

City of Portland 2023-24 Budget Hearing Minutes

Tuesday, June 13, 2023
9:30 a.m.

Present:

TSCC:

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

Absent: Commissioner Matt Donahue

City of Portland Council:

Mayor Ted Wheeler, Commissioner Mingus Mapps, Commissioner Rene Gonzalez and Commissioner Carmen Rubio.

Staff: City Budget Director Tim Grewe, Assistant Budget Director Christina Owen, 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 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 said they had no conflict of interest with the city.

Chair Quiroz asked the Portland City Council and staff to introduce those present. Following introductions, she asked Mayor Ted Wheeler to briefly explain the budget and stated that following Mayor Wheeler's introductory remarks, testimony from the public would be taken.

After introductions, Mayor Wheeler thanked Commissioners Norton and Ofsink for their service to the community through their tenure with TSCC. Then he recapped the budget, describing it as the city's plan invested in healing and building the future of Portland for fiscal year 2024. He gave an overview of the investments and actions for the following most significant concerns expressed by Portlanders: homelessness, public safety, economic recovery, and livability. He touched on the new form of government Portland voters approved in 2022, which will begin January 1, 2025. He reviewed the objective for the next year, stating they must remain responsive in addressing the communities' concerns, uphold their responsibility to implement the charter reforms and provide improved services to Portlanders.

Following the budget overview, Chair Quiroz asked if 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

Commissioner Ofsink asked the following questions:

The city and county have extended the current Joint Office of Homeless Services contract for another year. We know that significant resources have been contributed to the Joint Office; we also know that challenges facing houseless populations have yet to be resolved, and community members need to see more progress. Can you outline the city's responsibilities in addressing houselessness, compared to other regional partners? Also, what are tangible items in the city's fiscal year 24 budget that will move the needle on addressing houselessness?

Mayor Ted Wheeler said the City of Portland is charged with maintaining the right-of-way, public space management, and providing a public safety response. Per the City's charter, it has no formal charge to provide health or human services programming. In terms of the responsibilities of the regional partners, Multnomah County is responsible for health and human services. It encompasses the Joint Office of Homeless Services and the Health Department, including behavioral health. Metro levies taxes such as the Supportive Housing Services tax measure, the funds of which go to the county, and operates the RID program, which conducts trash and bulky waste removal. However, that service is not solely connected to homeless camps. Finally, the State oversees the Oregon Health Association and Oregon Department of Transportation's camp and trash removal.

The Fiscal Year 23-24 budget invests heavily in services addressing homelessness. The City has continued to fund the Street Services Coordination Center (SSCC) for another year, which connects unsheltered homeless individuals with resources and shelter, as well as the Impact Reduction Program (IRP), which provides trash removal, outreach to unsheltered homeless individuals, camp assessment and removal. IRP's interactive public dashboard went live on March 23. A significant amount of investment dedicated to standing up Temporary Alternative Shelter Sites or "TASS" was carried over in the coming fiscal year, and the State awarded \$6.8 million through the Governor's "Oregon All In" plan toward capital and operations of TASS. The Safe Rest Village program carried over American Rescue Plan resources for FY23-24. Both the TASS and Safe Rest Village programs provide low-barrier shelter options on a temporary basis and bring needed services, including housing navigation and behavioral health, to people experiencing homelessness.

Additional City programming that received funding related to homeless services includes the Portland Bureau of Transportation (RV and abandoned auto towing), Portland Street Response (staying at current service level), Portland Housing Bureau (continuing programming for rent assistance and executing the Portland Housing Bond), and continuing to fund the City's portion of the Joint Office of Homeless Services at current service level. Additional details on City programming related to Housing and Homelessness can be found in the City Budget Office's Prior Year Performance Report.

Commissioner Ofsink asked this follow-up question:

Are the Temporary Alternative Shelter Sites low barrier for folks traditionally not willing to go to traditional shelters? TASS were designed by folks on the ground for folks who wouldn't want to be in a traditional shelter.

Mayor Wheeler said yes, the design of the TASS sites was informed by people on the street. Eight out of ten people surveyed would not go to an inside congregate shelter for various reasons. Seven of ten would go to an outside encampment like this if:

- 1) It would be stable, and they wouldn't be moved forcefully.
- 2) They would access to hygienic services, such as toilets, sinks, and laundry.
- 3) They would have navigation to services.

