Prior Year Performance & Forecast
Work Session

December 11, 2018

Jessica Kinard, Interim Budget Director
Josh Harwood, City Economist
Shannon Carney, Performance Management Analyst
Tom Rinehart, Chief Administrative Officer

City Budget Office

Agenda

Topic	Time	Speaker
Introduction	9:30 AM	Jessica Kinard
General Fund Forecast for FY 2019-20	9:40 AM	Josh Harwood
Presentation & Discussion of FY 2017-18 Performance	10:10 AM	Shannon Carney
Next Steps	11:10 AM	Jessica Kinard

Session Outputs

- Understand and discuss the data behind key Council and City priority areas and issues

- Recognize and learn from 'bright spots' in bureau and City performance

- Identify and discuss potential solutions to address complex challenges, with a 'work smarter, not harder' approach

- Consider goals and priorities in the context of the financial outlook

General Fund

Forecast Preview Work Session

December 11, 2018

City Budget Office

Modest Good News in Forecast, but…

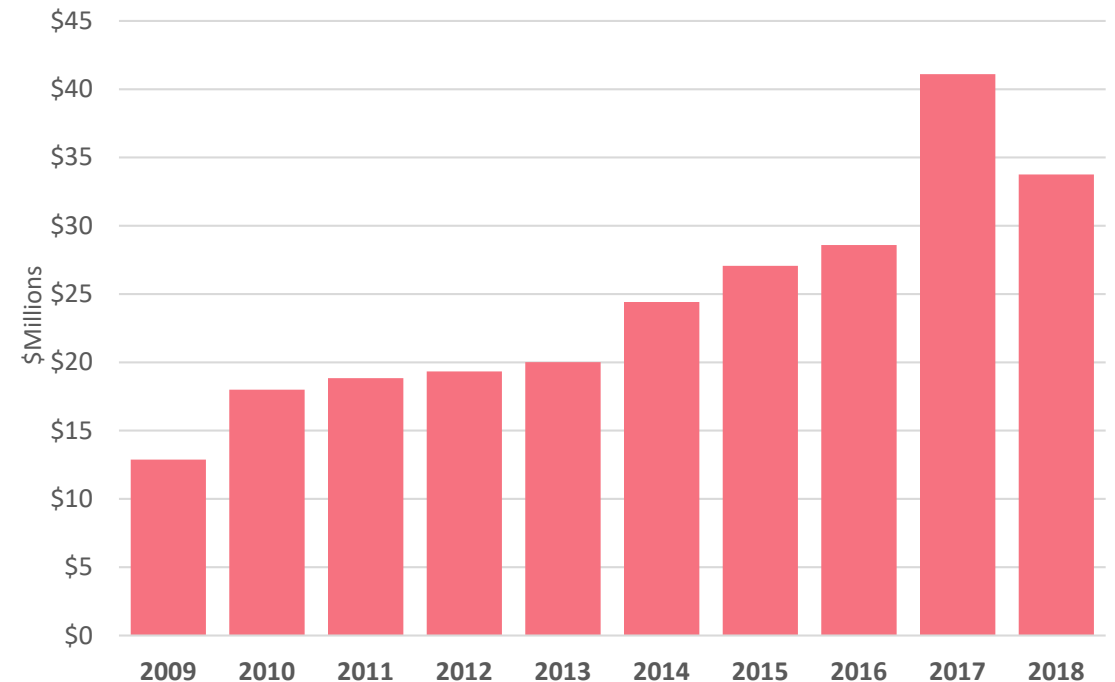- Forecast will show that there is **$1-$3 million in ongoing** and **$12-$14 million in one-time** resources available for FY 2019-20.

- Added expenses through budget notes and BMP largely served to offset available funds created by the 1% constraint.

- Property taxes lower than expected. Will likely pull ~$1.5 million out of ongoing revenues.

Greatest Uncertainty of this Expansion

- Federal tax law changes, increased tax rate, and general payment patterns, Business License Taxes are a challenge

- Construction activity to slow significantly over next 12-18 months. Property transactions and real estate holdings have been large driver of run up in Business License Taxes.

**Business License Tax Collections
(July-November, Net of Credits)**

The Portland Experience 2010-2017

Among 50 Largest Cities

1st in change in **proportion of population with at least a bachelors degree**

3rd in **median household income growth**

4th fastest growth in **rental costs**

6th fastest growth in **median home value**

1st in growth of **households living with nonrelatives**

7th largest increase in **commuting travel time**

Economic Conditions & Outlook

- Federal Stimulus
- No slack in labor market
- Consensus is no recession in next 12 to 18 months

Unemployed Persons Per Job Opening

Economic Conditions & Outlook

- Rising interest rates, inflation.
  - Housing, equity markets slowing.
- Growing concern about 2020 – the business cycle still exists.
  - Demographics mean baseline economic growth will be slower.

