

City of Portland

2022-23 Budget Hearing

Tuesday, June 7, 2022

9:30 a.m.

Via Zoom Meeting

Present:

TSCC:

Chair Harmony Quiroz, Vice-Chair James Ofsink, Commissioner Margo Norton, Commissioner Mark Wubbold, Commissioner Matt Donahue, Executive Director Allegra Willhite, and Budget Analyst Tunie Betschart.

Absent:

City of Portland Council:

Mayor Ted Wheeler, Commissioner Mingus Mapps, Commissioner Carmen Rubio and Commission Dan Ryan

Staff: City Budget Director Jessica Kinard, Assistant Budget Director Christina Owen, Department of Housing Director Molly Rogers, Chief of Staff for Commissioner Rubio Jillian Schoene, and Homeless Strategies Manager Chariti Li Montez

Chair Harmony Quiroz opened the public hearing by welcoming everyone to the hearing and briefly describing the duties and responsibilities of the TSCC. She reviewed the hearing process and stated the reason for the hearing was to engage the district leadership and provide an opportunity for the public to comment before the City of Portland adopts its budget. She asked the TSCC Commissioners and staff to introduce themselves and state if they have business relationships with the district that could be perceived as a conflict of interest. Each commissioner and staff member introduced themselves, and with the exception of Commissioner Donahue, they had no conflict of interest with the district. Commissioner Donahue recused himself because the firm he works for handles the City of Portland's debt. He is the fiduciary for the city, so he will not be participating in the hearing.

Chair Quiroz asked the Portland City Council and staff to introduce those present. Following introductions, Chair Quiroz recognized the City of Portland's receipt of the Distinguished Budget Presentation Award from the Government Finance Officers Association for its Fiscal Year 2021-22 Adopted Budget Book, the 32nd such award received by the city. Then she asked Mayor Ted Wheeler to make brief introductory remarks about the budget. She stated that following Mayor Wheeler's introductory remarks, testimony from the public would be taken.

After introductions, Mayor Wheeler recapped the budget, describing it as the city's plan for fiscal year 2023. He gave an overview of the investments and actions for the following four significant areas of focus: homelessness, public safety, economic recovery, and livability. These focus areas are viewed through three lenses: equity, climate change, and high-performance government. In the area of public safety, improvements have been made to the 311 call center and improvements to the 911 system. The Portland Street Response availability increased to twenty-four hours a

day, seven days a week, and the city will implement a body-worn camera program. The budget includes resources to restaff the police bureau and realign positions within the bureau. The budget provides increased resources for the Portland Housing Bureau to address homelessness, and it maintains the investments in the Joint Office of Homeless Services. The city will directly invest in local businesses to stimulate economic recovery. These businesses will receive funding for marketing, capacity building, and other services. Resources are allocated for cleaning up litter and graffiti abatement, supporting the vulnerable population, adding staffing to the Clean Energy Program, and supporting improvements in the performance of the government activities.

Following the overview of the budget, Chair Quiroz asked if there was anyone signed up to give public comment. Executive Director Willhite reported that no one had signed up to speak at this hearing, and she had not received any written comments.

With that, the Commissioners moved to the prepared questions.

TSCC Questions

Chair Quiroz asked the following questions:

The council has heard loudly that the community is looking for police reform, better accountability, and - at the same time – a better response to gun violence, serious crime, and car theft. How do the investments in this budget get us there? How will you decide which new or increased efforts are working effectively and need continued funding when the one-time funds run out?

Mayor Ted Wheeler responded that the city's Approved Budget continues the commitment to refocus, reform, and restaff community safety by strengthening the diverse network of crisis prevention and intervention tools.

