

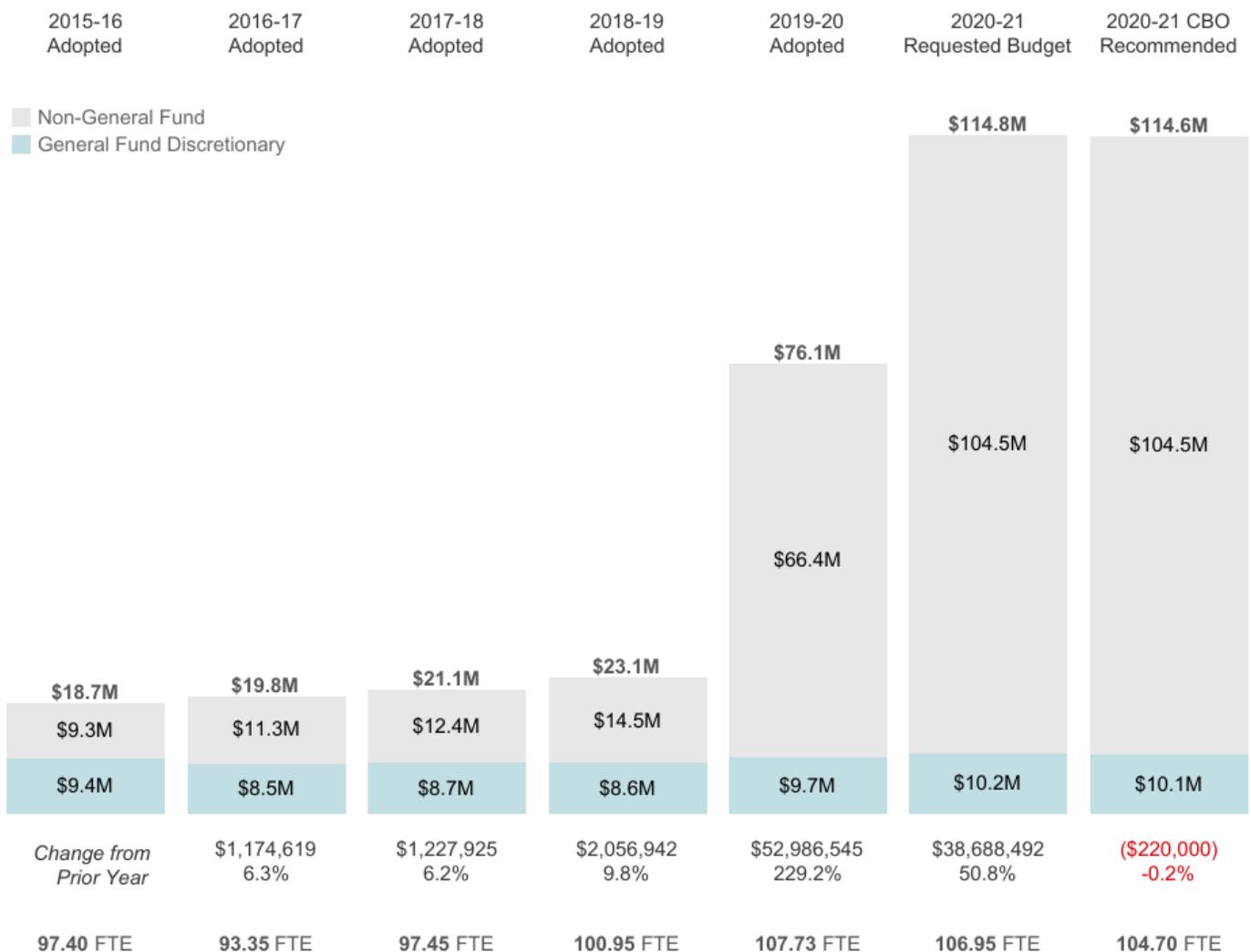


**City
Budget
Office**

Bureau of Planning & Sustainability

Analysis by Michelle Rubin

Adopted Budget Revenues | 5-Year Lookback



INTRODUCTION

In FY 2020-21 the Bureau of Planning and Sustainability (BPS) will continue its efforts focused on the implementation of programs and policies strategically aligned with the [Portland Climate Action Plan](#) and the [2035 Comprehensive Plan](#). BPS' FY 2020-21 Requested Budget reflects budget guidance to provide an offset of 50% of the proposed cost for any General Fund requests for new resources. The bureau submitted three decision packages requesting additional General Fund resources for: (1) Accelerated Climate Action, (2) Anti-Displacement Action Plan, and (3) Lower Southeast Rising Area

Plan. The bureau also submitted efficiency decision packages for the Anti-Displacement Action Plan and the Lower Southeast Rising Area Plan, which included bureau-identified offsets. Without the inclusion of the offsets, these requests amount to a combined \$645,000 in additional General Fund resources. With the inclusion of offsets, this lowers to a combined \$435,000 in requested additional General Fund resources. In addition, the bureau is requesting to allocate \$755,199 from expected revenue in the Portland Clean Energy Community Benefits Fund (PCEF) to personnel services to increase PCEF program staff by 5.80 FTE.

