, which have the largest amounts of un-spent EMS within the City Administrator’s budget so far this fiscal year.

Alternatively, City Council could choose to take this funding from General Fund contingency. For example, the previous City Council allocated funds for capital set-aside in contingency during the FY 2024-25 Fall Budget Monitoring Process (Fall BMP) to address capital needs, as directed by City Financial Policy. However, these amounts are not required for those purposes in the current Fiscal year and could be re-allocated to support the costs identified in this ordinance.

Future Cost Impacts:

If this proposal were passed, the assumption is that the FY 2025-26 Adopted Budget would include an add package for +15 FTE to convert to permanent, ongoing positions and funding at an estimated cost of

roughly \$3.6 million in FY 2025-26 and escalated per standard cost increase assumptions annually thereafter. Additionally, this would assume continued ongoing funding to increase the Council office budgets to \$1.6 million annually (to be inflated at the standard rates), resulting in a total increase above current FY 2024-25 budget appropriation of approximately **\$11.3 million ongoing**. Committing this new ongoing funding will require identifying **additional expense reductions** in the FY 2025-26 Adopted Budget to offset these new ongoing expenditures. If this proposal passes, the Mayor and City Administrator will work with the City Leadership Team to identify potential FY 2025-26 expense reduction trade-offs for City Council consideration during FY 2025-26 Budget development.

CFO Conclusion/Advice:

This ordinance as presented is budgetarily possible but would result in immediate direct impacts to currently budgeted programs or FTE in FY 2024-25. As currently proposed, the trade-off in FY 2024-25 would be reduced budget allocation – and corresponding reductions in programs – in the City Administrator’s office, and would require significant further reductions in FY 2025-26 beyond those already required.

In terms of timing, hiring for the new Senior Council Aide positions (as double-fills) can be administratively implemented in a timely fashion. For any additional desired positions, City Council would need to agree to authorize positions for further staffing increases to hire additional ongoing positions. This option currently allocates the difference between the cost of the existing staff and the \$1.6 million annualized budget to External Materials & Services. It would be valuable to identify specific spending expectations prior to approval, to confirm technical feasibility and for transparency to the public.

Option to Add only Staffing Costs

Increases Council office staffing by 1 FTE and Mayor’s office staffing by 3 FTE for FY 2024-25

FY 2024-25 Cost Impact:

Recent discussions have also included the possibility of an option with a smaller cost increase, which would add 1 Senior Council Aide position to each Council office (at a pro-rated 5-month estimated cost of \$99,129 each) plus 3 positions to Mayor’s Office for remainder of FY 2024-25, for a total FY 2024-25 cost of approximately \$1.5 million. Funding for this FY 2024-25 increase could come from General Fund Contingency. Doing so would not have a programmatic impact in FY 2024-25, but would necessitate additional service reductions in FY 2025-26. This is being presented in this memo as an example of an alternative Council budget increase option that could be approved via (amended) ordinance for FY2024-25, with the long-term budget (beginning FY2025-26) to be developed as part of the FY2025-26 budget process. Other options exist as well.

Future Cost Impacts:

If this version of a budget adjustment were passed, the FY 2025-26 Adopted Budget would include an add package for +15 FTE to convert the FY 2024-25 positions to permanent, ongoing positions. Such a package would cost roughly **\$3.6 million in FY 2025-26** and be escalated for standard personnel cost increase assumptions annually thereafter. Committing this new ongoing funding will require identifying **additional expense reductions** in the FY 2025-26 Adopted Budget to offset these new ongoing

expenditures. If this proposal is passed, the Mayor and City Administrator will work with the City Leadership Team to identify potential FY 2025-26 expense reduction trade-offs for City Council consideration during FY 2025-26 Budget development.

CFO Conclusion/Advice:

This option is budgetarily feasible by utilizing existing General Fund Contingency, without current year programmatic reductions and corresponding direct impacts staff in FY 2024-25. However, this would require further programmatic and service reductions beginning in FY 2025-26. Additionally, according to the Bureau of Human Resources, hiring for these new positions (as double-fills) can be administratively implemented in a timely fashion.

Summary of Budget Hearing and Ordinance Adoption Process:

1. Publication of Budget Hearing Notice (minimum 5 days prior to hearing): For a January 15th hearing date, the City Budget Office would need to submit the notice for publication by noon on Tuesday, January 7. This notice requires that the changes in allocations are enumerated along with a link to the filed ordinance.
2. Publication of Council Agenda and Ordinance docs (one week prior): to be published by Council Clerk on Wednesday, January 8.
3. Council convenes as Budget Committee, First Reading of Ordinance and discussion – scheduled for Wednesday, January 15.
 - Possible to move/approve Amendments
 - Possible to add emergency clause to avoid second reading
4. Second Reading at next Council meeting (if non-emergency) and vote for Adoption.
 - Possible to move/approve Amendments
 - Vote to adopt (if no amendments approved), effective immediately

Please reach out to me, City Administrator Michael Jordan or City Budget Office Director Ruth Levine with questions on these draft proposals or the budget adjustment process.