He said the fiscal year 2023 Approved Budget:

- Adds \$2.9 million in additional funding to expand the hours of the 311 non-emergency call center to provide 24/7 coverage, shifting up to 180,000 non-emergency calls from 911 dispatchers to the 311 call line
- Expands Bureau of Emergency staffing to reduce 911 caller wait times
- Allocates \$11.5 million to ensure that Portland Street Response is not only operational citywide but also 24/7
- Invests \$13 million for gun violence prevention
 - \$10.2 million will go to the Office of Violence Prevention to provide intensive case management to high-risk individuals, hospital-based violence prevention, and wraparound services to violence-impacted families
 - \$1.8 million will go to the expansion of the Park Ranger program, creating 24 full-time positions to continue supporting the safety goals
 - \$1 million will go toward summer ceasefire programs to provide needed resources for summer engagements and intervention
- Converts a limited-term employee position on the Policy Development Team to an ongoing position, which will increase the bureau's capacity to revise internal rules and speed up efforts to get back into compliance with the city's Settlement Agreement with the Department of Justice
- Includes \$3.9 million for additional 28 Public Safety Support Specialists, in addition to \$700,000 in ongoing resources to convert eight limited-term Public Safety Support

- Specialists (PS3) into permanent positions
- Funds a Portland Police staffing study led by the city's Community Safety Division that will inform ongoing funding decisions for PS3s and other public safety staffing decisions

Mayor Wheeler said the fiscal year 2022-23 budget includes \$915,000 in one-time General Fund resources to expand the Police Bureau's wellness program and staffing realignments. These realignments will enhance the bureau's ability to interact with crime victims and interact with the mentally ill. It also allows the bureau to maintain additional criminalists, hire more investigative crime analysts, and add personnel to process digital evidence.

Commissioner Ofsink asked this follow-up question:

Can you help us understand how you assess the different programs' efficacy?

Mayor Wheeler said there are three parts to determining the efficacy of the programs, data collection, data analysis, and independent review of programming. Overshadowing all of this is community demand for immediate action to resolve some types of crime on the streets. Everything the city is doing is already supported as best practices.

They also rely on outside analysts to evaluate programs. They hired Portland State University to assess the 311 response program before initiating the process. PSU reported back that it was an effective program and a cost-effective program. Investing in 311 will reduce pressure on 911. So, the three parts, data collection, data analysis, and independent review, assist in the decision-making.

Ms. Kristi Kinard added this budget does include new funding to invest in data infrastructure and data governance work through the Smart Cities Program.

Commissioner Ofsink asked the following question:

The budget message tells us the budget this year was balanced due to \$104 million in ARPA funds, a one-time resource. Some of the funded programs seem as though they are likely ongoing needs, such as gun violence prevention and the Street Response expansion. Are there plans for identifying ongoing funds if programs are deemed effective and needed for the community?

Mayor Wheeler said when the City Budget Office reviewed ARPA proposals, they considered financial sustainability and flagged programs that might create an ongoing cost. Most ARPA proposals are intended to sunset after two years of funding, or the bureau has committed to absorbing any ongoing costs within its planned resources.

Community-driven, non-policing strategies like youth engagement, improvements to the physical environment, and mitigating economic drivers of violence can effectively decrease violence while building community resilience. The city must invest in these upstream approaches to match the urgency of the crisis.

The ARPA dollars this budget invests in the Office of Violence Prevention will work to access additional resources at both the State and Federal levels. The city is hopeful that a substantial investment now and funding from external partners will reduce the need for these resources by 2025.

Mayor Wheeler said the funding for the Portland Street Response has allowed the city to offer 24-7 services, which has increased the ability to access federal funds. At the federal level, a recent bill passed by the 117th Congress called the Crisis Assistance Helping Out on the Streets Act allows state Medicaid programs to cover specific community-based mobile crisis intervention services for individuals experiencing mental health or substance use disorder crises outside of a facility setting. Portland Street Response is working closely with the Oregon Health Authority to ensure the program's services allow it to be eligible to receive these funds. Portland Street Response being available 24-7 is one of the requirements for programs to meet in order to receive these federal dollars.

Commissioner Norton asked the following questions:

The delay of the Safe Rest Villages has been costly in both humane and financial terms. The cost of the units has doubled, and the operating costs are escalating. It seems likely that the federal money may run out before the planned villages can come on line. What's the long-term strategy for funding and operating these and future villages? What lessons from the first villages will be applied to new villages?

