City of Portland, Maine
Remote Finance Committee Meeting
Thursday, January 27, 2022
5:00 PM, Remote via ZOOM

AGENDA

ZOOM MEETING INFORMATION

This meeting will take place remotely using Zoom.

This meeting will be held remotely pursuant to the Remote Meeting Policy adopted by the City Council and as authorized under 1 M.R.S. 403-B because of the existence of an emergency or urgent issue that requires the committee to meet by remote methods. Allow your computer to install the free Zoom app to get the best meeting experience. If you are not able to attend live, a recording will be available following the meeting at https://townhallstreams.com/towns/portland_maine.

For public comment, you will need to use the "raise your hand" feature. To raise your hand via the telephone, please hit *9. You will be unmuted by the host when it is time for public comment.

Please click the link below to join the webinar:
https://us06web.zoom.us/j/81651031949?pwd=YlAxMnpRekZVYnFEVjhFRUZ3RDlwUT09
Passcode: 662348
Or One tap mobile :
US: +13126266799,,81651031949# or +16465588656,,81651031949#
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Dial(for higher quality, dial a number based on your current location):
US: +1 312 626 6799 or +1 646 558 8656 or +1 301 715 8592 or +1 346 248 7799 or +1 720 707 2699 or +1 253 215 8782
Webinar ID: 816 5103 1949
International numbers available: https://us06web.zoom.us/u/kditjYgwXb

1. Introductions

2. FY23 Budget Workshop – Key Takeaways and Additional Discussion

The Finance Director will review key takeaways from the January City Council Budget Workshop and discuss in more depth the potential impact of each item on the FY23 City Budget. The Director will also review initial guidance provided by the Council to staff and discuss the potential impact to core City services. This is a discussion item only; no formal action will be taken.

A copy of the slide presentation is attached and the full recording can be at the following link: https://townhallstreams.com/stream.php?location_id=42&id=42673

3. FY22 CIP and Budget Calendar Discussion

The Finance Director will review the draft 2022 Capital Improvement Plan calendar and draft FY23 budget calendar. This is a discussion item only; no formal action will be taken.

4. Discussion of Finance Committee Specific Goals

The Committee will begin discussion of the Finance Committee Goals for 2022 which will be finalized at a future meeting. The full City Council agreed upon common goals in December 2022 and the majority of those will impact the work of the Finance Committee. This is a discussion item only; no formal action will be taken.

NOTE – The City Council Common Goals for 2022 can be found here: https://portlandmaine.gov/Archive.aspx?AMID=76

5. Adjournment

City of Portland
FY23 Budget Workshop

FLAGGING KEY BUDGET ISSUES

Originally presented to City Council 1/10/22
Updated for Finance Committee 1/27/22

Brendan T. O'Connell – Finance Director

AGENDA

- Introduction
  - Budgeting basics
  - Review of City budget calendar
  - Pause for questions and answers
- FY22 Budget Update
  - Review of budget to actual info for FY22
  - Detailed analysis of City hotel/emergency shelter expenditures and impact on FY22 budget
  - Pause for questions and answers
- FY23 Budget Challenges
  - Review of major budget pressures on the FY23 municipal budget and their estimated tax rate impact
  - Pause for Questions and Answers
  - City Council goals and budget impact
- Council Budget Guidance Discussion

Budgeting Basics - Definitions

The City of Portland **budget** is a fiscal plan setting out anticipated revenues and expenditures for accomplishing City services over the course of our fiscal year (which runs each July 1st through June 30th). Setting an annual operating budget is required by the City Charter.

The City budget includes both the **general fund** and several **enterprise funds.**

Definitions Continued:

The **general fund** is the largest of the City's funds and includes funding for basic municipal services such as public safety, health and human services, and public works. The general fund is supported by property taxes and a variety of other sources including excise taxes, licenses and permits, State of Maine revenue sharing and general assistance reimbursement, charges for services from City Departments and more.

The FY22 general fund operating budget is $212.2M

Definitions Continued:

The **enterprise funds** are self supporting funds that rely on their own revenues to support their expenditures. They do not utilize any property tax revenue to support their operations. The City currently has four enterprise funds totaling $56.1M:

- Jetport Enterprise Fund ($23.9M)
- Sewer Enterprise Fund ($28.4M)
- Stormwater Enterprise Fund ($3.2M)
- Fish Pier Enterprise Fund ($422k)

Budgeting Basics - Tax Levy vs Tax Rate

TAX LEVY: The City Council sets the tax levy, not the tax rate. The City **tax levy** is the amount of property taxes required to be collected from Portland property taxpayers to fund municipal operations.

