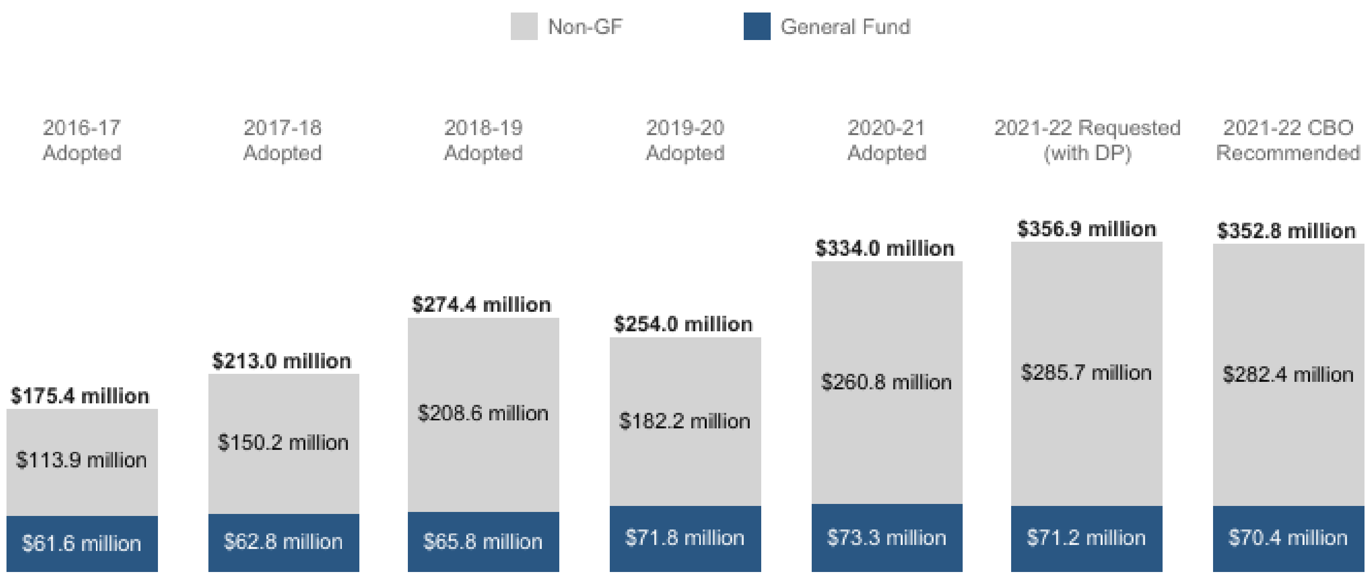
City Budget Office

Parks & Recreation

Analysis by Robert Cheney

Adopted Budget Revenues | 5-Year Lookback



2016-17 Adopted	2017-18 Adopted	2018-19 Adopted	2019-20 Adopted	2020-21 Adopted	2021-22 Requested (with DP)	2021-22 CBO Recommended
$175.43 M	$212.97 M	$274.40 M	$254.03 M	$334.05 M	$356.92 M	$352.81 M
	$37.54 M	$61.43 M	($20.37M)	$80.02 M	$22.88 M	($4.12M)
	21.40%	28.85%	-7.42%	31.50%	6.85%	-1.15%

Adopted Full-time Equivalent Totals

2016-17 Adopted	2017-18 Adopted	2018-19 Adopted	2019-20 Adopted	2020-21 Adopted	2021-22 Requested (with DP)	2021-22 CBO Recommended
598.07	626.45	625.48	565.41	574.22	653.60	653.60
	28.38	-0.97	-60.08	8.81	79.38	0.00
	4.75%	-0.15%	-9.60%	1.56%	13.82%	0.00%

INTRODUCTION

Portland Parks & Recreation (PP&R) submitted a requested budget totaling $356.9 million, including a $71.2 million allocation from the City's General Fund. The bureau's requested budget includes a 5% ongoing General Fund reduction package totaling $3.7 million, per Mayor's budget guidance, that they propose backfilling with new Parks Operating Levy resources. The bureau also submitted a 5% cut to their Capital Improvement Plan ongoing General Fund allocation totaling $179,217. PP&R submitted two requests for General Fund resources for operations and maintenance of new parks ($866,433) and for existing major maintenance needs ($500,000). They submitted one Capital Set-aside request totaling $2.8 million to invest in the Energy Savings Performance Contract at East Portland Community Center. Lastly, PP&R has submitted four decision packages that outline how they plan to expend approximately $29.3 million or 66% of

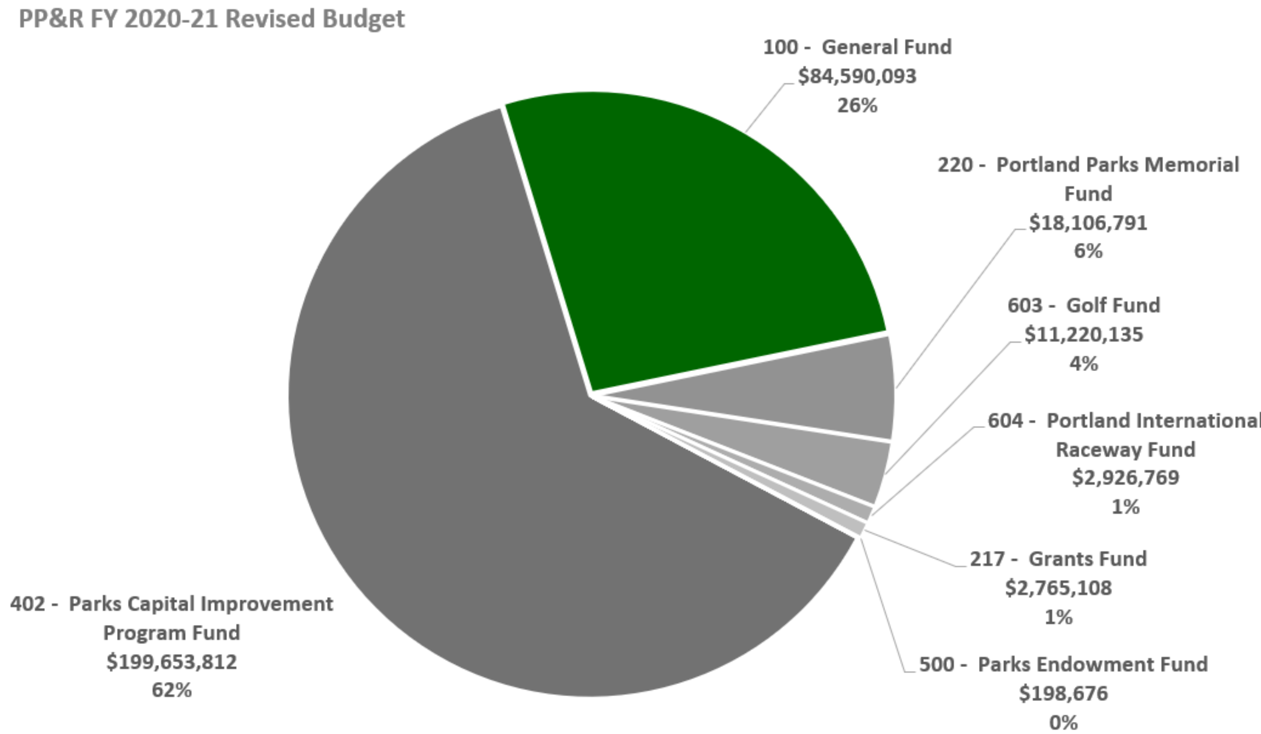
Parks Local Option Levy year-one revenues, with the remaining total to be programmed in the FY 2021-22 Fall Supplemental Budget.