City of Portland Market
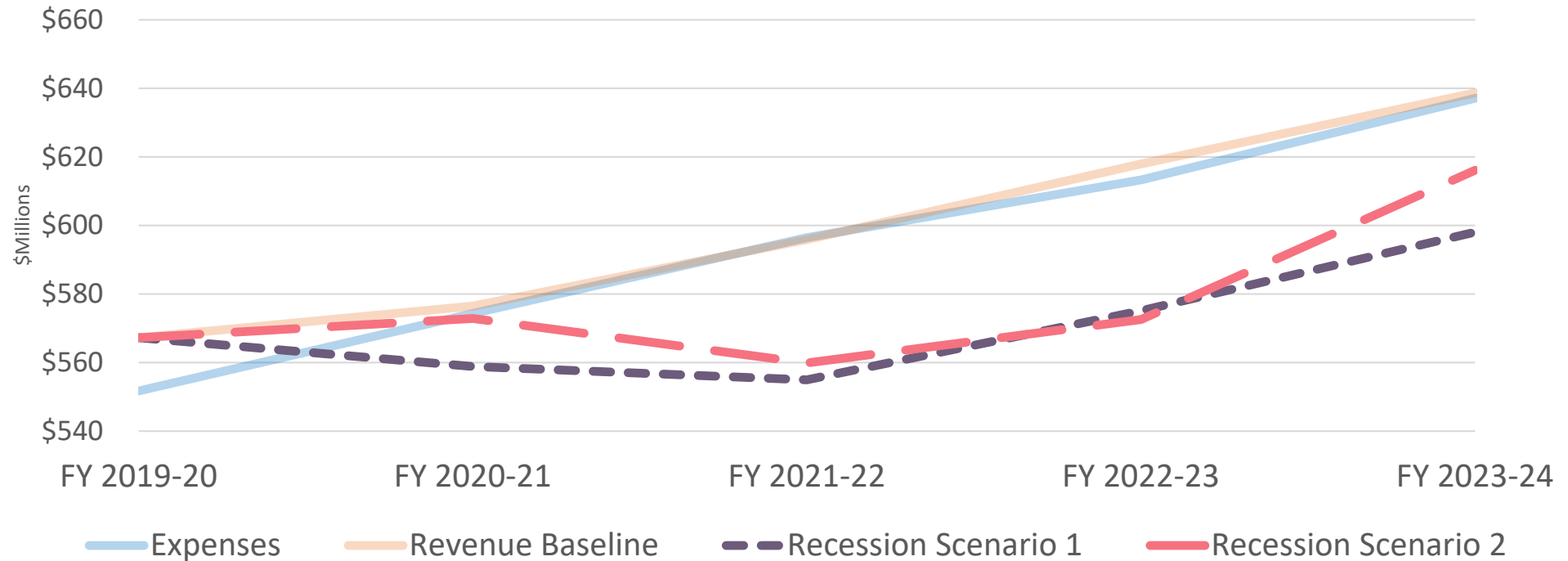
(3rd Quarter 2018, Colliers)

Type	Vacancy Rate	Effective Annual Rent Change	Units Under Construction
Studio	7.4%	0.1%	4,785
1 Bed	7.2%	-1.5%	1,803
2 Beds	5.9%	-0.1%	1,086
3+ Beds	3.2%	1.4%	118

What a Downturn Looks Like

"The four most expensive words in the English language are, 'This time it's different."

– SIR JOHN TEMPLETON

Due.com

Forecast Scenarios with Economic Slowdowns

$Millions

- Expenses
- Revenue Baseline
- Recession Scenario 1
- Recession Scenario 2

- Note: Even a modest downturn would likely require cuts of $30-$40 million. Due to exposure in business license and lodging taxes, and depending on the circumstances of downturn, cuts could be significantly larger.

Next Steps

- Publish official forecast document by the end of December

- Will get actual COLA data in mid-January
    - Currently forecasting 4%, would be highest since 1991

