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Budget & Finance

FEBRUARY 2025

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Service Area Budget Snapshot Budget & Finance



Overview

The Budget and Finance Service Area includes teams of centralized business professionals who provide citywide enterprise financial services, support and policy direction to help Portland manage money transparently, responsibly and sustainably.

Major bureaus and offices within Budget and Finance include Accounting, Business Operations, City Budget Office, Treasury and Public Finance, Revenue Division, Risk Management, Fire and Police Disability and Retirement and Small Donor Elections. These offices and bureaus work together to make the most of Portland's resources, from managing the budget to collecting taxes.

Service Area Priorities and Challenges

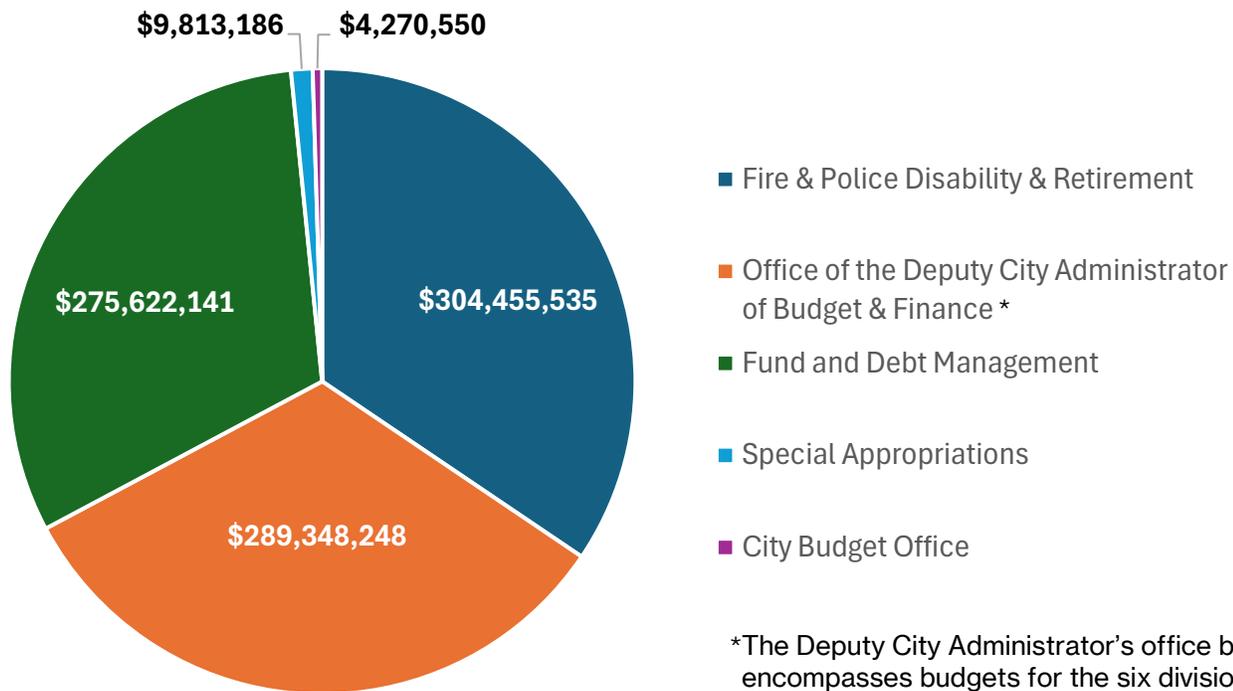
Budget improvements – Continue to evolve and improve the city's budget process in alignment with charter change requirements and recommendations, including enhancing transparency and community involvement.

Revenue collection – Maintain sustainable and efficient city revenue collections, investment management, banking functions and accounting compliance.

Customer service – Provide efficient and effective business operations service to City Council, the City Administrator, the Budget & Finance and City Operations service areas and other supported bureaus and programs.

Primary challenge – Central financial services continue to be strained to maintain basic service levels as financial regulations, requirements and best practices continue to expand in both volume and complexity.

Budget & Finance Budget Snapshot: Total Revenues All Funds



- Fire & Police Disability & Retirement
- Office of the Deputy City Administrator of Budget & Finance *
- Fund and Debt Management
- Special Appropriations
- City Budget Office

*The Deputy City Administrator's office budget encompasses budgets for the six divisions within Budget & Finance

Budget Recommendations

Budget Outlook Summary

Proposals for the Fiscal Year 2025-26 budget would reduce the total Budget & Finance service area budget by \$1.6 million due to both reductions in the service area's general fund allocation, as well as reduced internal services revenue per the October 2024 budget guidance.

Reductions to staffing and external materials and services will result in reduced service levels and will limit the ability to support emerging business improvement priorities and/or new financial initiatives.

Reductions to outgoing grants (via Special Appropriations) and the Small Donor Elections program will result in fewer resources to support community-facing priorities.