- CBO recommends that PP&R's ongoing General Fund reduction of $3.7 million and its $179,217 General Fund cash transfer to its Capital Improvement Program Fund be taken on a one-time basis to balance FY 2021-22 requirements and that Council restore these ongoing allocations in FY 2022-23.
- CBO recommends the $10.5 million and 50.0 full-time equivalents requested across a suite of four decision packages appropriating Parks' Operating Levy resources that will build operational capacity and make needed software upgrades, enhance summer recreation programming, increase lands stewardship and maintenance at parks and natural areas, and increase engagement with Black, Indigenous, and People of Color, immigrant, refugee, and low-income communities.
- CBO does not recommend the bureau's $866,433 request for new ongoing General Fund resources to fund the operations and maintenance of new parks, noting that approximately 35% of new levy resources remain to be programmed in the Fall Budget Monitoring Process (BMP) and per voter-approved language, operations and maintenance of new parks are an appropriate use of Levy funds.
- CBO recommends allocating $1,000,000 in ongoing General Fund resources to help support bureau major maintenance costs. However, CBO recommends this resource be allocated beginning in FY 2022-23 as this amount is required to address urgent needs in FY 2021-22. CBO further recommends the bureau invest additional General Fund resource to mitigate its major maintenance backlog when its 5% reduction is restored in FY 2022-23 and to the extent General Fund and other resources are made available by the strategic allocation of levy resources in outyears.
- CBO does not recommend the bureau's Capital Set-aside request of $2.75 million for the Energy Savings Performance Contract at East Portland Community Center, encouraging the bureau to consider realigning internal resources as part of its annual budget development process over that project's lifecycle.

BASE BUDGET OVERVIEW

The Portland Parks & Recreation budget is a large and complex revenue collection and spending plan for an organization that oversees the stewardship, maintenance, and oversight of the City's public park land and urban forest, recreation and arts programming, and both a golf and international raceway enterprise. Understanding PP&R budget requires understanding the different components of the organization—and which revenues can support each effort.

Approximately $119.7 million, or 62%, of the bureau's $319.5 million FY 2020-21 Revised Budget is appropriated in the bureau's Capital Improvement Program (CIP) Fund. The majority of this fund's revenue comes from System Development Charges (SDC), which are one-time fees charged on new developments (and some types of redevelopment) to help pay for existing and planned infrastructure expansions.[1] These resources are policy-bound to be spent only on capacity-increasing capital improvements (or related debt payments).[2]



An additional 12% of PP&R's budget is subject to certain financial limitations. The bureau has $35.2 million of its budget in two enterprise funds (the Golf Fund and the Portland International Raceway Fund), as well as the Parks Memorial Fund (a trust fund that receives donations that are expended on prescribed projects), the Grants Fund (where grants tied to discrete projects are budgeted), and the Parks Endowment Fund (which accounts for permanent gifts and donations).

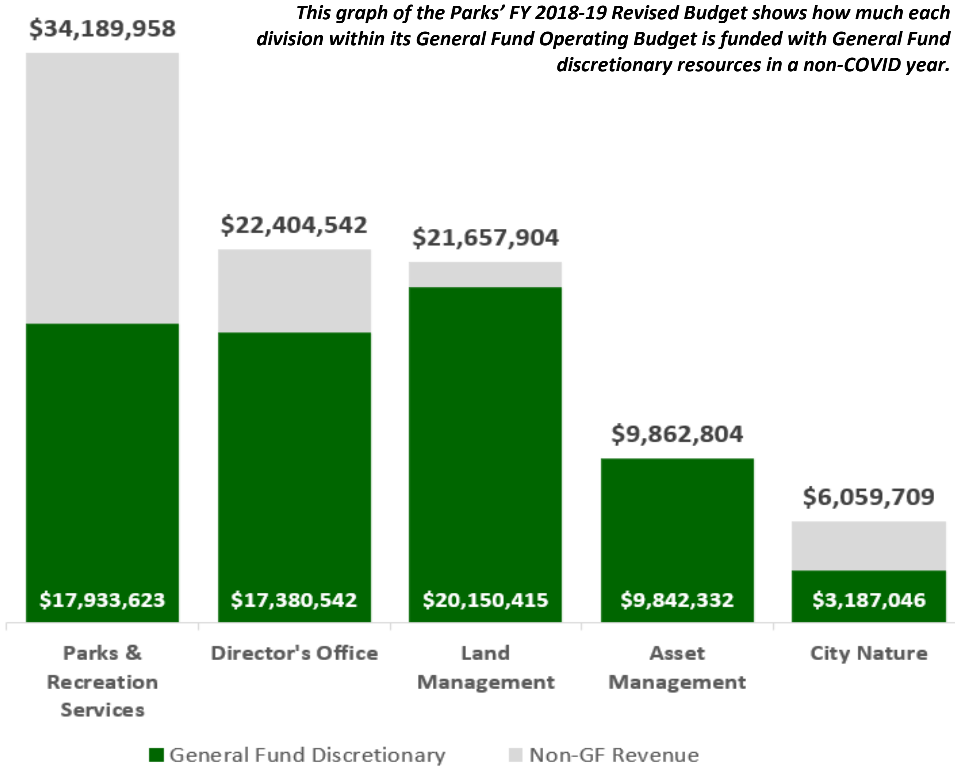
The General Fund Operating Budget

Approximately $85 million, or 26%, of the bureau's total resources fund what can be characterized as its General Fund operating budget—aquatics, arts, sports and games, recreation programming, recreation facility maintenance, tree maintenance and regulation, daily care of parks, trails, and natural areas—and all of the business operations that support these endeavors. Of the $84.6 million revised operating budget for current year 2020-21, $75.1 million, or 89%, is funded by General Fund Discretionary resources. In FY 2018-19 (the last full fiscal year not impacted by COVID-19) the bureau's adopted General Fund operating budget was $91.8 million with 72% of that amount backed by General Fund discretionary resources and 28% provided by revenue from licenses, permits, fees, local cost sharing, and transfers from City bureaus who pay PP&R for services rendered.

[1] A background brief on System Development Charges in the State of Oregon exists here: https://www.oregonlegislature.gov/citizen_engagement/Reports/2004GG_System_Development_Charges.pdf

[2] Per Oregon Revised Statute 223.307 https://www.oregonlaws.org/ors/223.307

Historically, the bureau has used General Fund discretionary resources to subsidize its core General Fund operating budget, which collects external revenues but at a non-cost-recovering rate. This was a deliberate effort to keep the rate of fee increases for recreation programming below the actual rising costs of service provision so as not to create cost barriers for community members wishing to enroll in their programs. However, as noted in prior CBO reviews, the widening gap between increasing program costs and relatively flat external revenues created a structural financial deficit that became insurmountable as personnel costs—particularly health and retirement benefits—ran well ahead of the capacity of the bureau's customers to absorb cost increases.[3]



For FY 2021-22 the bureau has submitted a General Fund Operating Budget of $91.9 million—representing a restoration to FY 2018-19 service levels after COVID severely impacted the bureau's FY 2019-20 and FY 2020-21 service delivery and revenue generating capabilities. Of its $91.9 million operating budget, $20.6 million will be funded by external revenue—including $9.3 million in Parks & Recreation fees. The remaining $71.2 million in operating budget expenses is supported with General Fund Discretionary resources.

Parks Operating Budget	2018-19 Adopted Budget		2019-20 Adopted Budget		2020-21 Revised Budget		2021-22 Requested with Decision Packages	
General Fund Discretionary Revenue	$65,797,195	71.6%	$71,844,639	75.3%	$75,109,487	88.8%	$71,242,619	77.5%
Revenue from Licenses, Permits, Service Charges, Local Cost Sharing, and Other Bureaus	$26,074,512	28.4%	$23,623,061	24.7%	$9,480,606	11.2%	$20,625,509	22.5%
	$91,871,707	**100%**	**$95,467,700**	**100%**	**$84,590,093**	**100%**	**$91,868,128**	**100%**

[3] Driven largely by two substantial PERS cost increases and partially driven by arbitration bringing recreation staff into the union "LiUNA Local 483, Portland Parks & Recreation approve new agreement." February 17, 2016. https://www.portland.gov/parks/news/2016/2/17/liuna-local-483-portland-parks-recreation-approve-new-agreement

The General Fund Operating Budget is the main portion of PP&R budget that will be augmented with revenues from a 5-year Local Operating Levy that voters approved in November 2020.[4] This is discussed in further detail below.

Capital Improvement Plan Budget

The "Parks Capital Improvement Plan Fund" also known as the "Parks Construction Fund" is the main driver of annual growth in the overall size of the bureau's budget, as the bureau has collected far more in SDC revenue in recent years than it can expend in a given year, resulting in substantial year-over-year growth in fund balance.