City Commissioner Dan Ryan said the Safe Rest Village program would include six Safe Rest Villages and currently oversees three outdoor shelters that were set up in the early days of COVID as emergency shelters. Of these nine, the three emergency villages are in operation now, the Multnomah Village SRV will be opening in mid-June, and the other five SRVs are planned to open by the end of the year.

This 3-year pilot project will continue through 2024. It has two budget parts – capital and operating costs.

The capital costs are to stand up six villages with accessible sleeping units and shared common spaces for kitchenettes, showers, laundry, restrooms, and gathering spaces. The city is making these expenditures using existing funds from the first tranche of American Rescue Plan Act (ARPA) funds in the current budget. While the capital costs for the sleeping units are subject to the same global supply chain and inflation issues like everyone, costs have not doubled.

The operating costs pay the shelter operators to provide 24/7 on-site staffing and support. The goal is to help villagers achieve their next steps: housing, return to family, or recovery programs. Operating costs are not escalating. Instead, they are reflective of these expanded services coming online. The program is not going to run out of money.

Commissioner Ryan said it's important to know that this budget includes funding through 2024, which is the duration of the funding period of the federal grant from ARPA. Most funding is for ongoing operating costs, as capital costs have been covered from the current year's ARPA funding. Long term, both the Portland City Council and Multnomah County Commission, in the mutual role as the oversight of the Joint Office of Homeless Services, will need to determine how to take it forward. These SRVs are part of a larger continuum of services, from life on the streets to housing. Ensuring the city maintains options to meet people where they are in their journey remains a priority.

Commissioner Norton had this follow-up question:

We have heard it is difficult to get services to the people at the street level. Could you speak to the service component at the site of the Safe Rest Villages?

Commissioner Ryan explained that the city needs to meet the people on the streets where they are, bring services to them, and provide a restorative setting that provides privacy for assessments. He shared that the equivalent of one entire village's worth of folks has transferred to permanent housing.

Ms. Chariti Li Montez added that in the three emergency shelters that were added at the beginning of the pandemic, 42 participants have transitioned to housing after adding the shelter operator in 2021. That is equivalent to one entire village. Those services are essential, and it is working.

Commissioner Wubbold asked the following questions: *Director Molly Rogers*

Many of the city's affordable housing bond projects are underway. When will these new housing sites be move-in ready, and how far will they go to addressing the identified need for affordable housing?

Commissioner Ryan said a total of 1,452 units in 13 projects, funded by the Portland or Metro Housing bonds, are currently under construction and ready for leasing from early 2022 through winter 2024. An additional 1,248 units are in predevelopment and are expected to be open in 2024 and 2025.

He gave the following breakdown by quarter:

- Spring 2022 = 173 units
- Summer 2022 = 160 units
- December 2022 = 528 units
- Winter 2023 = 93 units
- Spring 2023 = 292 units
- Winter 2024 = 206 units

The deficit of affordable housing continues to grow, and housing costs have continued to outpace income growth since the 1990s. The most recent estimate of the shortage of affordable housing in Portland is roughly 24,000 units. The 2,700 units with Portland or Metro bond funding in construction or predevelopment would address approximately 11% of the current estimated need.

Ms. Molly Rogers said there are 350 units already open and are housing extremely low-income populations on a fixed income. These units go a long way for people who have zero income. They also pair capital resources with the Section Eight vouchers, so rent is subsidized.

She explained the other thing they have done is to include the SHS Funding with the permanent supportive housing units that have opened and ones that will be opening over the next couple of years. They are working collaboratively with the Joint Office of Homeless Services and Metro, and those who meet the chronic homeless definition are moving into housing. These organizations are looking at every possible approach, creating housing opportunities all over the city using both resources. She said there is a map showing the locations that she would be happy to share.

Commissioner Norton asked this follow-up question:

Are the units Commissioner Ryan reviewed in the schedule of openings new construction, or does this include rehabilitated construction and motel conversions?

Ms. Rogers said they had used those three strategies with the housing bond. They leveraged private resources through new construction. They did some early acquisitions of existing buildings, converting them to affordable housing. They are also working on a few motel acquisitions, on an interim basis, with plans to convert those into affordable housing at a later date.