TAX RATE (aka MILL RATE): The City Assessor uses the property tax levy approved by the City Council and divides it by the total taxable valuation of the City to come up with the final tax rate (also known as the mill rate or the millage rate). The tax rate represents the amount of taxes payable per dollar of assessed property value

Budgeting Basics - FY22 Tax Rate Computation

	General Fund	Enterprise Funds	TOTAL MUNICIPAL	School Dept	GRAND TOTAL
Total Expenditures	$212,156,884	$56,059,417	$268,216,301	$126,454,700	$394,671,001
Less: Revenues	(121,141,953)	(58,219,679)	(179,361,632)	(26,601,449)	(205,963,081)
Surplus	0	2,160,262	2,160,262	(770,000)	1,390,262
Tax Levy	$91,014,931	$0	$91,014,931	$99,083,251	$190,098,182
Tax Levy %			47.9%	52.1%	100.0%

FY22 Official Tax Rate:

[1] FY22 Valuation:	14,629,000,000				
FY22 Tax Rate:	$6.22	$0.00	*$6.22*	*$6.77*	**$12.99**

Budgeting Basics - School Budget

The **school budget** is separate from the City budget, but is part of the overall tax levy. As per the City Charter, the PPS Superintendent proposes a School budget, which is approved in detail by the Board of Public Education, and the City Council approves one lump sum amount for schools. This amount is then approved by voters in June of each year. The FY22 School budget is $126.5M with a required school tax levy of $99.1M

"The city council… shall… appropriate one gross amount for the support of the public schools" City Charter, Article III Section 5

Budgeting Basics - Inflation

Inflation can be defined as a persistent rise in the general price of goods and services of common or daily use — such as clothing, food, fuel, transport, etc — which results in an increase in the cost of living. Inflation is the measure of change in average price of services and commodities, done at regular intervals.

The Consumer Price Index (CPI) tracks any shift in retail prices of essential and daily goods and services consumed by households across the country. In short, it captures changes in price level at the consumer level.

Note: CPI was up 7% for during 2021, largest increase since 1982

Potential Impact of Inflation on City Budget
Real Examples of Known Cost Increases

CPI was up 7% for during 2021, largest increase since 1982. The following table shows just a handful of examples of price increases we know about for FY23. Hundreds of expenditure items across the entire City budget will be impacted by inflation in FY23.

Budget Item	FY22 Price	FY23 Price	$ Increase	% Increase
Stamps (Book of 20)	$ 11.00	$ 11.60	$ 0.60	5%
Fire Department Turnout Gear (per firefighter)	2,233.00	2,456.00	223.00	10%
Contracted Tree Services (hourly)	138.00	160.00	22.00	16%
250 Purple Trash Bags (Small)	34.77	41.38	6.61	19%
Interpreter Services (hourly)	50.00	60.00	10.00	20%

Potential Impact of Inflation on City Budget Example 1 of 2

CPI was up 7% for during 2021, largest increase since 1982. The following table shows potential impact of inflation on the FY23 City budget (no changes in services / FTE).

	FY22 Price	FY23 Price	Increase/Decrease
Total General Fund Expenditures (1)	$ 212,156,884	$ 227,007,866	$ 14,850,982
Less: Non Property Tax Revenues (2)	(121,141,953)	(121,141,953)	-
= Property Tax Levy	**91,014,931**	**105,865,913**	**16.3%**
Tax Rate	$12.99	$14.01	7.9%

NOTE: Expenditure and property tax levy figures are CITY only. Tax rate shown would be higher if SCHOOL property tax levy increases for FY23

(1) Example above keeps City services / staffing levels flat and assumes 7% CPI will impact all expenditures

(2) Example above assumes non-property tax revenues will NOT increase by 7% (i.e. no changes in charges for services, fees etc)

Potential Impact of Inflation on City Budget Example 2 of 2

CPI was up 7% for during 2021, largest increase since 1982. The following table shows potential impact of inflation on the FY23 City budget (no changes in services / FTE).

	FY22	FY23 + CPI	Increase/Decrease
Total General Fund Expenditures (1)	$ 212,156,884	$ 227,007,866	$ 14,850,982
Less: Non Property Tax Revenues (2)	(121,141,953)	(129,621,890)	(8,479,937)
= Property Tax Levy	**91,014,931**	**97,385,976**	**7.0%**
Tax Rate	$12.99	$13.43	3.4%

NOTE - Expenditure and property tax levy figures are CITY only. Tax rate shown would be higher if SCHOOL property tax levy increases for FY23

(1) Example above keeps City services / staffing levels flat and assumes 7% CPI will impact all expenditures

(2) Example above assumes non-property tax revenues WILL increase by 7% (i.e. including by raising City fees / charges for services etc)

Potential Impact of Inflation on City Budget
How will inflation impact revenues?

Will non-property tax revenues keep pace with the 7% inflation rate? Historically revenues have grown at a 2.3% rate (excluding FY22 ARPA funds).

