

January 2013

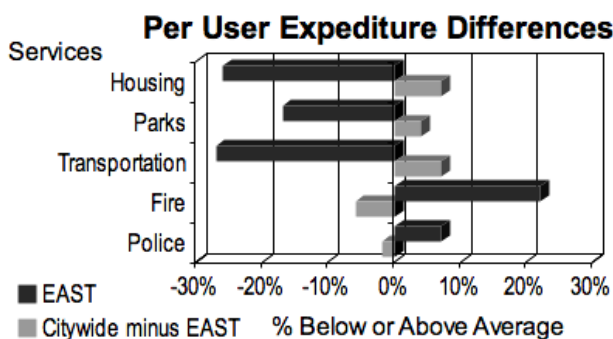
Dear Mayor Hales and Commissioners Fish, Fritz, Saltzman, and Novick,

In 2011, Mayor Sam Adams initiated “budget mapping” for the City of Portland. For the first time, city bureaus tracked revenues and expenditures in geographic districts. This analysis is unprecedented in the United States, and the data from this initiative has allowed us to present this District Equity Statement for East Portland.

Budget mapping creates an opportunity to set concrete goals for investments that will level the playing field between the East Portland District Coalition and the rest of the city. Data analysts from the Office of Management and Finance (OMF) defined Users of city services as the sum of residents plus jobs in a given area. This information can be used to compute per capita revenues and expenditures by various bureaus for the city and for each of its districts.

OMF’s Budget Maps indicate that East Portland revenue per user is only 80% of the city average, while other budget maps show East Portland being badly park-deficient and having numerous sub-standard and dirt streets. Based upon current budget maps, East Portland Per-User expenditures are well below the city average in Transportation, Parks, and Housing, while Per-User expenditures are much higher in East Portland for Police and Fire services.

Bureau Expenditures as a Percentage of the City Average, Per User*



	Citywide minus EAST	EAST PDX
Housing	107%	74%
Parks	104%	83%
Transportation	107%	73%
Fire	94%	122%
Police	98%	107%

* Source: City of Portland OMF, 2012

The East Portland Action Plan (EPAP), representing over 145,000 Portland residents east of 82nd and I-205, proposes that City Council adopt a goal that East Portland attains parity in overall livability with the rest of the city within ten years. We believe that goal:

- a) Can be achieved through smart, targeted additional investments; and
- b) Will lead to a more livable, prosperous East Portland, thus generating future savings due to reductions in Fire and Police expenditures, which are higher in East Portland than the city as a whole.

Sharing the Burdens and Benefits of Growth

Using 2011-2012 budget mapping data from OMF, EPAP calculated Per User expenditures for several City Bureaus for both the City overall and East Portland. Next, we calculated the difference between the two areas. The figures were then multiplied by the number of Users in East Portland, which is 192,000.

Infrastructure Investments

Annual Expenditures per User

Category	City Avg.	Current East PDX	East PDX Differential	Additional Investment
Transportation Operations	\$129	\$102	\$27	\$5,184,000
Transportation Capital Improvements	\$119	\$69	\$50	\$9,600,000
Transportation Maintenance	\$9	\$4	\$5	\$960,000
Parks - Operations	\$80	\$72	\$8	\$1,536,000
Parks - Capital Improvements	\$31	\$17	\$14	\$2,688,000
Housing	\$112	\$78	\$34	\$6,528,000
			TOTAL	\$26,496,000

One of the effects of the lack of investment in East Portland’s physical infrastructure is high public safety cost. Using the same methodology as the chart above, reducing East Portland expenditures for Police and Fire would save the City more than \$8.25 million annually.

Increased Public Safety Costs

Annual Expenditures per User

Category	City Avg.	Current East PDX	East PDX Differential	Extra Safety Costs
Police	\$176	\$191	(\$15)	(\$2,880,000)
Fire	\$96	\$124	(\$28)	(\$5,376,000)
			TOTAL	(\$8,256,000)

There is nearly an \$18 million difference between the \$26.5 million in needed City investment in East Portland and the “benefit” of \$8.25 million in extra police and fire services we receive. In the Auditor’s 2012 *Community Survey*, significant deficiencies were noted in East Portland land use planning, transportation safety, access to and quality of parks, and the physical condition of housing. It makes sense that investment in those “quality of life” services would, over time, reduce the need for public safety services.

The City of Portland’s 1996 Outer Southeast Community Plan directed the lion’s share of the city’s population growth to East Portland. From 1996 to 2006, nearly half of the

city's new housing was built in East Portland. It is quite apparent that East Portland did not receive anything close to an equitable share of public investment during this period. The City's Budget Mapping data correlate to the results of the recent Auditor's Community Survey – low levels of investment in public services lead to low marks in neighborhood livability, transportation, parks, housing and planning, and subsequently, to additional Fire and Police expenditures, due to more frequent calls for service.

Although East Portland contains a quarter of the city's population and a large proportion of the city's poverty, new Portlanders, people of color and children, a 2009 geographical analysis of Portland federal stimulus projects revealed that East Portland received far less than its fair share of investment.

For its update of the City's Comprehensive Plan, the Bureau of Planning and Sustainability projected that under current policies East Portland's population will grow by 41,000 households or about 90,000 persons over the next 25 years. It's important to note that under all scenarios, East Portland's projected growth in the number of people is expected to continue to outpace all the other districts. We believe it is critical that as East Portland population continues to increase, funding decisions on infrastructure and bureau spending be indexed to this growth, as well as to changing demographics. The East Portland Action Plan believes that targeting resources toward East Portland's infrastructure would generate a positive return on investment for the City. EPAP proposes that the City Council dedicate additional investments toward planning, transportation improvements, housing and parks in East Portland. We believe this can be attained out of current revenues. These investments will:

- Help make East Portland a vital part of Portland, creating a sustained positive economic climate, but without gentrification and displacing existing residents.
- Provide East Portland the infrastructure it needs to accommodate Portland's expected growth.
- Reduce the long-run demand for emergency services, such as police and fire.
- Accrue non-economic benefits such as improved health, safety and a reduced carbon footprint.
- Promote Portland's equity agenda by improving the city's most ethnically and culturally diverse neighborhoods.
- Help complete most of the 268 East Portland Action Plan items passed by Council in 2009 that have not yet been implemented.

We look forward to working with you to further develop equitable spending decisions between East Portland and the rest of the city as a whole, as well as publishing future annual District Equity Statements to help track our progress in doing so.