Key Council decision points include a) prioritizing BPS' core services and workplan, and b) identifying a stable funding plan for BPS' programs, policies, and initiatives. These will be critical to meeting the City's climate and sustainability goals in preparation for the City's expected declaration of a Climate Emergency in April 2020, released in draft form February 2020, and for meeting the goals outlined in the City's Comprehensive Plan.¹

BASE BUDGET KEY ISSUES

Stability of Resources and Prioritization of Core Services

The Bureau of Planning and Sustainability leads both the City's planning and urban design programs and the City's sustainability and climate action efforts. In total, the bureau represents approximately 2.0% of the City's overall budget and has 11 program offers representing its multiple functionalities. Due to the multi-year nature of planning projects, the bureau utilizes a matrix staffing model to assign its staff to current priority projects, the scale and scope of which vary from year to year and are aligned with Council priorities. Historically, BPS' revenue streams are comprised of General Fund, Solid Waste Management Fund, Community Solar Fund, and intergovernmental resources. BPS' FY 2020-21 budget also reflects the Portland Clean Energy Community Benefits Fund, which was created by local ballot measure (#26-201) in 2018. PCEF represents a new operational function for the bureau, as it must administer the fund and associated programs. The Bureau of Revenue and Financial Services forecasts that the fund is expected to produce \$44 – \$61 million in additional annual revenue.² PCEF revenues have resulted in the bureau's non-General Fund resources growing by approximately \$90 million between FY 2018-19 and the FY 2020-21 Requested Base Budget, increasing the bureau's total budget by nearly 400%. The bureau's FY 2020-21 Requested Base Budget totals \$114.1 million and consists of 97.71 FTE.

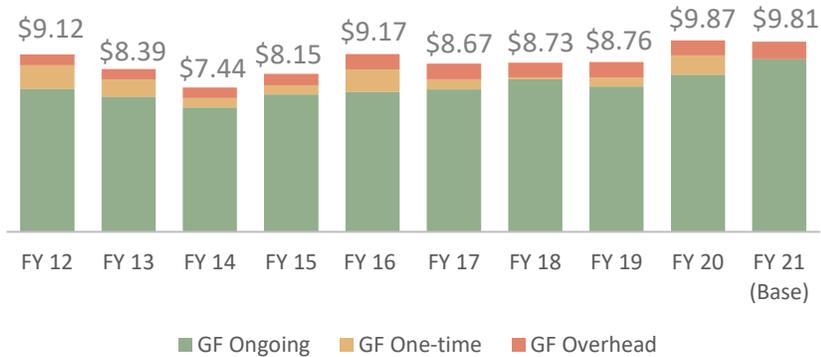
Reliance on One-time General Fund Resources

BPS has historically had a portion of its budget funded with one-time General Fund resources to support Council-approved multi-year planning projects, which the bureau considers core bureau services. The bureau states that the instability of one-time General Fund resources impedes its ability to move planning projects forward in a timely manner in order to equitably serve historically under-served areas and communities in the city. While ongoing General Fund resources have grown from a

¹ To view the City's draft Climate Emergency Declaration, please see: <https://beta.portland.gov/bps/climate-action/news/2020/2/12/mayor-wheeler-publishes-draft-climate-emergency-declaration>

² PCEF revenues are collected through a 1% surcharge on retail sales of eligible large corporations in Portland. Revenues will provide grants to clean energy programs, clean energy workforce development, green infrastructure, sustainable agriculture programs, and other programs that help further the City's commitments to achieving its climate goals outlined in the Climate Action Plan.

BPS GENERAL FUND RESOURCES



low of \$6.4 million in FY 2013-14 to \$8.9 million in FY 2020-21, BPS' General Fund one-time resources over the past 9 years have fluctuated - from less than \$100,000 in FY 2017-18 to \$1.0 million in the current fiscal year. The bureau has historically relied on Limited Term FTE and external grant funding to support multi-year planning projects, which can exacerbate instability of funding.