Proposed Cuts

- Elimination of 4.0 full-time employees within the City Budget Office and Business Operations Division, alongside the expiration of 2.0 limited-term full-time employees in Revenue.
- \$20,000 total reduction to external materials and services.
- \$357,314 total reduction to community grants.
- Adjustments to City insurance policy coverage, resulting in a \$269,821 expense reduction.
- \$113,909 reduction to funds available to the Small Donor Elections program.

Proposed Changes

- \$50,000 to implement Resolution No. 37664 related to analysis of new tax or fee proposals.



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**City
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Service Area Budget Snapshot City Administrator's Office



Overview

At the hub of the executive branch, the City Administrator's Office works closely with the mayor to oversee day-to-day operations and run central programs for the City of Portland. Work teams include the City Attorney's Office, Government Relations, the Office of Community & Civic Life, the Office of Equity and Human Rights and Central Communications. Portland Solutions addresses the city's most urgent challenges by bringing together partners and resources.

The City Administrator's Office also serves as home base for leading the City's engagement, communications, equity, and sustainability and climate work – building citywide approaches that meet community needs, advance priority initiatives and uphold Portland values.

Service Area Priorities and Challenges

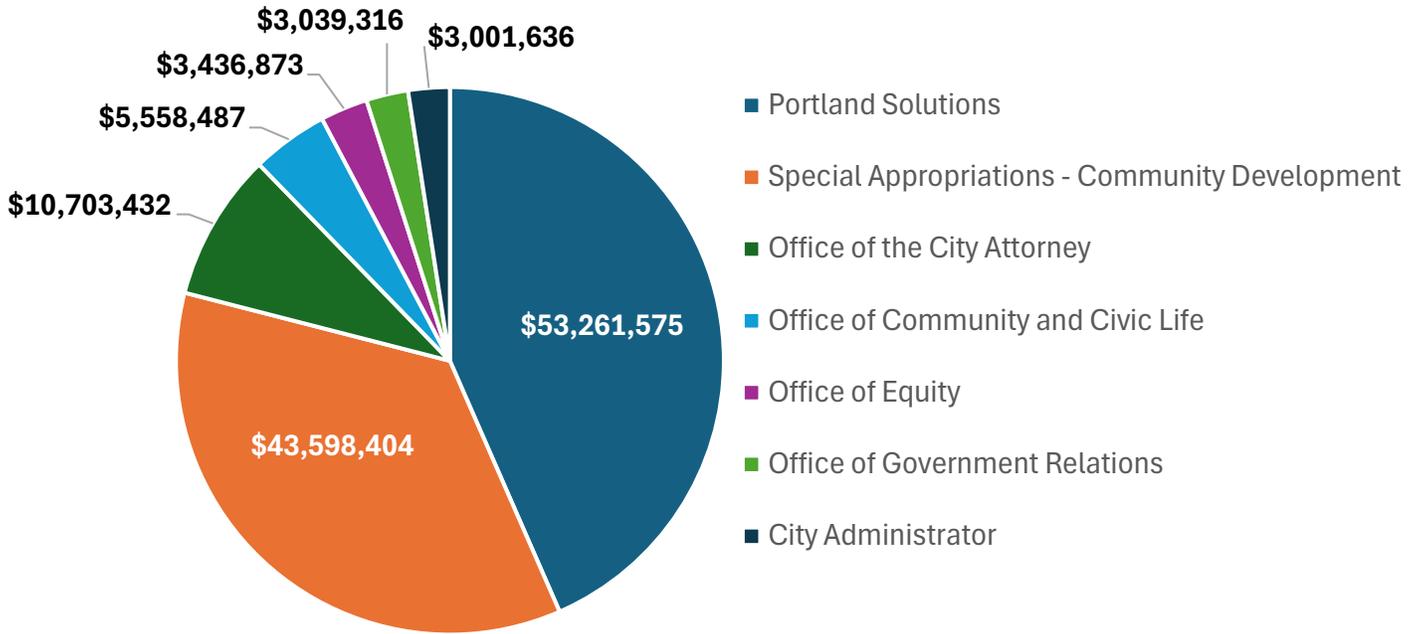
Ending unsheltered homelessness – Portland Solutions plays a central role in Mayor Keith Wilson's commitment to end unsheltered homelessness by the end of 2025. Key initiatives include opening more night-time shelters and day centers to help our neighbors transition off the streets.

Engaging and informing Portlanders – Deliver on Portlanders' vision of a responsive, representative and accessible local democracy by improving citywide systems for community engagement and communications. One highlight is launching the new Sustainability and Climate Commission.

Building relationships and success stories – The City Administrator's team plays a central role in building relationships with fellow government agencies, community organizations and everyday Portlanders and advancing citywide priorities. Core services include protecting the City's legal interests, advocating for state and federal policies and operating community programs.

Equity impacts – Reduced funding will strain the City's ability to deliver on commitments such as digital accessibility and language accessibility.

City Administrator Budget Snapshot: Total Revenues All Funds



Budget Recommendations

Budget Outlook Summary

Because the City Administrator's Office relies primarily on the General Fund, programs here identified ways to cut 8% in alignment with citywide guidance.

