Analysis By: Tess Jordan

BUREAU OF PLANNING AND SUSTAINABILITY

All Funds Budget Summary	Adopted FY 2013-14	Request Base FY 2014-15	Decision Pkgs FY 2014-15	Request Total FY 2014-15	Percent Change
Resources					
Beginning Fund Balance	$1,708,207	$2,269,583		$2,269,583	32.9%
Licenses & Permits	2,858,230	2,851,643		2,851,643	-0.2%
Charges for Services	2,224,620	2,223,486		2,223,486	-0.1%
Intergovernmental Revenues	1,668,055	1,383,232		1,383,232	-17.1%
Interagency Revenue	318,064	130,000		130,000	-59.1%
Miscellaneous Sources	44,177	73,466		73,466	66.3%
General Fund Discretionary	6,898,594	6,538,217	607,250	7,145,467	3.6%
General Fund Overhead	544,977	587,547	412,959	1,000,506	83.6%
Total Resources	**$16,264,924**	**$16,057,174**	**$1,020,209**	**$17,077,383**	**5.0%**
Expenditures					
Personnel Services	$10,302,156	$9,414,386	$1,049,847	$10,464,233	1.6%
External Materials and Service	1,612,216	1,606,660	(29,638)	1,577,022	-2.2%
Internal Materials and Service	2,404,413	2,395,082		2,395,082	-0.4%
Debt Service	48,486	52,307		52,307	7.9%
Fund Transfers - Expense	206,699	156,822		156,822	-24.1%
Contingency	4,371	0		0	-100.0%
Unappropriated Fund Balance	1,686,583	2,431,917		2,431,917	44.2%
Total Requirements	**$16,264,924**	**$16,057,174**	**$1,020,209**	**$17,077,383**	**5.0%**
Total Bureau FTE	**94.05**	**86.55**	**10.25**	**96.80**	**2.9%**

Percent Change is the change from FY 2013-14 Adopted Budget to FY 2014-15 Total Requested Budget.

Key Issues

Major Planning Projects Update

Comprehensive Plan. This plan fulfills the state's periodic review requirement under a workplan approved by the Oregon Department of Land Conservation and Development. The Portland Plan was a part of this workplan and completed in FY 2011-12; in FY 2014-15 the bureau will complete Task 4: policies and maps, and Task 5: zoning updates. Two grants will help to support this work. By July 2015, all plan tasks are scheduled to be adopted by Council. Comprehensive Plan work was supported in part by $355,000 in one-time General Fund in the current year and close to $440,000 in grants. In 2015-16, the bureau will turn towards implementation such as town centers strategies, multifamily development standards, brownfield program development and planning for specific civic corridors.

Central City Plan. The Central City Plan is a component of the Comprehensive Plan. The bureau has completed Northeast quadrant planning; Westside planning is expected to be complete in summer 2014 and Southeast quadrant by December 2014. With all quadrant plans complete in FY 2014-15, the plan is to be adopted in FY 2015-16. In the current year, this project was in part supported by $125,526 in one-time General Fund and $609,000 in support from PDC and Metro CET grants. PDC funds are not expected for the remainder of the project.

Funding Stability

For the past five years, CBO reviews have focused on the insecure nature of BPS funding and the bureau's use of one-time funds for ongoing planning projects. The bureau's ongoing funding was reduced over $500,000 in the current year, exacerbating its attempts to backfill diminishing one-time General Fund, grant, and intergovernmental revenues. For FY 2014-15, the bureau requests a return to the ongoing funding it received in FY 2011-2012, roughly $7.9 million, and an increase of 7.5 positions supported by ongoing funding. Increased funds are requested for the district liaison program (4.0 FTE) and for sustained effort on regulatory updates (2.5 FTE for Central City Plan, 1.0 FTE for Comp Plan). The bureau also requests one-time funds to continue code updates and improvements (2.5 FTE).