PP&R's CIP Fund balance has grown $127 million or 274% in the last 5 years

	2015-16 Revised Budget	2016-17 Revised Budget	2017-18 Revised Budget	2018-19 Revised Budget	2019-20 Revised Budget	2020-21 Revised Budget
Beginning Fund Balance	**$46,284,890**	**$89,018,850**	**$100,810,885**	**$136,994,931**	**$151,092,196**	**$173,282,393**
Year over year Change		$42,733,960	$11,792,035	$36,184,046	$14,097,265	$22,190,197
Year over year Percent Growth in Fund Balance		92.3%	13.2%	35.9%	10.3%	14.7%

For FY 2021-22, the bureau has budgeted an additional $14 million in projected SDC revenue, which is $12 million less than the five-year average but in line with economic forecasts as the construction industry begins to recover from the pandemic-induced recession.

The Parks Bureau's CIP Fund has averaged $26 million in new SDC revenue annully since 2015-16

	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals
SDC – Residential	$20,468,008	$23,728,415	$31,771,708	$24,340,540	$17,704,065
SDC – Commercial	$309,948	$4,041,671	$4,302,138	$1,794,322	$2,052,434
Total SDC Revenue	**$20,777,956**	**$27,770,086**	**$36,073,846**	**$26,134,862**	**$19,756,499**

For FY 2021-22, the CIP Fund budget totals $177.5 million and comprises 50% of the bureau's total Requested Budget. Included in this annual budget is a $87.8 million dollar Capital Improvement Plan, 51% of which is tied to four projects:

- Non-Central City Park Development—Projects TBD ($16.4 million, 18.6%)
- Central City Park Development—Projects TBD ($13.6 million, 15.5%)
- Parklane Park Improvements ($10.0 million, 11.4%)
- Mt. Tabor Yard Maintenance Facility ($5.0 million, 5.7%)

The Parks Construction Fund also receives annual transfer of approximately $3.7 million in General Fund Discretionary resources to help address the bureau's total major maintenance

[4] Measure 26-213: A levy to fund recreation programs and park services was on the ballot for Portland voters in Multnomah County, Oregon, on November 3, 2020. It was approved with 63.9% voting "Yes."
https://ballotpedia.org/Portland,_Oregon,_Measure_26-213,_Recreation_and_Parks_Levy_(November_2020)

obligations.

For FY 2021-22, the bureau has budgeted $80.8 million in Contingency—available resource that it does not plan to expend in the current year but is allocated to projects in outyears.

2020 Parks Local Option Levy Fund

The newly created Parks 2020 Local Option Levy Fund was established to collect and appropriate all resources generated by the $80 tax per $100,000 of assessed property values for the next five years, beginning in FY 2021-22. The levy, passed by voters on November 3rd, 2020 is projected to raise approximately $45 million annually and is designed to support the scope of work in the Parks General Fund Operating Budget. With the new resource, Parks has promised to:

- **Open public pools and community centers**, and offer classes and camps, when public health conditions allow.
- **Center equity** in the delivery of its programs and services, ensuring that cost is no longer a barrier for Portlanders accessing community centers and public pools.
- **Improve access** for all Portlanders by making our parks cleaner, safer, and more welcoming.
- **Grow nature** by restoring natural areas, planting more trees, safeguarding clean water, protecting wildlife, diminishing the effects of climate change, and providing the appropriate care for the 1.2 million trees in the parks system.

Because property tax revenues are collected in November and December, the bureau has taken several measures to mitigate cash-flow issues that might have prevented them from providing enhanced services this summer. In addition to establishing the fund, Council has passed a supplemental budget that will increase budget appropriation in the fund in the current year and set up an interfund loan from the Parks Construction Fund balance to the Parks Local Option Levy Fund to seed the fund with cash. This will give PP&R the resources necessary to ramp up for summer programming during Spring FY 2020-21 and reduce any risks to summer program service delivery.

2020 Parks Local Option Levy Fund — FY 2021-22 Requested Budget	
Revenue	
Multnomah County Property Tax	$44,735,444
	$44,735,444
Expenditures	
Repayment of CY 2020-21 Interfund Loan (final total TBD)	($9,000,000)
Repayment of FY 2021-22 Interfund Loan	($10,451,675)
DP 11363 – "Recreation for All - Parks Levy"	($6,150,198)
DP 11367 – "Budget Stabilization - General Fund 5% Reduction Backfill'	($3,707,464)
	($29,309,337)
Total Available to Allocate in the Fall BMP	**$15,426,107**

Community Partnerships (Current Year)	$200,000
Protect and Grow Nature (Current Year)	$1,500,000
Recreation for All Summer Programming (CY Ramp)	$3,500,000
Organizational Support (Current Year)	$3,800,000
	$9,000,000

11361 – Organizational Support - Parks Levy	$7,359,609
11362 – Protect and Grow Nature - Parks Levy	$2,532,903
11363 – Recreation for All - Parks Levy	$359,163
11372 – Community Partnerships - Parks Levy	$200,000
	$10,451,675

The interfund loan authority extends to FY 2021-22 to appropriate resources to bridge the gap between July and December, when the actual revenue will be collected. The loan will be repaid in

FY 2021-22.[5] This interfund loan, as well as four decision packages (discussed below) make up $29.4 million, or 66%, of the total estimated resource available in year one of the levy. The remaining $15.4 million will be appropriated and programmed out in the FY 2021-22 Fall Supplemental Budget after the bureau engages a five-member oversight committee to review proposed levy expenditures in coordination with the City Council. The bureau is currently recruiting for a Parks Local Option Levy Coordinator to manage these initiatives.

It should be noted that the $9.0 million in CY 2020-21 appropriation represents a very high estimate of what the bureau might actually spend in the current year and assumes both best case public health policy guidance that allows for near-full programming and expedient hiring of regular staff. Therefore, the $15.4 million and 34% figures cited as "available to be programmed in the fall" are likely understating the actual amount of resource that will be available. PP&R has projected that $2.75 million of year-one expenses are one-time in nature, suggesting that the value of these "start-up" expenses can be added back to the levy's capacity in outyears. CBO has also recommended its $3.7 million ongoing General Fund appropriation (reduced on a one-time basis in FY 2021-22) be returned to them as part of FY 2022-23 budget development which would reduce the need of the levy to backfill that amount and further increase the levy's capacity in outyears.

KEY ISSUES FOR FY 2021-22

Portland voters recently approved a new operating levy for the bureau, but many of Portland Parks & Recreations major issues will remain entrenched without careful and intentional financial planning over the coming years. As part of the "Portland Parks & Recreation: A Sustainable Future" work session in November 2019, the bureau identified three structural funding deficits:

- An **operating** funding gap
- A **capital major maintenance** funding gap
- A **capital growth** funding gap

The **operating** funding gap is rooted in the bureau's reliance on fees and other external revenue to fund its operating budget and the inability of those fees to recover ever-increasing program delivery costs[6] without pricing community members out of those services. The **capital major maintenance** funding gap is best illustrated by the bureau's nearly $500 million major maintenance backlog as well as its inability to fully fund normal maintenance and repairs for existing assets within existing resources. The **capital growth** funding gap is rooted in the fact that, as the bureau continues to utilize its substantial SDC balance to expand the Parks system and bring new assets online, it will lack the additional funding to operate and maintain those assets absent additional resources or realignment away from the other programming.

When Parks referred the levy to the voters it identified a number of measures it planned to take,

[5] Per Oregon Revised Statute 294.468 https://www.oregonlaws.org/ors/294.468

[6] These are driven mainly by personnel services costs (cost of living adjustments, bargained step increases, employee pension costs, and non-represented job class changes) and internal services costs.

including maintenance of parks and parks facilities.[7] The levy was, appropriately, never characterized as a panacea for the bureau's suite of issues, but rather a temporary initiative to address mainly the **operating** deficit at the bureau—enabling the bureau to continue to provide Parks services in an equitable fashion while a more permanent solution was developed. CBO notes that while the intention of the levy was to address the operating deficit, there is an opportunity for at least partial mitigation of the other two issues as well. From a financial sustainability standpoint, one of the most important features of the levy is that is has provided the time and opportunity for the bureau to thoughtfully and equitably restructure its services and address funding gaps. This charge is being led by the recently hired Sustainable Futures program manager who was hired in February 2021.

