

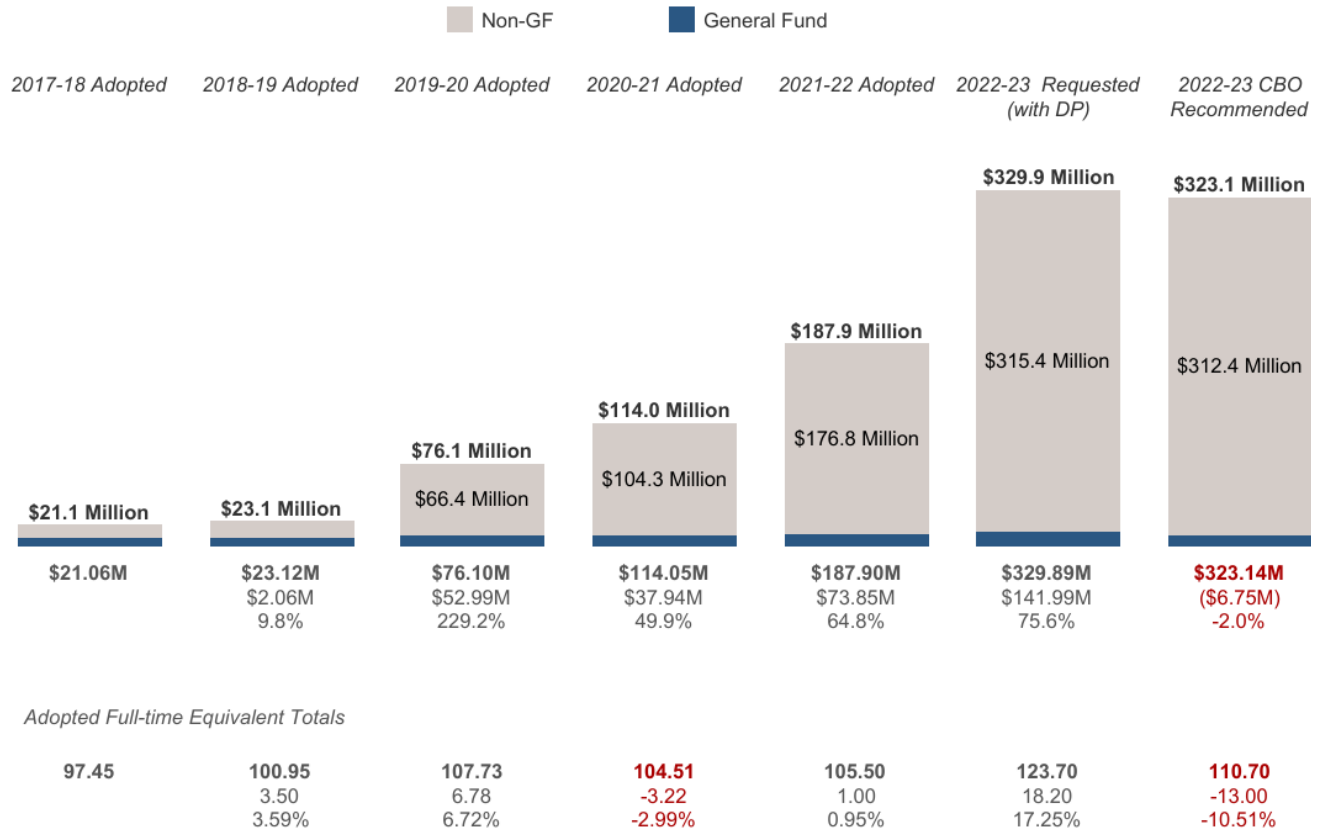


City Budget Office

# Bureau of Planning & Sustainability

Analysis by Anthony Locke

## Adopted Budget Revenues | 5-Year Lookback



## INTRODUCTION

The Bureau of Planning and Sustainability’s FY 2022-23 requested budget totals \$329.9 million. With these resources, the Bureau of Planning and Sustainability (BPS) strives to continue to advance the City’s commitment to the Multnomah County and City of Portland Climate Action Plan and the 2035 Comprehensive Plan by implementing and coordinating relevant policies and programs. As noted in prior year reviews,<sup>1</sup> CBO recommends BPS prioritize core planning services with internal resources and

<sup>1</sup> Click here to see the prior year review: [pn-fy2021-22-requested-budget-review.pdf \(portland.gov\)](https://www.portland.gov/pn-fy2021-22-requested-budget-review.pdf), 2-3.

continues to note the significant funding gap between the City's stated goals in the City's Climate Emergency Declaration, the 2035 Comprehensive Plan, meeting state requirements for land use planning, and available resources for the work. BPS's Requested Budget includes seven total decision packages including six requesting additional General Fund resources to be allocated over two years as allowed per the Mayor's guidance. The six programs with requests for additional General Fund resources are as follows: (1) Climate Resilience, (2) Climate Emergency, (3) Zoning Code Improvement, (4) Age-Friendly Cities, (5) Equitable Historic Preservation, and (6) the Clean Air Protection Program. Taken together, these requests amount to \$4,201,538, including 14.0 FTE, in additional one-time General Fund discretionary resources allocated over two years. Their final decision package requests adding a position to the Portland Clean Energy Fund (PCEF) which is revenue and cost neutral. Analysis of the following recommendations is detailed later in this review.

- CBO recommends partial funding for Zoning Code Improvement of \$547,000 to resource a regulatory improvement package. This recommendation reduces the package by \$420,500, which means BPS would not be able to support the requested project to streamline the land division process for residential projects.
- CBO recommends the request to add a position to the PCEF administration team.
- CBO recommends that BPS submit a carryover request from current year projected underspending to fund the Equitable Historic Preservation request.
- Due to constrained General Fund resources, CBO has not prioritized for recommended funding the Climate Resilience, Climate Emergency, Age-Friendly Cities, Equitable Historic Preservation, and Clean Air Protection Program requests for additional one-time General Fund discretionary resources.