These increases are coupled with a realignment package, which adjusts the most secure funding (ongoing General Fund) to support the bureau's immediate priorities. This package increases Comp Plan (2.0 FTE) Urban Design (1.0 FTE), and Code Development (0.50 FTE) staffing, and eliminates 3.5 FTE in Area Planning (district liaisons). The bureau both cuts and requests back district liaisons, indicating that these positions have been and will continue to be redirected to immediate priorities, but that the bureau wishes to reinstate them.

	Adopted Budget: General Fund Revenue Only						Request
Funding Type	**08-09[1]**	**09-10**	**10-11**	**11-12**	**12-13**	**13-14**	**14-15**
Ongoing GF	7,050,365	7,026,515	7,157,583	7,367,958	6,977,209	6,417,568	6,892,401
One-Time GF	3,804,737	1,286,318	980,318	796,639	878,256	440,022	607,250
GF Overhead	149,410	149,256	152,950	556,665	529,061	544,977	412,959
Total	11,004,522	8,462,089	8,261,996	9,157,386	8,334,605	7,402,567	8,145,950
Total ongoing GF	*7,199,785*	*7,175,771*	*7,310,533*	*7,924,623*	*7,506,270*	*6,962,545*	*7,892,894*
Total Bureau FTE[2]	125.00	113.75	106.33	109.60	103.00	94.05	90.30
Grants Budget	NA	NA	1,611,543	14,524,407	7,815,100	1,412,055	1,357,232
Grants Actual	NA	5,503,221	6,767,392	15,056,320	9,159,629	NA	NA

1. *Planning and Sustainability were separate bureaus in this year. These numbers incorporate both bureaus, but the split between ongoing and one-time funding is an estimate, as records are pre-SAP and contain inconsistencies.*
2. *Includes both permanent and limited-term, supported by all revenues (not only General Fund)*

For the six years reviewed above the bureau has used one-time General Fund and other non-renewing resources (such as grants and project specific Interagency Revenue) to support staffing. The bureau's one-time funding has been driven by City investments in the Comprehensive Plan, including the Portland Plan and the Central City Plan. In total, $4.3 million in one-time funds have supported the Comprehensive Plan and related efforts since FY 2008-09. The timeline of these projects has been influenced by changes in political direction, staffing turnover (when FY 2009-2010 BDS layoffs cascaded into BPS and displaced the bulk of project staff), and City priorities (which put early Central City plan work on hold, so that a much-expanded Portland Plan could serve as a strategic plan guiding all other efforts).

All components of the Comprehensive Plan are projected to be adopted by July 2015, marking a major achievement for the bureau and potentially some relief for workload expectations. However, the bureau

indicates that it requires equivalent resources to draft the actual zoning code provisions to implement the new Comprehensive Plan and Central City Plan. This means that undertaking the creation and now implementation of the Comprehensive Plan will have driven a 10% increase in General Fund support (as an annual average). Over this time frame, the bureau has also experienced growth and reductions in ongoing General Fund, with the most significant occurring in the current year (an eight percent reduction). Reductions have been required of all City bureaus, although public safety bureau reductions have been generally smaller.

			Adopted Budget: One-Time Funds			
Project	**FY 2008-09***	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**	**FY 2013-14**
Portland Plan/Central City Plan	745,372		800,000			
Portland Plan/Comp Plan	800,986	537,072				
Comp Plan only				283,000	352,028	355,500
Central City Plan only		-		352,028		125,526
subtotal	*1,546,358*	*537,072*	*800,000*	*635,028*	*352,028*	*481,026*
Youth Planning	160,185	137,070	70,552	70,444	63,726	
River Plan/Hayden Island	275,000	148,128		172,784	51,018	
Historic Resources		85,000				
Other staffing additions	217,536					
Miscellaneous	420,058	73,048	(73,913)		(26,750)	
East Portland Action Plan	500,000					
Sustainable Init. (ec dev)	500,000					
Total New Money	3,619,137	980,318	796,639	878,256	440,022	481,026
Program carryover	185,600	306,000				
	3,804,737	1,286,318	796,639	878,256	440,022	481,026

**FY 2008-09 combines the former Planning Bureau and Office of Sustainable Development.*

What Gets Funded?

