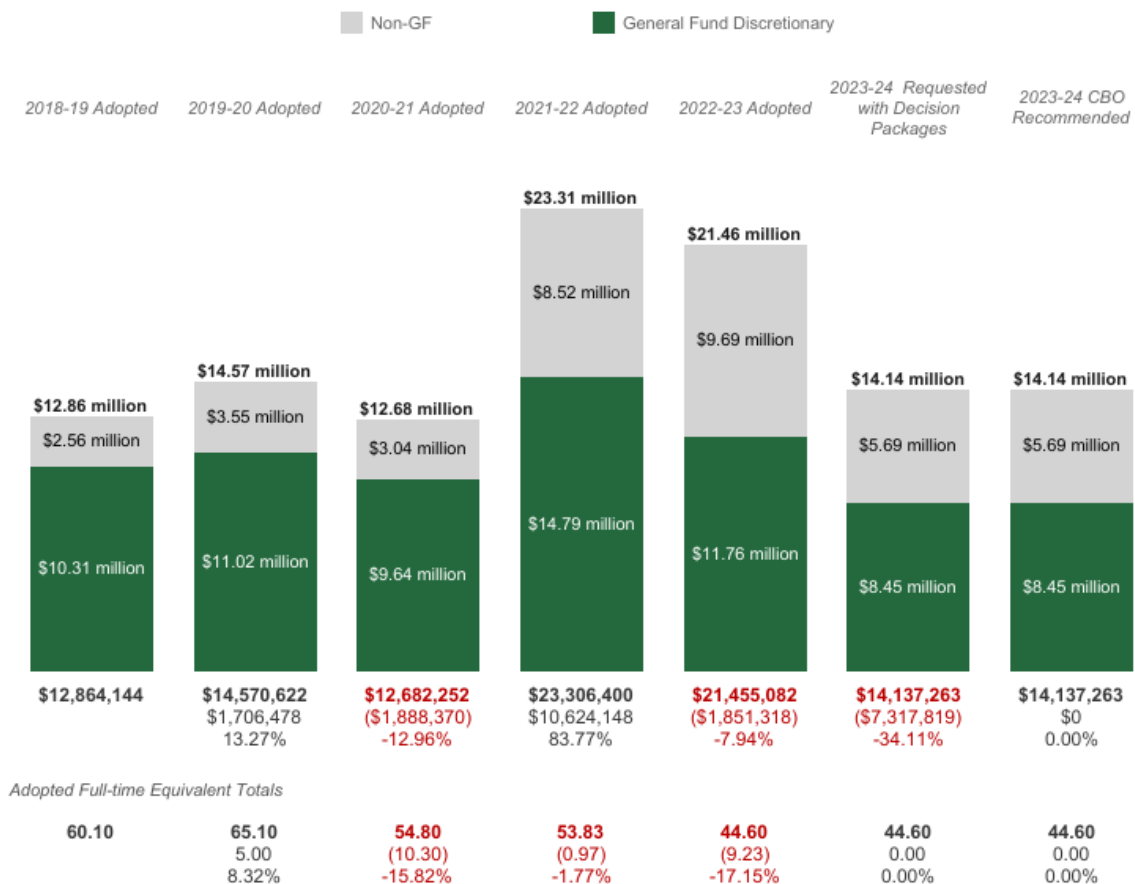




# Civic Life

## Adopted Budget Revenues | 5-Year Lookback



## EXECUTIVE SUMMARY

Civic Life is in the midst of a significant reorganization, some of which has already occurred and some of which is in progress with a plan to be complete by the end of FY 2022-23. As a result, the bureau's requested budget is transitional in several ways.

- The Decision Packages in the bureau's Requested Budget are simply completing the realignments that Council already approved for the Community Safety program and the Graffiti Program, which were both realigned as of July 1, 2022 to the Community Safety Division and the Bureau of Planning and Sustainability, respectively.