Operating Budget Cost Inflation and Fee Structure

Cost Pressures Generated by Personnel and Internal Service Expenses

The bureau's historical operating deficit is well documented.[8] As part of FY 2019-20 budget development, the bureau discovered a $6.3 million operating gap, which the bureau addressed by enacting a number of reductions and realignments as well as several one-time General Fund allocations as bridge funding to maintain recreation programming and other Parks services.

As shown in the table below, from FY 2015-16 to FY 2018-19, the average annual increase in operating expenses was $4.5 million dollars while the average annual increase in non-General Fund revenue was just $1.5 million.

In the 4-year period from FY 2016 to FY 2019 the annual average increase in **operating expenses** was **$4.5 million** while the annual average increase in **non-General Fund revenue** was **$1.5 million.**

	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals	2018-19 Actuals
Operating Expenses				
Personnel Services	$51,434,715	$55,061,511	$60,098,758	$63,139,744
External Materials and Services	$18,092,919	$18,418,036	$18,759,770	$17,787,172
Internal Materials and Services	$7,807,338	$8,288,637	$8,772,820	$9,934,536
Total	**$77,334,972**	**$81,768,184**	**$87,631,349**	**$90,861,453**
Year over year Change		$4,433,212	$5,863,165	$3,230,104
Year over year Percent Change		5.7%	7.2%	3.7%
Non "General Fund Discretionary" Resources				
Interagency Revenue, Fees, Service Charges, etc.	**$20,962,845**	**$21,089,635**	**$23,158,743**	**$25,646,670**
Year over year Change		$126,790	$2,069,108	$2,487,927
Year over year Percent Change		0.60%	9.81%	10.74%

Personnel services is the main driver of these annual cost increases, with staffing costs increasing an average of $3.9 million or an annualized rate of 5.3% during this 4-year period. However, the

[7] Portland Parks 5-Year Operating Levy Referral https://www.portlandoregon.gov/auditor/article/764121

[8] A CBO analysis of the funding gap and mitigation strategies exists here: https://www.portlandoregon.gov/cbo/article/725850

bureau has also seen a substantial increase in its internal materials and services budget. From FY 2015-16 to FY 2018-19, the average increase in internal materials and services was $709,000 or 8.42% annually. In the five-year period from FY 2015-16 to FY 2019-20, cost increases were driven largely by OMF interagency agreements for fleet services, technology services, space rent and workers compensation costs, as shown in the table below.[9]

In the 5-year period from FY 2016 to FY 2020, Parks expenses on this basket of internal services increased $2.3 million or 45 percent.

	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	5-Year Change	5-Year Percent Change	FY 2021-22 Requested
City Fleet								
Vehicle replacement	$1,169,904	$1,267,742	$1,316,468	$1,603,954	$1,800,074	**$630,170**	53.9%	$1,955,554
Repair and maintenance services	$873,842	$816,679	$1,007,843	$1,062,169	$1,031,394	**$157,552**	18.0%	$1,341,213
Fuel	$396,076	$410,338	$467,709	$562,822	$529,544	**$133,468**	33.7%	$662,356
Facilities								
Space Rent	$387,925	$410,640	$412,357	$427,274	$461,389	**$73,464**	18.9%	$1,381,468
Risk Management								
Workers Compensation	$406,023	$501,859	$723,565	$860,274	$951,660	**$545,637**	134.4%	$674,823
Technology Services								
Desktop Support	$539,532	$594,728	$623,660	$760,077	$758,405	**$218,873**	40.6%	$836,150
Telecomm Service	$398,810	$470,547	$476,767	$516,634	$492,690	**$93,880**	23.5%	$570,338
Cellular Phones	$239,208	$327,142	$328,469	$346,375	$307,431	**$68,223**	28.5%	$310,621
BTS Corporate Services	$177,866	$192,309	$250,784	$264,274	$372,893	**$195,027**	109.6%	$407,949
Data Networks	$165,014	$211,635	$190,099	$207,520	$174,671	**$9,657**	5.9%	$194,151
Strategic Technology Billable	$167,775	$179,020	$191,278	$180,791	$189,352	**$21,577**	12.9%	$194,560
IRNE Data Allocation	$141,482	$146,709	$150,315	$156,178	$161,457	**$19,975**	14.1%	$170,295
Corporate Applications	$106,941	$119,754	$125,739	$140,247	$150,272	**$43,331**	40.5%	$165,485
Radio & Video Equipment	$47,444	$71,521	$126,723	$132,396	$164,835	**$117,391**	247.4%	$149,357
	$5,217,842	**$5,720,623**	**$6,391,778**	**$7,220,985**	**$7,546,068**	**$2,328,226**	**44.6%**	**$2,998,906**

The difference between increases in expenses and increases in external revenue represent the portion of the operating budget that must be balanced either with General Fund Discretionary resources and/or a reduction in costs. Historically, PP&R has had to balance direction from Council to prioritize preservation of frontline recreation program delivery with adherence to City financial policy on operations and maintenance of new assets and asset management best practices. Given past financial resource constraints and the size and scope of the levy, there persists tension between preservation and augmentation of recreation programming and other critical funding needs.

A snapshot analysis from December 2020 showed that of the bureau's 1,073 staffed regular and casual positions, 277 are non-represented, with the remaining 796 belonging to a labor union. The collective bargaining agreement for Recreation Laborers will expire on June 30, 2022 with

[9] In FY 2020-21, as part of the "Blended Rate" model for downtown core debt payments implemented by OMF, PP&R experienced a $1.2 million increase in space rent costs. Additional resources were provided via a Current Appropriation Level (CAL) target for the proportion of the bureau's budget backed by General Fund Discretionary resources, totaling $870,000. The proportional remainder, $350,000, was absorbed by the bureau.

negotiations expected to being in January 2022. The outcome of these upcoming labor negotiations will determine what kind of personnel services cost increases PP&R will have to absorb going forward. The magnitude of the increased personnel costs will have a direct effect on the outyear capacity of the levy and any related cost recovery policies.[10]

PP&R Staffed Position Labor Representation Breakout on December 21, 2020.

Non-Rep		
Non Rep	277	25.8%
Represented		
Recreation Laborers	474	44.2%
City Laborers	208	19.4%
COPPEA	50	4.7%
SMW Laborers	44	4.1%
DCTU-AFSCME	10	0.9%
DCTU-Painters	3	0.3%
DCTU-IBEW	3	0.3%
DCTU-Plumbers	2	0.2%
DCTU-Mech 1005	2	0.2%
	796	74.2%
	1073	**100.0%**

Cost Recovery Policy Development

Portland Parks & Recreation will continue to collect fees from community members that are able to pay to use their services, but the challenge of how to develop a fee structure that can keep pace with known, structural cost increases remains. PP&R is working with a consultant and has completed the first phase of the cost recovery policy update. It is essential for the long-term fiscal health of the bureau that the opportunity afforded by the levy to identify and implement a sustainable cost recovery policy that defrays cost increases while achieving its equity goals is realized.

The bureau has set an initial goal of having 50% of its summer 2021 programing participants be community members who are Black, Indigenous, and People of Color, come from immigrant and refugee communities, living with low incomes, or intersections therein. Summer 2021 also represents an opportunity for the bureau to examine what delivering equity-centered programming without reliance on external revenue might look like—analysis that will further shape the cost recovery policy update. To measure these goals, the bureau is reestablishing a system for capturing voluntary demographic information for registered program participants. CBO encourages the bureau in their efforts to track demographic data of their community stakeholders and would encourage that this data be transposed into performance metrics that the bureau tracks and publishes going forward.

Major Maintenance Funding Gap

In what has been a well-documented and compounding issue, PP&R has identified approximately 1,000 physical assets in “poor” or “very poor” condition. These assets, which require major maintenance ranging from renovation to replacement represent a cost obligation of roughly $500 million to the bureau. The bureau notes that many of its physical assets—community centers, buildings, restrooms, shelters, retaining walls, and others—are in need of new roofs, plumbing, electrical, mechanical and carpentry rehabilitation. Beyond its physical structures, many playgrounds can have equipment failures that create safety issues for community members or reduce park capacity. Failure to mitigate damage to trails and parking lots can create ADA barriers where there were none.