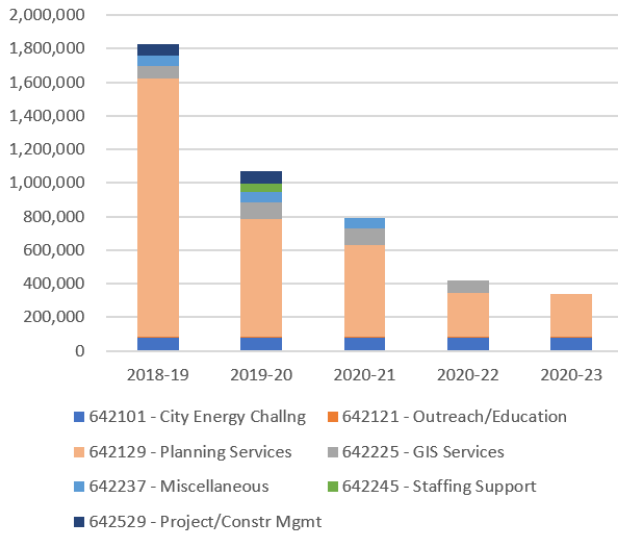
## BASE BUDGET & KEY ISSUES

### Insufficient and Unstable Resources and Prioritization of Core Services

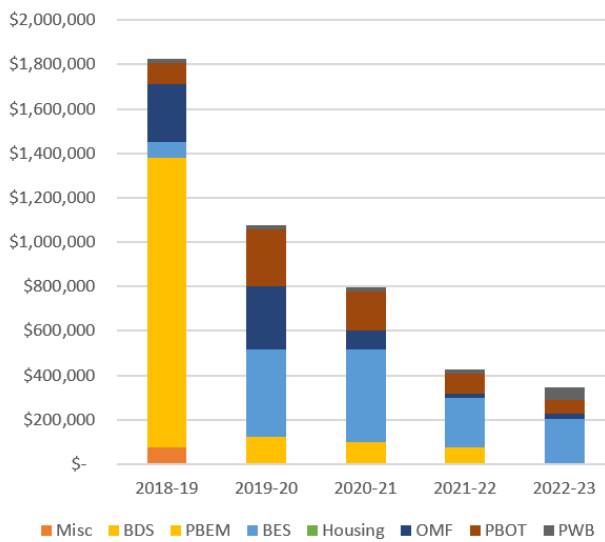
#### Challenges with unstable funding streams

BPS serves as the primary steward the City of Portland / Multnomah County Climate Action Plan and the City's 2035 Comprehensive Plan. The bureau is responsible for some policy development and implementation and coordinating and measuring various levels of impact. Most of the bureau's programs projects advance one of these two plans that contain overlapping goals. The bureau has four primary programs that are supported by general fund resources: Planning & Urban Design, Sustainability & Climate, Bureau Administration, and Equity & Engagement. The planning functions of the bureau are primarily funded by General Fund Resources (ongoing and one-time), interagency agreements, and intergovernmental resources. Sustainability & Climate programs are funded by those resources, as well as the Community Solar Fund, Solid Waste Management Fund, and the Portland Clean Energy Fund (PCEF).

**Interagency Revenue Trends by Program**



**Interagency Revenue Trends by Bureau**



One of the bureau’s primary challenges is that it provides few direct services (i.e. implementing programs, building infrastructure), which limits funding opportunities. As previous CBO reviews highlight, other municipalities combine their planning and development services pursuant to State law to help fund planning programs. BPS’s interagency arrangements with other bureaus is more ad hoc to fund core work, which creates two kinds of uncertainty: programmatic uncertainty makes it more challenging to proactively plan initiatives, and personnel funding uncertainty leads to turnover due to low morale and job security concerns. Both the Portland Bureau of Transportation (PBOT) and the Bureau of Environmental Services (BES) have provided interagency funding support for BPS work but have or are significantly reduced or eliminated funding heading into FY 2022-23. As noted in previous CBO reviews, the bureau’s primary recourse to fund core work continues to be one-time General Fund requests; as noted, this year’s requested budget sees six such requests.<sup>2</sup> However, one-time General Fund resources often do not fit the bureau’s planning and climate action policies which are usually long-term projects with at least 18-month to multi-year time horizons.

If the bureau continues to pursue one-time General Fund to fund projects, CBO encourages BPS to increase transparency around funding and staff committed to multi-year projects to assist Council’s ability to evaluate the tradeoffs when facing competing priority projects around a limited resource.

**Newer expectations for supporting Climate Action without dedicated resources**

The bureau sees the Climate Emergency Declaration as an unfunded mandate. Furthermore, the amount of increased funding needed to meet the Climate Emergency goals is currently unknown and undoubtedly significant. The bureau mentions there are layers of complexity and challenge to putting a funding estimate on climate policies and implementation costs since responsibilities are distributed across bureaus (i.e. PBOT, OMF), the County, Metro, the State, and the Federal government.

Contributions and changes will also require private sector contributions and individuals to make lifestyle changes. Under this expanded approach to address climate change in our region, PCEF grant awards becomes an integral part of the bureau’s work even though its FTE are largely dedicated to administrative work rather than planning and policy work. It is important to highlight that many community groups engaging in policy conversations with BPS have also submitted PCEF project implementation grant proposals, even while the PCEF grant review process is carefully managed to mitigate any actual and

<sup>2</sup> Ibid, 2-3.

perceived conflicts of interest. CBO continues to emphasize that the City is not the only climate actor in the region at a policy or implementation level and recommends a continued and expanded regional lens in the City's climate approach.<sup>3</sup>

The bureau continues to explore revenue opportunities to fund City climate initiatives internal to BPS including the creation of two fees, a carbon fee and a clean air fee.<sup>4</sup> These initiatives are commendable when looking at initiatives explored by other cities.<sup>5</sup> However, after 18 months of feedback from community and industry leaders, BPS has paused efforts to pursue either fee.<sup>6</sup> The bureau estimates that the clean air fee could generate around \$2 million to cover the costs of a clean air program, and a carbon fee was estimated to generate \$10 million annually to support climate related work.<sup>7</sup> Even if these funding efforts come to pass, there remains a significant and unknown funding gap in the City's climate and sustainability work.

For example, BPS estimates that it would need 20-25 FTE plus program dollars to advance and implement BPS's climate policy agenda specific to decarbonizing the grid and transportation systems. CBO roughly estimates this could cost \$3-3.5 million dollars a year in personnel costs<sup>8</sup> plus programmatic expenses to fund one aspect of the policy and planning climate issues. Due to funding constraints in FY 2022-23 Budget Development and the lack of advancement for these fee proposals, the bureau turned to the one-time General Fund resource as their only recourse, requesting two positions for two years to chip away at a much larger issue. As of now, it is unclear if BPS is prioritizing specific climate efforts or developing a comprehensive strategy and timeline to help decision makers evaluate the merits and tradeoffs for limited one-time and on-going General Fund resources.