- Issue forecast update in February

- Final Forecast near end of April*

    *Median "Saltzman Rule" impact has been about $4 million from December to April for the last seven years. Only two years saw more than a $5 million (i.e., more than 1%) increase in available resources.
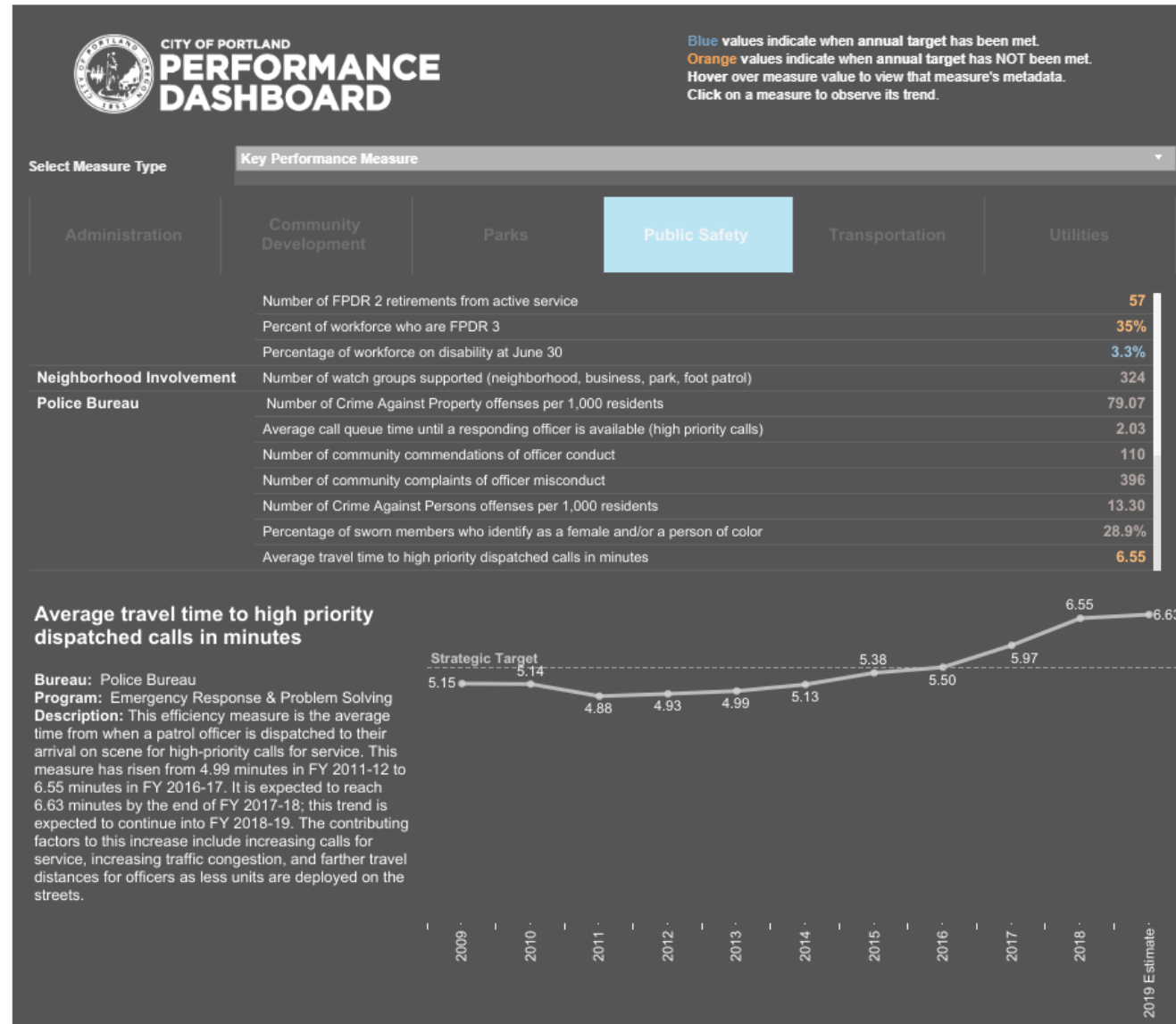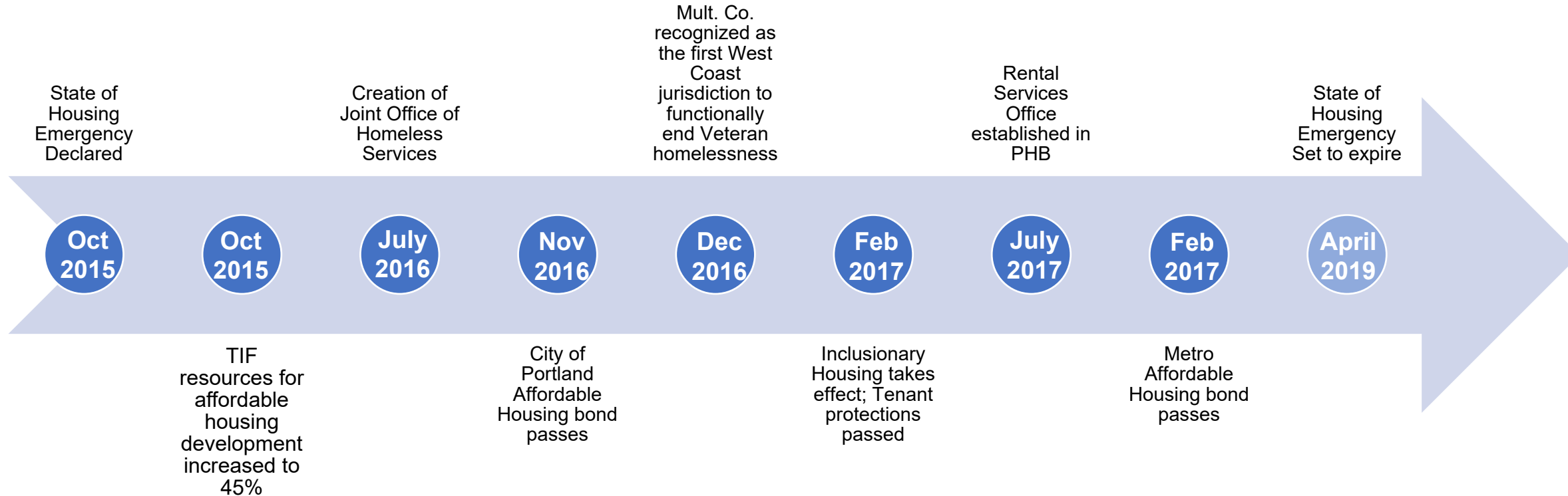
FY 2017-18 Performance Overview

City Budget Office

The City of Portland Performance dashboard shows **results and trends** for all bureaus
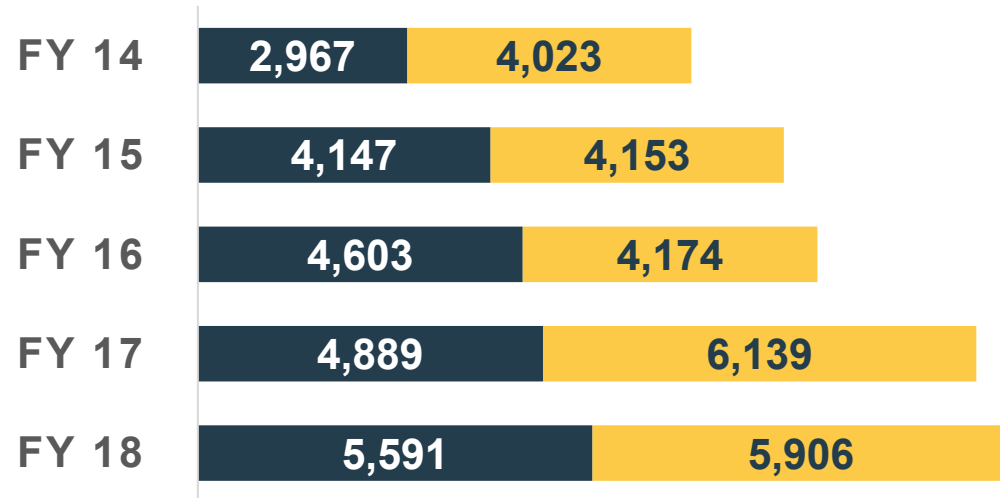
Actions to address the State of Housing Emergency have **broadened in scope** over the last three years