In ongoing discussions around 'right sizing' the bureau, the question of what can or should be accommodated within the bureau's base budget is constant. The following table reports the bureau's Requested Budget by program area, absent any decision packages other than its realignment package. The table includes the score assigned by the Budget Advisory Committee, a weighted compilation of four scales (1-5, 5 is high):

- Does the program have an impact on prosperity, complete neighborhoods, or carbon emissions? This ranking was given double weight.
- Does the program address disparities?
- Does the program advance innovation?
- Does the program support community priorities?

The ranking was applied to 32 programs, a finer level of detail and different lens than the 28 programs the bureau uses in budgeting. The rankings below are therefore somewhat extrapolated. The range across 32 programs is narrow: 2.7 to 4.2. The bureau attributes this to previous reductions in which low ranking

programs were eliminated. If the City were to scale back the bureau's workload, however, and correspondingly reduce – or not increase – General Fund dollars, the ranking does indicate which programs to target. Relatively lower ranked programs supported by General Fund include Clean Energy ($46,000), Code Development ($334,000), and Green Building and Development ($55,000).

Budget Program	Grants Fund	Solar Fund	Solid Waste	General Fund	Total	% of GF	BAC Score
Area Planning						6%	
Central City Planning	125,000	0	0	447,000	572,000		4.1
District Planning	0	0	0	426,000	426,000		4.3
Administration & Support						21%	
Admin Services	0	0	7900	149,000	228,000		
Fiscal Services	0	0	168,000	315,000	483,000		
Director's Office	0	0	128,000	242,00	370,000		
Bureau Operating Costs	0	0	593,000	1,114,000	1,707,000		
Tech Admin - Support	0	0	52,000	97,000	149,000		
Communications[3]	0	0	139,000	262,000	401,000		3.6
Comprehensive & Strategic Planning						15%	
Comprehensive & Strategic	0	0	0	720,000	720,000		4.0
Code Development	0	0	0	334,000	334,000		3.5
Ptld & Comprehen Plan	512,000	0	0	830,000[1]	1,342,000		4.1
Specialized Planning						8%	
Environmental Planning	0	0	0	325,000	325,000		3.7
Policy & Research	0	0	0	570,000	570,000		4.1
Urban Design	0	0	0	387,000	387,000		3.6
Waste Reduction & Recycling						28%	
Waste Reduction & Recycle	0	0	209,000[4]	0	2,09,000		3.7
Solid Waste Commercial	191,000	0	582,000	0	773,000		3.8
Solid Waste Residential	0	0	1,106,000	0	1,106,000		3.8
Sustainability Education & Assistance						12%	
Business Sust. Asst	307,000	0	469,000	0	776,000		3.3
Multifamily & Event Recyl	0	0	276,000	7,000	283,000		3.5
Residential Outreach	0	0	520,000	7,000	527,000		3.7
Fix It Fairs	0	0	0	134,000	134,000		3.8
Master Recycler	50,000	0	1,000	0	51,000		3.2
Neighborhood Cleanups	0	0	64,000	0	64,000		3.6
Policy, Research & Innovation						10%	
Clean Energy	97,000	25,000	82,000	46,000	205,000		3.2
Climate Policy & Planning[2]	0	0	174,000	561,000	735,000		3.6
Green Building & Dev.	0	0	354,000	55,000[1]	409,000		3.5
Const. Demolition	76,000	0	0	0	76,000		3.5
Sustainable Food	0	0	0	118,000	118,000		3.7
	1,358,000	25,000	4,996,000[4]	7,128,000[5]	16,057,000	100%	

1. Interagency revenue that flows through the General Fund was removed from these programs ($45,000 from Comp Plan and $75,000 from Green Building), so that the General Fund column aligns with General Fund dollars only.