CBO has consistently recommended that BPS prioritize core programs and priority projects within ongoing resources, reserving one-time General Fund resources for short, finite projects outside of the bureau's core mission and services. It is imperative to the fiscal stabilization of the bureau that its workplan is scalable based on available resources, without impacting its core services. Following the completion of several major plans, the bureau anticipates focusing on the implementation of the Central City 2035 Plan, the Broadway Corridor project, and Rose Quarter development in FY 2020-21, in addition to furthering equitable community development, particularly in East Portland. Failing to implement plans on an appropriate timeline due to lack of resources could affect community trust in government and the scale of impact of these plans. In addition, as CBO noted in its FY 2019-20 budget review, BPS is increasingly directed to undertake projects related to multi-bureau coordination work, such as the Anti-Displacement Action Plan.³

The bureau considers core programs those that are set in its strategic plan, functions required by State law, and initiatives based on goals identified in the Portland Climate Action Plan and the 2035 Comprehensive Plan, in addition to directives from City Council, and community leadership. Following this methodology, all of the bureau's requested Decision Packages in the FY 2020-21 Requested Budget could be considered bureau core programs requesting to be funded with one-time General Fund resources. As much of BPS' work has been identified as a Council priority, CBO recommends Council and the bureau further determine which aspects of BPS' workplan are priorities now and in future fiscal years, if new resource allocation is necessary to achieve these priority changes, and the desired timeline for this work.

Funding Strategy for Climate and Sustainability Programs

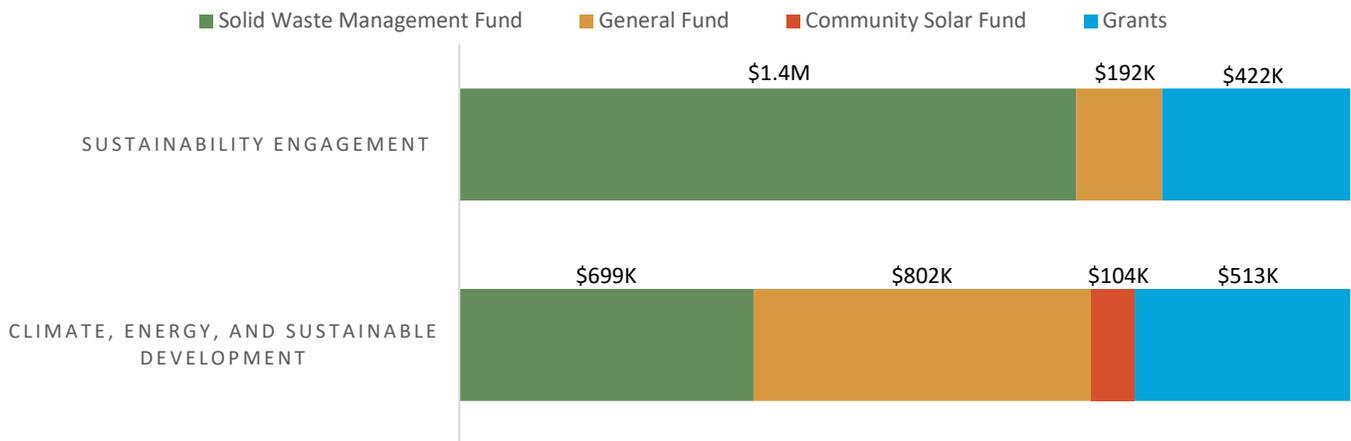
As addressing the climate crisis continues to be a Council priority and the City prepares for an expected Climate Emergency Declaration in 2020, BPS notes that resources for its climate programs are insufficient to meet the scale of immediate climate policy, programs, and actions the City needs in order to deliver on the City's climate goals.⁴ This resulted in the bureau's \$225,000 General Fund one-time resource request for Accelerated Climate Action (analyzed below). The bureau currently estimates an additional 4.0 FTE will be necessary to complete climate emergency related work; however, the bureau has only requested 1.0 FTE due to the 50% offset requirement in the Mayor's FY 2020-21 budget guidance. This represents an operational challenge in delivering on the City's climate

³ For CBO's prior analysis on this topic, please see: <https://www.portlandoregon.gov/cbo/article/714558>

⁴ To view the City's draft Climate Emergency Declaration, please see: <https://beta.portland.gov/bps/climate-action/news/2020/2/12/mayor-wheeler-publishes-draft-climate-emergency-declaration>

goals moving forward. As BPS expands its efforts to meet City climate goals, CBO recommends that the bureau and Council consider how to optimize different funding streams.⁵ The bureau allocates a mix of resources to fund its two major climate and sustainability programs, as illustrated in the graph below: Solid Waste Management Fund (SWMF), Community Solar Fund, grant revenue, and General Fund. The first three funding sources have restrictions on allowable use, so BPS has historically subsidized program activities with General Fund. As highlighted in the graph below, the bureau has allocated just under \$1.0 million in General Fund resources toward this work in FY 2020-21, which is consistent with funding levels in the current fiscal year.