Commissioner Ofsink asked the following questions:

Revenues in the Clean Energy Fund have significantly outpaced expectations. This is highly scrutinized funding. How will you restore community confidence that the city will meet equity requirements while distributing the funds as expeditiously as possible?

The Bureau of Planning and Sustainability (BPS) and Portland Clean Energy Fund (PCEF) staff worked to develop a responsive and responsible plan for expending the larger than expected resources while remaining committed to the program's goals. The plan includes council approval of the second round of grants this summer. It is estimated to be over \$100 million, an allocation of \$40 million higher than the expectation. It was always the goal to release a request for proposals every fiscal year. The bureau anticipates activating the third round of grants in the middle of the fiscal year 2022-23.

The Bureau of Planning and Sustainability is actively working to amend the program later this year to allow new solicitation types that can be done in partnership between city bureaus and community organizations. She gave the example of possibly designing a massive tree planting and maintenance program. The investment could be \$30 to \$50 million over ten years to build Portland's tree canopy. PCEF continues to be responsive to the community priorities laid out in the ballot initiative.

Are there unique opportunities for grants through PCEF or other sources of funding?

Ms. Jullian Schoene said they had done one round of PCEF grants. Round two will have smaller grants in many unique categories. She said they are tackling climate change from every angle through PCEF.

Chair Quiroz asked the following questions:

Last year we asked how the funds from the parks local option levy would change our park experience, and Council shared information on plans for expanded summer programming, among other things. How does this budget deliver on the aims for the local option levy that you shared last year?

Commissioner Rubio said Portland Parks & Recreation's fiscal year 2022-23 budget allows the bureau to continue to deliver on all Parks Levy commitments, as listed in the voter pamphlet.

The fiscal year 2022-23 budget continues the work started in the fiscal year 2021-22

supported by the Parks Levy, restoring summer programming and other PP&R services. The Parks Levy support has also allowed PP&R to expand flexibility and availability of accessible pricing models, reducing cost as a barrier to participation to serve the community better.

The fiscal year 2022-23 budget continues investment in many areas. A few additional examples are:

- New investments in community partnerships, with the creation of the Community Partnership Program that builds on the past success of the Teen Collaborative Initiative grants
- Funding to support a new proactive park tree maintenance program
- Funding to improve the daily care of natural areas and developed parks, including cleaning parks and keeping public restrooms open
- Summer Free for All program is back with over 40 free concerts, movies, and performances this summer throughout the city
- Free Lunch + Play for accessible meal service and engaging activities at multiple parks throughout the city, working alongside community partners

At our hearing with Metro, they noted that they are experiencing challenges hiring sufficient staff to run summer programs. How is hiring for Portland Parks looking for this summer?

Commissioner Rubio said Portland's Parks Bureau continues to experience the same staffing challenges as nearly all parks and recreation agencies across the country. The current employment landscape is a competitive market for entry-level positions. Currently, PP&R has hired the needed staff to maintain parks and natural areas; and successfully employed summer positions for its environmental education programs that will provide this summer.

The aquatics program is most significantly affected by an ongoing tight labor market. The program is currently at 50% of the staffing levels needed to run complete programming. This will mean a smaller number of swim lessons at outdoor pools. This allows the bureau to maximize its current capacity to deliver this critical service to Portlanders. PP&R continues communicating with the public about available swim instructor and aquatics positions.

Do you have any strategies to build a pipeline of upcoming lifeguards or increase recruitment?

Commissioner Rubio said they have been working on making online applications more accessible and user-friendly. The bureau is trying different recruitment efforts, like partnering with culturally specific organizations on recruitment. They have gone directly into schools and youth groups to get the word out. Even with these efforts, they are outpaced by the need.

Commissioner Wubbold asked the following questions:

We have two questions about recruitment and retention. The first is more general. The next will specifically focus on police officers. The budget includes a substantial increase in FTE, and we hear from many districts that hiring remains a challenge. The City of Portland reported a vacancy rate of over 15% at the end of the calendar year. How confident are you that you will be able to hire all these newly created positions? And what policies and

programs are you putting into place to ensure they stay once hired?