2. The Climate Policy & Planning program includes asset management, infrastructure planning, and the bureau's equity specialist position.

3. Communications supports programs throughout the bureau and has therefore been moved into the administrative category. Without this program, administrative costs fall to 18% of total bureau expenses.

4. Ending fund balance ($2,431,917) was removed from this program area.

5. Total General Fund differs from the bureau's FY 2014-15 CAL Target by $2,236 due to rounding.

How does Portland Compare?

The following table compares the planning budgets of various cities that aspire to be well planned. It is difficult to compare budget size for the same set of services, as cities are organized very differently from one another. Portland's budget includes overhead but excludes General Fund supporting climate action and equity programs, for greater comparability. Both the bureau's Request Budget (General Fund only) and its Current Appropriation Level (funding level without any budget changes) are included. Other city budgets were reviewed to exclude development review and environmental review functions. There undoubtedly remains variation in the services contained within the bureaus or programs titled 'planning.'

City	2012 pop	Planning Budget	Dollars per Capita	Notes
San Francisco	825,863	12,148,007	$14.71	14-15, excludes zoning administration and environmental planning (review)
Washington DC	632,323	7,347,000	$11.62	FY 2013
Seattle	634,535	7,047,760	$11.11	Planning only
Minneapolis	392,880	4,308,289	$10.97	Long range, design, preservation, land use
BPS Requested	**603,106**	**6,572,000**	**$10.90**	**GF request minus climate, equity programs**
BPS CAL	**603,106**	**6,806,000**	**$10.28**	**CAL Target minus climate, equity programs**
San Diego	1,338,000	7,690,179	$5.75	FY 2013 GF City Planning
Denver	634,265	2,942,200	$4.64	2014 budget, Planning only
Atlanta	443,775	2,131,008	$4.80	FY 14 Dept of Planning & Community Development

This table does not provide definitive support for any level of funding; it indicates that the bureau's request is not out of line with cities (within the short list considered here) that value planning and claim planning success.

Performance Metrics

The Portland Plan established metrics for the entire City within nine broad categories that are currently tracked by PSU's Greater Portland Pulse. These metrics describe the efforts of the City as a whole, public and private sectors. Many are slow to change in meaningful ways but do reflect less meaningful variation on an annual basis. A three year progress report on those metrics will be produced in spring 2015.

Within the budget process, the bureau assesses the impact of its planning work with four survey/satisfaction measures and four quantitative outcome measures.

Satisfaction measures:

- Citywide livability rating: This has increased over the past three years, with 82% of residents rating livability good or very good.
- Satisfaction with land use planning: This fell three percentage points in FY 2010-11, and has remained at 40% (of respondents giving a good or very good rating).
- Neighborhood livability rating: The bureau reports that this varies by geography. The percent of residents rating the City good or very good have ranged between 88% and 86% over the past four years. The bureau projects this will fall to 85% in the current fiscal year.
- Access to shopping and other services: The percentage of residents rating the City good or very good has bounced between 74% and 76% over the past four years. The bureau predicts ratings in the current year will return to 76%.

Outcome measures:

- Percent of residential waste diverted: This was steady in FY 2009-10 and FY 2010-11 at just over 50%, and rose significantly to 73% with the introduction of curbside composting, close to the bureau's overall goal of 75%.
- Percent of commercial waste diverted: Results have been more variable, between 64% and 69% over the past five years. The bureau predicts a return to 65% in the current year, held steady for FY 2014-15. Recent variation is attributed to changes in methodology rather than behavior. Commercial waste has greater impact on citywide totals, as it comprises 75% of the waste stream.
- Residents reached by sustainability training: This peaked in FY 2011-12 with 140,000 residents due to the rollout of the composting program, which included door-to-door canvassing and a greater presence at community events. It has held steady since then at 75,000; the bureau predicts this level for FY 2014-15.
- Reduction in per capital CO2 emissions: This measures percent reduction since 1990, the base year for the Kyoto Protocol. Percent reduction has risen steadily since FY 2009-10. The bureau predicts a 32% reduction for both the current and coming fiscal year.