Everyone entering a TASS will be assigned a case manager with access to behavioral health care, or general health care services, and very importantly, navigation to housing when they're ready for it. The hope is people won't spend a long in the TASS sites. The purpose is to get them into a more permanent housing situation.

Commissioner Norton asked the following questions:

Safe rest villages, operated by the Joint Office but with physical assets and site selection managed by the city, are funded by city ARP dollars. Several sites are in operation, with some sites still in the works. What's the timeline for the remaining sites? Are you looking for ongoing funding for these sites, and if so, how is that going?

Mayor Wheeler said in response to the question about the ongoing funding for the safe rest village sites, the Mayor's office is currently working with Multnomah County on exploring ongoing funding options for the city's established alternative shelter sites, including both the safe rest villages, as well as the temporary alternative shelter site. This includes the Governor's Oregon All In plan and Metro's Supportive Housing Services bond measure. The city has already received some initial funding through Oregon All In for the Clinton Triangle site, and conversations have been promising related to Metro's SHS funding.

City Commissioner Dan Ryan said five Safe Rest Villages are open as of May 23, 2023, offering 211 shelter units. Those Safe Rest Villages include the BIPOC Village, Queer Affinity Village, Multnomah Safe Rest Village, Menlo Park Safe Rest Village, and Peninsula Crossing Safe Rest Village. Two additional Safe Rest Villages – Sunderland RV Safe Park and Reedway Safe Rest Village – are tentatively scheduled to open in July 2023.

The Sunderland RV Safe Park will be a joint operations effort between the Joint Office of Homeless Services (JOHS), their shelter operator, the Salvation Army, the Safe Rest Villages (SRV) team, and numerous other City bureaus. This temporary outdoor shelter will provide case management, amenities, and on-site mental and behavioral health services for those living in approximately 55 RVs.

The Reedway Safe Rest Village will coordinate with the JOHS, but the shelter operator will report to the city's Safe Rest Village team. This temporary outdoor shelter will also provide case management, amenities, and on-site mental and behavioral health services for those living in approximately 60 sleeping units.

We know the county operates the sites, but the city has contributed considerable dollars and has an interest in the outcomes. What can you share about how things are going at the villages so far - is this working to help transition folks to long-term housing? What have been the biggest challenges? What lessons have you learned that you can apply to future sites?

Mayor Wheeler said the city can't do it alone. The city and the county must work together because part of the problem is access to shelter, hygiene, and stability. But part of the

problem is healthcare-related and behavioral health-related. People must be moved through the temporary sites. A lack of affordable housing impedes people from moving into housing. The city is working with the county to reserve housing slots so those going into the temporary alternative shelter sites have a place to go when they are ready to move on.

Mr. Ryan said tracking this project's success was essential to ensure that when people enter permanent housing, they'll be stable. The real question to ask three years down the road is, what is the best way to set up people for success when they're in stable housing? There needs to be some tracking over the next three years to see what is successful and what is not. The city is beginning to build data sets that clarify the progress.

He said between July 1, 2022, and March 31, 2023, four shelters opened with a total of 151 shelter beds, which served a total of 226 people. Over those nine months, 89 people, or 39% of program participants, exited from a Safe Rest Village. Of those 89 people, 48— or 54% — moved to temporary or permanent housing. This is tracked and available on the Safe Rest Villages Dashboard, updated quarterly, and contains robust information about the villages, including definitions of exit destinations.

The public wants to know how much longer this will go on. What would you say to them.?

Mr. Ryan said if the local news followed up with the sites that have been open for some time and interviewed neighbors, they would find the area looks much better than it did before the Cypress Villages began operation. The complexity of this issue is not all people are willing to relocate. It would be great if the local news would follow up with a story about the changes at Peninsula Crossing.

Commissioner Wubbold asked the following questions:

This budget calls out the addition of 43 FTEs for new police officers. At many past TSCC hearings, we've discussed the challenge of recruiting for sworn police officer positions. Has anything changed? What are your current vacancy rates?

Mayor Wheeler said the FY 2022-23 Adopted Budget includes a budget note that directs the Portland Police Bureau to do two things:

- 1) Retain the 43 unfunded Police Officer positions
- 2) add back the funding for those positions once the number of sworn vacancies drops below 40.