FY 2020-21 BPS CLIMATE AND SUSTAINABILITY PROGRAM EXPENDITURES RESOURCES



CBO notes that SWMF resources have restricted uses; however, according to the Fund Statement of Purpose, resources obtained from residential franchise fees can be used for several broadly defined programs, including Solid Waste and Recycling, Green Building and Sustainable Education and Assistance programs.⁶ The bureau states that it seeks to maintain a nexus between material waste and the types of sustainability programs the resources are used for. Currently, SWMF resources support the following within BPS: the Waste Collection Program, Sustainability Engagement Program, Climate, Energy, and Sustainable Development program, and Citywide efforts such as the Bureau of Development Services Nuisance Abatement Program, and the Office of Management and Finance’s Homeless Urban Camping Impact Reduction Program.

The bureau’s five-year forecast shows the fund nearing minimum fund balance levels in future years due to expected increased expenditures from the expansion of the Public Trash Can Program. However, there is not a high level of confidence in this estimate as the bureau states it will reevaluate spending next fiscal year when it has additional clarity around current and planned expansion activity. The reevaluation will determine adjustments to the proposed commercial tonnage fee increase to fund the expansion.

If the SWMF remains with satisfactory reserve levels (above the \$500,000 reserve minimum), funding

⁵ For prior analysis on this topic, please see <https://www.portlandoregon.gov/cbo/article/714558>; <https://www.portlandoregon.gov/cbo/article/675828>

⁶ For the Solid Waste Management Fund Statement of Purpose, please see: <https://www.portlandoregon.gov/citycode/article/592316>

eligible programs with these funds could free up additional General Fund resources within BPS' base budget to fund other core services, such as Council identified core planning work or new climate initiatives that do not fall within the allowed uses of SWMF revenues. The \$192,000 currently budgeted in the Sustainability Engagement program could be a good option for this in FY 2020-21, since sustainable engagement activities are an allowed use of SWMF revenues.⁷ Where applicable, the City may explore the use of alternative funding sources for increased climate and sustainability programs and those currently subsidized by the General Fund.

Although not directly applicable to a funding strategy for the City's climate and sustainability programs, the Portland Clean Energy Fund (PCEF) grant resources will provide a significant new funding stream for climate and sustainability efforts in Portland. It is estimated to raise \$44 - \$61 million annually that will provide grants to clean energy programs, clean energy workforce development, green infrastructure, sustainable agriculture programs, and other programs that help further the City's commitments to achieving its climate goals outlined in the Climate Action Plan. The first round of PCEF grants is expected to begin in Summer 2020. A nine member PCEF Grant Committee was appointed in Fall 2019; this committee is responsible for the selection of grant recipients for clean energy projects supported by the Fund's revenues.⁸ Grant criteria is currently under development by the committee and therefore specific funding eligibility is currently uncertain and may differ from current City Code.

CBO recommends that the bureau holistically prioritize core bureau services, including planning and sustainability functions, and reprogram resources in its base budget accordingly. Identification of stable funding and a clear prioritization of these efforts is especially important in preparation of the City's expected Climate Emergency Declaration in 2020. CBO continues to recommend BPS clearly articulate resource allocation by budgeting resources in operating projects in the City's data systems. Bureaus with similarly structured workplans to BPS, such as the Portland Housing Bureau (PHB), use this type of budgeting with success. This approach would increase transparency of the City's funding and staff committed to multi-year projects over time and would enhance Council's ability to evaluate the tradeoffs associated with determining BPS' workplan. In FY 2019-20, the bureau set up two operating projects for the Anti-Displacement Plan project and Floodplain planning. The bureau notes that as projects are identified, it plans to add additional operating projects. In order to have the most impact, CBO encourages the bureau to create and track operating projects with urgency and based on its current workplan rather than delaying until new projects are taken on.

BPS is often seen as a main coordinator of the City's Citywide response to climate change, as shown by the Mayor's FY 2020-21 Budget Guidance. CBO recommends the Leadership on Climate Change workgroup created as part of this guidance continue to meet to identify and further prioritize climate-related projects and funding sources. In addition, continued transparency and clarity around what efforts SWMF and PCEF resources can legally fund are increasingly important.

⁷ According to City Code 17.102.060, "Monies deposited into the Solid Waste Management Fund shall be used for administration, implementation and operation of solid waste, recycling, composting and sustainable development programs, consistent with all applicable constraints on use of funds."

⁸ For information about the PCEF grant committee, please see: <https://beta.portland.gov/bps/cleanenergy/grant-committee>

DECISION PACKAGES

Accelerated Climate Action

\$225,000, 1.0 FTE

Request Summary

The FY 2020-21 Mayor's Budget Guidance Priority Issue Area 4: Leadership Action on Climate Change directed all bureaus to “prioritize actions to reduce carbon emissions, to put Portland on a trajectory to achieve a 50 percent reduction in carbon emissions by 2030,” with special attention to communities on the frontlines of climate change, including communities of color and low-income communities. It also directed BPS, the Portland Bureau of Transportation (PBOT), Portland Bureau of Emergency Management (PBEM), Portland Parks and Recreation (Parks), Portland Fire and Rescue (PF&R), and relevant divisions within the Office of Management and Finance (OMF) to develop a Citywide proposal to maximize the City’s impact in reducing carbon pollution.