So much of BPS's work across programs intersects with climate-related initiatives. It is often difficult to differentiate work done for planning from sustainability and climate work given the broad mandates contained in these plans. The bureau notes this as a sign of progress since the Planning and Sustainability merger back in 2009, where this work was previously siloed from one another despite evident overlapping work. At the same time, it makes it more challenging to clearly delineate how much of the bureau's work is explicitly dedicated to climate change initiatives. CBO recommends BPS to find ways to connect its current resources more explicitly to the climate crisis in a way Council and the community can clearly understand. One option is to initiate and facilitate bureau coordination efforts to develop reports and/or performance measures that more clearly capture the City's overall impact on climate change.<sup>9</sup>

Concurrently, to the degree possible, CBO recommends that BPS explore ways to make the difficult task of surfacing the City's financial investment in climate change visible to Council and the community.

<sup>3</sup> Ibid, 6.

<sup>4</sup> More information can be found on this policy development process here: <https://www.oregonlive.com/politics/2020/11/portland-sustainability-officials-propose-tax-on-large-carbon-emitters-first-of-its-kind-by-a-us-city.html>

<sup>5</sup> The clean air fee got some positive press as an innovative effort to fund climate work at the local level. See: [6 Funding Models for Climate Action and Equity in US Cities | World Resources Institute \(wri.org\)](#)

<sup>6</sup> See the most up-to-date information on the Clean Air Protection fee here: <https://www.oregonlive.com/politics/2020/11/portland-sustainability-officials-propose-tax-on-large-carbon-emitters-first-of-its-kind-by-a-us-city.html>

<sup>7</sup> See decision package analysis below on the Clean Air Protection Program.

<sup>8</sup> CBO used an average current fully loaded FTE costs (excluding the Director and Deputy Director positions) of \$147,000 to develop this estimate.

<sup>9</sup> An example of this was included in a FY 2020-21 budget note directing BPS and the Office of Management and Finance Division of Asset Management to annually report the outcomes of investments in climate action related to fleet. This is a good example of the strategic collaboration needed to strengthen a case for new General Fund resources. The bureau notes that one of the challenges of this request was that it was an unfunded directive requiring .2 FTE worth of time.

Stewards of the plan should be able to measure the degree of investment and success the City *as a whole* is making toward climate change initiatives.

## **Pandemic Impact on Non-General Fund Resources**

### **PCEF Opportunities and Challenges**

While BPS's General Fund and Solid Waste Fund revenue challenges are well documented, the development and success of the Portland Clean Energy Fund (PCEF) to date represents a significant and novel opportunity for the bureau to advance climate change initiatives while pursuing racial equity. Voters approved Measure 2-201 to invest in community-led projects and programs that reduce greenhouse gas emissions in ways that support economic and social benefits for all in Portland. Specific funding categories outlined in the ballot measure language includes: (1) renewable energy and energy efficiency programs (2) clean energy jobs training, apprenticeships, and contractor support (3) regenerative agriculture and green infrastructure programs that result in sequestration of greenhouse gases, and (4) future innovation (i.e. projects that do not fall into the prior categories but provide opportunities to advance the goals of PCEF).

PCEF revenues come from the proceeds of the Clean Energy Surcharge (CES), a one percent Large Retailer business surcharge as outlined and governed [Portland City Code Chapter 7.07](#) which was based on the ballot initiative language from [Measure 26-201](#). Preceding the vote, the ballot measure's best estimates at the time for the annual fund revenues was \$30 million and the fund has significantly exceeded these early projections. The PCEF program is currently reviewing proposals in order to provide approximately \$60 million in grants for community-based climate change projects.<sup>10</sup> Based on recently reconciled tax year 2019 CES revenue, FY 2022-23 revenues are estimated to provide \$80-90 million in outgoing grants, which does not include an additional \$15 million for the special Heat Response Program authorized in FY 2021-22.<sup>11</sup> For context, this amount of funding is roughly 10 times the amount of General Fund discretionary resources received by the bureau, most of which goes to community focused investments. Tax year 2019 was the first year Large Retailers were required to pay the CES. While funding for FY 2023-24 and FY 2024-25 are unknown, BPS anticipates it will be significant. Of the total amount collected to date, the bureau has allocated \$8.6 million from PCEF to fund 45 grants, 29 of which focus on planning future projects, eight which focus on energy efficiency or renewable energy, four centered on workforce/contractor development, and four looking at regenerative agriculture/green infrastructure.<sup>12</sup> The bureau has also allocated \$10.5 million for the Heat Response initiative.

The unexpected windfall of funding in some ways fundamentally changes the scope and goal, not only for PCEF, but for BPS's core work. Because of the nature of BPS's work, its priorities often follow and are even dictated by funding source. The increased revenue, due in part to pandemic micro-economic realities, puts pressure on the PCEF program to build internal capacity to get money out the door. The increased revenue also elevates the Mayor and City Council's relationship with the public through community partners as they review the PCEF Committee recommendations and decide which PCEF

<sup>10</sup> The PCEF fund received over 160 applications requesting more than \$250 million aligned with PCEF's funding areas.

<sup>11</sup> This program was created in response to the extreme heat events of June 2021 and aims to distribute 12,000 to 15,000 portable heating and cooling pumps over the next five years, prioritizing seniors, low-income, and the BIPOC community facing heat hazards. For more information, look here: [PCEF Heat Response Program Requests for Proposals | Portland.gov](#)

<sup>12</sup> See the full list of applicants and grant amounts here: [PCEF Inaugural Grant Recipients | Portland.gov](#). For a summary of each project, see the following link: [Efiles - 190343 Portland Clean Energy Community Benefits Fund for clean energy, green infrastructure, and workforce development contracts exhibit \(D/85364#1\) \(portlandoregon.gov\)](#)

projects and programs receive grant investments.

In FY 2020-21, PCEF onboarded 10.5 FTE to provide administrative support for the program. In FY 2021-22, PCEF added five employees and added one more in the FY 2021-22 Fall BMP, bringing the program's present FTE count to 16.5 FTE. Administrative support includes a program manager along with staff dedicated to grant management, outreach, communications, capacity building, data analysis, finance, and program administrative support. These positions support outgoing grants, management of program and administrative expenses, and revenue collection. Past reviews mention that BPS's overall FTE count has remained steady primarily because of PCEF funded positions.<sup>13</sup> This masks how PCEF has recently become central to BPS's work due primarily to funding opportunities while other parts of bureau revenue suffer downward trends associated with declining revenues. While PCEF undoubtedly contributes to BPS's overall mission, it has shifted attention away from its historic long-term planning focused mission toward administration necessary to administer and award grants.