Thank you,



Jonas Biery

CC: Keith Wilson, Mayor
Aisling Coghlan, Mayor's Chief of Staff
Council Office and Council Operations staff
Michael Jordan, City Administrator
Annie VonBurg, Assistant City Administrator
Deputy City Administrators
Robert Taylor, City Attorney
Ruth Levine, City Budget Office Director

Appendix: City Administrator's Service Area FY 2024-25 Budget

City Administrator Service Area by Bureau and Program		FY2024-25 Revised Budget
City Administrator's Office		
Alternative Shelter		
EMS - External Materials and Services	\$	46,328,912
IMS - Internal Materials and Services	\$	836,115
PERSONAL - Personnel	\$	1,790,082
Portland Solutions		
EMS - External Materials and Services	\$	25,428,482
FNDXFER - Fund Transfers - Expense	\$	670,000
IMS - Internal Materials and Services	\$	917,102
PERSONAL - Personnel	\$	3,806,526
Administration & Support		
EMS - External Materials and Services	\$	8,069,152
IMS - Internal Materials and Services	\$	300,235
PERSONAL - Personnel	\$	2,122,448
Office of Community and Civic Life		
Community and Neighborhood Involvement Center		
EMS - External Materials and Services	\$	3,437,465
IMS - Internal Materials and Services	\$	393,329
PERSONAL - Personnel	\$	1,174,713
Administration & Support		
EMS - External Materials and Services	\$	82,243
IMS - Internal Materials and Services	\$	296,078
PERSONAL - Personnel	\$	925,192
Adapt to Impact		
EMS - External Materials and Services	\$	23,306
IMS - Internal Materials and Services	\$	89,829
PERSONAL - Personnel	\$	302,761
Office of Equity		
Administration & Support		
EMS - External Materials and Services	\$	132,073
IMS - Internal Materials and Services	\$	353,860
PERSONAL - Personnel	\$	2,517,280
Civil Rights Program		
EMS - External Materials and Services	\$	479,053
IMS - Internal Materials and Services	\$	40,944
PERSONAL - Personnel	\$	422,674
Citywide Equity Program		
EMS - External Materials and Services	\$	82,702
IMS - Internal Materials and Services	\$	33,326

PERSONAL - Personnel	\$	367,999
Comm Equity & Engagement		
EMS - External Materials and Services	\$	913
IMS - Internal Materials and Services	\$	2,857
PERSONAL - Personnel	\$	29,704
Office of Government Relations		
Government Relations		
EMS - External Materials and Services	\$	687,487
IMS - Internal Materials and Services	\$	345,721
PERSONAL - Personnel	\$	2,427,310
Office of the City Attorney		
Legal Services		
EMS - External Materials and Services	\$	1,811,545
IMS - Internal Materials and Services	\$	2,003,656
PERSONAL - Personnel	\$	18,738,934
Total	\$	127,472,008

City Administrator Service Area by Bureau and Program	FTE
Office of the City Attorney	83.5
Legal Services	83.5
City Administrator's Office	47
Administration & Support	19
Portland Solutions	28
Office of Government Relations	13
Government Relations	13
Office of Community and Civic Life	14.9
Adapt to Impact	2.15
Administration & Support	5
Community and Neighborhood Involvement Center	7.75
Office of Equity	19
Administration & Support	14
Citywide Equity Program	2
Civil Rights Program	2.15
Comm Equity & Engagement	0.85
Total	177.4

City Administrator Service Area by Bureau and Program	FY 2024-25 Revised Budget - General Fund Revenue	
	Ongoing	One-Time
City Administrator		
Administration & Support	\$ 1,145,686	\$ (164,272)
Administration & Support	\$ 383,828	
Assistant City Administrator	\$ 152,154	\$ 1,692
Council Operations	\$ -	
Unified Communications	\$ 609,704	\$ (165,964)
Portland Solutions	\$ 8,514,980	\$ 9,529,645
Impact Reduction Program	\$ 5,146,610	\$ 4,792,498
Portland Environmental Management Office	\$ 2,500,000	\$ 2,500,000
Portland Solutions	\$ 868,370	
Save Rest Villages		\$ -
Street Services Coordination Center		\$ 2,237,147
Alternative Shelter		\$ 9,213,000
Alternative Shelter		\$ 9,213,000
Office of Community and Civic Life		
Adapt to Impact	\$ 169,492	\$ 11,700
Adapt to Impact	\$ 169,492	\$ 11,700
Administration & Support	\$ 1,247,389	\$ 56,124
Administration & Support	\$ 1,247,389	\$ 56,124
Community and Neighborhood Involvement Center	\$ 4,003,503	\$ 987,004
Diversity Civic Leaders	\$ 407,144	\$ 400,000
Immigrant & Refugee	\$ 307,362	\$ 117,800
Neighborhood Outreach & Support	\$ 2,923,699	\$ 461,804
Youth Outreach	\$ 365,298	\$ 7,400
Office of Equity		
Administration & Support	\$ 786,883	\$ 327,246
Administration	\$ 786,883	\$ 327,246
Citywide Equity Program	\$ 151,752	
DEEP Program	\$ 23,204	
Tech Support & Consulting	\$ 91,031	
Training & Education	\$ 37,517	
Civil Rights Program	\$ 151,935	\$ 458,059
ADA Title II and Disability Equity Program	\$ 58,251	\$ 431,215
Title VI Compliance	\$ 93,684	\$ 26,844
Comm Equity & Engagement	\$ 10,495	
Equity Communications	\$ 10,495	
Office of Government Relations		
Government Relations	\$ 1,203,631	\$ 124,480
Federal Relations	\$ 227,997	\$ 3,428
International Relations	\$ 161,001	\$ 3,428
Regional Relations	\$ 143,722	\$ 3,431

State Relations	\$	431,725	\$	66,825
Tribal Relations	\$	239,186	\$	47,368
Office of the City Attorney				
Legal Services	\$	4,645,508	\$	621,545
Legal Services	\$	4,645,508	\$	621,545
Total	\$	22,031,254	\$	21,164,531