In this proposal, bureaus identified climate actions in bureaus’ FY 2020-21 base budgets that will help the City meet its 2030 climate goal, including the Rose Lane Project, efforts of the Portland Clean Energy Community Benefits Fund, and the Home Energy Score Program, among others.⁹ The proposal also highlights several future actions, including an Energy Action Plan for City buildings. Currently, there is insufficient detail regarding the intersection of these bureau initiatives for CBO to analyze this proposal as one package; however, the decision package requests are analyzed separately in each bureau’s review.

These bureaus are collectively requesting \$9.86 million in additional resources to support the City’s Climate goals. BPS’ request totals \$225,000 in one-time General Fund discretionary resources, comprised of \$100,000 in materials and services and \$125,000 in personnel services for the addition of 1.0 FTE Coordinator II to accelerate the City’s efforts of policy and climate action plan development. These resources would fund two key policy development processes: 1) Development of Existing Building Standards and 2) Update of the Renewable Fuel Standard. It would also support aspects of the Climate Action Plan Update and Sustainable Consumption and Production Strategy. The bureau states that activities from these efforts have the potential to reduce total community-wide carbon emissions by an additional 25% by 2030.

Offset Summary

BPS realigned 0.65 FTE from its Sustainability Engagement program to support the activities in this decision package, totaling \$85,897 in redirected resources. The positions are funded by Solid Waste Management Fund resources and currently educate Portland residents on preventing waste and improving recycling. The bureau also identified between \$140,000 and \$165,000 of grant and in-kind resources, as follows:

- \$75,000 of in-kind resources from the Institute for Market Transformation (IMT) and the Natural Resources Defense Council (NRDC), through the City Energy Project (CEP). Resources include technical assistance and direct funding for contracting. These resources are subject to the terms of a memorandum of understanding (MOU) that is not finalized and are contingent upon receiving \$125,000 in General Fund resources for the existing building performance

⁹ For the full Leadership Action on Climate Change Memo, please see Page 16 of the Office of Management and Finance’s FY 2020-21 Requested Budget Submission at: <https://www.portlandoregon.gov/cbo/article/752712>

standards policy work (discussed below).

- \$15,000 to \$40,000 from Portland Energy Conservation, Inc. to support the City's development of existing building performance standards. These resources are also contingent upon receiving the General Fund resources for this work.
- \$50,000 in grant resources from the Bullitt Foundation to support engagement with communities of color and low-income communities in the update of the Climate Action Plan. This funding has been awarded to BPS and is budgeted in the bureau's FY 2020-21 base budget

CBO Analysis

CBO recommends that Council consider fully funding this package if resources are available. The bureau states that this proposal will require a minimum of two years to complete and expects to return to Council in FY 2021-22 with a similar request for additional one-time resources to complete the second year of work, making the commitment of Council at least \$450,000. Should Council deem elements of this package of sufficient priority to warrant General Fund support, CBO recommends Council consider committing to the full two-year cost of the proposal.

The request is comprised of four distinct components, evaluated separately below.

Develop Existing Building Performance Standards (\$125,000 General Fund one-time)

This effort builds off a recommendation from the City-sponsored, community-led Zero Cities Initiative, which sought to develop and prioritize policies that serve the goals of: 1) increased racial equity and 2) a zero-carbon building sector by 2050. This policy would build on the City's existing commercial energy performance reporting requirement and would require building owners – including multifamily residential property owners – to achieve a minimum level of energy efficiency, effectively transforming a reporting program to a compliance program and expanding its scope.

Since the resources being requested are for the initial policy development stage, there is uncertainty around what the program details, including what an expected level of efficiency might be. The bureau has not conducted any costings on what impacts on other City bureaus, property owners, and/or Portland residents would be to meet different scenarios of performance standards, nor future enforcement costs to the City. As these types of compliance programs can disproportionately affect vulnerable communities, the bureau states it will prioritize reduced utility bills for renters and protect low-income tenants in its policy development. CBO notes these as potential program concerns that could result in large costs to the City and Portland community. If funded, BPS and Council should critically evaluate these policy decisions prior to implementation.

While CBO has significant concerns about current programmatic uncertainties as well as future impacts and costs, CBO also recognizes that building decarbonization efforts are an increasingly best practice in energy efficiency and can have a positive return on investment beyond carbon emission reduction. For example, the state of California has expansive Building Energy Efficiency Standards for new and existing buildings that have resulted in significant energy savings in the state.¹⁰ The bureau notes that, once implemented, this policy has the potential to reduce carbon emissions from the

¹⁰ For example, California's building energy efficiency standards have saved enough electricity to power 300,000 additional homes annually. For more information, please see the California Energy Commissions Building Energy Efficiency program website here: <https://www.energy.ca.gov/rules-and-regulations/building-energy-efficiency>

commercial building sector by nearly 20% by 2030 and puts Portland on a trajectory to achieve net-zero emissions from this sector by 2050.