	FY18	FY19	FY20	FY21	FY22 (with ARPA $8.75M)
Budgeted Non-Property Tax Revenue	($103,211,171)	($104,848,548)	($113,918,918)	($109,051,966)	($121,141,953)
% Change from PY		1.6%	8.7%	-4.3%	11.1%
AVERAGE				4.3%	

	FY18	FY19	FY20	FY21	FY22 (without ARPA $8.75M)
Budgeted Non-Property Tax Revenue	($103,211,171)	($104,848,548)	($113,918,918)	($109,051,966)	($112,391,953)
% Change from PY		1.6%	8.7%	-4.3%	3.1%
AVERAGE				2.3%	

Potential Impact of Inflation on City Budget
Summary of Estimated Impact

- Finance staff estimates actual impact of inflation will have the full 7% impact on City expenditures
- Finance staff estimates the impact of inflation on revenues will be less than 7% due to lack of appetite for raising fees/charges for services
- Actual starting point for a status quo budget (i.e. no changes in service levels, no FTE increases or decreases, just doing the same exact work we did in FY23) will be at LEAST a 3.4% tax rate increase (example 2).
- This figure does not factor in potential impact of existing or new programs which have been introduced with no staffing to perform them (i.e. unfunded mandates), additional expenditures related to Council goals etc.

Programs Introduced Without Complete Additional Funding and Staffing:

- Tenants Rights Ordinance (November 2020)
- Green New Deal (November 2020) - which also has significantly increased City construction project costs - increasing cost of Homeless Services Center by $2.5M+
- New Electric Code & Mechanical Code (2021)
- Marijuana Ordinance Amendment (November 2020)
- Pesticide Ordinance (2019)
- Heritage Tree Ordinance (2020)
- Energy Benchmarking and Disclosure Ordinance
- Straw Ordinance
- One Climate Future
- Food Truck Licensing (operational impact, trash collection and park maintenance)
- Additional ARPA public restrooms (2022)
- Required fiscal impact notes, Portland Senior Tax Equity Program, Bridge Program

Budgeting Basics - Tax Levy History

CITY					COUNTY			SCHOOLS			OVERALL	
Fiscal Year	City Tax Rate	$ Change	% Change (City Mill Rate)	% Change (Overall Mill Rate)	County Tax Rate	$ Change	% Change (County Mill Rate)	School Tax Rate	$ Change	% Change (School Mill Rate)	Overall Mill Rate	% Change
FY15	$9.24				$0.65			$10.11			**$20.00**	
FY16	$9.83	$0.59	6.4%	2.9%	$0.68	$0.03	4.8%	$10.12	$0.01	0.1%	**$20.63**	3.2%
FY17	$10.08	$0.26	2.6%	1.2%	$0.70	$0.02	2.5%	$10.33	$0.21	2.1%	**$21.11**	2.3%
FY18	$10.28	$0.20	2.0%	0.9%	$0.76	$0.06	8.8%	$10.61	$0.28	2.7%	**$21.65**	2.6%
FY19	$10.55	$0.27	2.6%	1.2%	$0.79	$0.04	4.9%	$11.14	$0.53	5.0%	**$22.48**	3.8%
FY20	$10.79	$0.24	2.3%	1.1%	$0.83	$0.04	4.6%	$11.69	$0.55	4.9%	**$23.31**	3.7%
FY21	$10.75	($0.04)	-0.4%	-0.2%	$0.87	$0.04	4.5%	$11.69	$0.00	0.0%	**$23.31**	0.0%
FY22*	$10.28	($0.46)	-4.3%	-2.0%	$0.88	$0.01	0.9%	$12.14	$0.45	3.8%	**$23.31**	0.0%

*pre-revaluation for comparative purposes

Budgeting Basics - City Budget Calendar

- December / January – City Departments compile/enter their budget requests based on current year actuals and guidance from City Manager.
- February – Finance / HR Department review of submissions
- March – City Manager detailed review of submissions
- April – Presentation of City Manager recommended budget to City Council, referral to Finance Committee for detailed review, Public Hearings, and vote to recommend full budget to Council
- May – Budget Workshop, Public Hearings, City Council final budget approval vote

FY22 Budget Update - Total Revenues

Approved FY22 General Fund Revenues:	$212,156,884
Revenue Through November 30, 2021:	$105,739,282
Percentage Collected:	49.8%

If revenue collection were done in equal monthly installments the "norm" through six months is 41.66% collected. However, due to tax collection dates City revenue collection is not done equally each month. For reference we were 51.7% collected after 5 months in FY21, 49.9% collected after 5 months in FY20.

FY22 Budget Update - Expenditures

Approved FY22 General Fund Expenditures:	$212,156,884
Spending Through December 31, 2021:	$111,000,000 (est)
Percentage Expended:	52.3%

If spending were done in equal monthly installments the "norm" through six months is 50% expended. For reference we were 46.9% expended after 6 months in FY21, 46.1% expended after 6 months in FY20. However in FY22 the City has significantly over-expended the General Assistance budget.

