

Mayor's Proposed Budget FY2024-25
Remarks
May 02, 2024

Good morning, everyone. Thank you for joining us today.

Before I kick off, I want to take a moment to acknowledge the ongoing situation at Portland State University. This is an active police operation and one I am monitoring it closely. Please go to PPB's website for the most up-to-date information. In the next few hours, in partnership with the Portland Police Bureau, I will hold a press conference to address this specific event.

This morning, I've invited you here to provide the highlights of my Proposed Budget for Fiscal Year 2024-25.

I want to acknowledge the juxtaposition of these two issues is unfortunate. Typically we would not host a press conference while there is the level of ongoing police activity. However, due to budget law and timing, we need to release the budget tomorrow afternoon.

It is important to me that we have an opportunity to share highlights with you today, notwithstanding the events at PSU today.

Next Tuesday, May 7th, Council will convene as the Budget Committee for a work session on my proposed budget. On Thursday, May 9th, Council will convene once again as the Budget Committee for a public hearing on the proposed budget, at which time we will take public testimony.

My Fiscal Year 2024-25 budget totals \$8.2Billion and it's the culmination of months of work on the part of my staff, City budget staff, and bureau leadership.

It takes into account significant community input, community wide surveys, as well as the suggestions of my colleagues on the Portland City Council. I want to thank them for their hard work in giving us feedback to craft this budget.

First, some context. Over the course of my administration, I have led Portland through the most challenging period in our city's history. We have faced numerous, unprecedented and often overlapping crises: a rapid increase in unsheltered homelessness, rising rates of crime and gun violence, livability issues related to litter and graffiti, and the strain on our economy in the wake of the pandemic, to name a few.

In response, my colleagues on the City Council and I have led by creating and investing in many new programs and initiatives in response. In many cases, we have been able to completely reshape the way the City addresses the most complex challenges facing our community.

The Street Services Coordination Center (SSCC), Safe Rest Villages (SRV), and the Temporary Alternative Shelter Sites (TASS) are all successfully standing up shelter sites **with** navigation to services and, ultimately, access to appropriate housing. The Impact Reduction Program and Public Environment Management Office (PEMO) are rapidly cleaning litter and abating graffiti to improve livability throughout the city.

The Focused Intervention Team (FIT), the Enhanced Community Safety Team (ECST), Safer Portland, and the Ceasefire programs are all working in collaboration to reduce gun violence in Portland. We've

brought on additional law enforcement to continue efforts around reducing retail and auto theft as well as drug crimes. With these programs and many others at work, we laid the foundation for bold change and what I believe is going to be a strong recovery for our city.

While we carry out this groundbreaking work, we are also leading the effort to completely overhaul our government and management structure as directed by voters in November of 2022. We are on track to complete this work.

Despite the tough budget season, my proposed budget seeks to institutionalize and support these successful new programs that are showing positive results already. We cannot allow a tough budget environment to become an excuse to retrench in any way.

With that, let's review our budget process and my guidance to the bureaus.

Budget Process/Guidance

It is important to keep in mind that approximately 90% of the total budget is already dedicated to critical work like construction of new parks, treating our drinking water, paving streets, operating the city's sanitary sewer system, and building affordable housing. That is the non-general fund portion of the budget and it is the lion's share of the budget.

The remaining 10% of the budget is a *more* discretionary resource, the vast majority, if not all, of those funds are already committed to existing, ongoing work like police, fire, 911 emergency response services as well as daily operations of parks and recreation services.

This budget cycle, we are facing unique fiscal constraints with the expiration of one-time federal support dollars, ongoing inflation, declines in certain revenue streams, and a backlog of deferred maintenance – resulting in an original anticipated budget gap of over \$70 Million.

Despite the complex crises, the ongoing transformation work, and budgetary challenges, my proposed budget for Fiscal Year 2024-25 is a balanced budget and it builds on the momentum we have achieved in meeting the most critical needs of Portlanders.