As a result, CBO recommends the \$125,000 in additional General Fund resources that the bureau requests to begin this policy development process in FY 2020-21. This will ensure the bureau can receive the \$90,000 - \$115,000 of grant resources contingent on these resources (outlined in the offset section above). Alternatively, Council could seek to reprioritize the bureau's current climate and sustainability efforts to fund the existing building performance standards in FY 2020-21 or direct the bureau to begin this work on a slower timeline.

Expand Renewable Transportation Fuels (\$100,000 General Fund one-time, \$50,000 external match)

The Portland Renewable Fuel Standard has not been updated since its adoption in 2007. BPS proposes making code changes to increase the volume of renewable fuels sold in Portland. The bureau plans to update the code to better align with – and seek efficiencies from – the approach taken by the State's Oregon Clean Fuels Program. This change could notably reduce carbon emissions from the transportation sector, which is especially important as local carbon emissions in the transportation sector are 8% higher than 1990 levels.¹¹

Since funding is requested for the initial policy development stage, there remains uncertainty about program details, including unknown potential future costs to the City for implementation and compliance, and impacts on fuel sellers. CBO recommends that BPS continue to work with PBOT about the timing and content of this policy work, as fuel sale fluctuations will impact that bureau's primary revenue source.

However, due to this proposal's potential impact in addressing the City's climate goals, CBO recommends the \$100,000 in additional General Fund resources to begin the code development change process in FY 2020-21. Alternatively, Council could direct the bureau to begin this work on a slower timeline until it identifies additional resources or reprioritize within its existing resources to begin this work in FY 2020-21.

Climate Action Plan Update (Staff realignment and external resources)

BPS has begun work on the Climate Action Plan 2020 Update, with a report to Council with near-term priorities and actions expected by the end of calendar year 2020. This update will employ the framework of climate justice and focus on robust community engagement processes. The bureau has resources for this work in its base budget; this request will facilitate a greater scope on an accelerated timeline and will be funded through the \$50,000 Bullitt foundation grant and through the staff realignment offsets discussed above. CBO is supportive of the bureau's efforts to increase public engagement in the Climate Action Plan and recommends the bureau seek opportunities to do this either within its existing resources and/or with additional resources it receives for the Accelerated Climate Action decision package. However, CBO notes that since the Climate Action Plan update is already underway, it is expected that resources for data and policy analysis, and public engagement would be prioritized within the bureau's workplan as core services. In future multi-year planning processes, CBO recommends Council and the bureau identify the level of data and policy analysis, and public engagement necessary for a successful planning process and prioritize these resources within its base budget to avoid requests of this nature, although CBO acknowledges that sometimes projects do change scale and scope as they unfold.

¹¹ For additional analysis on the City of Portland's carbon emission reduction performance, please see CBO's FY 2018-19 Prior Year Performance report at: <https://www.portlandoregon.gov/bps/article/742164>

Sustainable Consumption and Production Strategy (Staff realignment)

The bureau is currently in the process of developing a Consumption and Production Strategy aimed to reduce local consumption-based carbon emissions, such as those from food, building materials, electronics, appliances, vehicles, and clothing. In FY 2020-21 BPS wants to build on this work by conducting community engagement around the draft strategy in order to prioritize future actions that can help influence consumption patterns. The bureau expects that analysis of community engagement would result in shifting the workplans of Sustainable Engagement program staff to begin implementing priority actions. This work will be funded through staff realignment offsets and efficiencies with the Climate Action Plan Update work discussed above. Therefore, the bureau notes that sustainable consumption work would be achievable without additional General Fund resources; however, the bureau believes the project timeline and efforts would be affected due to capacity of BPS staff. If this work remains a Council and bureau priority in future years, CBO recommends identifying a stable funding source for this work as the project has the capacity to be a multi-year effort and increase in scale contingent on community engagement and prioritized interventions.

CBO Recommendation: \$225,000 one-time | 1.00 FTE

Anti-Displacement Action Plan

\$280,000, 1.2 FTE

Request Summary

The Mayor's FY 2020-21 Budget Guidance included a directive for BPS, the Portland Housing Bureau (PHB), the Portland Bureau of Transportation (PBOT), and Prosper Portland to develop, implement, and manage equitable community development while mitigating displacement alongside infrastructure bureau partners. This effort was expected to include:

1. Collaboration alongside Portlanders to center community needs;
2. Improvement of east Portland to catalyze equitable and sustainable community development, and
3. Prioritization of residents who have displaced or who are at risk of displacement to achieve shared economic prosperity.