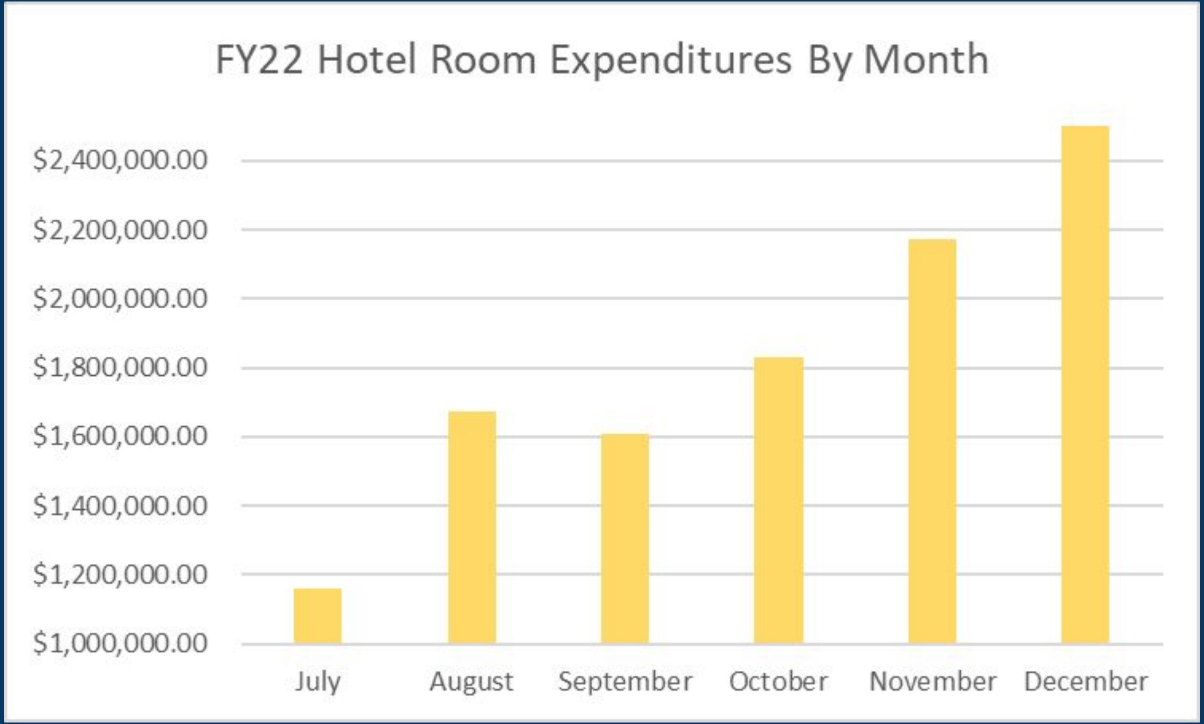
Why have we over expended?

City currently sheltering unprecedented numbers of people seeking emergency shelter/hotels. Due to nightly numbers in total shelter exceeding 1,000 individuals per night, we are now accessing 10 different hotels across 5 municipalities in addition to our two existing shelters.

FY22 Social Services Budget for Emergency Housing:	$2.7M
FY22 Expenditures Through 6 Months (estimated):	$8.4M

This excludes approximately $300k/month currently being paid directly by Maine State Housing Authority for Portland arrivals with Federal funding.

Hotel Expenditures:



- $1.1M in July 2022 up to an estimated $2.5M in December
- Rate of increase averaging over 19% per month in FY22
- 900+ individuals currently being housed in hotels & rising rapidly
- Nightly rates have reached $220 per night and rising as Portland has already fully occupied less expensive hotel inventory
- Staff now searching for hotels in mid-coast Maine and York County

Summary of Hotel/Housing Expenditures:

FY22 Social Services Budget for Emergency Housing:	$2.7M
FY22 Expenditures Through 6 Months (estimated):	$8.5M
FY22 Expenditures Projected Full Year Expense (range):	$17M - $40M

Figures exclude approximately $300k/month currently being paid directly by Maine State Housing Authority for Portland arrivals via Federal funding.

Who Is Paying for Extra Hotel Expenses?

As noted in the previous slide the City is projecting an FY22 over expenditure related to hotels / emergency housing that will likely exceed $15M. However there will be limited net impact to taxpayers in FY22 because the expenses are currently being 100% reimbursed.

70% of this expense will be reimbursed at a later date by the State General Assistance program which was modified in July 2019 to include not only Maine residents but also asylum seekers.

The remaining 30% of the expense is currently being reimbursed by FEMA. **This funding is currently set to expire in April 2022.**

Additional FY22 Appropriation Required:

- Due to the extent of the over expenditure in the general assistance / hotels / emergency housing budget, additional spending authority above and beyond the existing $212.1M will be required from City Council for FY22.

- Because of the 70% State of Maine reimbursement + 30% Federal reimbursement this action item will simply be appropriating existing additional revenue to cover the over expenditure.

- Staff will also be requesting additional appropriations relating to the additional $4M Barron Center funding received from the State of Maine and $1.65M of ARPA funding recommended by Council for staff retention.

FY23 Budget Challenge
Hotel Expenditures Not Fully Reimbursed

In FY23, the City is likely to lose reimbursement for at least 30% of the total hotel expenditures which should be estimated at $20M - $40M. Under the assumption that FY23 spending on hotels remains flat moving forward ($30M) and our extra 30% reimbursement is lost, **there would be a $9M increase to the mill rate required (62 cents, 4.8%).**

General Assistance, reimbursement rate (current 70%), & asylum seeker eligibility will be items of critical importance in future State budgets. Any decrease to the reimbursement rate or change in asylum seeker eligibility would have a devastating impact on Portland property taxes.