Mult. Co. recognized as the first West Coast jurisdiction to functionally end Veteran homelessness

State of Housing Emergency Declared

Creation of Joint Office of Homeless Services

Rental Services Office established in PHB

State of Housing Emergency Set to expire

Oct 2015 — **Oct 2015** — **July 2016** — **Nov 2016** — **Dec 2016** — **Feb 2017** — **July 2017** — **Feb 2017** — **April 2019**

TIF resources for affordable housing development increased to 45%

City of Portland Affordable Housing bond passes

Inclusionary Housing takes effect; Tenant protections passed

Metro Affordable Housing bond passes

The City served **more people than ever** across the housing spectrum in FY 2017-18
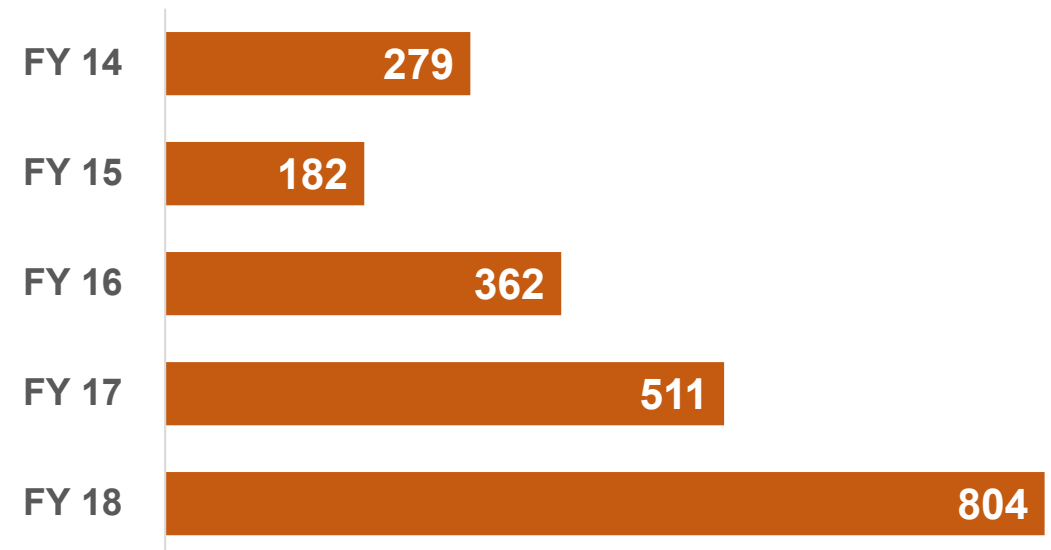
Findings

Joint Office Placement & Homeless Prevention

■ Number of individuals newly placed in permanent housing
■ Number of individuals newly served with prevention services

	Placed	Prevention
FY 14	2,967	4,023
FY 15	4,147	4,153
FY 16	4,603	4,174
FY 17	4,889	6,139
FY 18	5,591	5,906