[10] This staffing point-in-time analysis captures December figures in a year impacted by the COVID-19 pandemic when many positions are being held vacant to preserve budget. The numbers also do not capture the magnitude of PP&R’s casual workforce or what staffing looks like during normal operating times (or peak summer times) and should be viewed as a generally understated staffing snapshot.

An FY 2018-19 Budget Note directed PP&R to request ongoing funding of $500,000 annually for major maintenance needs in each budget process “until a level of funding is achieved that is sufficient for addressing the bureau’s regular, scheduled major maintenance needs. This funding should complement other strategies in addressing the major maintenance gap, including 1) Internal reallocation of resources; 2) Divestment of assets; and 3) periodic general obligation bonds.”

Since FY 2015-16, PP&R has received $13.8 million or 19% of the total $70.8 million allocated in Citywide capital set-aside resources.[11] The 2014 Parks Replacement Bond authorized $68.0 million in general obligation bonds for repair and replacement projects. Additionally, the bureau has received $2.4 million in increased ongoing General Fund support for major maintenance since FY 2015-16.

PP&R has identified 1,000 Assets near end of service life as of February 10, 2021

"Poor" Condition	
Developed Park	300
Buildings/Pools	193
Utilities, Roads, Trails	130
Green Infrastructure	50
Recreation Features	42
Built Infrastructure	5
Active	5
Closed	3
Amenities	4
Completed CIP	3
On-Hold	1
Landbank	1
Acquisitions	1
	738
"Very Poor" Condition	
Utilities, Roads, Trails	150
Amenities	35
Buildings/Pools	28
Developed Park	17
Recreation Features	14
Green Infrastructure	11
Completed CIP	2
Landbank	2
Golf/PIR	1
Built Infrastructure	1
Active	1
	262
Grand Total	**1000**

Increased General Fund allocations—both one-time and ongoing—certainly help defray these known costs but are essentially partial-mitigation efforts. With a $500 million major maintenance backlog, $500,000 ongoing increases to the bureau’s annual General Fund appropriation would require years to begin to make a material impact—assuming assets did not completely fail before then.

The budget note directed the bureau consider internal reallocation of resources, but thus far reallocations have not been able to make any material impact—demonstrated by the fact that this funding gap has already grown $50 million since the time it was authored.

Divestment of assets as a strategy has also been deployed by the bureau. To date the bureau has both sold and decommissioned assets and has established ground leases that absolve the bureau of responsibility for programming or maintenance at Hillside and Sellwood community Centers. City Council has also recently declared a property near Lower Macleay Park as surplus setting up its sale on the open market. As a strategy, asset divestment is often controversial, as evinced by public outcry during the closure of Buckman Pool and the proposed decommissioning of Columbia Pool (Columbia Pool received $453,000 in FY 2019-20 and $480,000 in FY 2020-21 to continue operation). The bureau plans to keep Columbia Pool open with levy resources, assuming quarterly engineering inspections deem it safe, as it explores options for uninterrupted aquatics service in North Portland. CBO

[11] Capital Set-aside is the allocation of 50% of General Fund ending balance, described here: https://www.portlandoregon.gov/transportation/article/680937. The policy was designed to bring more bureau into compliance with City Financial Policy 2.03 Capital Planning: https://www.portlandoregon.gov/citycode/article/200789

recommends the bureau continue to pursue divestment opportunities where feasible.

New funding sources have been explored as well. The 2014 Parks Replacement Bond published its Year 5 Annual Report in June 2020, noting that 46 of 52 projects had been completed with the remaining six in progress. The bureau states in its FY 2021-22 Requested Budget that

> "As part of its word to build a sustainable future, it is exploring alternative funding sources that will help address its more than $500 million maintenance backlog and will move the bureau closer to industry best practices for planned asset replacement. PP&R will also be exploring alternative funding sources to address operating needs associated with future expansions of the P&R system."

As part of the November 2019 "Sustainable Future" work session, the Council signaled a desire for PP&R to be ambitious in its pursuit of maintaining and enhancing service levels. While sentiments expressed at a Council Work Session are non-binding, the spirit of the discussion did lead to the bureau to pursue a strategy of retaining assets and expanding service levels. As a result, the bureau has explored general obligation bonds, special districts, local option levies, and a prepared food and beverage tax as possible funding sources. The bureau ultimately pursued the local option levy to address its operating deficit, as mentioned above. However, Parks existing, built assets play an integral part in their service delivery. As a result, CBO encourages Council and bureau leadership to consider using a portion of General Fund resources freed up by levy resource to address the bureau's most pressing capital asset major maintenance needs to ensure equitable service delivery. However, it must be noted that absent significant asset divestment or additional investment, the existing model—even in the resource-rich levy environment—will not be able to eliminate the major maintenance backlog.

Perhaps most importantly, CBO recommends the levy committee and PP&R do not create outsized expectations in the community around recreation programming without noting that the bureau will not be able to achieve sustainable levels of enhanced services—in terms of assets, personnel, and programming—without maintaining its asset base.

Capital Growth Operations & Maintenance Costs

As stated prior in this review, Portland Parks & Recreation has a substantial SDC balance with which it can enhance and expand the existing parks system. However, the bureau lacks resources with which to operate and maintain new parks. This has been a growing issue with the increased construction of new parks. To address this issue, Council approved a FY 2019-20 Budget Note that reads as follows:

> "Council directs Portland Parks & Recreation and the City Budget Office to work together to develop, as part of Parks & Recreation's upcoming Financial Sustainability Plan, a mechanism that allows the bureau to better plan for the amount of General Fund available for O&M over the next five years. That mechanism should increase the transparency, accountability, and predictability of the bureau's O&M planning and needs. Council could then direct new parks and amenities to be designed to meet funding constraints. This mechanism should be developed in advance of the FY 2019-20 Fall BMP for consideration and potential implementation as part of that process."

Once it became clear that the bureau was going to the voters for a new funding source, this initiative was put on hiatus and no capital planning and budgeting process grew from it. It is now known that with the approval of the levy the bureau will be receiving approximately $45 million annually in operating revenue for the next five years, information that will color the capital planning and budgeting process discussion going forward.

While significant, the operating levy represents just a single instrument in addressing the bureau's funding gaps. Given the bureau's SDC fund balance and the ensuing magnitude of the assets to be brought online, the gap between operations and maintenance capacity and obligation in out years is expected to grow substantially absent divestment of existing assets or substantial additional ongoing resources. For context, between fiscal year 2014-15 and FY 2019-20, the City invested $4.2 million in operations and maintenance funding for Parks assets and the bureau has requested an additional $866,433 (discussed in "Decision Packages" section below).

It is worth noting that Parks currently utilizes an asset-based operations and maintenance model that does not precisely capture the actual costs for specific new assets. This means that for new assets and for the bureau's broader portfolio, many assets can be undermaintained due to resource constrictions tied to base assumptions in cost modeling that rely on current, insufficient levels of investment in each amenity type. While the delta between a cost projection and its budgeted allocation on a single project might be manageable, when generalized across the entire bureau's asset base and extrapolated over time, it can create a financial environment of underinvestment. Because of this, the development of a mechanism that would increase the precision and predictability of the bureau's O&M planning would be invaluable not just to PP&R, but the City at large—enabling Council to gain a more comprehensive understanding of the cost of bringing a new asset online.

Given that the bureau is currently in a more resource-rich environment, the time is right to continue the work on recrafting a City approach to operations and maintenance so that City Council can make educated decisions on whether there exists sufficient resource within the five-year operating levy window to address the costs of new assets while still delivering on the promise to equitably fund parks services and recreation programming.

Bureau Performance Measures considering the Parks Levy

In its FY 2021-22 Requested Budget Portland Parks & Recreation states that it spent 2020 evaluating the success of its three major plans: "Vision 2020", its 2017-2020 Strategic Plan, and its Five-Year Racial Equity Plan. As a result of the evaluation of these plans and the creation of a new "Healthy Parks, Healthy Portland" framework PP&R is looking at developing new strategic objectives and organizational workplans and will be creating new performance measures to evaluate them—including metrics examining equity outcomes.