The FY 2023-24 Approved Budget restored funding to the Bureau for those positions; however, because they do not anticipate that the Bureaus will be able to fill all 43 of those positions within the next fiscal year, those funds were pulled on a one-time basis to go towards other priorities.

The recruiting and hiring situation has improved, and the Personnel Division has been working to recruit locally and nationally to attract candidates from increasingly diverse lived experiences. The number of background investigators has increased in the Bureau to accelerate the hiring process. Last year, the city received about 1,500 applications for new police officer positions and has been able to hire over 100 new officers in the previous 18 months. Currently, 805 of 882 sworn positions are filled, meaning the city has 77 sworn vacancies remaining, with many applications in the review process. In addition, Portland is continuing to work with State partners to address the law enforcement training bottleneck via DPSST.

We were under the impression that you had a training program that was DPSST certified program and we were very interested in that.

As a point of clarification, Portland has not created an in-house training program. The City proposed a regional academy to alleviate the backlog at the State academy (DPSST). A workgroup came together to explore the logistics and viability of the proposal, which, unfortunately, did not come to fruition. However, these discussions and new leadership at DPSST jump-started meaningful problem-solving by stakeholders. At this time, the Governor has proposed increasing the DPSST budget to add staffing and expand academies, which the city strongly supports. The future of the Governor's proposal is in the legislature's hands.

Chair Quiroz asked the following questions:

The reports of gun violence in our community are heartbreaking. This budget sees investments in gun violence prevention programs and additional police officers. What impacts do you expect to see from these dollars? What will you be measuring to see if these investments are successful?

Mayor Wheeler explained that there are two data sets here. The number of shooting incident counts has dropped fairly significantly. However, the homicide rate remains about the same. The reduction in the number of shootings is encouraging for the future. This budget builds on prior budgets that created the focused intervention team, a police response, and intervention to gun violence in the community. They've now been up and running for the better part of three years. It also creates the focused Intervention Team Oversight group, which is a group of citizens who work alongside that team to make sure that they understand how recruiting is taking place, how things are operating, and make sure that there isn't any implicit bias in the way that that team does its work. The Enhanced Community Safety team is a group of investigators focusing specifically on gun-related crime to ensure that people responsible for those activities are held accountable. In the last two years, the city has made historic investments around gun violence through the Safer Summer PDX program in the Office of Violence Prevention. The number of street-level outreach workers has doubled, interrupting and preventing violence from happening. Portland has partnered with Cure Violence Global to assist in training and applying their proven framework to support this work and strengthen data collection and a reporting mechanism to allow transparency to the public. The city has partnered with the National Institute for Criminal Justice Reform to launch Portland Ceasefire, which will unify the efforts of the community government partners and law enforcement to directly engage with those at the highest risk of either perpetrating or being impacted by gun violence. They have also partnered with the Gun Violence Research Team at OHSU to evaluate the efforts to make sure that the dollars being spent and the programs developed have the most efficacy possible. They will assess the strategies and systems, starting with Safer Summer PDX, going back and looking at the data in 2022, the current data, and the overarching efforts at the Portland Police Bureau, the Office of Violence Prevention, and the Community Safety Division.

He concluded by saying he is confident that the number of incidents has started to trail off, and the actual homicide rate will also begin to decline.

It seems like there should be a correlation between the numbers. Yet the incidents are dropping, and the homicide rate is staying flat. Do you have any explanation for that?

Mayor Wheeler said the weapons used are more lethal and dangerous to bystanders like Uzis. These are very deadly and dangerous to bystanders as well. Some of the incidents involve the shooter spraying the scene with bullets with what appears to be a machine gun. These have become the weapon of choice.

Commissioner Ofsink asked this follow-up question:

You talked about Community Unity Interveners. Is the city also focusing on disrupting a pipeline of those more dangerous weapons entering the city?

Mayor Wheeler said Federal Partners are as strong as they've ever been. and the investigative work is super solid. The Community Safety team has been a great help. The Focused Intervention Team has been highly successful and stepped up its efforts. So, with all these partners, the city hopes to see a decrease in homicides.