Budget cuts during previous years left most programs within the City Administrator's Office with very small budgets for materials and services, meaning there's little room to cut without reducing staff.

Portland Solutions also depends on one-time funding that is expiring, primarily American Rescue Plan funding from the federal government. As a result, new funds must be identified to continue current service levels.

Proposed Cuts

- Eliminate three positions and reduce spending in the City Attorney's Office (\$949,000)
- Eliminate two positions in Equity & Human Rights, impacting ability to serve disabled Portlanders (\$299,000)
- Eliminate one position and reduce spending in Government Relations (\$238,000)
- Reduce Civic Life's District Office operating budget, small grants and Diversity in Civic Leadership grants (\$478,000)
- Reduce neighborhood livability project funding (\$117,000)
- Reduce budget for equipment, training and services: Central Communications (\$118,000), City Administrator and Assistant Administrator (\$104,000), Portland Solutions (\$72,000)

Proposed Changes

- Add 1,500 nighttime beds and four day centers (\$28.1 million)
- Maintain multiple Portland Solutions services: Sunderland RV Safe Park Village (\$2 million), Street Services Coordination Center (\$1.3 million), Public Environment Management Office (\$2.5 million), administrative specialist (\$205,000)
- Maintain funding for eight alternative shelters through a mix of carryover and external funding (\$41.6 million)



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Service Area Budget Snapshot City Operations



Overview

City Operations is the engine that propels the City of Portland – from trucks to technology, purchasing to professional development and community customer service. This service area supports 7,500 public employees in delivering services that Portlanders rely on every day. As a service area that serves the rest of the enterprise, we are committed to being responsive, supportive, and innovative in meeting our customers' needs.

Service Area Priorities and Challenges

Optimize Service Delivery for Human Resources, Procurement & Technology:

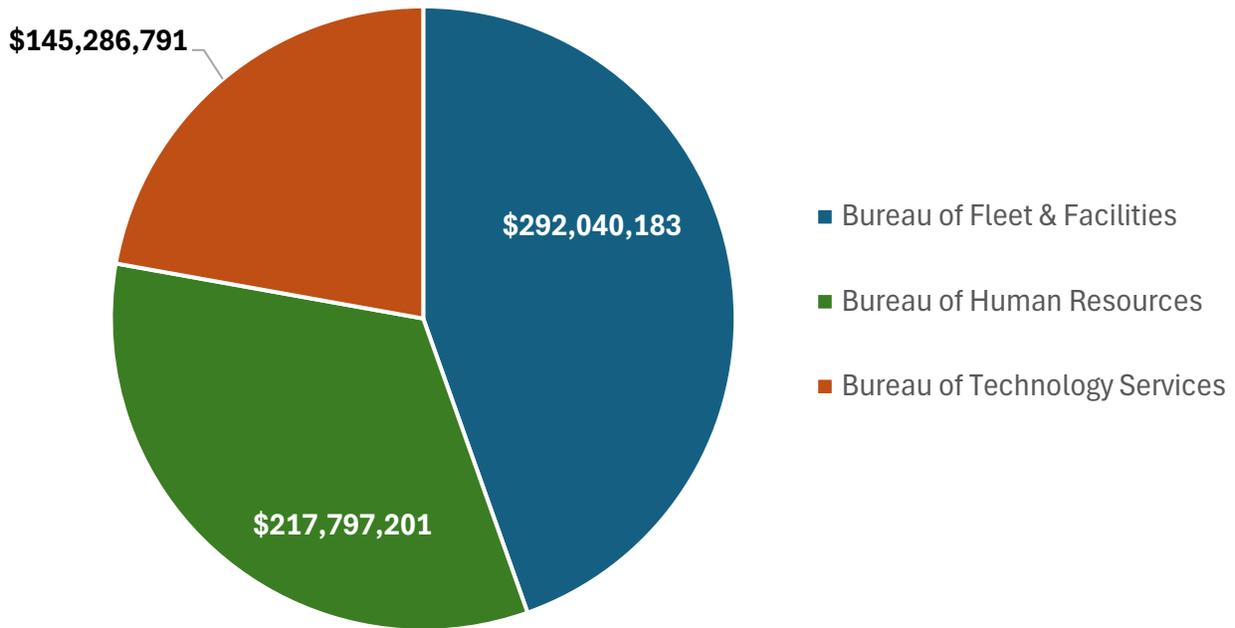
This project seeks to right-size teams to enhance efficiency and service delivery to city bureaus. It will identify opportunities to improve inter-bureau communication, coordination and overall service effectiveness. Implementation will begin next fiscal year.

Review Internal Service Fund Rates: This project evaluates rate and funding models to ensure appropriate resource allocation by simplifying and increasing transparency for interagency transactions. By streamlining the process, the project aims to reduce the time and costs associated with managing rates throughout the year. It will establish clear expectations for service delivery between providers and receivers.