As such, I directed all General Fund programs, with the important exceptions of Portland Fire & Rescue, the Portland Police Bureau, and the Bureau of Emergency Communications, to budget with a 5% constraint on Current Appropriation Levels. We sought to protect the funding for public safety.

This resulted in an overall General Fund reduction of roughly \$11.9Million spread across all City bureaus.

In the early months of 2024, service areas met with their Commissioners-in-Charge to identify and prioritize cost reductions, assess and provide policy options for key financial issues specific to their service area, and identify opportunities for collaboration. I then met with each Commissioner-in-Charge and their service area bureau directors to understand the impact of constraints on service levels and Council priorities prior to formulating my proposed budget. We also hosted a series of public work sessions on each Service Area and received public input on budget priorities through community listening sessions – many of which you attended and reported on.

Portland Clean Energy Community Benefits Fund

One opportunity for collaboration became very apparent in this budget process in realizing the shared goals and work of the City of Portland and the Portland Clean Energy Community Benefits Fund or PCEF.

The City is ever aware of our carbon footprint and the impact that our fleet, facilities, contracting work, and more has on this community and this region, which is why we established our climate goals. Through Portland Clean Energy Surcharge revenues, PCEF has a projected surplus of \$540 million over the next five years.

Staff within the Bureau of Planning and Sustainability, the City Budget Office, and various City bureaus worked together to identify several eligible projects that align with PCEF's mission, goals, and technical requirements.

Our collaboration over the last several months demonstrates the immense potential for continued partnership – fueling the culture change needed for the City to fully lean into sustainable business practices and to ultimately achieve our climate goals.

I want to extend my gratitude to the PCEF Committee for their engagement and carrying out the community process to review and approve the projects included within this budget to ensure that they align with PCEF goals.

In particular, I would like to thank Commissioner Rubio and her staff for leading this process and share my thanks to Commissioner Mapps and Commissioner Ryan for working with their bureaus to identify potential projects.

By matching specialized funding sources like PCEF with appropriate projects, we were able to fund other City priorities.

Budget Highlights

The citywide Portland Insights Survey clearly identified Public Safety as a top priority for Portlanders.

My budget fully funds Public Safety bureaus and programs.

The Portland Police Bureau, Portland Fire and Rescue, the Bureau of Emergency Communications, the police vehicle theft taskforce, the Focused Intervention Team, the Enhanced Community Safety Team, the Office of Violence Prevention, Rose City Self Defense, and Ceasefire programs are **fully funded** to continue leading the way to a safer, more livable community.

I want to thank Commissioner Gonzalez for working with me on addressing overtime issues within the Fire bureau's budget. That will be an ongoing effort and I want to thank him for working with me to address this problem.

During the listening sessions, Portlanders made clear that they want Council to support Portland Street Response. My budget fully funds Portland Street Response with **on-going dollars** at their current service level to provide them with a stable foundation upon which they can grow.

We are making good progress with our public safety goals. Since announcing my goal of hiring 300 PPB staff by December 2024, we have hired a total of 261 staff within the Portland Police Bureau, 134 sworn officers and 127 non-sworn staff. Shooting incidents have gone down 42% since 2022. Vehicle thefts are down by 36% year over year.

My budget formally establishes Portland Solutions as a new citywide program within the City Administrators office to address livability issues.

Our Safe Rest Village program, the Temporary Alternative Shelter Site program, the Impact Reduction Program, the Public Environment Management Office, and the Street Services Coordination Center will operate under one umbrella to enhance coordination and service delivery citywide. We'd initially focused these efforts within the central city,

The City Shelter team currently oversees 9 shelters—576 total units, with 132 more units coming online before the end of the fiscal year and another site with 160 units slated for completion by the end of the summer. In total, an additional 292 new shelter spaces by the end of my term, bringing the overall number to 868 city-operated shelter units! The majority of which were built within the last 3 years.