Recreation Engagement and Park Services Metrics

There is substantial research and data on the current state of inequities of natural area and recreation on communities of color and economically disadvantaged communities. An article published by the Center for American Progress (CAP) notes that environmental injustices rooted in the unequal distribution of nature in the United States have only been further exacerbated by the COVID-19 pandemic.[12] PP&R has acknowledged this reality and has clearly signaled its initiative to address these inequities both with the new Parks levy resources but also as part of its greater bureau-wide strategy.[13]

A research paper published in 2011 analyzed barriers to outdoor recreation across demographic groups by looking at interpersonal, intrapersonal and structural constraints.[14] Interpersonal constraints include attributes like travel companionship and interest. Intrapersonal constraints include poor health, skills required for participation, or general attitudes towards outdoor recreation. Structural constraints include time available to participate, transportation, fear of crime, weather, affordability, equipment access, natural land proximity, and lack of information on parks and their programming. The "structural constraints" identified in this paper represent the strongest nexus between community members and park-access outcomes that PP&R can influence with new resource.

The paper found that these three clusters of constraints differ across "African Americans", "Hispanics", "Caucasians", "Hispanics", and "Native Americans"[15]—noting that diverse population demands require diverse opportunities and services from protected area management and visitor needs, expectations, and motivations for visiting. The African American cohort cited lack of transportation and expense of participation as significant constraints to recreation participation. The Hispanic cohort found that greater intrapersonal constraints correlated with income, indicating barriers tied to affordability. Data on women in the Native American cohort showed structural constraints tied to time, stress, lack of time for self, and fear of crime. All of these analyses were in line with prior research on the subject. On balance, the research has showed that what the authors label as "low socioeconomic status" correlates strongly with increased barriers to outdoor recreation participation.

Moreover, the CAP article also notes that public lands and nature can also be unwelcoming and exclusionary spaces for what they characterize as "deliberately overlooked populations" including LGBTQ communities and the disabled, noting that the lack of United States census-collected data on sexual orientation and gender identity makes it impossible to assess the extent of nature deprivation in those populations. The Portland Insights Survey, a Citywide survey tool, which provided some sentiment data about Parks' services, did ask respondents about gender identity and disability status, but did not ask about sexual orientation. The gap in data in that tool regarding perceptions of safety and other barriers among LGBTQ Portlanders represents not just a gap in knowledge about how the City provides services, but potentially an inequity in service

[12] Jenny Rowland-Shea, Sahir Doshi, Shanna Edberg, and Robert Fanger (2020). "The Nature Gap: Confronting Racial and Economic Disparities in the Destruction and Protection of Nature in America." Center for American Progress. Retrieved from https://www.americanprogress.org/issues/green/reports/2020/07/21/487787/the-nature-gap/

[13] The bureau's Five-Year Racial Equity Plan exists here: https://www.portland.gov/sites/default/files/2020/ppr-racial-equity-plan_updated_september-2017-web_10_24_2018.pdf

[14] Bustam, T., Thapa, B., & Buta, N. (2011). Demographic Differences within Race/Ethnicity Group Constraints to Outdoor Recreation Participation. *Journal of Park and Recreation Administration, 29*(4). Retrieved from https://www.researchgate.net/profile/Cassandra-Johnson-Gaither/publication/285129663_Latino_park_access_Examining_environmental_equity_in_a_new_destination_county_in_the_South/links/58d26f6b92851cf4f8f5e56c/Latino-park-access-Examining-environmental-equity-in-a-new-destination-county-in-the-South.pdf#page=62

[15] This is the nomenclature as used in the article.

delivery itself. Of note, “Make Recreation Programs more affordable” was the highest ranked selection among Portlanders with disabilities when asked “What can the City do to Improve recreation programs?”[16]

Any future iteration of the Portland Insights Survey—and any PP&R internal data collection, be it polling or surveys—should attempt to capture barriers and constraints to Parks services disaggregated by the aforementioned demographic groups. To the extent possible, CBO recommends that the bureau distill and disseminate metrics that capture this data into their bureau performance measures. Recreation program participation rates arrayed by demographic groups could help establish a baseline for Parks ability to engage and attract historically underserved community members as it aims to reach its goal of 50% of its summer 2021 programing participants be community members who are Black, Indigenous, and People of Color, come from immigrant and refugee communities, living with low incomes, or intersections therein. In addition to participation outcomes, the bureau should also track relevant inputs such as scholarships or fee waivers to measure the level of investment in these initiatives over the life of the levy in its efforts to mitigate the effects of environmental racism. This ability to actively collect and measure data will determine the capacity for program evaluation and performance management—and represents an opportunity for the bureau to improve outcomes for Portlanders.

Capital Major Maintenance and Operations and Maintenance Metrics

The bureau has two metrics related to capital growth and major maintenance: "percentage of capital growth expenditures in areas with low income, people of color, or youth populations above the Portland average” and “capital major maintenance funding as percentage of assets total replacement value.” CBO encourages the bureau to begin to track capital throughput—the bureau’s ability to expend its annual capital improvement plan as budgeted. CBO acknowledge that Citywide capital throughput is generally much lower than what bureaus budget, and there are many factors affecting this issue. Permitting, competitive bidding processes, and procurement timelines are among many factors that can cause a capital project’s timelines to leak across fiscal years.

PP&R has expended, on average, just 41 percent of its annual Capital Improvement Plan budget the last four years

	2016-17	2017-18	2018-19	2019-20
Actuals	$33,929,640	$32,761,152	$24,403,643	$24,984,322
Revised CIP	$59,755,824	$99,061,491	$118,880,662	$45,939,400
Percentage of CIP Expended	56.8%	33.1%	20.5%	54.4%

Given that the bureau has two well-documented structural funding gaps, CBO recommends they develop metrics and make efforts to measure the different outcomes of their structural financial deficits. This might include developing metrics that measure inventory of assets near the end of useful life and assets improved out of “Poor” or “Very Poor” status as well as financial metrics,

[16] City of Portland “Portland Insights Survey” City Budget Office. https://www.portlandoregon.gov/cbo/article/740406#page=62

such percentage of operations and maintenance costs of new parks funded.

Lastly, because the size of the bureau's asset base makes it one of the largest consumers of water, electricity, and natural gas in the City, its efforts to make energy efficiency upgrades should also be captured in its suite of performance measures. Year over year percent change in utility costs would capture returns on energy efficiency investments, but would also act as a proxy measure to measure outcomes of the City's Climate Emergency Declaration.

DECISION PACKAGES

Budget Stabilization 5% General Fund Reduction

- *DP 11368 – ($3,707,464) ongoing*

Request Summary

In line with Mayor's Budget Guidance, PP&R submitted a $3.7 million ongoing reduction from their annual General Fund allocation to the General Fund operating budget.

CBO Analysis

Parks has balanced this package by backfilling the lost General Fund investment with new Parks Levy resource. This action mitigates any service level impacts to existing services in FY 2021-22 but effectively reduces the capacity with which the bureau can enhance services over the life of the levy. Taking a conservative estimate of $220 million five-year value of the levy (assuming $44 million per year), a General Fund reduction of this magnitude would have reduced $18 million in potential investment over five years and required the levy resource to absorb those costs—reducing the capacity of the levy's ability to enhance services by 8%.

Because the investments of the levy have not yet been developed, the precise impacts of this reduction are not immediately known. Any ability for the operating levy to free up General Fund resource to mitigate the operations and maintenance of new park resources as well as reduce the capital major maintenance backlog will also be affected by this reduction.

CBO recommends this cut be taken on a one-time basis to balance FY 2021-22 budget constraints but added back on an ongoing basis in FY 2022-23 to further mitigate the bureau's known funding gaps.

CBO Recommendation: ($0 ongoing) | ($3,707,464 one-time)

Major Maintenance 5% GF Reduction

- *DP 11368 – ($179,217 ongoing)*

Request Summary

In line with Mayor's Budget Guidance, PP&R submitted a $179,217 ongoing reduction from their annual General Fund cash transfer to the Parks Construction Fund. This funding would be de-allocated from the kitchen renovation project at the Multnomah Arts Center (MAC).

CBO Analysis

The General Fund transfers approximately $3.7 million to the Parks Construction Fund every year to fund a portion of its major maintenance costs. This figure represents an annual investment of 0.24% of total asset value, given the bureau's asset base of $1.5 billion. An ongoing 5% reduction to this allocation, for FY 2021-22, would result in the delay of the Multnomah Arts Center kitchen renovation project. Council directed the bureau to move forward with a plan for long-term sustainability of the facility, including a detailed cost-recovery plan and level of service expectations.