Enterprise Asset Management & Establishing a Citywide Data Office: This work will develop and implement enterprise governance, strategy, decision-making and funding frameworks to advance coordinated, cost-effective management of the City's physical assets and information. Primary projects include Enterprise Asset Management, in collaboration with the Citywide Asset Managers Group, and establishing a Citywide Data Office.

Primary Challenge: City Operations continues to be strained to maintain basic services while trying to ensure compliance with updated policies, state and federal laws and evolving bureau needs.

City Operations Budget Snapshot: Total Revenues All Funds



Budget Recommendations

Budget Outlook Summary

The City Operations Service Area proposes to cut \$5.33 million and 6.0 FTE in FY 2025-26. Reductions prioritize core services while attempting to minimize impacts.

For example, strategic cuts include low use vehicles in Fleet, savings in citywide cellular service, and wind-down of Charter Transition project management.

The City Operations Service Area is requesting one-time resources to transition to a new employee service and payroll system, Employee Central, and to make other key investments in city infrastructure and services.

Proposed Cuts

- Fleet Reduction, (\$1.6 million)
- Technology Streamline, (\$2.5 million)
- Integrated Security cuts, (\$70,573)
- Special Projects and Opportunities Team cut, (\$796,100)
- Office of the DCA administrative support cut, (\$52,389)
- Human Resources Reduction (\$139,000)

Proposed Changes

- Human Resources Employee Central and Payroll, \$2.1 million
- 311 Program Council and Portland Clean Energy Fund support, \$540,512
- Fleet & Facilities Portland Clean Energy Fund adds, \$23.3 million
- Integrated Security protection services and turnstiles, \$1.1 million



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Service Area Budget Snapshot Community & Economic Development



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Overview

The Community and Economic Development Service Area aligns city programs focused on building prosperity for all Portlanders. This work includes creating and delivering efficient, transparent and equitable solutions for a resilient built environment – and services, resources and experiences for our community.

Service Area Priorities and Challenges

Portland Permitting & Development: Budgetary constraints and staffing capacity continue to be obstacles the bureau must address with bold, creative solutions. To improve permitting timelines and the overall customer experience, Permitting & Development is prioritizing recommendations from the Permit Improvement Task Force that focus on improving process/workflow and code and policy coordination.

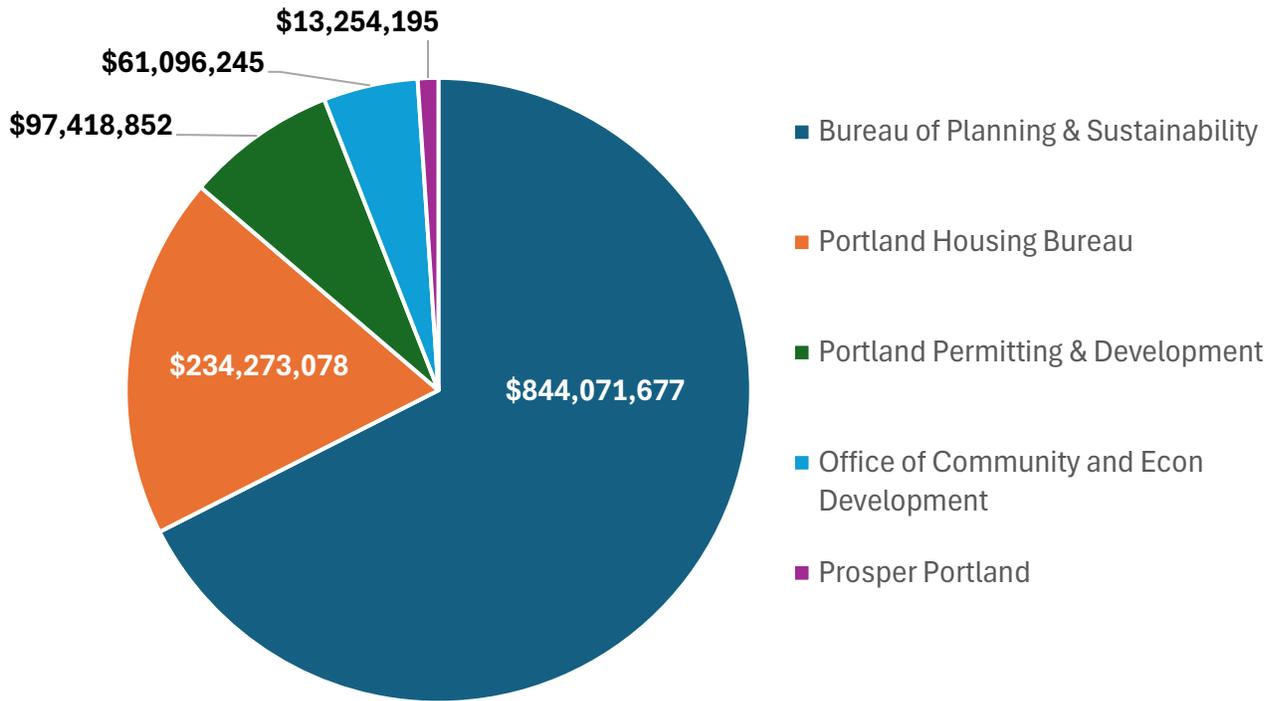
Housing production: Each agency in the service area plays a role in encouraging housing production to address Portland’s housing shortage as a part of our overall response to the housing emergency. This includes implementing the adopted housing production strategy to spur housing development for all income levels.