Affordable Housing Development

■ Housing units opened that are newly affordable

	Units
FY 14	279
FY 15	182
FY 16	362
FY 17	511
FY 18	804

However, it is difficult to assess the impact on unmet housing need

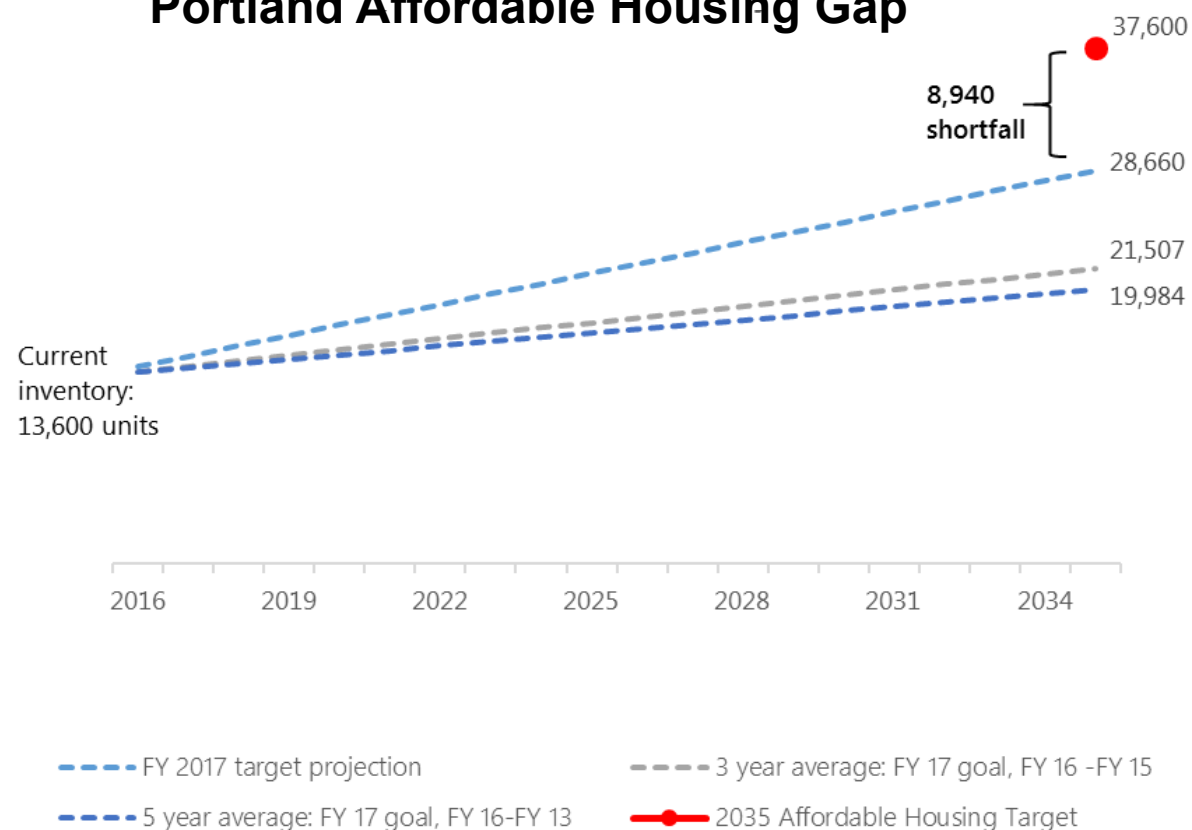| Traditional Outcome Measure	Concern	Proposed Solution
Number of homeless (point in time count)	Data lag, change in methodology, likely undercounts certain populations.	Conduct point in time count annually.

Portland Homeless Point-in-time Count

	FY 2013-14 (pre-AHFE)	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total served*	21,000	22,928	25,651	29,221	35,000
HUD homeless count	4441	3801	3801	4177	4177
Unsheltered homeless		1887	1887	1668	1668

Legend: ■ Total served* ▬ HUD homeless count ▬ Unsheltered homeless

However, it is difficult to assess the impact on unmet housing need (continued)

Traditional Outcome Measure	Concern	Proposed Solution
Affordable Housing Gap	Significant data lag; modeling may be outdated.	Use data from the new rental registration system to improve knowledge of housing gap.

Portland Affordable Housing Gap

- – – FY 2017 target projection
- – – 3 year average: FY 17 goal, FY 16 -FY 15
- – – 5 year average: FY 17 goal, FY 16-FY 13
- — 2035 Affordable Housing Target

CBO Findings	Recommended Actions	Responsible Bureau
Short- and long-term goals for homeless services and affordable housing should be identified.	• Identify specific, **measurable goals** • Decouple **zoning code changes** from longer-term, larger goals. • Collaborate with **regional public and private partners** to secure commitments for long-term strategy.	• PHB • JOHS
Local data needs to be improved to understand results of City services, polices, and practices.	• Add out-year in-field sampling in summer months to supplement HUD Point-in-Time Count • Use **rental registration system** to gather real-time data on the local housing market.	• PHB • JOHS
Bureaus should enhance analysis of existing information to assess outcomes of homeless services.	Review performance at the **provider** level to learn: • What services are working • For whom • At what cost • Connection points to other systems (criminal justice, medical, other City services) • Inflow/outflow of clients	• JOHS • PHB

Ensuring Public Safety & Police Accountability

Reported Property and Person crime rates **have increased** over the last 2 years, while the Societal crime rate **has decreased**

Crime Rates

Crimes Against Property offenses per 1,000 residents

FY 2015-16	74.32
FY 2016-17	79.07
FY 2017-18	78.5

5.6% since 2015-16

Crimes Against Persons offenses per 1,000 residents

13.26
13.3
14.4

8.6% since 2015-16

Crimes Against Society offenses per 1,000 residents

4.5
3.8
4.1

8.9% since 2015-16

0   50   100

Findings

Call Volume & Emergency Response Times

Police Bureau dispatched calls have **increased,** especially low to medium-priority calls

FY	Low Priority	Medium Priority	High Priority	Total
FY 12-13	70,999	57,025	75,055	203,079
FY 13-14				208,188
FY 14-15				233,835
FY 15-16				245,805
FY 16-17				248,225
FY 17-18	104,564	75,514	82,053	262,131

High Priority

Medium Priority

Low Priority

Police response times **have slowed over the last five years,** especially for low to medium-priority calls

Response Time for Dispatched Calls

■ Travel time (dispatch to onscene)   ■ Queue time (queue to dispatch)

High Priority

Queue Time ↑ 0.8 min
Travel Time ↑ 1.6 min
Response Time ↑ 2.4 min

Medium Priority

Queue Time ↑ 6.1 min
Travel Time ↑ 1.1 min
Response Time ↑ 7.2 min

Low Priority

Queue Time ↑ 11.2 min
Travel Time ↑ 1.0 min
Response Time ↑ 12.2 min

Despite growth in the number of incidents, fire response times have **held steady**

Call Volume & Emergency Response Times

Legend:
- Fire Incidents
- Medical Incidents
- Other Incidents
- Response time to High Priority Incidents