FY23 Known Budget Challenge: FY22 to FY23 Reduction in Budgeted ARPA Revenue

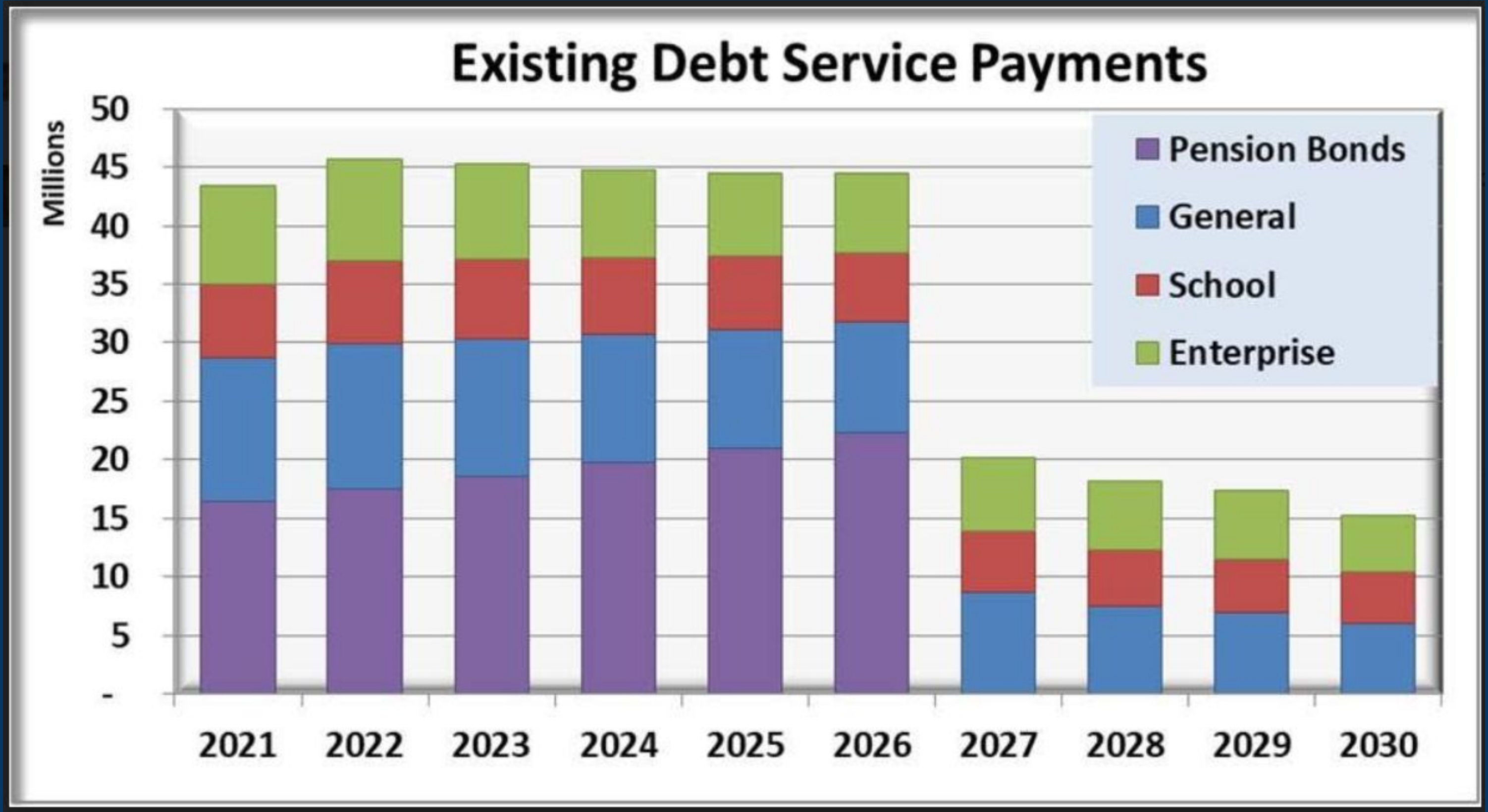
- City will receive a total of $46.2M of American Rescue Plan Act which can be used to sustain municipal operations to the extent revenue has been lost due to COVID
- In FY22 the City Council approved $8.75M of ARPA revenue loss funding to be included in the FY22 budget to offset lost revenues due to COVID19.
- The ARPA plan includes reduced levels of APRA revenue infusion in FY23 ($5.5M) & FY24 ($2.75M) as COVID impacted revenues return to pre-pandemic levels.
- The reduction in ARPA revenue included in the City of Portland budget from FY22 to FY23 is $3.25M (FY22 $8.75M - FY23 $5.5M = $3.25M).