- The bureau has been directed to work with the Bureau of Development Services (BDS) and Prosper Portland (Prosper) to realign its Cannabis, Liquor Licensing, and Noise programs out of Civic Life and into these bureaus. Those programs are still reflected in the bureau's FY 2023-24 Requested Budget, while the bureaus work out the budget details ahead of the FY 2023-24 Adopted Budget.
- In addition to the realignments to other bureaus, the bureau is conducting extensive strategic planning efforts to build a new model for community engagement for the City. This effort began in late FY 2021-22.
- The bureau has been backfilling cuts to the Neighborhood program with one-time resources since FY 2020-21. Without certainty of one-time or ongoing funding for FY 2023-24, the bureau's requested budget submission proposes to internally realign existing ongoing resources to cover the funding gap in the Neighborhood program by shifting resources out of the Diversity and Civic Leadership program.

## BASE BUDGET & KEY ISSUES

Civic Life's requested budget includes several realignments to align budget to programs that shifted to other bureaus in the FY 2022-23 Adopted Budget. It also includes one internal programmatic realignment and notes the upcoming realignment of additional programs out of the bureau. These key issues are summarized below.

### Addressing expiring one-time General Fund resources in the Neighborhood Program

Civic Life's Neighborhood Program, which includes the District Coalition Offices as well as the Neighborhood Small Grants program support Neighborhood Associations and other neighborhood groups that engage hard-to-reach community members. Some of the services provided by the District Coalition Offices include:

- Convenings with stakeholders to identify issues to address in their communities
- Coordination efforts to resolve and advance critical neighborhood issues
- Information about City programs and services
- Responding to questions from the public regarding City, public, and nonprofit agencies, functions, and contacts
- Advice on how to establish and maintain an organization, project management, facilitate group processes, adhere to nonprofit regulations, budgeting, etc.
- Trainings to meet community capacity-building needs
- Free access to meeting rooms and event equipment loans

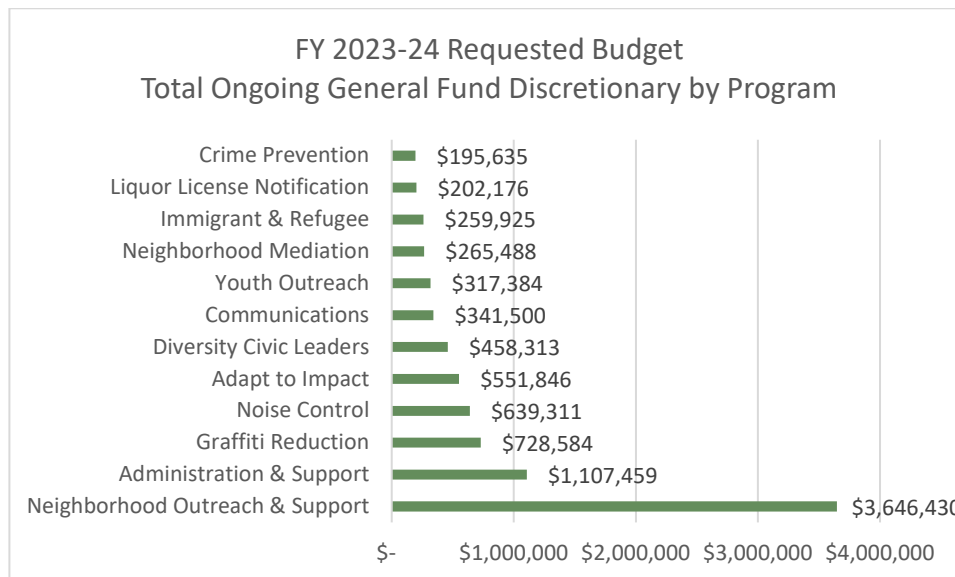
The Neighborhood Program was part of a five percent budget reduction per the mayor's budget guidance to all bureaus in FY 2020-21. For the past two years the program has been backfilled this reduction with one-time General Fund Discretionary resources. The FY 2023-24 Mayor's Budget Guidance directed bureaus to submit requested budgets with no General Fund additions, either one-time or ongoing. As a result, Civic Life realigned resources within the bureau's ongoing programs to cover the funding gap left by the expiration of one-time resources.