Chart data:
- 2014-15: 7.12
- 2015-16: 7.18
- 2016-17: 7.39
- 2017-18: 7.19

Non-emergency calls are **driving growth** in 9-1-1 call volume

825,250 **846,365** **837,969** **864,800**

526,243 **536,798** **522,947** **527,027**

299,007 309,567 315,022 337,773

Total Calls
Emergency Calls
Non-emergency Calls

2014-15   2015-16   2016-17   2017-18

The Police Bureau is **advancing police accountability** on multiple fronts

PPB Open Data Portal	New PPB Audit Services Staff
	+ 3 FTE in FY 2018-19 Adopted Budget
Compliance Officer/ Portland Committee on Community-Engaged Policing FY 2018-19 Revised Budget = $1,058,261	**PPB Body Camera Program** $1.7 million ongoing, 4 FTE as approved in FY 2016-17 Adopted Budget.

Findings

Use of Overtime

Use of overtime at BOEC decreased 25% from the prior year, likely due to increases in staffing

Non-Forced Overtime

Forced Overtime

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total	10,969	16,793	24,650	17,627
Non-Forced Overtime	10,969	15,095	21,348	15,331
Forced Overtime		1,698	3,302	2,296

Even though non-reimbursable OT hours are down 5.2%, spending on Fire Bureau overtime increased slightly

Findings

Use of Overtime

Overtime Hours Paid

$8,156,778

$10,638,991

$11,531,305

$11,560,300

$11,609,766

200,000

150,000

100,000

50,000

0

FY 2013-14   FY 2014-15   FY 2015-16   FY 2016-17   FY 2017-18

Spending on Police overtime continues to increase, driven by the number of paid overtime hours and the per-hour cost of overtime

Use of Overtime

*Excludes overtime reimbursed by third parties

CBO Findings	Recommended Actions	Responsible Bureau
Emergency calls for service are increasing.	• Ongoing PPB pilots should be evaluated for impacts on response times and officer availability: Community Service Officers and BOEC Sergeant. • BOEC should continue to report on impact of increased staffing and operational improvements on 9-1-1 call answering times through the GATR process.	• Police Bureau • BOEC
Reported Person and Property crime have worsened in recent years.	• Track impact of additional officers on crime rates and response times. • Determine a performance measure for the Crime Prevention program that is shared with PPB or other public safety bureaus.	• Police Bureau • Civic Life • Fire Bureau • PBEM
Police Bureau overtime costs continue to increase.	• Additional collaboration to identify operational and cost savings improvements in public safety bureaus. • Council should continue to review Police Bureau dashboard tracking overtime usage, call volume, and crime rates. • Ensure that current year hiring exceeds attrition.	• Police Bureau • OMF • Fire Bureau

Increasing
City Sustainability

After significant initial gains, Portland's reduction in per person carbon emissions from 1990 levels **has stagnated**

In FY 2017-18, the City saw an increase in *transportation sector emissions* from 1990 levels for the first time since 2007.

24.6% of residents regularly use "*active transportation,*" slightly less than the prior year

PBOT's strategic goal for active transportation is *70% by 2030.* This goal aligns with Portland Progress, the Climate Action Plan, and the Bike Plan.

	2017	*Prior Year*
🚶 Walking	5.7%	*5.8% in 2016*
🚴 Biking	6.3%	*6.3% in 2016*
🚊 Transit	12.6%	*12.9% in 2016*

CBO Findings	Recommended Actions	Responsible Bureau
Portland's progress on reducing per-capita carbon emissions has stagnated since FY 2014-15.	Performance reporting should be more reflective of localized sustainability efforts.	• BPS • PBOT • CBO
	Leverage partners to achieve City sustainability goals through these and other opportunities: • Bloomberg American Cities Climate Challenge • Smart Cities Initiative • Zero Net Carbon Cities Project.	• BPS • PBOT • Mayor's Office
City impact on high level outcome goals is hard to assess.	Expand publicly reported performance measures to capture the impacts of bureau investments in active transportation.	• PBOT • CBO