Commissioner Norton asked the following question:

PBOT, along with many transportation agencies around the country, is facing some real challenges in terms of long-term financial stability. What's the long-term strategy for maintaining and investing in our transportation infrastructure?

City Commissioner Mingus Mapps said PBOT is facing real challenges in long-term financial stability due to a funding model that does not keep up with inflation and dependency on fuel taxes, which diminish as people make the otherwise beneficial switch to high mpg vehicles and electric vehicles. In addition to this problem, PBOT is heavily reliant on parking fees, which have dramatically reduced since the beginning of the pandemic. The bureau is not facing a long-term problem with its financial stability but a very near-term problem. Within the next budget cycle, the Council will need to identify new resources that are more stable and support the bureau's multimodal goals or face significant reductions to the City's transportation system.

Suppose PBOT cannot identify new resources in the coming fiscal year instead of maintaining and investing in the City's transportation system. In that case, current forecasts call for ongoing reductions of up to \$32 million (25%) to the bureau's core services. Making the situation even more challenging, reduction options only include services funded by \$146 million of PBOT's General Transportation Revenues (GTR). Additionally, of that \$146 million in annual GTR, at least \$60 million cannot be reduced. This category includes debt service payments for the Sellwood Bridge and ADA curb ramp construction that are legally obligated. As a result, the \$32 million reduction will need to come out of the remaining \$86 million of General Transportation Revenue-backed expenditures. Many of these \$86 million in expenditures go to system maintenance. As a result, if left unaddressed, the near-term budget problem the bureau faces will result in dirtier, less navigable streets for all users and an increase in the maintenance backlog for the City's transportation assets.

One option to avoid this scenario that may be discussed is a transportation utility fee, which has been implemented in over 30 jurisdictions across Oregon. Another potential option is allocating additional General Fund resources to PBOT, specifically, a percentage of the Utility License Fee Revenues. At different times, a portion of this \$90 million funding source for the General Fund has been allocated to PBOT for core services. In 1988, the Council passed a resolution to issue 28% of these resources to PBOT. Over the years, this

percentage has varied and currently sits at 0%. Another option could be an allocation to support investments in transportation maintenance as part of the Portland Clean Energy Fund Climate Investment Plan. Reforms passed by the Council in October 2022 allow these funds to support bureau initiatives that advance climate and economic justice outcomes for Portlanders. Supporting a functioning transportation that can address basic cleaning, maintenance, and repair needs will enable new initiatives – such as the e-bike rebate program proposed in the current PCEF CIP – to succeed.

He concluded by saying he is working collaboratively with the Council this summer and fall to revise PBOT's strategic plan to reflect the downturn in forecasted transportation revenues. He is hopeful that some of these revenue stabilization strategies will be considered.

Chair Quiroz asked the following questions:

The budget includes rate increases for water and sewer, which, although less than originally proposed, are still increases. We know the infrastructure is aging, so what should residents expect in terms of future increases? And what work is the city doing to mitigate impacts on lower-income residents?

Mr. Mapps gave several reasons why the rates are increasing. Inflation, the cost of maintaining the city's \$47 billion infrastructure for water and sewer, and capital projects increasing costs due to supply chain issues being the drivers of the increases for the city's water. He explained that the Federal Government tightly regulates both water and stormwater. The combined Environmental Services and Water five-year Capital Improvement Projects is \$2.9 billion to meet regulatory requirements, continue improving seismic & climate resilience, protect public health, and ensure affordability while promoting long-term financial sustainability. The City of Portland is aware of the need to prepare for seismic events, all while being mindful of climate change. All of these factors directly affect the cost of delivering water to customers.

This year, the Approved FY Budget combined rate was 5.54%. As the budget submission describes, the anticipated combined rates are 6.32% for FY 24-25, 6.34% for FY 25-26, and 6.46% for FY26-27.

He itemized the programs the City of Portland has made available to assist low-income residents in paying their utility bills.

They are:

- Tier 1 & Tier 2 bill discounts for income-qualified single-family residential customers
- Crisis assistance for income-qualified single-family residential customers,
- Utility Safety Net Program
- Water Leak Repair Assistance for income-qualified single-family residential customers
- Clean River Rewards,
- Payment plans, and finally
- Regulated Affordable Multi-Family Assistance Program (RAMP)

While previous programs focused on single-family homes, approved in this year's rates was an additional affordability program focused on multi-family housing (RAMP). RAMP will provide an estimated annual discount of about \$325 from the combined utility bill. With RAMP, the utilities affordability programs will reach an estimated 22,300 households.