Economic development in Central City and commercial districts: The service area works in partnership to reimagine and activate commercial districts, support development throughout the city and revitalize our economy – with an emphasis on creating good, living-wage jobs. By standing up Tax Increment Financing district committees, we are focusing public attention and resources in these areas.

Portland Clean Energy Community Benefits Fund: The fund is now prioritizing dispersing funding to its recipients to drive down carbon pollution and increase community resilience and prosperity. With the recent adoption of the Climate Investment Plan, we expect expenses and revenues to come into balance.

Community & Economic Development Budget Snapshot:

Total Revenues All Funds



Budget Recommendations

Budget Outlook Summary

Community & Economic Development’s budget recommendations reflect necessary changes associated with the city’s charter transition, transfers of certain offices and functions and the financial reality faced by the city – as well as implementing structural changes recommended as part of the creation of Portland Permitting & Development.

Crucially, the service area must stabilize Permitting & Development’s short and long-term funding stability. For FY 2024-25, this bureau anticipates a shortfall as significant as \$14 million.

Proposed Cuts

- Planning & Sustainability: Reductions to Community technology; planning and urban design (\$1.6m)
- Prosper Portland: Economic development programs; economic development and lending staffing supports (\$1.5m)
- Permitting & Development: Vacancy and service reductions (\$16m)
-

Proposed Changes

- Planning & Sustainability: Maintain funding for Small Business Graffiti Abatement Program contracts; Increase Council broadcast contract; Add Portland Clean Energy Fund staff capacity (\$5m)
- Permit Improvement Project: Maintain funding for two limited-term development review analysts (\$425,000)
- Transfer Climate and Sustainability Office to City Administrator (\$450,000)



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Service Area Budget Snapshot Public Safety



Overview

The Public Safety Service Area advances safety through collaborative prevention, response and recovery. Along with traditional services like the Portland Police Bureau, Portland Fire & Rescue, the Bureau of Emergency Communications and the Bureau of Emergency Management, the service area includes Community Safety which houses the Ceasefire program, the Office of Violence Prevention, the Safe Blocks Program and Portland Street Response.

Service Area Priorities and Challenges

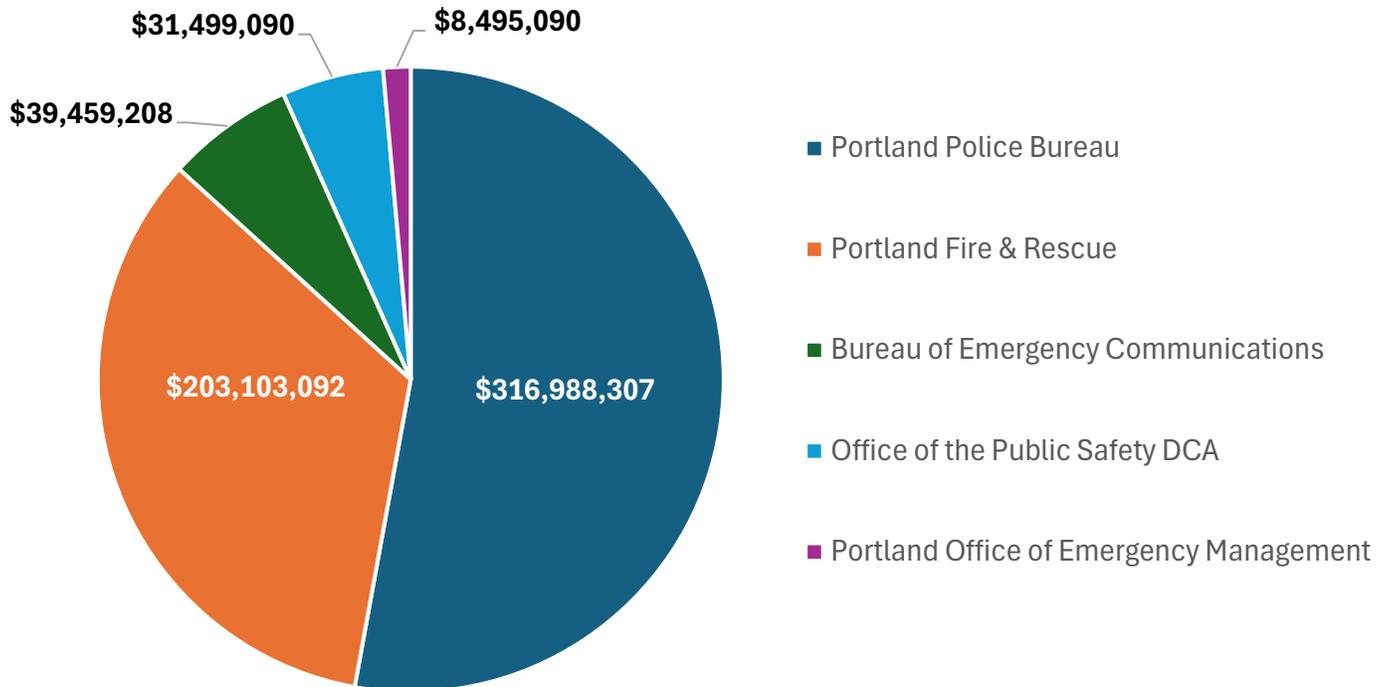
Improve public safety response capabilities: This goal focuses on enhancing the efficiency, effectiveness and appropriateness of our public safety responses. Through optimization, we aim to better serve the diverse needs of our community and ensure that every resident feels safe and protected.