As Government Finance Officers Association (GFOA) notes, "deferring essential maintenance or asset replacement could reduce [an] organization's ability to provide services and could threaten public health, safety and overall quality of life. In addition, as the physical condition of the asset declines, deferring maintenance and/or replacement could increase long-term costs and liabilities." On a one-time basis, this specific project does not directly increase long-term costs and liabilities, but it may enhance overall cost-recovery of the facility, as the remodeled kitchen was intended to enhance the facility's rental revenue-generating capacity.

The facility has projected total expenses of $1.5 million in FY 2020-21 and typically relies on long-term lease revenue and nonprofit partner support in addition to General Fund resources to operate. The bureau received $300,000 in program carryover resources to fund operations and maintenance at the Multnomah Arts Center as part of FY 2020-21 Budget Adoption, but states that there will be no remaining balance on this sum (despite the building remaining closed due to COVID-19) as permanent staff at the MAC, which make up 89% of the facility's fixed costs, have been reassigned to deliver other services such as virtual programming, meal service, and "Fitness in the Park." The remaining 11%, the bureau states, are expected go to utilities, janitorial, and telecom services as the General Fund picked up a larger proportion of the expenses due to the evaporation of external revenues because of COVID-19.

However, as noted prior in the review, PP&R's built assets like the MAC play a central role in the bureau's ability to provide essential services. The bureau has sufficient resources to move forward with this project in FY 2022-23 to the degree that this project is still a high priority in the bureau's overall approach for the facility and is in line with Council's direction to develop a long-term sustainability plan for the facility. CBO notes that while the bureau did not request these resources be as part of an FY 2021-22 "add-back package" per Mayor's Budget Guidance, given the state of its major maintenance backlog and the role of the General Fund in mitigating it, CBO recommend this cut be taken on a one-time basis to address FY 2021-22 budget constraints and be restored to its ongoing allocation as part of FY 2022-23 budget development.

CBO encourage Council direct the bureau to pursue this project in FY 2021-22, to the extent resources are available, to expedite the MAC's path to financial sustainability.

CBO Recommendation: ($0 ongoing) | ($179,217 one-time)

Operations & Maintenance – New Parks

- *DP 11364 – $866,433 ongoing*

Request Summary

PP&R has requested new General Fund ongoing resources in the sum of $866,433 to fund the ongoing operations and maintenance costs of new, expanded, and improved parks, bridges, trails, playgrounds, community gardens, and buildings that have recently or will be put into service in FY 2021-22.

CBO Analysis

This package directly addresses the capital growth operations & maintenance funding gap by requesting an approximation of the operations & maintenance costs of existing assets. This request is brought forward in compliance with City Financial Policy 2.03.02 "Operations and Maintenance Costs" which is a policy intended to ensure that:

- A funding plan is in place for the maintenance and lifecycle replacement of new capital assets and equipment.
- Bureaus that require additional resources – particularly General Fund - for the maintenance and lifecycle replacement of new capital assets and equipment have a degree of certainty during the planning stage that such resources will be allocated when assets come into service
- City Council is aware of the cumulative out-year maintenance and lifecycle replacement cost impact of capital plans during the budget process
- City Council, to the greatest degree possible, prospectively approves increases to General Fund appropriation levels in the context of the budget process
- Costs funded with additional General Fund are high-confidence figures

Approximately 34% of new levy resources remain to be programmed in the Fall Budget Monitoring Process (BMP). Exhibit B of the levy referral states that levy resources may be spent on "maintenance of parks and park facilities, including but not limited to basic park maintenance such as cleaning and opening restrooms, litter removal, landscape and grounds maintenance, safety checks on play equipment; safety and maintenance of trees on park properties,"[17] Given that CBO has recommended its 5% reduction be restored via ongoing appropriation in FY 2022-23, the bureau has sufficient time to absorb these costs on a one-time basis and build them back into their base budget when their $3.7 million General Fund allocation is restored in FY 2022-23. CBO further encourages the bureau consider strategically deploying its operating levy resources so that enough General Fund resource can be internally realigned for operations and maintenance of new parks.

CBO Recommendation: $0 ongoing

Capital Major Maintenance

- *DP 11364 – $500,000*

Request Summary

This request is in accordance with an FY 2018-19 Budget Note directing PP&R to request ongoing funding of $500,000 annually for Major Maintenance needs in each budget process "until a level of funding is achieved that is sufficient for addressing the bureau's regular, scheduled major maintenance needs." This funding should complement other strategies in addressing the major

[17] Portland Parks 5-Year Operating Levy Referral Exhibits. https://www.portlandoregon.gov/auditor/article/764121

maintenance gap, including 1) Internal reallocation of resources; 2) Divestment of assets; and 3) periodic general obligation bonds. This request would fund three different projects:

- Park “Hazard Tree” mitigation – $200,000
- Bleacher replacement to bring into compliance with Consumer Product Safety Commission Guidance – $150,000
- Sidewalk Repairs at multiple Parks locations – $150,000

CBO Analysis

This package addresses an area of significant need for the bureau as it provides funding to reduce its capital major maintenance backlog. The service level outcomes of requiring the bureau to realign existing resources would effectively reduce the capacity of the new levy resource to provide enhanced services by $500,000.

The bureau is better positioned to absorb additional one-time major maintenance costs as it is still in the process of programming new levy resources. Exhibit B of the levy referral states that levy resources may be spent on “maintenance of parks and park facilities, including but not limited to basic park maintenance such as cleaning and opening restrooms, litter removal, landscape and grounds maintenance, safety checks on play equipment; safety and maintenance of trees on park properties.”[18] Due to the magnitude and importance of addressing Parks’ major maintenance backlog as articulated in the “Major Maintenance Funding Gap” section above, CBO recommends the bureau receive the combined two-year request amount of $1 million in ongoing General Fund, but due to FY 2021-22 budget constraints, recommends the allocation of these resources in FY 2022-23.

CBO also recommends the bureau build its asset management capacity, including growing its Asset Management team and adding state of the art asset management software as it builds its capacity and begins to integrate its asset data environment. Academic literature on municipal asset management has shown to benefit from data integration. Mahmoud Halfway writes in the Journal of Computing and Civil Engineering:

> An integrated approach to infrastructure management can potentially eliminate many of the fragmentation inefficiencies by enabling the integration of data and software resources, coordination of decision-making processes, and the efficient sharing and management of asset life-cycle data. The need to adopt an integrated approach to infrastructure management is widely recognized in industry and academia.[19]

CBO recommends the bureau realign additional General Fund resources to mitigate its major maintenance backlog when its 5% reduction is restored in FY 2022-23 and to the extent General Fund resource is made available by the strategic allocation of levy resources in outyears. CBO further recommends the bureau explore funding sources such as General Obligation bonds to make more substantial reductions to this funding gap.

CBO Recommendation: $1,000,000 ongoing| ($1,000,000 one-time)

[18] Portland Parks 5-Year Operating Levy Referral Exhibits. https://www.portlandoregon.gov/auditor/article/764121

[19] Halfawy, Mahmoud R. “Integration of Municipal Infrastructure Asset Management Processes: Challenges and Solutions.” JOURNAL OF COMPUTING IN CIVIL ENGINEERING. May/June 2008. DOI: 10.1061/(ASCE)0887-3801(2008)22:3(216). Page 1. Accessed February 18, 2021.

Capital Set-aside – Energy Savings Performance Contract

- *DP 11368 – $2,750,000*

Request Summary

In 2017, Council approved a pilot procurement approach for Parks to deliver energy efficiency investments at-scale using an Energy Savings Performance Contract (ESPC) covering analysis at 50 locations. This discrete package requests $2.75 million for work exclusively at East Portland Community Center. The project is shovel ready.

CBO Analysis

As part of FY 2020-21 budget development, bureaus submitted 13 requests for Capital Set Aside funding, totaling $18.3 million. CBO recommended $16.6 million in funding. However, in response to the fiscal impact of COVID-19, nearly all available capital set aside resources were used to address the emergent funding shortfall. Only one project, the Bureau of Transportation's $1.6 million ADA ramp project, received funding in the FY 2020-21. In recognition of the effort asset managers and bureau staff dedicated to preparing requests using the new BCE framework during last year's budget process, the demands and challenges of working in the COVID-19 environment, and the limited amount of capital set aside resources available in FY 2021-2022, CBO is only considering capital set aside requests that were submitted in FY 2020-21 using the BCE framework. For FY 2021-22 budget development, $4.2 million in resources is available. Bureaus re-submitted eight projects totaling $8.9 million.