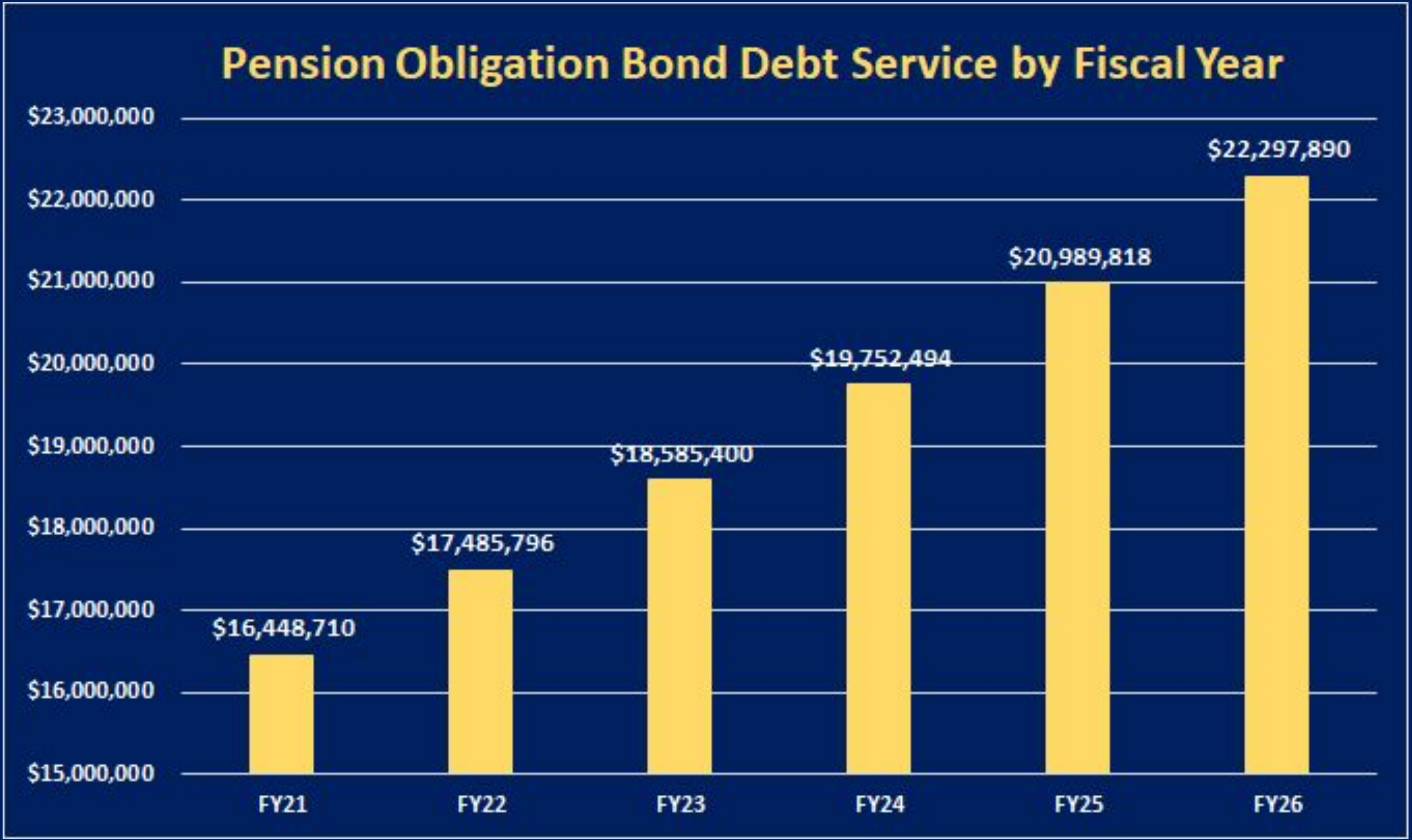
If $3.25M of additional revenue was required from the tax levy this would represent an approximately **$0.23 cent increase in the mill rate (1.8%)**

FY23 Budget Challenge: Revenue Uncertainty

- No bounceback of Barron Center revenue to date (currently decreasing)
- Cruise Ship revenue not expected in 2022 (2023?)
- When will Parks & Rec have full slate of concerts/events?
- Will business license / permitting & inspections revenues rebound?

FY23 Budget Challenges - Debt Service




Pension Obligation Bond Debt Service by Fiscal Year
$23,000,000
$22,000,000
$21,000,000
$20,000,000
$19,000,000
$18,000,000
$17,000,000
$16,000,000
$15,000,000
$16,448,710
$17,485,796
$18,585,400
$19,752,494
$20,989,818
$22,297,890
FY21
FY22
FY23
FY24
FY25
FY26

FY23 Budget Challenges - POB Debt Service

	Annual Pension Obligation Bond Debt Service	Increase from Prior Year	Addition to the Mill Rate	Cumulative Increase from FY22
FY21	$ 16,448,710	$ 976,312	Already Included	
FY22	$ 17,485,796	$ 1,037,086	Already Included	
FY23	$ 18,585,400	$ 1,099,604	$ 0.08	$ 1,099,604
FY24	$ 19,752,494	$ 1,167,094	$ 0.08	$ 2,266,698
FY25	$ 20,989,818	$ 1,237,324	$ 0.09	$ 3,504,022
FY26	$ 22,297,890	$ 1,308,072	$ 0.09	$ 4,812,094
	$ 99,111,398		**$ 0.34**	**$11,682,418**