For FY 2020-21, PHB, BPS, and Prosper Portland put forward a collective one-time General Fund ask of \$1.14 million to support specific activities, which is anticipated to total \$3.42 million over the next three years.

BPS' request includes \$280,000 in additional one-time General Fund resources (\$203,830 in one-time General Fund discretionary resources and \$76,107 in General Fund overhead) for continued work on the Portland Anti-Displacement Action Plan. This includes \$165,987 in personnel services for 1.2 FTE who will work on relevant project coordination and analysis and \$114,013 in materials and services for the preparation of area plans related to equitable community development while mitigating displacement in the Brentwood Darlington and Parkrose neighborhoods.

Offset Summary

BPS identified a \$140,000 grant awarded by the Oregon Department of Transportation (ODOT) as the 50% offset option for this request. These resources are intended for work on the Parkrose Main Street Project, which is reliant on leveraging the Anti-Displacement Action Plan to ensure that safety improvements in the area do not displace businesses or residents. The bureau states that if one-time General Fund resources are not received, it is unlikely to meet the requirements of the grant and the

Parkrose project would not move forward. If Council chooses to accept the bureau-identified offset of an external match, the General Fund request for resources would be lowered to \$140,000 in personnel services, as grant funding would fund the \$114,013 in materials and services and \$25,987 in personnel services discussed in the request summary above.

CBO Analysis

BPS states that the requested additional General Fund resources would complete the initial phase of development of the Anti-Displacement Action Plan. The first year of the project was funded with a total of \$390,000 in one-time General Fund resources in FY 2019-20.¹² With resources provided to date, BPS states it has:

- Begun convening a cross-bureau City workgroup to support analysis and policy coordination in support of the Anti-Displacement Action Plan development.
- Created a BPS/Anti-Displacement PDX Coalition (ADPDX) working group, which supports the design and coordination of the Anti-Displacement Action Plan process.
- Initiated the process to charter an Anti-Displacement Task Force in partnership with community groups and members.
- Created an inventory of City policies, programs, and projects relevant to Anti-Displacement issues and researched best practices in Anti-Displacement work.
- Partnered with the Office of Community and Civic Life to identify and survey existing civic networks related to Anti-Displacement work.

Requested resources would support continued convening of the City Anti-Displacement Work Group and the Anti-Displacement Action Plan Task Force; continued support of the community work led by the Anti-Displacement PDX Coalition; and an expansion of staff analysis and research in coordination with the Portland Housing Bureau and Prosper Portland.

Intended project outcomes are to 1) form and commence work of Anti-Displacement Plan Task Force between City and community leadership; 2) create an initial Anti-Displacement Action Plan¹³; 3) provide City Council with recommendations on anti-displacement policies and programs as needed for their decisions on policies, projects, and investments; and 4) solidify working relationship between City and Anti-Displacement PDX staff teams.

Although these outcomes align with City Council priorities for mitigating displacement, it remains unclear how these outcomes will be measured or the scale their impact will have on addressing anti-displacement in the city. There has been significant program development from the bureau's previous requests for project resources in the FY 2019-20 Fall Budget Monitoring Process (BMP) and Budget Development, but a program work plan, including performance measures, evaluation frameworks of the program, and a detailed project timeline are still unclear to CBO at this time. However, as there is significant Citywide investment and community support in this project and a sense of urgency to

¹² For previous analysis regarding the Anti-Displacement Action Plan, please see CBO's FY 2019-20 requested budget analysis and FY 2019-20 Fall Budget Monitoring Review at the following links:

<https://www.portlandoregon.gov/cbo/article/725381>; <https://www.portlandoregon.gov/cbo/article/743155>

¹³ The Anti-Displacement Action Plan is expected to include the development of specific thresholds for when the City applies displacement risk analysis and action plans that prioritize community.

address displacement, it is important the bureau commit to presenting a finalized Anti-Displacement Action Plan to Council in the near future.

BPS has stated that this project would be multi-year and may become an ongoing function or program, which CBO noted in prior analysis poses a risk when funded with serial one-time resources. CBO continues to recommend that a long-term funding strategy be identified for Citywide anti-displacement work if it remains a Council priority, including considering whether BPS should plan to include this work in its base budget allocation moving forward.

BPS' Anti-Displacement Plan work would continue irrespective of Council supporting this request, but the bureau states there would be delays in the background analysis and research - which the bureau believes to be foundational to the project goals - and the bureau would reallocate staff that would have contributed to the Parkrose project. The bureau estimates a year delay in the project if it does not receive the requested resources, and the bureau would not be able to provide a cash match required to receive the ODOT grant resources identified as the 50% offset above.