This interactive dashboard provides information about PCEF's climate justice\* investments. Click on any of the five icons below to learn more about our results.



To date, performance measures from PCEF evaluate administrative ability to manage grant application solicitations and organize outreach, training, and engagement events. They are working to adopt a methodology to measure, track, and report to the public, the Mayor, and City Council that measures the effectiveness of programs in implementing the

*This is taken from a PCEF presentation slide as stakeholders review proposed performance measures.*

Climate Action Plan in a way that supports social, economic, and environmental justice per 7.07.050.E.5. The drafted measures currently reviewed relate to investment, climate, workers and businesses, program stewardship, and co-benefits.<sup>14</sup> The program also has plans to emphasize and measure training and hiring of historically disadvantaged groups. CBO recommends that BPS continues to develop innovative ways to track the climate impact of grants awarded through PCEF.

While there remains a significant unknown funding gap in the City's climate and sustainability work *internally* to BPS given the restriction of resources to support community-led initiatives, the bureau has an undeniable opportunity to directly impact the built environment with an equity emphasis in multi-faceted ways. In other words, the steward of the City's plans and sustainability efforts has boots on the ground with community partners and other governmental agencies. The bureau usually partners with other bureaus to implement plans as it relates to the built environment and the permitting process. PCEF provides BPS an opportunity to be more involved in the implementation process by investing directly into

<sup>13</sup> See [pn-fy2021-22-requested-budget-review.pdf](https://portland.gov/pn-fy2021-22-requested-budget-review.pdf) ([portland.gov](https://portland.gov))

<sup>14</sup> There are a notable number of BPS performance measures that could come out of these initiatives. Regarding investment, the bureau wants to provide information on dollars invested and grants made. Regarding climate impact, the bureau wants to provide information on greenhouse gases reduced and renewable kilowatts installed. Regarding workers and businesses, the bureau wants to provide information on workforce wages/demographics and businesses assisted. Regarding program stewardship, the bureau wants to provide information on supporting applicants, reviewing applications, managing grants, and accountability. Regarding co-benefits, the bureau wants to provide information on energy cost savings, food production, climate education, climate resiliency, and environmental improvement. For more information, see [Efiles - 2022-02-16 PCEF Comm Mtg Presentation \(22/ED/17540\)](#) ([portlandoregon.gov](https://portlandoregon.gov)), slides 9-16.

solutions that lead to, for example, more energy efficient buildings or community renewable programs. When reading the BPS FY 2022-23 requested budget, one might be hard-pressed to see PCEF featured prominently as an opportunity to advance the City's climate agenda because it cannot fund non-administrative or capacity building functions related to BPS's traditional scope of work.

CBO recommends that BPS continues to find ways to maximally steward these dollars on climate change challenges, in part due to anticipated limited funding opportunities from the General Fund. The bureau is currently evaluating potential changes to the existing grant-making processes, including the authorizing code, and plans to bring them to the PCEF committee, the community, and City Council to discuss. These changes aim to maintain the intent of the original ballot to fund community led projects that address climate change while advancing racial and social justice.

### **Plans for Funds**

The Community Solar Fund accounts for revenues and expenses connected with installing solar electric systems on City-owned buildings as well as other public and private structures. Its revenue comes from utility companies and voluntary donations. Currently the fund balance has reached a threshold to begin deployment on City facilities in the coming fiscal years. Portland Parks and Recreation has nearly developed plans for building energy improvements that will use these funds.

The Solid Waste Management Fund (SWMF) includes revenues and expenses connected with the City's management of garbage, recycling and compost collection activities in Portland, and the City's efforts to reduce waste and increase recycling and composting. Though historically reliable, the COVID-19 pandemic continues to negatively impact revenues which come from residential franchise, commercial tonnage, and permit fees – revenues were down 12% in FY 2020-21.<sup>15</sup> Due to a challenging economic environment, Portland businesses have generated fewer tons of solid waste that are subject to the commercial tonnage fees. Additionally, revenue generated is based on the amount of trash picked up and BPS simultaneously helps to manage initiatives that encourages recycling and composting. The bureau's five-year forecast anticipates greater economic activity, though that is contingent on the pace of the City's economic recovery. These revenues support the bureau's (1) Waste Collection Program, including the Public Trash Can program, (2) Sustainable Consumption and Production Team, (3) Climate, Energy, & Sustainable Development Program, and (4) the Homeless Urban Camping Impact Reduction Program (HUCIRP), which is managed by OMF and provides cleanup services on rights-of-way and public properties.

BPS is proposing a \$2 per ton increase in fees to balance ongoing operating costs, inflation, and the council-directed expansion of the public trash can program in FY 2022-23.<sup>16</sup> The bureau is planning for personnel expenses to be 13 percent higher in FY 2022-23 than in FY 2021-22, predominantly driven by refilling previously unfunded positions. The last increase was in FY 2018-19 when fees increased from \$9.60 to \$12.60 to fund an interagency agreement worth \$1,065,000 with OMF to fund the Impact Reduction Program. While the \$2 increase is necessary to begin to keep up with rising expenses to administer the program, it is not enough to cover all the bureau's expenses. BPS is planning a further increase in FY 2023-24.

The Waste Collection Program is looking to implement its Waste Equity Workplan, aiming to create more

<sup>15</sup> Residential franchise fees are set at 5% of total revenues collected by haulers serving single-family through four-unit complexes. Commercial tonnage fees are presently set at \$12.60/ton of garbage collected by haulers serving multifamily and business customers.

<sup>16</sup> BPS previously projected a \$2.50 increase in FY 2022-23 and another increase in FY 2025-26.

access and opportunity for COVID-certified contracts with City of Portland's waste collection contracts. This is reflected in a new performance measure that tracks the cumulative dollar amount of contracts awarded to D/M/W/ESB/SDVBE firms that support waste collection services. The program is also looking to start new programs that improve access to services for multi-family residents as well as introduce food scraps collections to businesses to advance equity goals.

## DECISION PACKAGES

### Climate Resilience

*DP\_12991, \$955,000, 3.00 FTE*

#### Request Summary

This request is for \$955,000 in new one-time General Fund resources over two years to fund three City Planner II positions (one Environmental, two Land Use) and community engagement expenses to expand planning program capacity to create more flood, fire and heat resilient neighborhoods and communities to better prepare for the impacts of climate change. These positions would support work that prioritizes protections for the most vulnerable populations.