Enhance collaboration internally, with partner agencies and the community: Fostering a culture of collaboration and partnership is crucial for creating a more integrated, efficient and responsive system that better serves the diverse needs of Portland's residents. By enhancing collaboration, we aim to break down silos, improve communication and build trust.

Increase focus on the overall wellbeing of the public safety workforce and system: This goal includes fostering the physical, mental and professional health of the workforce while modernizing technology, upgrading infrastructure and ensuring long-term financial sustainability.

Strengthen prevention, recovery and resilience capabilities: While public safety government services are traditionally associated with emergency response, overall safety involves a broad range of factors. Effective public safety systems must include upstream investment in prevention, support community resilience and play an important role in recovery from emergencies. This goal further underscores that this vision cannot be achieved without strong community and interjurisdictional partnerships and networks.

Public Safety Budget Snapshot: Total Revenues All Funds



Budget Recommendations

Budget Outlook Summary

The public safety bureaus primarily rely on General Fund discretionary resources. This year as in previous years, rising costs for labor, benefits and internal services are outpacing revenue growth.

To maintain current service levels, the service area has requested additional funding. Without these funds, bureaus will not be able to maintain current levels of service and/or programs.

The city will likely need to explore new revenue sources, such as a bond or levy, to sustain services and address future capital needs.

Proposed Cuts

- Reductions in Portland Committee on Community-Engaged Policing
- Emergency Preparedness/Planning & Operations positions
- Reductions within Business Services

Proposed Changes

- Maintain current service levels and on-duty emergency response staffing within Portland Fire & Rescue.
- Police Bureau staffing and overtime to support crime reduction missions such as gun violence and human trafficking at a reduced amount.
- Staff essential Emergency Public Alert & Warning position.
- Add funding for compliance with legal & accountability requirements for body-worn cameras and Focused Intervention Team's oversight.
- Continue violence prevention and intervention work through Ceasefire and the Office of Violence Prevention.
- Maintain current staffing levels for Portland Street Response or expand two-shift staffing, ensuring timely and equitable responses to mental health and crisis-related calls.



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Service Area Budget Snapshot

Public Works



Overview

The Public Works Service Area is the foundation of Portland's infrastructure, responsible for delivering essential services that Portlanders rely on every day. From stormwater to maintaining streets and ensuring safe transportation to providing clean, reliable drinking water and managing wastewater, Public Works is fundamental to the city's functionality and quality of life.

Service Area Priorities and Challenges

Priorities include:

- **Safe & Reliable Infrastructure** – Maintain and modernize roads, sidewalks, bike lanes, bridges, drinking water, wastewater and stormwater systems to ensure safety, accessibility and regulatory compliance, contributing to Portland's livability and economic vitality.
- **Financial Sustainability** – Address budget constraints, identify new revenue sources, manage rising infrastructure costs and ensure balance between affordability and necessary rate adjustments.
- **Climate Resilience & Emergency Preparedness** – Strengthen critical infrastructure against climate change, seismic risks and extreme weather events.
- **Equity & Community Impact** – Ensure infrastructure improvements benefit all communities, especially historically underserved neighborhoods.

Challenges include:

- **Underfunded Transportation System** – Without additional revenue, basic street maintenance, safety improvements and mobility services will be significantly reduced, affecting Portland's long-term transportation system viability.
- **Aging Infrastructure** – Decades of deferred maintenance have resulted in a \$13 billion asset management backlog. Strategic investment is critical to ensure safe, reliable service and to prevent costlier future repairs.

Budget Recommendations

Budget Outlook Summary

Public Works manages 90% of the City's built assets, yet funding constraints threaten our ability to maintain and improve critical infrastructure.

Sustainable funding is essential to keep roads, bridges, water, sewer, and stormwater systems in good condition.

The Mayor's guidance directed the utility bureaus to propose rate increases that lead to a combined increase of no more than 5.9% above current rates. This is a 5% reduction from the forecasted combined rate increase of 6.24% for FY 2025-26.

PBOT's post-pandemic revenue growth is stunted due to lower parking demand. Inflation and rising operational costs have further strained the budget, while state and federal transportation funding has not kept pace with growing maintenance needs.

