PORTLAND PARKS & RECREATION ℠
Healthy Parks, Healthy Portland

Portland Parks & Recreation 2019-2020 Budget
Frequently Asked Questions | January 24, 2019

What is different about this year's budget process?
This year, the Mayor introduced a new budget process. The bureau is rebuilding its budget from the ground up, reviewing costs and revenues line by line. This allows us to take a fresh look at old practices.

What are we learning through this new process?
The PP&R budget is unique. More than a quarter of the bureau's operating budget is funded by program fees – in the Recreation division, half of the budget is funded by fees.

Through the new process, we have identified significant structural problems in the budget.

What is the structural problem?
PP&R has grown in the last decade, bringing new programs, new facilities, and new services online to meet community and Council expectations.

Each year, the bureau's costs have grown while fee revenue has remained relatively flat. One-time

WHY?
We've grown:

Legend:
- Trees
- Loos
- Protect the Best
- Summer Free For All
- Equity & Inclusion
- Fountains
- Teen Services
- Park Rangers

Y-axis: $, $1M, $2M, $3M, $4M, $5M, $6M, $7M
X-axis: FY11-12, FY12-13, FY13-14, FY14-15, FY15-16, FY16-17, FY17-18

strategies have allowed the bureau to patch the hole, but have not addressed the underlying problem and are no longer enough. The deficit will only continue to grow, cannot be fixed with one-time support from the City's general fund, and must be addressed this year.
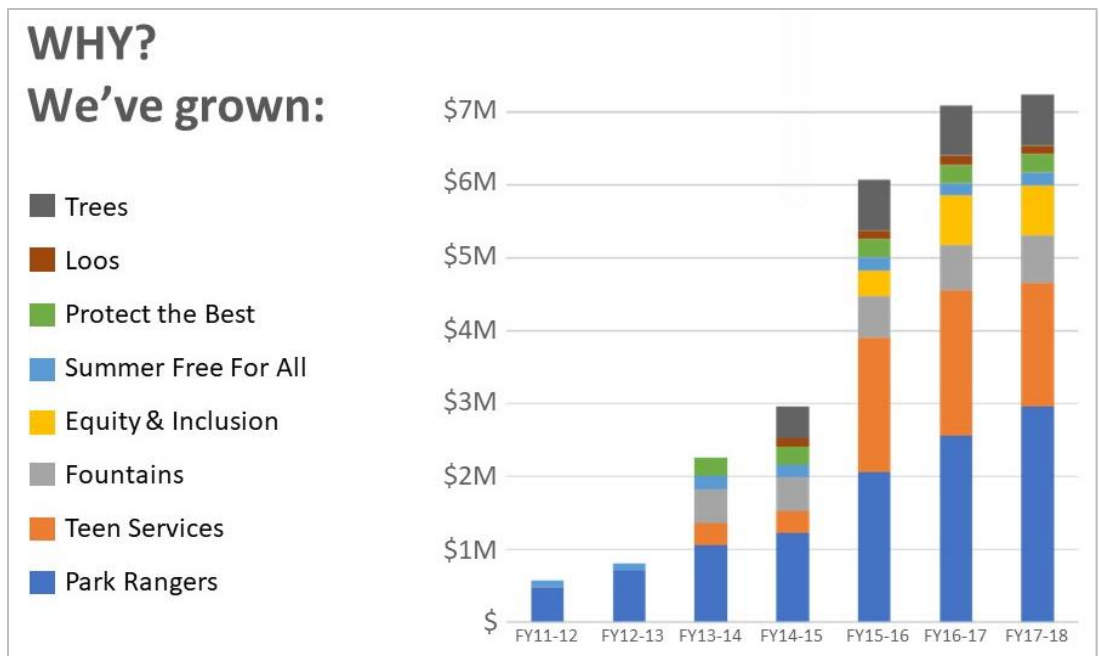
## What are the costs that keep growing?

Personnel costs are growing at a fast pace. In 2016, we added more than 100 new full-time employees following a labor arbitration. But between Council-allocated General Fund and program fees, we can't keep pace with growing costs for healthcare, PERS, cost of living adjustments, and other benefits.
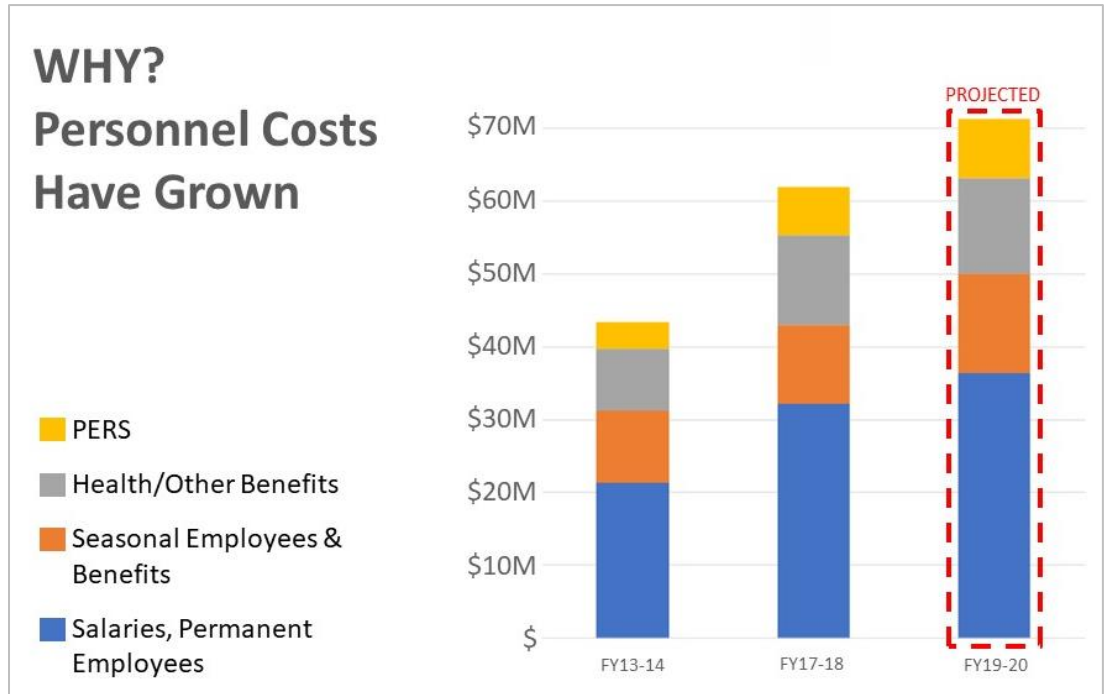
Why are revenues relatively flat?