FY23 Budget Challenge Addressed: POB Debt Service

- As noted in previous slide, pension obligation bond debt service is rising by $1,099,604 in FY23 (and continuing to rise).
- An increase to the tax levy of this amount would in turn increase the mill rate by $0.08 (0.62%).
- However, Finance has renegotiated several contracts related to the POB's to generate enough savings to **fully offset** this increase (reductions on pension obligation bond remarketing fees, pension obligation bond standby direct pay letter of credit fees).

FY23 Budget Challenges - Collective Bargaining Agreements & Payroll

- City has over $92M in budgeted FY22 payroll / wages expense
- City has 8 union bargaining units and several unsettled contracts
- Market inflation is at highest levels in 30 years and City is feeling wage pressure in several areas.

3% increase in wages	=	$2.76M	=	19 cent tax rate increase, 1.5%
4% increase in wages	=	$3.68M	=	26 cent tax rate increase, 2.0%
5% increase in wages	=	$4.60M	=	32 cent tax rate increase, 2.5%
6% increase in wages	=	$5.52M	=	38 cent tax rate increase, 2.9%
7% increase in wages	=	$6.44M	=	44 cent tax rate increase, 3.4%

FY23 Budget Challenge: State of Maine Equalized Valuation Increase

- $11.15B in 2021 rising to in $12.10B in 2022 (8.5% increase).
- State of Maine Valuation has several impacts on City budget
- If not for City of Portland's TIF programs, the State of Maine Equalized Valuation for the City would have been **$302M** higher!!!!
- It is essential to continue to carefully manage the City's three area TIF districts to ensure significant valuation increases are captured

FY23 Budget Challenge: State of Maine Equalized Valuation Increase

- $11.15B in 2021 rising to in $12.10B in 2022 (8.5% increase). State of Maine Valuation has several impacts on budget

- *Impact #1 – Cumberland County Tax Assessment will increase*

Although final county assessment is not yet available, County Tax is expected to rise in FY23 due to a larger valuation increase in Portland when compared to the rest of the County.

- TBD impact on tax levy - County tax not yet finalized

2022 State Equalized Valuations

Cumberland County

BALDWIN	$194,050,000
BRIDGTON	$1,294,950,000
BRUNSWICK	$2,740,850,000
CAPE ELIZABETH	$2,598,050,000
CASCO	$827,550,000
CHEBEAGUE ISLAND	$274,300,000
CUMBERLAND	$1,614,950,000
FALMOUTH	$3,069,300,000
FREEPORT	$2,060,250,000
FRYE ISLAND	$206,650,000
GORHAM	$2,280,050,000
GRAY	$1,267,350,000
HARPSWELL	$2,115,150,000
HARRISON	$628,650,000
LONG ISLAND	$203,350,000
NAPLES	$960,250,000
NEW GLOUCESTER	$640,950,000
NORTH YARMOUTH	$602,750,000
PORTLAND	$12,095,550,000
POWNAL	$310,200,000
RAYMOND	$1,307,150,000
SCARBOROUGH	$4,988,750,000
SEBAGO	$489,850,000
SOUTH PORTLAND	$5,183,800,000
STANDISH	$1,325,800,000
WESTBROOK	$2,600,450,000
WINDHAM	$2,608,150,000
YARMOUTH	$2,100,950,000

FY23 Budget Challenge: State of Maine Equalized Valuation Increase

- $11.15B in 2021 rising to in $12.10B in 2022 (8.5% increase). State of Maine Valuation has several impacts on budget
- *Impact #2 – School Educational Subsidy*
  Impact / EPS estimates are calculated by PPS staff during their budget process. Higher valuation growth in Portland compared to the rest of the State will hurt Portland's share of overall funding via the State EPS formula.
- Actual change in FY23 funding still unknown – many factors to be considered including formula changes in biennial budget and whether program is funded to Statutorily required levels.

FY23 Budget Challenge: State of Maine Equalized Valuation Increase

- $11.15B in 2021 rising to in $12.10B in 2022 (8.5% increase). State of Maine Valuation has several impacts on budget

- *Impact #3 – State Revenue Sharing*
  Had the $12.1B valuation been in place for FY22 our revenue sharing dollars would have been significantly lower. Portland's growth continues to outpace growth in other parts of Cumberland County and the State.