Without new revenue solutions, reductions in transportation, water and wastewater services – along with limitations in maintaining streets, improving safety and supporting mobility – will directly impact community safety, livability and public health.

Proposed Cuts

Transportation Bureau (\$22.1 million, 97 positions cut)

- Reduced street and bridge maintenance, sidewalk repair: Longer response times to road hazards and general upkeep. Minimal pavement repair or investment. No preventative maintenance to city bridges.
- Signal and streetlight funding reduced to emergency response only. No proactive upgrades or repairs.
- Cuts to transportation safety programs: Fewer pedestrian safety enhancements, elimination of the traffic safety and livability service.
- Stormwater & sewer maintenance reductions (\$3.5 million, 25 positions cut): Reduction of maintenance in city sewer pipes.

Water Bureau (\$2.8 million, 18 positions cut)

- Reduced capacity to maintain service levels and proactive system maintenance; increasing risk to system failure and future repair costs.

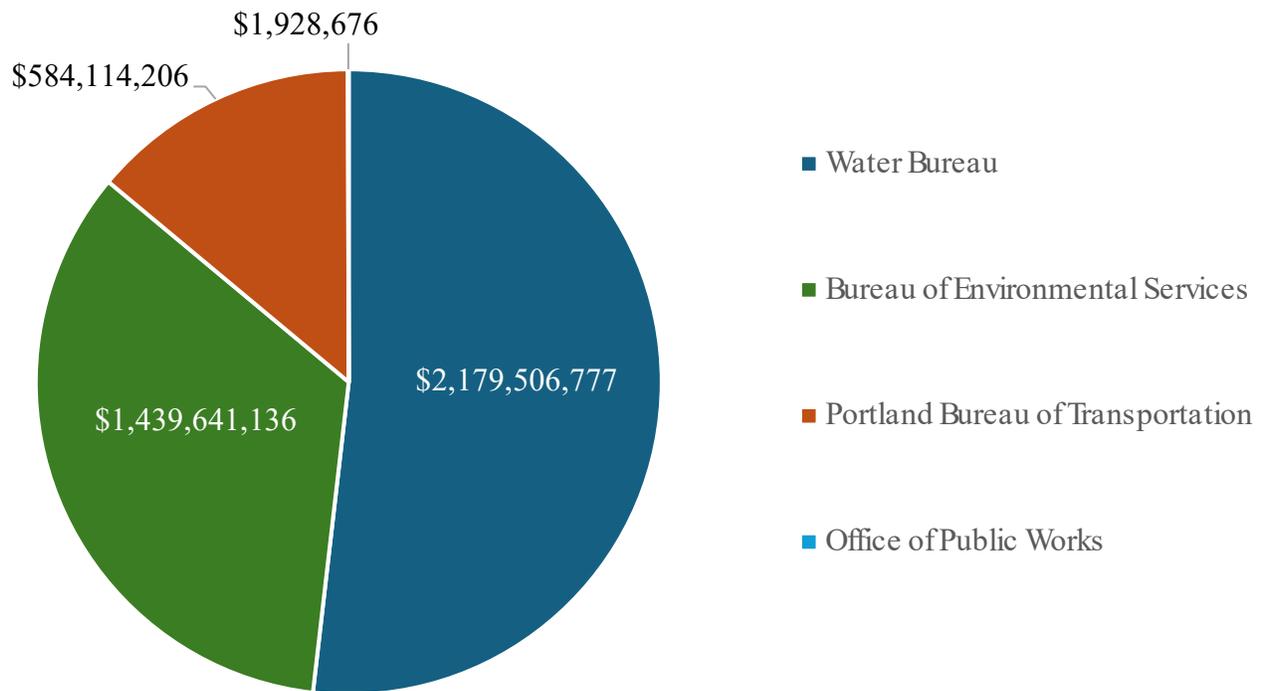
Environmental Services (\$1.1 million in cuts)

- Facility Consolidation (\$662K): Fewer operational spaces but no major service impacts.
- Brokerage & contracting support reduction (\$90K)
- Deferral of planning & professional services (\$306K): Postponed long-term planning efforts that support regulatory compliance and climate resilience.

Proposed Changes

- Leverage Savings to Limit Transportation Reductions – A total of \$19.8 million of savings will be generated in FY 2025-26 by bond financing outstanding liabilities to CREEC ADA ramp builds and adjusting existing interagency agreements.
- Service Area Organizational Alignment – Funding for six positions (\$1.3 million) is being repurposed from the Public Works bureaus to support key service area level initiatives such as the unified Capital Improvement Plan (CIP), the One Water framework, Natural Resource Service Delivery, etc., to strengthen coordination, streamline operations, enhance efficiency, and improve service delivery.

Public Works Budget Snapshot: Total Revenues All Funds





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Service Area Budget Summary Vibrant Communities



Overview

Portland is more than a place. It's a network of communities and neighborhoods united by an appreciation for nature, culture, learning and opportunity. The Vibrant Communities service area is a hub of human experience, a front door to the City, an engine for community partnerships, and home to uniquely high-leverage programs and services – supporting Portland's economic, environmental, and cultural health.