IRP has picked up over 1.2 million pounds of litter in March of this year alone. PEMO has lit over 2,400 trees across the city, removed 330,000 sq feet of graffiti, and have installed 17 public murals that have been very well received.

The SSCC, which I created by executive directed in 2022, and our first-ever city outreach team, **connected 42 people with detox services and got 90 people into shelter and housing in the last month alone.** Many of these programs were piloted during our 90-day resets. Now is the time ensure they are memorialized in the city structure and can be taken citywide.

My budget continues to support economic recovery efforts across the City. This budget will establish the Portland Permitting & Development Bureau – a historic move to streamline the permitting process for housing developers, businessowners, and homeowners alike.

I'd like to thank Commissioner Rubio in her capacity as the Commissioner-in-Charge of the Bureau of Developmental Services, for her continued leadership in this space, building on the good work of Commissioners Mapps and Ryan.

This budget continues support the Film & Events Office, which I created last year with Commissioner Mapps, and it establishes the Office of Small Business within Prosper Portland, improving entrepreneurs' access to repair grants, technical assistance for business development, as well as permit navigation.

Finally, Charter Transition work is fully funded within this budget.

As you know, this budget will span both forms of government with the current council overseeing the first half of the fiscal year and the newly elected Mayor overseeing the second half of the fiscal year.

This budget funds the new management structure, the physical infrastructure changes, and the onboarding requirements to ensure the City and its incoming elected officials are ready for business January 1, 2025 – just as voters wanted, just as I have pledged.

In addition, I heard our community express concern in the listening sessions about funding levels for the Diversity in Civic Leadership program as well as the District Coalition Offices that support our many neighborhoods. This budget allocates approximately \$400k additional dollars to the base grant funds for the Diversity in Civic Leadership program to maintain the funding level they received in the previous fiscal year. It also allocates an additional \$100k to the District Coalitions to support their alignment and transition to the new district structure.

With that, I have invited a few folks helping guide this work to speak more specifically on the impact of these investments.

I'd like to welcome:

- Mike Myers, future interim Deputy City Administrator of Public Safety,
- Skyler Bocker-Knapp, the future Director of Portland Solutions, and
- Donnie Oliveira, interim Deputy City Administrator of Community and Economic Development.

Director Myers, kick us off.

Public Safety

[Mike Meyers, future interim Deputy City Administrator of Public Safety]

Thank you, Mayor Wheeler.

As the Mayor shared, his proposed budget **fully funds** the City's public safety programs.

Portland Police Bureau

We are dedicated to fulfilling the Mayor's goal to restaff the Police Bureau and have hired dozens of officers this year alone. As we increase staff levels, we also remain committed to accountability and transparency within the Police Bureau and have fully funded the body-worn camera program to enhance public safety and community trust. The program will begin with a roll out at Central Precinct in June, with bureau-wide implementation to be completed by late fall.

In preparation, infrastructure work is underway to support the body worn camera systems. We are also continuing our partnership with Multnomah County with one-time funding for the District Attorney's retail theft and auto theft task-forces.

Portland Fire & Rescue

The Mayor's proposed budget fully funds Portland Fire & Rescue and adds 10 firefighters to help address overtime costs. Funding for Portland Street Response and the Community Health Assess & Treat program are included in the budget, facilitating assistance for those in crisis.

Gun Violence

Our resolve to curb gun violence is unwavering, and we are continuing to support various programs like Portland Ceasefire, the Office of Violence Prevention, and Safe Blocks.

Portland Bureau of Emergency Management

Over the last several years, we've experienced severe weather with increasing frequency. This budget establishes a staffer with the Portland Bureau of Emergency Management to develop and oversee severe weather response and coordination with disaster logistics contractors to enhance our preparedness.

With that, I'll pass it to Skyler Bocker-Knapp to overview Portland Solutions.

Portland Solutions

[Skyler Bocker-Knapp, future Director of Portland Solutions]

Thank you, Mike.