Civic Life's base budget included a reduction of \$508,639 in External Materials and Services in the Diversity and Civic Leadership (DCL) program from the FY 2022-23 Revised Budget. This program makes grants to BIPOC-led community-based organizations to conduct trainings, community events, and provide educational and leadership development opportunities for communities outside of the Neighborhood Associations. This program is part of Civic Life's demographic-based engagement strategies, as opposed to geographic engagement strategies. These resources were realigned in the base budget to the Neighborhood Program to address the gap left by expiring one-time General Fund resources.

In FY 2022-23, Civic Life made DCL grants to six community-based organizations of \$147,334 each. In FY 2023-24, one of the six grantees is no longer part of the program, and the remaining five grantees will receive

\$75,000 each. In total, the reduction to the program represents a 42 percent reduction from the FY 2022-23 Revised Budget. The implications of this reduction for those organizations' scopes of service for this program are still being determined, but with this significant of a change there will likely be significant impact to community agencies that have historically relied upon City resources as part of their financial planning for service delivery. Civic Life cites the desire for a source of ongoing resources to shift to the Neighborhood Program as the rationale for redirecting resources that will have a service level impact as opposed to using one-time savings from under-spending.

Due to recent and planned realignments of programs out of Civic Life to other bureaus (see additional discussion below), the bureau has limited options for sources of ongoing General Fund discretionary resources to pull from. However, CBO notes that the DCL program is not the only option for funding the ongoing resource gap in the Neighborhood Program from within Civic Life. The table below shows the Civic Life programs in order of the amount of ongoing General Fund Discretionary resources they are receiving in the FY 2023-24 Requested Budget.



Note that the amount reflected above in the DCL program of \$458,313 already assumes the reduction discussed here.

CBO recommends conducting a thorough review of base budgets in the programs being considered as a source for ongoing funding, considering available performance data to inform decision-making. In this case, the DCL program has only one published performance metric: "Number of new partnerships with community groups." A deeper review of the specific outcomes of the existing DCL grants would help inform the impacts to community of making this reduction. Likewise, CBO recommends reviewing additional performance data on the Neighborhood Program, which also relies on the "new partnerships with community groups" outcome measure, as well as "voter turnout as a percentage of eligible voters." This analysis may provide for opportunities to reallocate between the Neighborhood Outreach and Support program and the DCLs, especially as the primary purpose of the DCLs is to serve historically marginalized community groups.

In addition to looking at more specific performance metrics for the programs from which funding might be moved, CBO recommends considering any available qualitative data from community listening sessions that the bureau is conducting as part of the Portland Engagement Project about how community members think the City could better engage community. Those listening sessions are taking place currently, in early 2023.

Since this budget realignment would be a substantial percentage of the DCL program, and there is currently limited performance data and additional qualitative data will be available soon, one alternative path would be to determine a one-time resource to act as bridge funding to rebalance the existing resources between the Neighborhood Outreach and DCL programs. With additional time, the bureau may be able to conduct a more

thorough review and performance analysis to align the bureau's budget with the lessons learned from the Portland Engagement Project. This path forward only works with the explicit understanding of Council that reliance on one-time resources must be temporary as the funds would expire by the end of FY 2023-24.

## **Realigning permitting functions to the Bureau of Development Services and Cannabis Reinvestment to Prosper Portland**

Civic Life currently houses three programs that are related to permitting and code compliance: Cannabis Licensing, Liquor Licensing, and the Noise program, which addresses compliance with Code-established sound limits. According to [Resolution 37609](#) that was adopted by City Council on February 2, 2023, Civic Life was directed to work with Commissioner Ryan's office to plan to transfer these three programs to the Bureau of Development Services (BDS). In addition, the resolution directed Civic Life to transfer its Recreational Cannabis Tax funds, which support grants made through its Cannabis Reinvestment program, to Prosper Portland (Prosper). The City's practice is to not move financial or organizational structures until City Council has approved the changes via ordinance as there is significant technical structure changes in SAP and the City's budget preparation software.

The stated goals of realigning Civic Life's permitting functions include reducing the siloed and inconsistent approach to permitting and code compliance, improving the efficiency of services, and making processes more easily navigable by members of the public.