The city will continue to work on increasing participation in these existing programs and offering more affordable programs so that the most vulnerable ratepayers are provided meaningful discounts and continued service, including focusing on households whose primary language is not English.

Finally, the City will continue to focus on expanding revenue sources for the utility bureaus via local, state, and federal infrastructure dollars and other grant and loan funding opportunities to lessen the burden on ratepayers.

Commissioner Ofsink asked the following questions:

In October, you made changes to expand spending options for the Clean Energy fund to help get tax dollars out the door. How's that going? When do you expect to see a substantial spend down of these dollars?

City Commissioner Carmen Rubion said The Climate Investment Plan (CIP), directed by the City Council's code changes in October 2022, will come to the Council for approval in September 2023. The plan will outline the funding allocations and implementation timelines for projected spending between 2023 and 2028. Some of this information exists within the draft CIP, which provides an overview of the fund balance, incoming revenues, and spending down over that duration.

As part of the October 2022 code update to PCEF, the program must develop a 5-year Climate Investment Plan that defines program outcomes, performance measures, and funding allocations in alignment with the program's authorizing legislation (PCC 7.07). This includes the original funding areas within the voter's pamphlet for Measure 26-201, in addition to transportation decarbonization. Page 12 of the draft Climate Investment Plan describes the program's accountability systems to ensure that funds are spent in alignment with the Climate Investment Plan and program code. Additionally, each funding area has defined outcomes and goal measures within the CIP.

Commissioner Wubbold asked the following questions:

Let's talk about permitting in relation to the city's affordable housing pipeline. We've spoken with you several times in the past about previous attempts to streamline the permitting process - what's the current approach? How does it differ from the past?

Ms. Rubio said she recently shared a six-page memo summarizing those actions already taken, ones currently underway, and her thoughts on the future. This document will be made available for the TSCC. She shared some actions taken over the last few months and some they are working towards.

Some of what they have done include:

- Made many investments and passing policies that fund and facilitate housing production, including bond money, residential infill, a new TIF district, a new economic development strategy with Prosper, ease office-to-housing conversion, allow SDCs to be deferred for 24 months, and are about to increase the cap on HOLTE.
- Launched a new management structure for public works permits in January.
- Launched a Multi-Dwelling Housing Pilot in January to get more permit-ready projects out the door.
- Appointed a single point of contact for all types of housing projects.

- Reduced fees for early assistance meetings and expanded the use of 15-minute check-in meetings.
- Convened small business tenant improvements and regulatory development workgroups to find solutions to improve permitting.
- Continued the process improvements work by the Permit Improvement Team in OMF – and the data is moving in the right direction.

The housing crisis has been decades in the making and has created many challenging issues. The city, county, and state are working hard to meet these challenges.

The next step for the City of Portland is to unify the permitting functions within one entity. Bureau staff has engaged the Permit Improvement Taskforce and explored other ideas with BDS leadership and the Infrastructure Team Manager. They are also conversing with elected offices and have explored other incremental options. Reflecting on how many years the city has been working towards solving this problem, charter change, and the need to reorganize the city to one that a City Administrator can effectively manage, she determined that unification and adequate resourcing of these functions is the next step that makes sense.

Leaders in this work have been asked to create a plan for one permitting entity for Portland. That planning needs to start in July, with an eye toward the fiscal year 2024-2025 budget process. Before those budgets are submitted, an organization chart needs to be developed and funding streams identified. The goal is that by July 1, 2024, the City will have a unified permitting services entity. The proposal will be developed in the next few months.

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 2023-24 Approved budget. She asked if the commissioners had any questions or comments concerning the budget. There were none.

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

Ms. Willhite said she would like to commend the city's budget staff for a thorough and informative budget process. The budget document represents a lot of work on their part. TSCC staff also appreciates the continued partnership with the City of Portland staff. They are always quick to respond to questions from TSCC and reach out proactively with any questions they may have. For the fiscal year 23-24 Approved budget, TSCC 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 23-24 budget.

Chair Quiroz called for a motion.

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

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