Consistent with the City's equity goals and PP&R values, we seek to provide maximum access to facilities and programs while keeping fees accessible.

We also have to be mindful of losing customers when fees go up – there are other places to take a fitness class, shoot hoops, or swim laps. If we charge too much, not only are we limiting access to those who can pay, but some customers will choose to go elsewhere.
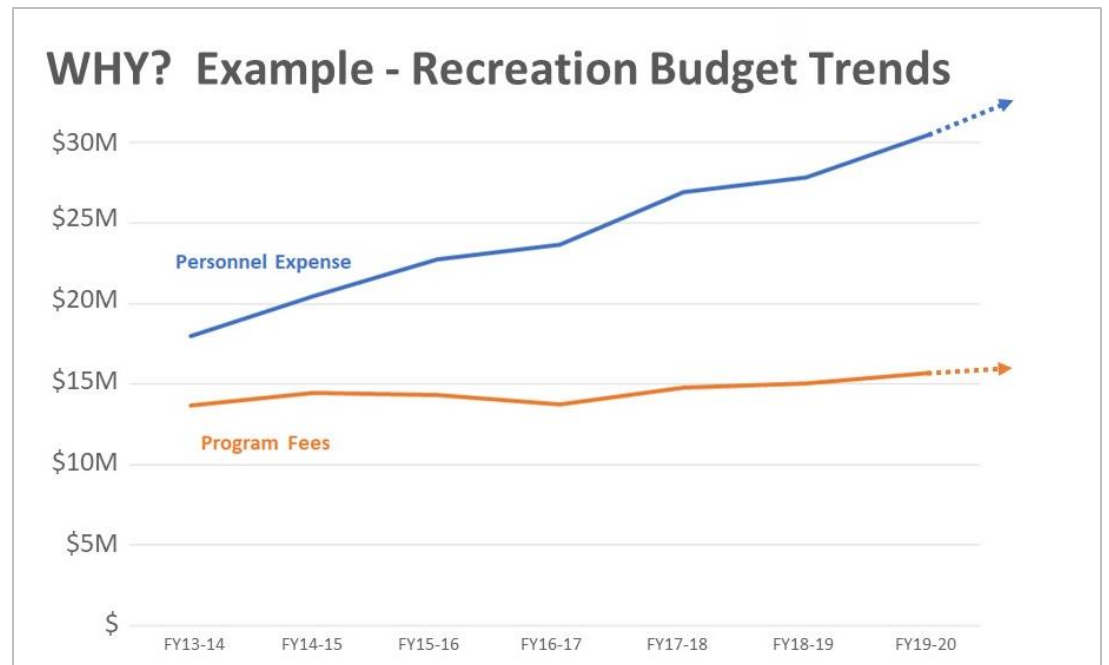
What does this mean for the bureau's budget next year?
Current projections show up to a $7 million gap between expenses and revenue next fiscal year in the approximately $94 million operating budget. We will finalize that number in the coming weeks as we continue to refine our information.

How did PP&R deal with this problem in the past?
The bureau has used one-time strategies to fill the gap. PP&R underspent department budgets to balance the bureau budget, transferred funds internally, and implemented hiring freezes. But these stop-gap measures have not addressed the structural problem.

The gap is now big enough that the bureau can't use these same strategies. We must fix the problem.

How do we fix this problem?
We need to ask fundamental questions about our priorities, and about how we serve the community. We need to scale our operations to our revenue, and we don't yet know what that will look like.

What will you cut?
Fixing this problem will require changes that affect programs, services, and staff. As of January 22nd, PP&R has severely limited hiring, spending, and training.

As we consider options, and before any decisions are final, we will consult with our labor partners, our advisory bodies, Council, and the community.

When will we know more?
PP&R's Budget Advisory Committee (BAC) has been meeting with senior managers and labor partners to review the upcoming budget. The BAC is guided by values of equity, safety, maintenance, and long-term financial sustainability.

The bureau will submit its requested budget on February 4. We will not have a final proposed solution at that point, so the requested budget will reflect several placeholders. Through February we will work to develop financially sustainable solutions that prioritize equity and access, and we will strive to protect and preserve access to our spaces and programs. We will bring our proposed solutions to Council for discussion at our budget work session in March. Community outreach about the City budget is scheduled for April, and the final budget will be adopted in May.