#### CBO Analysis

This request is part of BPS's plan to reorient and expand its Environmental Planning program to focus more on mitigating the impact of climate change as well as reorient the Urban Design and Comprehensive Planning program to mitigate the impact of climate change by addressing the built environment and transportation systems. The anticipated output is a series of recommendations for how the City Council can modify regulations, policies, programs, and investments to create flood, fire, and heat resilient built environments.

The bureau would do this through hiring three City Planner IIs to address three lanes of work:

- Ensure neighborhoods, centers, and corridors are more flood, fire, and heat resilient through policy/regulation research, coordinating with infrastructure bureaus, and working with non-government communities to provide additional resources.
- Advance floodplain planning in the Johnson Creek area.
- Help restore natural resources in communities of color.

BPS constructed this decision package to serve as bridge funding to focus on Climate Resilience while its current permanent staff complete current projects that address externally mandated work. As current permanent staff complete their projects, the requested limited-term projects will be phased out. The bureau is also getting out ahead of work related to floodplain matters because BES has informed BPS that they have reduced interagency support this year and will no longer support a previously funded FTE. The bureau will not move forward with its re-orientation plans if this decision package is not funded and would continue existing work and keep the Environmental Team focused on external mandates.

CBO notes the importance of the policy and regulatory work that BPS aims to research, evaluate, and recommend to key decision makers and infrastructure bureaus to mitigate the impact of climate change by focusing on the built environment and transportation systems. This request aligns with the City's explicit commitment to combat the climate crisis while advancing racial and social justice in Portland, for



example page 6, paragraph two and<sup>17</sup> page 7, paragraph one<sup>18</sup> of the Climate Emergency Declaration.<sup>19</sup>

Due to constrained General Fund resources and competing proposals for said resources, CBO has not prioritized this request for recommended funding. One-time General Fund resources is a limited resource to address specific needs and projects, but the climate change crisis requires a long-term view with revenues scalable to the City's ambition. While the bureau can break down sweeping climate change goals into actionable projects such as the ones listed in this proposal, CBO recognizes that there will continue to be a stream of important projects and needed bridge funding to combat the initiatives found in the five pages of resolutions within the Climate Emergency Declaration.<sup>20</sup> CBO notes that this one-time allocation is likely to result in a need or desire for ongoing resources as other projects emerge. Should this proposal be funded, CBO recommends the bureau institute a transparent plan to sunset the program and/or the Council prepares to prioritize ongoing resources for this program over other services and needs.

**CBO Recommendation: \$0 one-time | 0.00 FTE**

## Climate Emergency

*DP\_12994, \$721,000, 2.00 FTE*

### Request Summary

This request is for \$721,000 in new one-time General Fund resources over two years to fund two positions (Analyst II, Coordinator II) and associated EMS expenses to expand capacity to implement the Council Adopted Emergency Climate Declaration. These positions would specifically address decarbonizing both the grid and transportation systems which would help put Portland on a trajectory to meet its Council adopted 2030 carbon reduction goals.

### CBO Analysis

This request advances specific commitments in the Council-adopted Climate Emergency Declaration by requesting resources to advance efforts to decarbonize the grid and to decarbonize transportation fuels.<sup>21</sup> These positions would address two primary bodies of work:

- Decarbonize the grid: one FTE would help implement HB2021<sup>22</sup> which provides local jurisdictions with a specific path to reach emissions-free electricity by 2030 through community green tariffs.<sup>23</sup>

<sup>17</sup> BE IT FURTHER RESOLVED, that investments in resiliency and climate-related disaster response measures must proactively consider and address potential displacement and accessibility issues experienced by frontline communities through community-led and culturally specific planning

<sup>18</sup> BE IT FURTHER RESOLVED, the Bureau of Planning and Sustainability is directed to work collaboratively with Bureau of Environmental Services, Portland Parks & Recreation, as well as other City bureaus, Metro, and state and federal agencies to incorporate information from climate modelling related to hydrology and flooding for the metro area in the update of regulations that protect and restore flood areas to reduce the impacts of future flooding on property, public infrastructure, and public health, and support recovery of threatened and endangered species. See [City Council adopts Climate Emergency Declaration | Portland.gov](#)

<sup>19</sup> You can find similar commitments here: [History and key documents of climate planning and action in Portland | Portland.gov](#)

<sup>20</sup> Ibid. See pages 4-9

<sup>21</sup> See Sections 6, 9, 17, 25, 28, 31, 32, and 33 found in Appendix I of the Climate Emergency Declaration One-Year Progress Report.

<sup>22</sup> For more information, look here: [eo\\_20-04.pdf \(oregon.gov\)](#)

<sup>23</sup> For more information, look here: [Public Utility Commission : Community-Wide Green Tariff : Utility Regulation : State of Oregon](#)

This funding would create a position to negotiate the agreement and design the program with the electric utilities in collaboration with priority communities. They would also advance community solar and resilient and renewable power systems that benefit priority communities. This would be done by reviving a body of planning work initiated years ago to scale solar and battery microgrid<sup>24</sup> systems in every neighborhood.

- Decarbonize transportation systems: one FTE would support the Pricing for Equitable Mobility (POEM) implementation program, advance the EV-ready code project to another phase, and work on the first-last mile project.

Due to constrained General Fund resources and competing proposals for said resource, CBO has not prioritized this request for recommended funding. One-time General Fund resources is a limited resource to address specific needs and projects, but the climate change crisis requires a long-term view with revenues scalable to the City's ambition. CBO notes that BPS received \$300,000 to fund two limited-term FTE in the Fall BMP for Climate Emergency Declaration Work during the Fall BMP amendment process.<sup>25</sup> While the bureau can break down sweeping climate change goals into actionable projects such as the ones listed in this proposal, CBO recognizes that there will continue to be a stream of important projects and needed bridge funding to combat the initiatives found in the five pages of resolutions within the Climate Emergency Declaration.<sup>26</sup>

CBO notes that this one-time allocation is likely to result in a need or desire for ongoing resources as other projects emerge, particularly as the POEM staffing, funding, and implementation timeline remains unclear and the EV-ready code still has multiple phases ahead. BPS recognizes that one-time funds are not appropriate for ongoing work of this nature and estimates a multi-year proposal that funds 20-25 FTE along with programmatic expenses is needed to make adequate progress to decarbonize the grid and transportation systems. Should this proposal be funded, CBO recommends the bureau institute a transparent plan to integrate the on-going nature of the work into their base budget and/or the Council prepares to prioritize ongoing resources for this program over other services and needs.