As the Mayor highlighted, the establishment of Portland Solutions marks a significant step forward in creating a hub to address the biggest issues facing our city, and improves responsiveness and service coordination **to meet the unique needs of every district.**

Programs like the Temporary Alternative Shelter Site program, the Public Environment Management Office, and the Street Services Coordination Center have operated under Emergency Declarations since 2022.

Prior to establishing these programs out of the Mayor's office, the City did not have a coordinated response to address livability challenges in our neighborhoods.

I appreciate the Mayor highlighting some of the great work IRP, SSCC, the City's Shelter Team, and PEMO have done. It is an honor to work with these incredible teams that deliver every day for Portlanders and I look forward to continuing to support them as we deliver services citywide.

Now, I'd like to hand this off to Donnie Oliveira to talk about investments in economic recovery. Thank you, Skye.

Economic Recovery

[Donnie Oliveria, interim Deputy Chief Administrator of Community and Economic Development]

As the Mayor expressed, this budget continues funding for events, expands support for small businesses, and addresses challenges within our permitting system.

Events and Activations

Prosper Portland's Film & Events Office provides subsidies, permitting support, and collaboration to diverse cultural and public events across the city. Last year this office produced beloved large-scale events including the new Portland Winter Ice Rink, provided nearly \$500,000 in grants to 100 community events, and supported major events like the Winter Lights Festival, Waterfront Blues, Pride, and the Eight Seconds Juneteenth Rodeo.

This initiative not only enriches community life, but also attracts visitors, boosting the local economy and engagement. In establishing the Office of Small Business within Prosper Portland, we will nurture Portland's innovative spirit and support our local entrepreneurs.

This office will serve as a centralized resource, providing the necessary tools and support to foster and sustain the growth of small business throughout Portland. This office will manage \$1 Million of Small Business Stabilization Grant funding as well – happy Small Business week!

Permitting

This budget funds the Portland Permitting and Development office– the first time in the city's history in which all permitting teams work within one bureau and report to one director.

These enhancements will make obtaining permits faster and more user-friendly, benefiting residents and business owners alike.

Affordable Housing

This budget dedicates \$100 Million to support clean energy investments and preservation and rehabilitation of low-income multifamily housing.

In addition to resources from PCEF that will continue rehabilitating existing affordable housing and increase the livability and cost savings of new housing projects, the Housing Bureau continues to build out new housing projects.

The budget also captures ongoing investments from Prosper Portland, the Housing Bureau and BPS to implement the Housing Production Strategy.

Portland Clean Energy Community Benefits Fund

As the Mayor noted earlier, city bureaus worked in close partnership with the Portland Clean Energy Community Benefits Fund committee to engage in a community process to review and approve over \$600 million in City of Portland bureau projects that align with PCEF goals over the next five years.

This alignment resulted in Service Areas receiving the following allocations to expend over the next five years:

- City Operations: \$29 million
- Community & Economic Development: \$176 million
- Public Works: \$235 million
- Vibrant Communities: \$167 million

A few examples of these PCEF projects include: the electrification of the city vehicle fleet, active transportation programs, LED streetlights, strengthening an equitable tree canopy to combat extreme heat, and improved HVAC and other efficiency upgrades at our well-loved community centers.

This partnership matched specialized funding sources to appropriate projects, while executing upon critical climate work that Portlanders want. I echo the Mayor's enthusiasm about continued partnership with PCEF and working towards shared climate goals.

With that, I'll turn this back to Mayor Wheeler.

Mayor Closing

This is my last annual budget as Mayor of Portland. I am proud of the progress that we've made standing up successful programming to address critical issues and needs in our community.

We've continued to keep public safety front and center. We've continued our outreach to those struggling on our streets. And we've continued to uplift our small businesses, our large businesses, and community events.

All the while, we are full steam ahead on our government transition and we've successfully navigated an incredibly difficult fiscal year as a team.

It has been an honor to serve this community and produce a budget that funds thoughtful and effective solutions and stabilizes City services for the next group of elected officials and their staff.

Thank you.