FY23 Major Budget Challenges: Summary of Potential Impact	Potential Increase to Tax Levy Required	Potential $ Impact to Mill Rate	Potential % Impact to Mill Rate
Use of Hotels as Emergency Shelter*	9,000,000	$0.62	4.8%
Loss of ARPA Funding	3,250,000	$0.23	1.8%
Increase in POB Debt Service	1,099,604	$0.08	0.6%
Collective Bargaining Agreements & Payroll*	5,060,000	$0.35	2.7%
Cumberland County Tax Increase	Unknown	TBD	TBD
Valuation Increase - Impact on Revenue Sharing	Unknown	TBD	TBD
Valuation Increase - Impact to Educational Subsidy	PPS to Discuss	TBD	TBD
Remaining Items in FY23 Budget	Unknown	TBD	TBD

*Estimate only - actual amount will vary depending on a wide variety of factors as discussed

Review of City Council Goals from Dec '21

- Advance efforts to reduce homelessness and assist people experiencing homelessness through city, regional and state efforts.

- Increase access to rental and home ownership that is safe, affordable, and accessible, with emphasis on the unhoused.

- Adopt a budget that factors in the capacity of City staff to do the work, taxpayers to pay for it, and its effects on small businesses.
    - Create a City of Portland Racial Equity and Inclusion department and implement racial equity training for City Council and staff that is modeled after the approach taken by Portland Public Schools teaching staff.
    - Investigate the options and viability of a principles-based/participatory budget process for a portion of one of the City annual budgets for 2024.

- Showcase and advance the climate change and sustainability efforts underway in the city by offering educational opportunities, neighborhood-based adoptable projects, and increasing overall understanding and recognition of the citywide solutions for vulnerable populations.

OPEN DISCUSSION
Budget Guidance from Council

<u>Examples from prior years:</u>
"No tax increase greater than 2.5%" (FY17)

"Combined tax increase no greater than 2.5%" (FY18)

"Address the high property tax burden in Portland by passing an affordable combined school/city budget and pursuing other revenue sources, with Economic stability & small business survival as key considerations." (FY21)

TAX RATE HISTORY FY15 - FY22						
CITY					OVERALL	
Fiscal Year	City Tax Rate	$ Change	% Change (City Mill Rate)	% Change (Overall Mill Rate)	Overall Mill Rate	% Change
FY15	$9.24				$20.00	
FY16	$9.83	$0.59	6.4%	2.9%	$20.63	3.2%
FY17	$10.08	$0.26	2.6%	1.2%	$21.11	2.3%
FY18	$10.28	$0.20	2.0%	0.9%	$21.65	2.6%
FY19	$10.55	$0.27	2.6%	1.2%	$22.48	3.8%
FY20	$10.79	$0.24	2.3%	1.1%	$23.31	3.7%
FY21	$10.75	($0.04)	-0.4%	-0.2%	$23.31	0.0%
FY22*	$10.28	($0.46)	-4.3%	-2.0%	$23.31	0.0%

*Tax rates for FY22 shown are pre-revaluation

FY23 City Budget and CIP Calendar

Jan. 10 (Monday): FY23 Budget Workshop for City Council

Feb (all month): Staff completes budget submissions – Finance and HR reviews begin

Feb 10th – Presentation of City Manager Recommended CIP to Finance Committee
Feb 24th – Continued Discussion of City Manager Recommended CIP at Finance Committee, Public Hearing & Vote

March (all month): City Manager's Review of Department Budget Submissions

March 7th – 1st Reading of CIP orders at City Council meeting
March 21st – 2nd Reading and vote on CIP orders at City Council meeting (Public Hearing)

March 24th – 1st Joint City/School Finance Committee Meeting

April 11 (Monday): Submission of City Manager's Budget to City Council, and distribution of budget summary to the Public
NOTE – Per request of PPS the April City Council meetings are in the process of being moved to the 2nd and 4th Monday.

April (all month): Finance Committee Budget Reviews (typically on Tuesdays or Thursdays with the exception of vacation week) including 2nd Joint City/School Finance Committee meeting.

May 2 (Monday): 1st Reading of Appropriation Resolve and advertised Public Hearing

May 9 (Monday): City Council Budget Workshop (I will likely hand the baton to Anne Bilodeau for this one)

May 16 (Monday): 2nd Reading of Appropriation Resolve and Passage of City Budget / Setting of Tax Rate; Final City Council Action including additional Public Hearing (I plan on being back for this meeting)

Portland City Council 2022 Goals
December 13, 2021

Goals

Since the issues are tightly intertwined, in 2022, the Council is committed to acting on the following goals as an interconnected body of work:

- Advance efforts to reduce homelessness and assist people experiencing homelessness through city, regional and state efforts.

- Increase access to rental and home ownership that is safe, affordable, and accessible, with emphasis on the unhoused.

- Adopt a budget that factors in the capacity of City staff to do the work, taxpayers to pay for it, and its effects on small businesses.
    - Create a City of Portland Racial Equity and Inclusion department and implement racial equity training for City Council and staff that is modeled after the approach taken by Portland Public Schools teaching staff.
        - Investigate the options and viability of a principles-based/participatory budget process for a portion of one of the City annual budgets for 2024.

- Showcase and advance the climate change and sustainability efforts underway in the city by offering educational opportunities, neighborhood-based adoptable projects, and increasing overall understanding and recognition of the citywide solutions for vulnerable populations.