**CBO Recommendation: \$0 one-time | 0.00 FTE**

## Zoning Code Improvement

*DP\_12994, \$967,500, 3.00 FTE*

### Request Summary

This request is for \$967,500 in new one-time General Fund resources over two years to fund three positions (one Planning Assistant, two City Planner II – Land Use) and EMS to increase capacity within the Code Development Program to update and improve Zoning Code. These resources would help address a backlog of Zoning Code implementation issues identified by BDS and the development community.

### CBO Analysis

<sup>24</sup> A microgrid is a solar energy system backed up by battery power. This means that a building which said system would be able to produce power and store it independent of the grid in case of emergency.

<sup>25</sup> The following link includes the motion cited: [Microsoft Word - Updated BMP Amendments 11.10 \(portlandoregon.gov\)](#) One of the positions will provide policy development and analysis to support building and energy decarbonization work to help implement the [Internal Cost of Carbon Policy](#). The second position will implement building reporting programs which represents an important step to establish energy performance standards for buildings as noted in the Climate Emergency Declaration

<sup>26</sup> Ibid. See pages 4-9 Again, see the climate emergency declaration document, pages 4-9.

This request asks for resources to provide capacity for one package of regulatory improvements and one for the land division code update. Working with BDS and the development community, BPS would address a backlog of identified Zoning Code implementation issues.

Regulatory Improvement Packages (RICAPs) are designed to continuously update and improve the City's development regulations through policy initiatives and code amendments to adjust existing provisions. In the late 1990s and early 2000s, Council and BDS provided ongoing general fund and multi-year interagency for RICAPs but that funding no longer exists. The bureau notes that BDS used to provide funding for an annual code update. The last code clean-up happened in 2017. BPS is hearing from other bureaus, the development community and Commissioners Ryan and Mapps Regulatory Improvement Task Force that there are improvements to be made. The bureau states that an updated RICAP is important today due to the following: (1) uncertainty surrounding the pandemic, particularly around housing and economic emergencies, (2) major changes to the Zoning Code in recent years<sup>27</sup> requires fine-tuning regulations to create a better environment for developers, and (3) changes mandated by the Oregon legislature such as [House Bill 2001](#) and [Senate Bill 8](#). The land division code update would support a project to streamline the land division process for residential projects including housing production.

Current staffing only has capacity to respond to support the [Planning and Sustainability Commission](#), respond to regional and state mandates (i.e. [Floodplain Resilience Plan](#), [Electric Vehicle Charging Code](#)), and support Spatial Justice practice.<sup>28</sup> Previous CBO reviews cite how the Planning Program has lost capacity due to declining IA revenues with BDS as a result of downturn in Land Use Services revenue reserves.<sup>29</sup>

BPS suggests this request could be scaled down by funding one project instead of both. Due to limited General Fund resources, CBO recommends that BPS forego the land division code update and focus on the regulatory improvement package. Reducing the decision package request by one FTE and removing the requested IA funding for the land division code update brings the request to \$547,000 of General Fund one-time resources. CBO highlights the potential equity impact of the RICAP to remove barriers to the implementation of Safe Rest Villages and similar facilities and also to support small business recovery.

**CBO Recommendation: \$547,000 one-time | 0.00 FTE**

## Age-Friendly Cities

*DP\_12995, \$327,200, 1.00 FTE*

### Request Summary

This request is for \$327,200 in new one-time General Fund resources over two years to fund an Analyst II (1.0 FTE) and EMS in order to extend the Age-friendly Cities Program for another two years. This program, guided by the [Action Plan for an Age-Friendly Portland](#) adopted in 2013, focuses on growth and development of the built environment to better accommodate aging populations.

### CBO Analysis

Historically, age-friendly initiatives including the City of Portland have been facilitated by Portland State

<sup>27</sup> The bureau cites the following: Residential Infill Project Part 1 [and in 2022, Part 2], Central City 2035, and a new Comprehensive Plan which entirely rewrote several Zoning Code chapters

<sup>28</sup> The Spatial Justice Project was launched in FY 2021-22 and explores how to use zoning and related tools to correct past harms to the BIPOC community. It supports and advances actions identified in existing community-led plans such as Reimagine Oregon, PA ALF Peoples Plan, and State of Black Oregon.

<sup>29</sup> See [754855 \(portlandoregon.gov\)](#), [pn-fy2021-22-requested-budget-review.pdf \(portland.gov\)](#)

University's Institute of Aging (IOA) and the Advisory Council for an Age-friendly Portland and Multnomah County. The Age Friendly Cities program was moved from Portland State University to BPS in FY 2019-20 through a one-time commitment of funding. Before moving to BPS, the City contributed \$98,000 in FY 2016-17 and \$100,000 in FY 2017-18 in one-time General Fund discretionary resources for initiatives with the IOA through Special Appropriations. The program was folded into BPS to make the City's work less dependent on coordination and partnerships with external stakeholders. The program was extended through June 2022 because of grants obtained to stretch limited General Fund resources. The pandemic disrupted momentum for this program, and the Coordinator II was redirected to manage the delivery of resources to under-served communities and pilot an app-based Community Care project through the Emergency Coordination Center in 2020-21.

Due to constrained General Fund resources and competing proposals for said resource, CBO has not prioritized this request for recommended funding. CBO does note that advancing equity is at the center of this request – the outcome of this request is an action plan for how growth and development can holistically respond to the physical, social, and service needs of an aging population. The analyst in this position is part of the five members that make up the Age-friendly Council's Executive Committee, an experienced group of experts that have the knowledge to serve Portlanders of all ages. This position provides an important lens to view Portland's built environment and services and has provided advisory services to other bureaus.

This program seems outside BPS's core services focused on land use planning functions and sustainability efforts considering that this program was added to BPS's portfolio with a one-time appropriation by the late Commissioner Fish in FY 2019-20 and has not been prioritized in the bureau's base budget. While this work is important, based on BPS's formal commitment to advance climate change initiatives combined with anticipated future year General Fund limitations, CBO does not recommend this package moving forward. CBO notes that as proposed, this one-time allocation is likely to result in a need or desire for ongoing resources given its equity-focused work as this request represents serial use of one-time resources.

In the event this decision package is funded with one-time resources, CBO recommends the bureau institute and communicate a transparent plan to sunset the program or the Council prepares to prioritize ongoing resources for this program over other needs and services. One way this could be done is to cut a General Fund position from another bureau and move this position to a bureau where the program better aligns and can be integrated into the bureau's core functions and base budget rather than functionally operate as a standalone program. If this option does not work, CBO recommends that Council explore opportunities for collaboration with relevant bureaus such as the Office of Civic Life, the Office of Equity and Human Rights, PBOT, and the Portland Housing Bureau to advance City awareness on the spirit of the project.