Five-Year Financial Plan

In the current year, residential customers received a one percent rate decrease due to hauler efficiencies. (Rates are set so that haulers receive a 9.5% operating margin; the City then receives a franchise fee of 5% of gross hauler revenue.) Analysis of commercial and residential revenues and the accompanying rate trails the bureau's budget development, and the development of its Five Year Financial Plan. This sequence is not ideal and can produce adjustments such as occurred in the current year, when forecasted revenues were adjusted downward following the hauler review.

Over the past four years, residential franchise fee revenue has grown by an average of 3.8% annually and commercial permit fees have grown by 10.7% annually, illustrating the much greater variability in commercial permit fees (driven by variability in tonnage year to year). The Five Year Plan anticipates more conservative growth moving forward, an annual average of 2.2% for residential revenue and 1.6% for commercial revenue. Revenue forecasts were built upon a 2% annual rate increase used for planning purposes.

The forecast also assumes $639,000 in annual Metro revenue to fund staff and program expenses.

The Solid Waste Fund has a minimum fund balance of $500,000 as an operating reserve for emergency response (e.g. disaster clean up). In FY 2014-15 BPS has budgeted $2.06 million in ending fund balance, well above this target. Over the course of the five-year plan, the ending fund balance is forecast to be gradually spent down to $1.54 million.

The biggest risk to forecast is an economic downturn, which would likely impact residential revenues minimally but could significantly impact commercial revenues. In the last downturn, commercial waste tonnage fell by close to 30% in a period of three years.

Decision Package Analysis & Recommendations

Due to the scarcity of General Fund resources, CBO does not recommend additional funds for the Bureau of Planning and Sustainability. The bureau reports that no additional funding will result in eliminating up to nine employees currently occupying limited-term positions, and staffing adjustments may impact progress on the bureau's major planning projects (the Comprehensive Plan and the Central City Plan).

General Fund Ongoing Realignments, PN_04, $0, 0.25 FTE

With this package, the bureau realigns ongoing funding to cover its most critical projects. This aligns with budget guidance, which directs bureaus to ensure that the most critical functions are encompassed within its base budget and the lowest priorities are within add packages. BPS shifts resources away from its District Liaisons, and then requests these positions back in a separate add package. This package results in a net increase of 0.25 FTE through the following realignments:

- Decrease Area Planning (District Liaisons) by 3.5 FTE
- Decrease Policy, Research & Innovation (Green Building) by 0.90 FTE
- Increase Comprehensive & Strategic Planning (Comprehensive Plan) by 2.0 FTE
- Increase Comprehensive & Strategic Planning (Code Development) by 0.5 FTE
- Increase Policy, Research & Innovation (Clean Energy) by 0.25 FTE
- Increase Policy, Research & Innovation (Climate Policy) by 0.90 FTE
- Increase Specialized Planning (Urban Design) by 1.00 FTE

CBO Recommendation: $0, 0.25 FTE

District Liaisons, PN_01, $384,986, 3.50 FTE

This package includes 2.50 District Liaison FTEs and 1.00 Central City Plan FTE (both within the Area Planning program). Because District Liaisons support the City as a whole, this function is included within the General Fund Overhead model. Overhead would contribute $68,113 to this package and General Fund would support the remaining $299,135.

District liaisons are assigned to each of the City's five neighborhood coalitions; an additional two have been assigned to the Central City. These positions provide ongoing engagement with neighborhoods and community groups, and liaison on behalf of BPS as well as other bureaus such as PBOT and PDC.