Using
Data & Technology
to Improve Government
Outcomes

Multiple new pilots are addressing challenges in Citywide data management

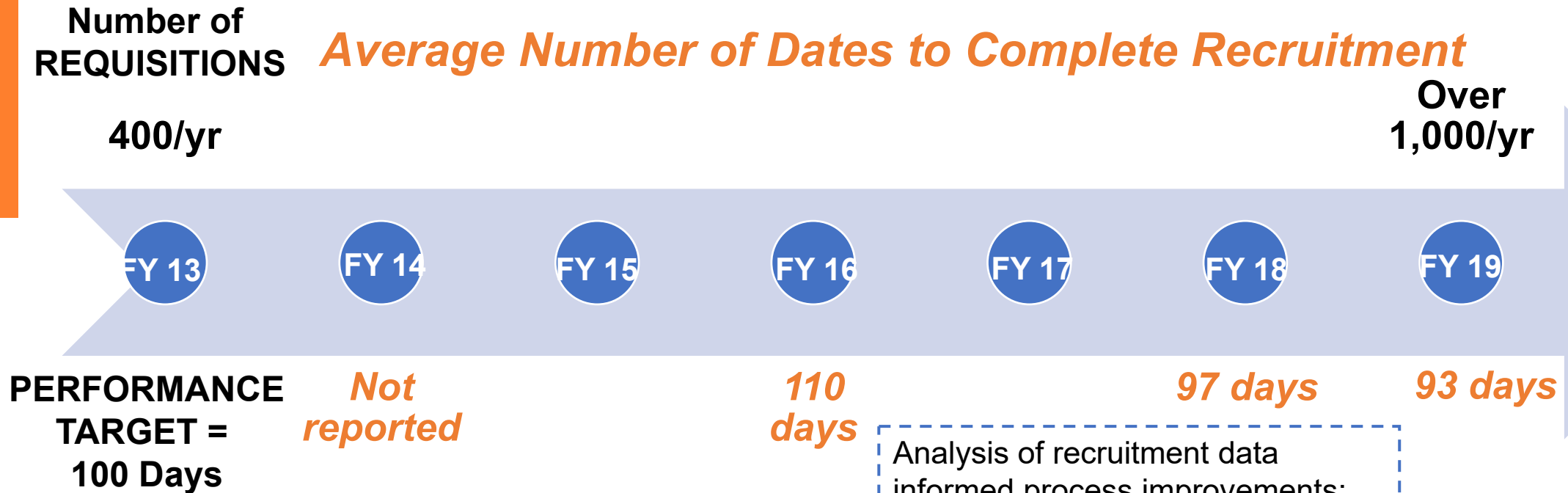| Pilot	Group	Lead Bureaus	Goal
	Regional approach/ Smart Cities	BPS, BTS, PBOT	Collect, store, integrate, and analyze data from a variety of sources to provide a foundation for data-driven decision making in those areas.
	City Tableau User Group	PBOT, CBO, Police	Advance use of data in decision-making through increased information availability; improve efficiency of data management practices across the City.

Although equity is being incorporated into organizational culture, reporting compliance presents a challenge

Key Performance Measure	FY 15-16 Actual	FY 16-17 Actual	FY 17-18 Actual	Reporting Issues
Translation of Essential Documents into Safe Harbor Languages	48%	100%	65%	• 8 bureaus failed to provide OEHR with data on these measures. • 7 of these bureaus have dedicated equity staff. • Clearer standards & additional support around data collection and reporting may help.
% of ADA Title II Transition Plan Barriers Removed	34%	47%	6%	

Human Resources has **improved timelines** for recruitment and hiring

Number of REQUISITIONS

400/yr

Average Number of Dates to Complete Recruitment

Over 1,000/yr

FY 13   FY 14   FY 15   FY 16   FY 17   FY 18   FY 19

PERFORMANCE TARGET = 100 Days

Not reported

110 days

97 days

93 days

Analysis of recruitment data informed process improvements:
- *Faster provision of eligible lists*
- *Expedited scoring for minimum qualifications*
- Integration of SAP & NeoGov
- *Increased strategic outreach*

CBO Findings	Recommended Actions	Responsible Bureau
Multiple pilot efforts were conducted in FY 2017-18 to improve City business intelligence systems, but advancements favor large bureaus with in-house data management expertise.	Consider a Direction to Develop to dedicate ongoing resources to build systems to manage, integrate, and analyze City data – especially for small bureaus.	• Mayor's Office • BTS
Improved reporting is needed to help the City deliver on equity outcomes.	Strengthen underlying data collection, reporting, and analysis for equity reporting across bureaus.	• OEHR • CBO • OMF
Performance management and data analytics led to improved recruitment timelines in BHR.	Explore other internal service functions that might benefit from a similar approach.	• OMF

Next Steps

- Review performance information from bureaus on an ongoing basis
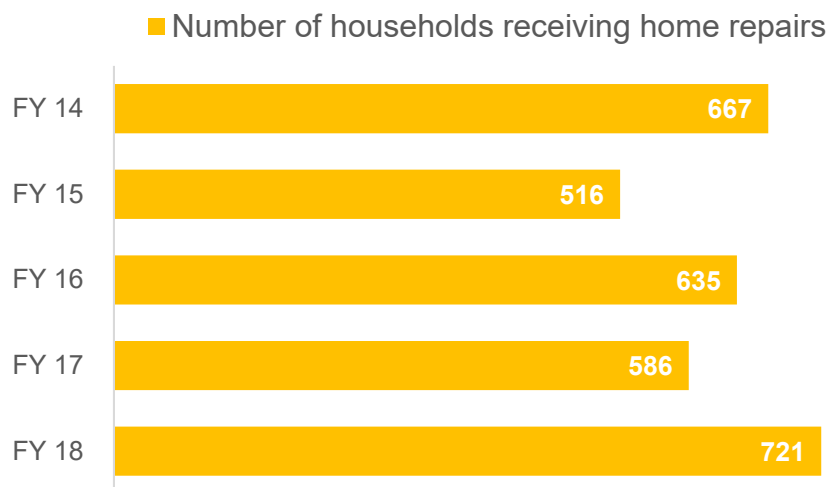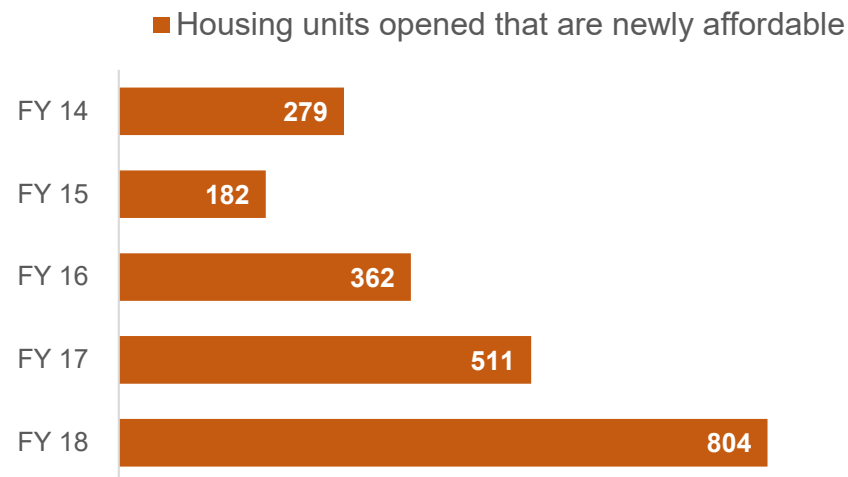
- Budget Process Tools