**CBO Recommendation: \$0 one-time | 0.00 FTE**

## **Equitable Historic Preservation**

*DO\_13092, \$90,000, 0.00 FTE*

### **Request Summary**

This request is for \$90,000 in new one-time General Fund resources over two years to fund a Community Service Aide II (1.0 FTE) and professional services connected to accelerate work to recognize and protect landmarks and places associated with marginalized communities. These resources would expand BPS's capacity to advance equitable historic preservation projects as highlighted in the Historic Resources Code

Project hearings in the Fall of 2021.

## **CBO Analysis**

This request's goal is to make a concentrated effort to support the Historic Resource Program in engaging under-represented histories, performing archival research on properties historically associated with said histories, and ensuring the records associated with those properties are inclusive and accessible.

Specific tasks assigned to the CSA III as identified by the bureau include:

- Assist BPS staff in preparing mailers and other outreach materials.
- Assisting with meeting materials and management when affected individuals are engaged in the historic resources work.
- Performing archival research at BDS, City Archives, and Oregon Historical Society.
- Drafting and reviewing content for Historic, Conservation, and/or National Register Landmark nominations prepared in collaboration with outside consultant. Such nominations will be associated with LGBTQ+, Black, and/or other represented histories.

This request advances strategic equity work and aligns with the stated goals of the City's Comprehensive Plan and BPS's 2021-24 strategic plan,<sup>30</sup> particularly the following:

- Comprehensive Plan Policy 4.35, Preservation equity, states "Expand historic resources inventories, regulations, and programs to encourage historic preservation in areas and in communities that have not benefited from past historic preservation efforts, especially in areas with high concentrations of under-served and/or under-represented people."
- Comprehensive Plan Policy 4.54, Cultural diversity, states "Work with Portland's diverse communities to identify and preserve places of historic and cultural significance."
- Comprehensive Plan Policy 4.55, Cultural and social significance, states "Encourage awareness and appreciation of cultural diversity and the social significance of both beautiful and ordinary historic places and their roles in enhancing community identity and sense of place."
- A key equity strategy in the BPS strategic plan is to "Undertake planning and historic preservation projects to address past harms and deliver benefits to the Black community."

CBO does not recommend any new General Fund resources for this request due to constrained available General Fund resources and because of the potential for an alternate funding source. CBO notes that the bureau is projected to have current year underspending which could be deployed as a carryover request to fund this proposal at \$45,000 per year. This recommendation is given with two caveats: first, the bureau's ability to produce one-time savings in the current fiscal year, and second, Council's determination that this decision package is a high enough priority to support with carryover resources. This decision package would be incorporated into the bureau's FY 2022-23 Adopted Budget if approved in the FY 2021-22 Spring Supplemental Budget Monitoring Process. Given the strategic and visible nature of this request, CBO also recommends that BPS finds a way to prioritize resources in its base budget to accommodate this request.

**CBO Recommendation: \$0 one-time | 0.00 FTE**

<sup>30</sup> For more information, see [Chapter 3: Economic Development \(portland.gov\)](#), [Bureau of Planning and Sustainability Strategic Plan 2021-2024 \(portland.gov\)](#)

## Clean Air Protection Program

\$1,230,130, 4.00 FTE

### Request Summary

This request is for \$1,230,130 in new one-time General Fund resources over two years to fund four positions (one Analyst II, two Coordinator IIs, one Coordinator IV) and \$150,000 in EMS to create a Clean Air Protection Program within BPS. These positions would collaborate with other jurisdictions to reduce regional air toxins and harmful air emissions in the Portland region.

### CBO Analysis

In 2018, the City of Portland and Multnomah County commissioned a feasibility study called Ensuring Healthy Air: Local Collaborative and Regulatory Options in the Portland, Metro Area to determine how each respective jurisdiction could address gaps in the Portland area's air quality needs. The study recommended that both jurisdictions explore funding sources to address this need. Because this work is important, other jurisdictions are already at work to reduce regional air toxins and harmful air emissions. Examples include:

- The multi-jurisdiction commitment to the Clean Air Construction Standard (CACS) began enforcement in January 2020. The adoption of the CACS represents the City's commitment to reduce emissions from diesel equipment on public construction sites.
- During colder months, Washington County addresses pollution through Air Quality rules<sup>31</sup> caused by wood smoke from home heating through nonattainment<sup>32</sup> thresholds with the federal Clean Air Act.
- Taking cues from Washington County, Multnomah County has implemented a wood burning curtailment ordinance from October 1 through March 1 where homeowners, renters, and businesses in the County cannot burn wood when the air quality is projected to be "poor."

CBO notes that this work is important long-term work for public health. The City presently does not have an air quality program nor the dedicated resources to hire air quality experts. This program would advance initiatives to regulate toxins produced by existing equipment, reduce disparities regarding environmental justice, and address air toxics emissions from sources not already covered by Oregon DEQ.

BPS plans to support this program on-going with an external fee that they hope to establish in the next two years and has actively engaged relevant industry and community stakeholders. Current estimates for a Clean Air Surcharge is \$2.17 million which would affect 71 facilities with a \$20k base fee.<sup>33</sup> These plans to implement this fee collection proposal are currently on hold. Until this fee is established, the bureau does not anticipate proposing a larger budget for the clean air program.

As currently proposed, this program is not a one-time General Fund commitment and represents significant on-going policy and planning work for the City. Therefore, without guaranteed funding for on-going work, this request represents a risky commitment to an already constrained General Fund. CBO recommends that the Clean Air Protection Program follow a similar program trajectory as PCEF – the

<sup>31</sup> Air Quality rules include the following: raise awareness of wood smoke as a health issue, prevent unnecessary burning when the air quality is poor, limit outdoor open burning, and they created a wood stove exchange program.

<sup>32</sup> Nonattainment is "any area that does not meet (or that contributes to ambient air quality in a nearby area that does not meet) the national primary or secondary ambient air quality standard for a NAAQS." Ozone Designation and Classification Information | US EPA

<sup>33</sup> For more information on the current status of the proposed clean air fee, click here: Specificity Document Title in Properties (portland.gov)

imminent funding must precede program implementation.