The bureau moved these positions out of its base budget, acknowledging the more critical work for FY 2014-15 of completing the Comprehensive Plan if new resources are not available in FY 2014-15 to replace expiring resources. After the realignment package, this package reinstates the district liaison function to 86% of its current year budget (a FY 2014-15 budget of $690,000). Without this package, the district planning budget decreases 49% to $407,000.

This program has strong alignment with the Mayoral priority of Complete Neighborhoods, and supports equity via its focus on on-the-ground conditions and under-represented groups within the neighborhoods. Portland's neighborhoods are characterized by very different demographics and levels of investments. These positions provide a line of communication between the neighborhoods and the City, and help residents and businesses understand City processes around land use, transportation and infrastructure. District liaison outreach pursues inclusive and culturally responsive public engagement. However, CBO does not recommend this request due to a scarcity of General Fund resources.

CBO Recommendation: $0, 0 FTE

State Mandated Planning and Code Projects, PN_02, $382,144, 4.00 FTE
This request supports the current year completion of the Comprehensive Plan (which includes the Central City Plan) and sufficient staffing to pursue the implementation projects that will follow adoption. It assigns 2.0 FTE to support the Central City Plan, 1.0 FTE to district liaisons, and 1.0 FTE to the Comprehensive Plan. General Fund overhead would contribute $79,663 to this package; General Fund would support the remaining $293,633.

The bureau's base budget (after the adjustments in PN_04) encompasses roughly $830,000 in ongoing General Fund towards this plan and $512,000 in grants, for a total of $1.34 million. The current year Adopted Budget includes $355,000 in one-time funds for this project. This is the last year of a multi-year effort. For FY 2015-16 and beyond, the bureau needs to clearly identify the work associated with implementation, and how it is distinct or should not simply supplant the bureau's base workload, if that can be defined. These positions warrant one-time funding. However, due to scarcity of General Fund resources, CBO does not recommend this request.

CBO Recommendation: $0, 0 FTE

Regulatory Improvement Code Amendment Package, PN_03, $253,056, 2.50 FTE
This package requests one-time funding for 2.50 FTE to continue work supported by the Bureau of Development Services (BDS) in the current year. At time of writing, the option of extending the current year IGA in which BDS supports this work has not been discussed. For FY 2014-15, BPS increases its

ongoing support for code development by 0.50 FTE (total of $334,000). This package would increase support for this project by 76%.

In the current year, code improvement projects focused on radio frequency facilities, short-term rentals (AirBnB), film location uses, and roughly 40 smaller issues. For FY 2014-15, the expected focus is design standards related to improving infill development and multi-family apartment development, specifically in East Portland.

CBO does not recommend this request due to a scarcity of General Fund resources.

CBO Recommendation: $0, 0 FTE

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Planning & Sustainability											
Key Priorities											
PN_01 - District Liaisons	01	3.50	177,748	0	207,238	384,986	0.00	0	0	0	0
PN_02 - State-Mandated Planning and Code Projects	02	4.00	176,446	0	205,721	382,167	0.00	0	0	0	0
Total Key Priorities		*7.50*	*354,194*	*0*	*412,959*	*767,153*	*0.00*	*0*	*0*	*0*	*0*
Critical Needs											
PN_03 - Regulatory Improvement Code Amendment P	03	2.50	0	253,056	0	253,056	0.00	0	0	0	0
Total Critical Needs		*2.50*	*0*	*253,056*	*0*	*253,056*	*0.00*	*0*	*0*	*0*	*0*
Realignments											
PN_04 - GFOG Realignments	01	0.25	0	0	0	0	0.25	0	0	0	0
Total Realignments		*0.25*	*0*	*0*	*0*	*0*	*0.25*	*0*	*0*	*0*	*0*
Total Bureau of Planning & Sustainability		**10.25**	**354,194**	**253,056**	**412,959**	**1,020,209**	**0.25**	**0**	**0**	**0**	**0**