The Cannabis Reinvestment program in Civic Life has received Recreational Cannabis Tax Funds to grant to community-based organizations for uses that are outlined by the City Code section 6.07.145, including "support for neighborhood small businesses, especially women-owned and minority-owned businesses, including but not limited to business incubator programs, management training, and job training opportunities; and providing economic opportunity and education to communities disproportionately impacted by cannabis prohibition." Since 2020, a large portion of these funds have been allocated for a partnership with Reimagine Oregon. To date, this initiative has not started. Other initiatives funded with Recreational Cannabis Tax resources included a Social Equity & Educational Development (SEED) grant fund, and a Cannabis Emergency Relief Fund for cannabis businesses that experienced economic impacts from vandalism, theft, COVID-19 or wildfire. Prosper Portland currently administers the second largest allocation of Recreational Cannabis Tax funds after Civic Life, so the consolidation will move those grants into a single bureau.

The resolution directs Civic Life to work with BDS and Prosper on a process to identify the specific positions, job descriptions, and budget details that will need to move in accordance with the direction. As of the publishing of this review, the bureau is working with BDS, Prosper, and other citywide partners to make detailed plans for these changes. There are important budgetary decisions that accompany the questions around personnel changes, including how to allocate external revenue generated by these programs. These programs represent a total of 37% of the bureau's positions, and they are backed largely by external revenues (fines and fees). The bureau points out that the loss of these programs will likely also impact the Administration and Communications programs.

For the proposed reorganization to have the desired effects of simplifying permitting processes and making service delivery more efficient, it will be important to understand the existing processes and the workloads of each organizational unit that moves. While cross-training, job specialization, and consistent direction present opportunities, the success of the moves will depend on conducting thorough work to analyze and build well-founded process changes and change management. Over the past two years, the City has been working to change the permitting process, specifically through the work of the Permitting Improvement Taskforce. This workgroup anticipates having recommendations for organizational and service delivery changes to come before Council as part of the 90-day Work Plan effort led by Council in preparation for changes due to Charter change transitions.

## **Strategic planning for an updated model of community engagement**

Beginning in FY 2021-22, Civic Life allocated over \$700,000 to strategic planning efforts that include the Portland Engagement Project (PEP). With these resources, the bureau has contracted with four outside

organizations to support building a citywide community engagement framework. This work includes:

- Active listening sessions with community members on the City's community engagement model, including community members that are reflective of the City's demographics;
- Using data to build detailed neighborhood profiles and the issues that are unique to each neighborhood;
- A multi-day summit to convene community groups and experts to discuss the City's engagement model;
- Designing engagement models for the City to pursue.

The one-time funds for this work were identified from under-spending and internal realignment within Civic Life's programming, and they have been carried over for multiple years. The bureau plans to complete the strategic planning work by the end of 2023.

To ensure that this extensive community engagement in the bureau's strategic planning work is valuable, it will be important for the bureau and its partners to present information in a way that it can inform decisions of the City as a whole, particularly with the restructuring of the government as a result of the 2022 charter reform ballot measure.

## DECISION PACKAGE ANALYSIS

### Graffiti Program to OSD

*DP 14825, [\$710,000], 0.00 FTE*

#### Request Summary

The graffiti program was realigned to the Bureau of Planning and Sustainability (BPS) during the FY 2022-23 Fall Budget Monitoring Process (BMP). Since the BMP only includes one-time actions, this decision package includes the ongoing funding associated with the graffiti program and realigns them to BPS. The goal of the moving the graffiti program to BPS was to consolidate the City's graffiti removal efforts into a single bureau.

#### CBO Analysis

This realignment is a policy decision that Council already voted on and adopted, and this decision package is simply reflecting that decision in an ongoing way. BPS has entered the equivalent amount on their end to recognize this realignment. There is no net cost or budget reduction, and CBO recommends that this package as requested.

**CBO Recommendation: [\$710,000] realignment | 0.00 FTE**

### Community safety realignment

*DP 14842, [\$139,929], 0.00 FTE*

#### Request Summary

The community safety program was realigned to the Office of Management and Finance Community Safety Division (CSD) in the FY 2022-23 Adopted Budget. There were 11.0 positions, and some external materials & services were moved, but the internal materials and services were not realigned due to a lack of time to ensure the budget details were accurate. An adjustment was made on a one-time basis in the FY 2022-23 Fall BMP, and this decision package would enact that change in an ongoing way.