Mayor Wheeler said the City of Portland has:

- Laid the foundation to ensure it offers a competitive total compensation package and inclusive work environment
- Worked with Human Resources to improve and streamline the online system for applicants
- Provided workshops that directly connect recruiters with potential applicants
- Settled collective bargaining contracts with the District Council of Trade Unions (DCTU), and the Portland Police Association (PPA)
- Worked to expand the Focused Outreach Recruitment program, which offers internship and apprenticeship opportunities to increase hires and promotions, improve retention, and better support employees that identify as Black, Indigenous, People of Color, LGBTQ+, and People with Disabilities
- Created a complete cycle recruiting program to enhance the candidate selection process to address diversity in hiring applicant pools
- Worked to improve the employee experience by developing a trauma-informed process to support employees who report workplace harassment, discrimination, or retaliation

Commissioner Norton asked the following questions:

Over the years, we've talked with you about strategies for hiring sworn police officers: we have heard about adding administrative staff to reduce the time for background checks, increasing the number of slots with the state training entity, and other steps to reduce the amount of time from offer acceptance to being ready to patrol. Which of the strategies you've implemented in the past have been successful? Are you planning to try new approaches in the upcoming year?

Mayor Wheeler said policing is a complex, challenging, and often dangerous career under constant scrutiny. No one should be surprised that these are difficult positions to fill.

Over the past year and a half, the Portland Police Bureau's (PPB) Personnel Division and the city's Bureau of Human Resources (BHR) have been working towards hiring more police officers, public safety support specialists, and record specialists. In addition, both bureaus are working on producing demographic information specific to the candidate pool and measuring the effectiveness of outreach programs to ensure the agencies are using and expanding on the most effective ways to connect with potential applicants.

Mayor Wheeler said they have engaged in a three-phase process to hire officers and other bureau staff while changing the approach to maximize efficiencies and decrease the time it takes to hire an officer from application to swearing-in.

During Phase I, the police bureau has:

- Hired 12 new background investigators to assist with pre-hire background checks for police officer applicants
- Identified a private company that performs background checks for law enforcement agencies locally
- Entered into a contract to have a private company perform background checks on a lower level, non-police officer positions
- Assigned 16 investigators to perform police officer pre-hire background checks, which

will significantly increase the bureau's efforts in police officer hiring

During Phase II, the police bureau has:

- Worked to reduce unnecessary time delays by moving all areas of hiring into PPB's Personnel Division
- Decreased the average wait time from 120 days to 60 days in the first phase of the hiring process.

During Phase III, the police bureau has:

- Recognized a bottleneck in scheduling pre-hire psychological evaluations
- Entered into a contract with a minority-owned psychological evaluation provider, which ensures that PPB will have 20 evaluation spots per month
- Entered into a contract with a pre-hire medical evaluation provider that guarantees 20 testing spots per month

These guaranteed pre-hire medical evaluations will allow the bureau to process applicants at a rate that would meet the hiring goals.

Mayor Wheeler said as a point of reference, there are:

- 447 currently active candidates on the Community Police Officer eligibility list
- 135 of which are actively assigned and going through background
- 88 public safety support specialists or PS3 candidates on the eligibility list
- 21 records specialist candidates in the process of background checks

Recent reports indicate:

- 46% of the current eligible candidates are from diverse groups
- 21% of these candidates identify as Hispanic or Latino
- 12% identify as Black
- 13% identify as Asian, Pacific Islander, or two or more races

Getting an officer on the street takes considerable time from the point of hire. The bureau is continuing to work with the state to ensure training slots are available to officers hired within the bureau and ensure new officers are supported throughout the hiring, training, and probationary period to retain these individuals.

Commissioner Wubbold asked the following questions:

We've talked about the equity lens the city uses for several years. For the upcoming budget, what is a specific example of a decision that was made differently due to the equity lens?

Mayor Wheeler said the actionable investments in the FY22-23 budget were focused on City Council's shared priorities: community safety, economic recovery, homelessness, and livability. These actionable investments were evaluated, in part, by their impact on fostering more significant equity and climate consciousness, as well as how they contribute to high-performance government.