SUPPLEMENTAL SLIDES

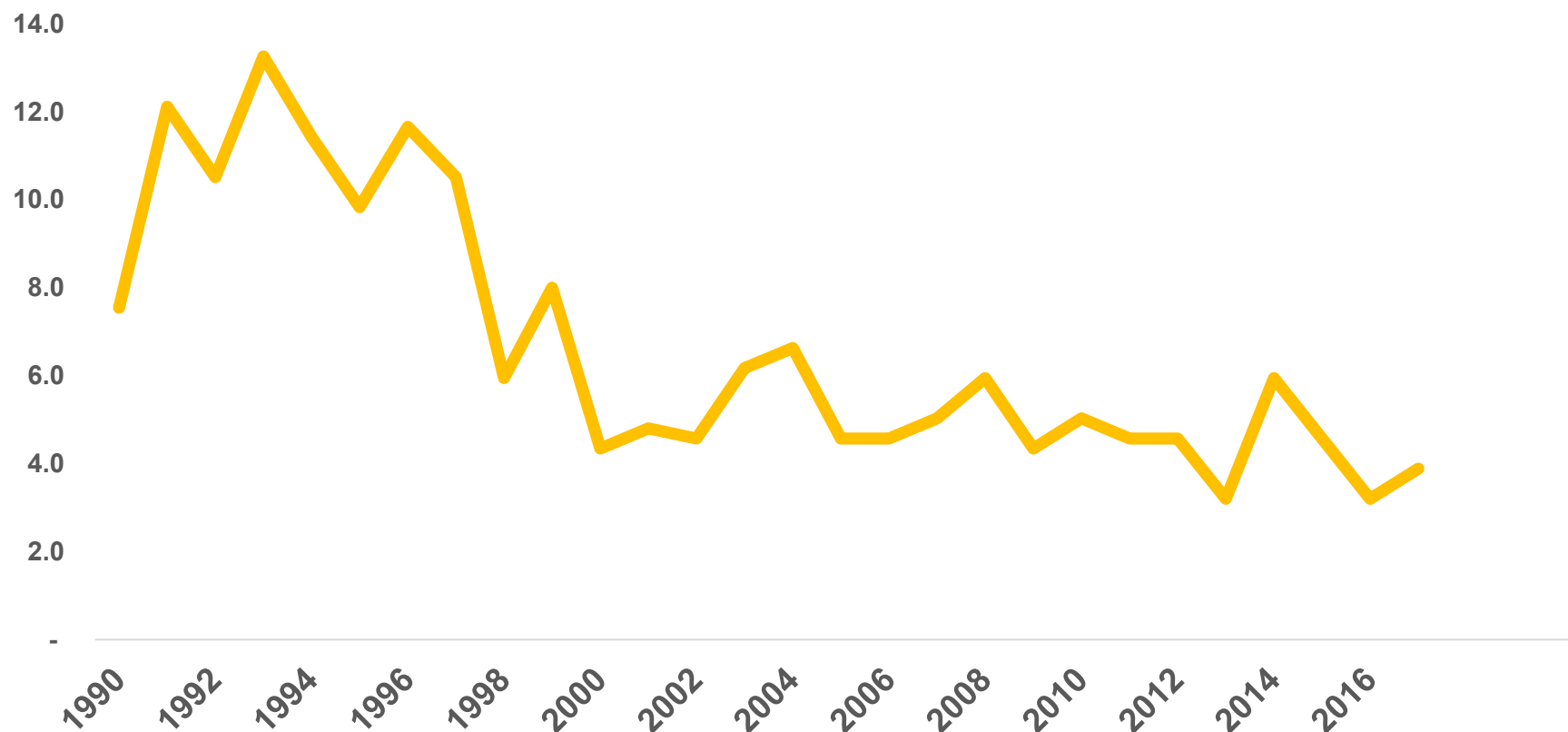# Still Not Building Enough

Multnomah County Housing Units Permitted per 100 New Residents (5 yr. Avg.)

Reported crime rates—particularly *violent* crime rates—generally remain low when viewed over a longer time horizon

Portland Homicide Rate (per 100,000 residents)

Source: Brennan Center for Justice (2017/2018)

Many indicators point to an organizational shift in **operationalizing equity**

2015

- Council adopts the Citywide Equity Racial Goals & Strategies as binding City policy and mandates equity training for all employees.

2018

- 91% of City workforce trained on Equity 101
- 100% of bureaus have Racial Equity Roadmaps
- 17+ Equity staff in 10 bureaus
- 4x requests for technical assistance since FY 2013-14

The City will need to prioritize funding for revenue collection in coming years.

Revenue Division estimates $25 million in additional resources will be required for tax system replacement over the next 4 years

Findings