### CBO Analysis

This realignment is a policy decision that Council already voted on and adopted, and this decision package is simply reflecting that decision in an ongoing way. CSD has entered the equivalent amount on their end to recognize this realignment. There is no net cost or budget reduction, and CBO recommends as requested.

**CBO Recommendation: [\$139,929] realignment | 0.00 FTE**

## FIVE YEAR FINANCIAL PLANS

Civic Life currently receives a mix of funding from General Fund discretionary, overhead, and external revenue. The external revenues are in the Cannabis Licensing, Cannabis Reinvestment, Liquor Licensing, and Noise programs. Based on the guidance discussed above, those programs will likely be realigned to other bureaus beginning in FY 2023-24. However, all three programs are in the FY 2023-24 Requested Budget. As a result, the expenditures appear in the first year of the five-year financial plan, but not in the out years. For the programs that will remain in Civic Life ongoing their financial forecast is tied to the five-year forecast of the City's General Fund.

Civic Life included a separate five-year financial plan for the Cannabis fund, although it will transfer to BDS with the Cannabis Licensing program. The Cannabis Fund receives revenue from fees charged to businesses in Portland that produce, process, transfer, or sell marijuana according to rules set out in the 2015 law HB 3400 (it does not include Recreational Cannabis Tax revenue, which is in a fund that is centrally administered by the City Budget Office). The fund operates a cost recovery model for the Cannabis Licensing program and the Marijuana Policy Program, which supports the marijuana industry as a whole.

In the first few years of the Cannabis Fund, revenues exceeded expenditures and the fund developed a sizable balance. However, as the program fully staffed up, it budgeted at a deficit in FY 2021-22 and FY 2022-23. In FY 2022-23 the beginning fund balance is \$1.3 million. The balance is forecast to decrease in FY 2023-24 and FY 2024-25 as these expenditures grow with inflation and revenues stay flat. Civic Life conducted a fee study in January 2023, which determined that fees should neither be raised nor lowered. The cannabis industry appears to be at an inflection point with sales coming down from pandemic highs and increased costs due to vandalism and crime. Additionally, the state licensing board, the Oregon Liquor Cannabis Commission (OLCC), has a moratorium on new cannabis permits until March 31, 2024. Civic Life recommends conducting a new fee study in 2024 to assess the cannabis landscape and the fees required to support the program's services and staffing.

# SUMMARY OF REQUESTS & RECOMMENDATIONS (ALL FUNDS)

## Office of Community and Civic Life

		2022-23 Adopted Budget	2023-24 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Miscellaneous Fund Allocation	\$7,261,763	\$3,294,104	\$0	\$0	\$3,294,104
	Intergovernmental	\$250,000	\$0	\$0	\$0	\$0
	Interagency Revenue	\$11,850	\$12,100	\$0	\$0	\$12,100
	General Fund Overhead	\$298,173	\$306,589	\$0	\$0	\$306,589
	General Fund Discretionary	\$11,466,375	\$8,714,051	(\$570,071)	\$0	\$8,143,980
	Charges for Services	\$1,947,130	\$2,176,949	\$0	\$0	\$2,176,949
	Beginning Fund Balance	\$219,791	\$203,541	\$0	\$0	\$203,541
<b>Revenue</b>	<b>Sum:</b>	<b>\$21,455,082</b>	<b>\$14,707,334</b>	<b>(\$570,071)</b>	<b>\$0</b>	<b>\$14,137,263</b>
Expense	Personnel	\$5,800,797	\$6,281,856	\$139,929	\$0	\$6,421,785
	Internal Materials and Services	\$1,287,408	\$1,279,365	(\$6,637)	\$0	\$1,272,728
	Fund Transfers - Expense	\$57,485	\$62,430	\$0	\$0	\$62,430
	External Materials and Services	\$14,309,392	\$7,083,683	(\$703,363)	\$0	\$6,380,320
<b>Expense</b>	<b>Sum:</b>	<b>\$21,455,082</b>	<b>\$14,707,334</b>	<b>(\$570,071)</b>	<b>\$0</b>	<b>\$14,137,263</b>