Service Area Priorities and Challenges

Provide accessible, safe, clean, well-maintained public spaces that foster community and civic connection

- Care for developed parks, playgrounds, outdoor courts, sports fields, Urban Forest, trails, natural areas, and open green spaces.
- Care for \$2.4 billion in built assets; an estimated \$600 million maintenance backlog threatens service reductions.
- Support civic arts and culture, including activating event spaces.
- Explore partnership-based business models that maximize facility use and community programming.

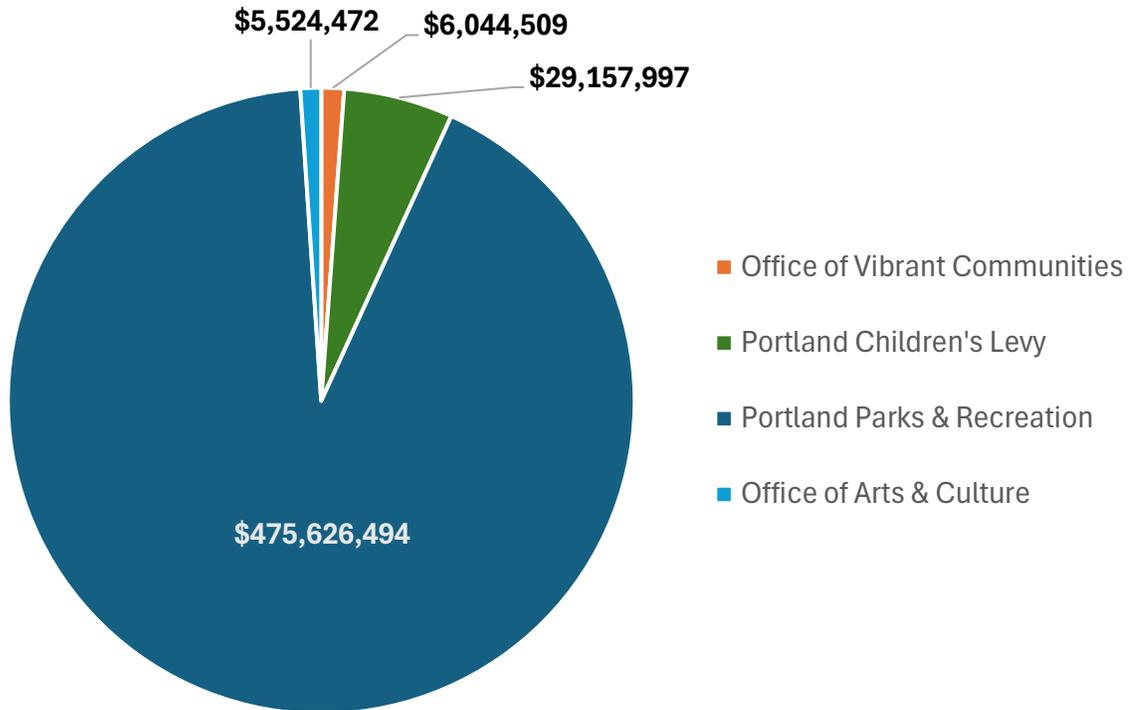
Support healthy ecosystems and climate change resilience

- Steward 8,000 acres of natural areas and 4+ million trees – 15% of City land.

Support community partners and offer programs that bolster mental, emotional and physical wellness

- Maintain relationships with 750 unique partners.
- Offer \$4.1 million in financial assistance through the PP&R Access Pass Program.
- Support 100 K-5 arts and music teachers and provide more than \$3.5 million to 80 arts organizations through the Arts Access Fund.
- Fund 86 community-based programs for children and families with \$30 million in grants from the Portland Children's Levy.

Vibrant Communities Budget Snapshot: Total Revenues All Funds



Budget Recommendations

Budget Outlook Summary

- Reliance on voter-approved ballot measures.
- Lower revenues for Parks and Children’s Levy due to declining real estate values; diminishing value of Arts Tax.
- The Parks Levy expires June 30, 2026. If renewed at the current rate, Parks will face an additional \$27 million in reductions in FY 2026-27.
- Continued high inflationary cost pressures from City operations.

Proposed Cuts

- Arts 8% General Fund cut (\$357,200) reduces administration expenses and contracted public art collection management services.
- Due to declining General Fund, cost pressures, and reduced levy revenue, proposed FY 2025-26 cuts to Portland Parks & Recreation could be as much as \$23 million, including:
 - Reducing administration expenses and financial support to community partners.
 - Reducing and/or eliminating programs and camps; closing a community center; and cutting employment pathway programs.
 - Limited reductions of daily care of parks and facilities and general maintenance of both built and natural parks infrastructure.

Proposed Changes (No General Fund Requested)

- Preserving summer 2025 public programs using a “buyback”
- Preschool For All – coordinated with Multnomah County
- Climate investment plan position – PCEF-funded