An ESPC is a method to purchase energy efficiency improvements in existing buildings and structures, replacing the conventional three-step approach to design and construction procurement with a single RFP covering all aspects of the project with the selected Energy Service Company. The selected ESCO will be responsible for designing, installing, commissioning, and monitoring the improvements using a team of consultants and subcontractors to accomplish the goals of PP&R. Rather than waiting for older, inefficient equipment to fail, the ESPC will allow for facility improvements to PP&R buildings and structures. PP&R will receive new and updated equipment, the cost of which will be partially offset by the avoided costs from the reduced energy usage. In this approach the Energy Saving Performance Contractor (ESCO) and the City share the liability for any unrealized savings. Should the PP&R's retrofits not achieve the desired energy savings, the ESCO will reimburse those costs.[20]

This request has a calculated benefit-to-cost ratio of 19:1, predominantly generated through utility cost savings, operations and maintenance gap reduction savings, dark sky and bird-friendly lighting benefits, reduced risk of facility closure, and enhanced visitor experience. The bureau notes that the ESPC will significantly improve fiscal sustainability and financial management at PP&R.

Due to the limited amount of resource available for Capital Set-aside for FY 2021-22 and prioritization of legally mandated projects and projects with higher benefit-to-cost ratios, CBO does not recommend Capital Set-Aside resources at this time. CBO encourages the bureau

[20] "McKinstry Kicks Off Pilot Energy Project with Portland Parks & Recreation" https://www.mckinstry.com/2018/03/06/mckinstry-kicks-off-pilot-energy-project-with-portland-parks-recreation/

consider strategically deploying new and existing resources for long-term efficiency projects like the ESPC.

CBO Recommendation: $0 one-time

Parks Levy Packages

- *DP 11361 – "Organizational Support – Parks Levy" $7,359,609; 31.0 FTE*
- *DP 11362 – "Protect & Grow Nature – Parks Levy" $2,532,903; 16.0 FTE*
- *DP 11363 – "Recreation for All – Parks Levy" $359,163; 3.0 FTE*
- *DP 11372 – "Community Partnerships – Parks Levy" $200,000, 0.0 FTE*

Requests Summary

These packages combined use new levy resources to add $10.5 million and 50 positions and year one of the levy to build a foundation that will allow the bureau to scale up its operations while also restoring service levels to FY 2018-19 levels in time for Summer 2021 programming. Aside from the $6.9 million in personnel costs, the bureau has budgeted $3.5 million in materials and services, as described below. The "Recreation for All" package allocates $6.2 million in levy resource to fully fund the cost of summer recreation programming and eliminating reliance on service charges and fees. The net package total of $359,163 represents the cost of adding 3.0 FTE in the "Summer Free for All"

PP&R is adding 50 positions to scale operations for levy funded programming	
11361 – Organizational Support - Parks Levy	
Coordinator II	6.0
Analyst II	5.0
Coordinator I - E	4.0
Coordinator III	3.0
Analyst I	2.0
Analyst III	2.0
Business Systems Analyst II	2.0
Accounting Technician	1.0
GIS Technician II	1.0
Business Systems Analyst	1.0
Administrative Specialist I	1.0
Administrative Specialist II	1.0
Coordinator I - NE	1.0
Risk Specialist I	1.0
	31.0
11362 – Protect and Grow Nature - Parks Levy	
Parks Maintenance Supervisor	3.0
Supervisor I	3.0
Botanic Spec II-Environmental Education	2.0
Coordinator II	2.0
Parks Technician	1.0
Development Services Technician II	1.0
Environmental Technician II	1.0
GIS Technician II	1.0
Analyst II	1.0
Business Systems Analyst II	1.0
	16.0
11363 – Recreation for All - Parks Levy	
Coordinator II	**3.0**
Grand Total	**50.0**

CBO Analysis

These packages enable the bureau to restore Recreation Programming to FY 2018-19 levels while reducing cost barriers for Portlanders, provide enhanced stewardship to parks and natural areas and associated assets, increase engagement with historically underrepresented communities, and enable the bureau to invest in long-needed technological upgrades for work order and asset management software, tree management software, and the staff to support and integrate them. The bureau has long needed these technological upgrades, several coming in prior bureau Requested Budget submissions.

As noted prior in this review, approximately $2.8 million of this year-one investment are one-time costs, meaning that the bureau will be able to add back this capacity in outyears. This suite of packages represents a significant investment in scaling up operational capacity to meet their operational and equity goals with the remaining levy resources. Other costs include increased investment in vehicles, tools, specialized equipment, and workspace. The bureau has noted that the new work order system will continue to incorporate equity scores to prioritize items as the current system does.

The Lands Stewardship division, tasked with daily maintenance and cleaning of parks physical and horticultural assets, estimate that they currently spend 20 to 25% of their time on graffiti abatement.[21] These divisions in conjunction with the Recreation Division effectively act as the eyes and ears for the bureau and identify assets that require repair, major maintenance, or replacement. These packages will add 16.0 full-time equivalents to this operation.

CBO recommend these packages entirely as they restore service to pre-COVID-19 levels while removing barriers to access; invest in community engagement with BIPOC, Immigrant/Refugee, and low-income communities; and also establish contingency plans for virtual programming should public health policy not allow in-person recreation programming. This suite of packages also enables the bureau to add the staff and materials and services necessary to ramp up their operational capacity in anticipation of providing enhanced park services and recreation programming over the next five years.

CBO Recommendation: $10,451,725 ongoing | 50.00 FTE

[21] The Asset and Development Division—tasked with professional repair and replacement of damaged and broken assets—also has a graffiti abatement team of 2.0 FTE, demonstrating the magnitude of the issue and the resources consumed by graffiti abatement at PP&R.

SUMMARY OF REQUESTS & RECOMMENDATIONS (ALL FUNDS)

Portland Parks & Recreation

		2020-21 Adopted Budget	2021-22 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Taxes	$0	$34,877,782	$9,857,662	$0	$44,735,444
	Miscellaneous	$16,242,495	$4,153,528	$0	$0	$4,153,528
	Licenses & Permits	$845,910	$1,605,000	$0	$0	$1,605,000
	Intergovernmental	$392,581	$291,423	$0	$0	$291,423
	Interagency Revenue	$4,015,612	$3,867,106	$0	$0	$3,867,106
	General Fund Discretionary	$73,269,984	$74,083,650	($2,841,031)	($866,433)	$70,376,186
	Fund Transfers - Revenue	$5,657,943	$3,655,801	$3,070,783	($3,250,000)	$3,476,584
	Charges for Services	$46,421,453	$49,813,605	($6,150,198)	$0	$43,663,407
	Bond & Note Proceeds	$2,300,000	$467,250	$10,451,675	$0	$10,918,925
	Beginning Fund Balance	$184,899,612	$169,720,595	$0	$0	$169,720,595
Revenue	**Sum:**	**$334,045,590**	**$342,535,740**	**$14,388,891**	**($4,116,433)**	**$352,808,198**
Expense	Personnel	$73,159,302	$80,304,228	$6,941,675	$0	$87,245,903
	Internal Materials and Services	$15,445,351	$15,285,106	$0	$0	$15,285,106
	Fund Transfers - Expense	$3,016,066	$1,020,988	$0	$0	$1,020,988
	External Materials and Services	$88,891,356	$90,478,512	$4,376,433	($866,433)	$93,988,512
	Ending Fund Balance	$164,893	$164,553	$0	$0	$164,553
	Debt Service	$1,117,701	$11,466,438	$0	$0	$11,466,438
	Contingency	$132,331,912	$109,886,885	$0	$0	$109,886,885
	Capital Outlay	$19,919,009	$33,929,030	$3,070,783	($3,250,000)	$33,749,813
Expense	**Sum:**	**$334,045,590**	**$342,535,740**	**$14,388,891**	**($4,116,433)**	**$352,808,198**