In deploying an equity lens, the approved budget allocates:

- \$100 million in investments in vulnerable populations. including investments in homeless services and affordable housing
- \$4 million to enhance police accountability through investments in body-worn cameras

- and police oversight bodies
- \$3 million to further disability equity
- \$2.7 million for economic development services targeted at minority-owned businesses and communities

Mayor Wheeler gave two examples of decisions made differently using the equity lens.

In East Portland, three bureaus, Prosper Portland, Portland Housing Bureau, and the Bureau of Transportation, all submitted individual budget packages focused on anti-displacement and wealth-building strategies for minority populations along 82nd Avenue. Utilizing the equity lens, the team recognized the larger standing issue of anti-displacement across much of East Portland and added a million dollars for Prosper Portland to work with Portland bureaus and the community on developing an equity-focused East Portland Investment Strategy to ensure inclusive housing and economic opportunities are available as the area grows and changes.

Recognizing the need for the city to hold itself accountable for meeting its equity goals and commitments, the city allocated \$450,000 for three employees within the Office of Equity and Human Rights to establish performance and accountability systems for city policies and programs targeting equity. The city wants to be able to see the data.

Chair Quiroz asked the following questions:

The charter review commission is suggesting a new structure to the city council. What are the potential fiscal impacts if voters approve the commission's recommendations? Would the costs be covered by the General Fund?

Mayor Wheeler said the Charter Commission is a community-led body independent from the city. City bureaus have been providing support to the Commission at their request. The Commission did request that the City Budget Office assist in providing cost estimates for the proposed changes.

They estimate ongoing annual costs of the proposed reforms may be between \$900,000 to \$8,700,000 annually. One-time cost estimates for this transition are approximately \$4,000,000 to \$6,000,000 per year during the assumed three-year transition period from 2022 to 2025.

These estimates do not make assumptions about the second-order effects of the Charter reforms. The range of these estimates is vast because there is still much unknown about the proposed changes.

It has been and continues to be extremely important that the city and the council not pre-empt the Charter Commission in deliberations or decisions. Precise budgetary details have not yet been finalized or formally adopted. The current practice is for functions that support the city at large – including council offices - to be resourced from all eligible funds via the General Fund overhead model, which is a likely option for any new or different expenditures associated with this change.

Commissioner Ofsink asked this follow-up question:

Some of the timelines will involve the current budget. Did the council include funding in

the budget for transition if voters approve this in November?

Mayor Wheeler said they began preliminary work thinking about what consolidation would look like and did include funding in this budget to ensure they could work expeditiously if the voters approved this transition in November.

Ms. Jessica Kinard said funding is available in the budget under the leadership of Michael Jordan, the newly appointed Chief Administrative Officer. He has communicated with stakeholders across the city about what it will take to put this in place quickly. So, the city is preparing and thinking about the necessary steps to be implemented immediately.

Chair Quiroz thanked the Portland Mayor, City Council, and staff for joining the discussion and contributing during the hearing. Then she closed the hearing and opened a regular meeting of the Tax Supervising and Conservation Commission to certify the City of Portland's 2022-23 Approved budget. She asked if the commissioners had any questions or comments to make concerning the budget. There were none.

She asked that Executive Director Allegra Willhite give staff recommendations for the certification letter.

Ms. Willhite said staff found the budget estimates reasonable for the purposes stated and the budget to comply with Local Budget Law. She said staff have no recommendations or objections to the fiscal year 22-23 budget. TSCC staff appreciates the wealth of information about the budget made available on the website, work sessions, and during staff conversations. She said the City of Portland staff reached out on multiple occasions to discuss budget law requirements. They have been great partners during the preparation for this hearing. This responsiveness is greatly appreciated.

Chair Quiroz called for a motion.

Commissioner Wubbold moved to certify the City of Portland's Approved Budget with no recommendations or objections as recommended by staff. Commissioner Norton seconded the motion, which passed with a unanimous vote of the commissioners.

There being no other business, Chair Quiroz closed the meeting.