Due to constrained General Fund resources and competing proposals for said resource, coupled with the clearly ongoing nature of this decision package, the CBO has not prioritized this request for recommended one-time funding. CBO notes that this one-time allocation is certain to result in a need or desire for ongoing resources based on available information at this time. Conversations surrounding the Clean Air Fee have been delayed with no current plan of implementation. Should this proposal be funded, CBO recommends the bureau institute a transparent plan to sunset the program or Council prepares to prioritize ongoing resources for this program over other needs and services. If the Clean Air Fee materializes in the future, CBO recommends that revenues prioritize this work.

**CBO Recommendation: \$0 one-time | 0.00 FTE**

## **PCEF Staffing Capacity Add**

*DP\_13036, \$191,808, 1.00 FTE*

### **Request Summary**

This request is for \$191,808 of funding authorization from anticipated PCEF revenue to add a Coordinator III (1.0 FTE) to support PCEF's rapidly growing body of work. The PCEF administrative personnel help to invest significant grant money into the community that address climate change while advancing social and racial justice.

### **CBO Analysis**

The PCEF revenues continue to come in higher than anticipated, in part because of COVID-19 spending patterns with larger retailers in the City. This revenue comes from a one percent surcharge on retail sales of particular large retailers as approved by voters in Measure 26-201 in November 2018. This program has an administrative base of 16.5 FTE and it is clear more support is needed to leverage this strategic resource. The requested Coordinator III will manage and coordinate communications, policy, capacity building, and community engagement work. The EMS expenses covers needed costs associated with each on-going position added to the bureau. No more than five percent of the fund can be spent on expenses associated with administering the fund now that it is established per 7.07.040C.

CBO recommends this request noting that PCEF revenue has come in higher than expected and is expected to see strong numbers in future years. Additional positions are needed to accommodate a growing workload for a revenue source expected to deliver an estimated \$80 million to community-based projects that address climate change while advancing racial and social justice in FY 2022-23. This additional position keeps the program within the 5% administrative cap on PCEF that begun in June 2022.

**CBO Recommendation: \$191,808 ongoing PCEF Funds | 1.00 FTE**

# SUMMARY OF REQUESTS & RECOMMENDATIONS BY FUND

## Bureau of Planning & Sustainability

### 100 - General Fund

		2021-22 Adopted Budget	2022-23 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	General Fund Discretionary	\$10,339,805	\$9,399,149	\$4,290,838	(\$3,743,645)	\$9,946,342
	General Fund Overhead	\$783,610	\$797,460	\$0	\$0	\$797,460
	Interagency Revenue	\$409,269	\$340,469	\$0	\$0	\$340,469
<b>Revenue</b>	<b>Sum:</b>	<b>\$11,532,684</b>	<b>\$10,537,078</b>	<b>\$4,290,838</b>	<b>(\$3,743,645)</b>	<b>\$11,084,271</b>
Expense	External Materials and Services	\$1,821,739	\$664,984	\$785,764	(\$650,000)	\$800,748
	Internal Materials and Services	\$567,988	\$329,527	(\$55,764)	\$0	\$273,763
	Personnel	\$9,142,957	\$9,542,567	\$3,560,838	(\$3,093,645)	\$10,009,760
<b>Expense</b>	<b>Sum:</b>	<b>\$11,532,684</b>	<b>\$10,537,078</b>	<b>\$4,290,838</b>	<b>(\$3,743,645)</b>	<b>\$11,084,271</b>



# SUMMARY OF REQUESTS & RECOMMENDATIONS BY FUND

**Bureau of Planning & Sustainability**

**229 - PDX Clean Energy Community Benefits Fund**

		2021-22 Adopted Budget	2022-23 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Beginning Fund Balance	\$109,361,139	\$206,815,588	\$0	\$0	\$206,815,588
	Miscellaneous	\$110,550	\$340,561	\$0	\$0	\$340,561
	Taxes	\$52,000,000	\$90,360,000	\$191,808	\$0	\$90,551,808
<b>Revenue</b>	<b>Sum:</b>	<b>\$161,471,689</b>	<b>\$297,516,149</b>	<b>\$191,808</b>	<b>\$0</b>	<b>\$297,707,957</b>
Expense	Contingency	\$42,143	\$15,272,231	\$0	\$0	\$15,272,231
	Ending Fund Balance	\$96,281,970	\$195,852,709	\$0	\$0	\$195,852,709
	External Materials and Services	\$61,286,000	\$81,560,000	\$0	\$0	\$81,560,000
	Fund Transfers - Expense	\$0	\$29,541	\$0	\$0	\$29,541
	Internal Materials and Services	\$2,240,678	\$2,534,054	\$55,764	\$0	\$2,589,818
	Personnel	\$1,620,898	\$2,267,614	\$136,044	\$0	\$2,403,658
<b>Expense</b>	<b>Sum:</b>	<b>\$161,471,689</b>	<b>\$297,516,149</b>	<b>\$191,808</b>	<b>\$0</b>	<b>\$297,707,957</b>

# SUMMARY OF REQUESTS & RECOMMENDATIONS BY FUND

## Bureau of Planning & Sustainability

### 605 - Solid Waste Management Fund

		2021-22 Adopted Budget	2022-23 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Beginning Fund Balance	\$5,801,731	\$4,506,088	\$0	\$0	\$4,506,088
	Charges for Services	\$4,091,749	\$4,780,557	\$0	\$0	\$4,780,557
	Interagency Revenue	\$5,000	\$5,000	\$0	\$0	\$5,000
	Licenses & Permits	\$3,619,551	\$3,881,686	\$0	\$0	\$3,881,686
	Miscellaneous	\$41,165	\$30,366	\$0	\$0	\$30,366
<b>Revenue</b>	<b>Sum:</b>	<b>\$13,559,196</b>	<b>\$13,203,697</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,203,697</b>
Expense	Contingency	\$64,825	\$145,175	\$0	\$0	\$145,175
	Debt Service	\$83,092	\$86,417	\$0	\$0	\$86,417
	Ending Fund Balance	\$4,498,997	\$2,998,932	\$0	\$0	\$2,998,932
	External Materials and Services	\$3,243,866	\$3,862,050	\$0	\$0	\$3,862,050
	Fund Transfers - Expense	\$1,201,368	\$1,258,397	\$0	\$0	\$1,258,397
	Internal Materials and Services	\$1,816,995	\$1,786,206	\$0	\$0	\$1,786,206
	Personnel	\$2,650,053	\$3,066,520	\$0	\$0	\$3,066,520
<b>Expense</b>	<b>Sum:</b>	<b>\$13,559,196</b>	<b>\$13,203,697</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,203,697</b>