This work aligns with the implementation of the City's [2035 Comprehensive Plan](#) and CBO acknowledges benefits to community-based approaches to the City's Anti-Displacement efforts. CBO supports the notion that the creation of the Anti-Displacement Action Plan will provide a coordinated framework for Citywide investments in mitigating displacement, which suggests that completing this project prior to making large investments in other Citywide anti-displacement efforts would be beneficial. In addition, the City has invested resources in the beginning phases of work and has set up community expectations that the work will continue. As a result, CBO recommends \$140,000 in one-time General Fund discretionary resources for this effort. This amount allows for the full scope of work outlined in the decision package and assumes Council approval of the bureau's 50% offset of grant resources.

However, CBO recommends that the bureau, City Council, and relevant stakeholders from other bureaus prioritize the creation of a detailed workplan in order to clearly articulate when project deliverables can be expected, and how those deliverables may create a demand for additional resource. The bureau states that a draft work plan is expected to be presented to Council in March 2020. CBO also strongly recommends that the bureau secure a financial commitment from bureau partners and/or Council *before* establishing community expectations that will require a new operational or financial commitment to fulfill.

CBO Recommendation: \$140,000 one-time | 1.2 FTE

Lower Southeast Rising Area Plan

\$140,000 1.25 FTE

Request Summary

As part of the [Mayor's Budget Guidance](#) on Community Development Mitigating Displacement, BPS is requesting \$140,000 in additional one-time General Fund resources for work on the Lower Southeast Rising Area Plan. This includes \$63,930 in one-time General Fund discretionary resources and \$76,270 in General Fund overhead resources to fund 1.25 FTE (1.0 Associate Planner and 0.25 Planner II City-Land Use).

The plan will produce a land use and transportation strategy for a section of the Brentwood Darlington neighborhood. A plan for increased investments in this area was identified as a need as part of the [2035 Comprehensive Plan](#) process. The area was also identified as vulnerable to displacement through

BPS' anti-displacement analysis. The project is being partially funded by a \$220,000 grant from the Oregon Department of Transportation (ODOT). The request would fund limited term staff to supplement other BPS and PBOT staff on the project. BPS states that additional staffing is needed due to the scale of work and desired level of community engagement.

Offset Summary

The bureau has identified \$70,000 dollars of the \$220,000 grant from ODOT as a 50% offset for this General Fund request. The bureau notes that funds in addition to the grant resources are needed to complete the project; it cannot meet the commitments of the grant without the requested resources in this package. The grant is attached to a specific workplan and cannot be repurposed, and at least a \$25,000 match is required from the City. This grant also includes funds going to PBOT for staff time, which are being matched by PBOT resources and funds for external consultants hired directly by ODOT.

If Council chooses to accept the bureau-identified offset of an external match, the General Fund request for resources would be brought down to \$70,000 (\$31,915 discretionary and \$38,085 overhead), with grant funding supporting the other \$70,000 in personnel services.

CBO Analysis

According to the bureau, the planned outcome of this planning process is to develop a list of transportation projects, which will be evaluated and prioritized to produce a transportation infrastructure investment strategy for the project area.

Specific project outcomes are identified by the bureau as:

1. Create greater economic opportunity and access to services in the project area through transportation and land use improvements;
2. Explore designation of a new neighborhood-serving center and/or corridor;
3. Recommend improvements to land use and transportation to achieve the goals of the Portland Plan, the 2035 Comprehensive Plan, the Vision Zero Action Plan, the Transportation System Plan, and the Regional Transportation Plan; and
4. Seek City Council action to accept and possibly begin implementation of these recommendations.

BPS states that this planning process will take 18 months in total, with most of the work taking place in FY 2020-21. BPS plans to internally fund the work anticipated for FY 2021-22, which would include the legislative adoption process, required notice periods, and public hearings. The bureau states that this project could not be completed on a different timeline or scale as the timeline is prescribed by the ODOT grant program and the project is primarily tied to state-mandated activities.

CBO notes the importance of developing this area plan and its alignment with the City's 2035 Comprehensive Plan, which identifies the Brentwood Darlington area as under-served in terms of "neighborhood completeness," indicating that its residents do not have equitable access to infrastructure and services. In addition, the program relates to the Mayor's Budget Guidance priority area of "Community Development Mitigating Displacement." In FY 2020-21, BPS, PHB, Prosper Portland, and PBOT all plan to participate in area planning activities in Brentwood Darlington and Park Rose supported by ODOT TGM Planning Grant funds. According to BPS, while the specific focus of these projects varies, they are linked by common goals of equitable community development while mitigating displacement related to planned or needed infrastructure investments.

Due to this project's alignment with Citywide goals and its intersection with the City's anti-displacement efforts, CBO recommends partially funding this request with \$45,000 in additional one-time General Fund resources for 1.0 FTE (\$20,517 discretionary and \$24,483 overhead).

CBO notes that the Lower Southeast Rising Area Plan seems to be within the bureau's core work in its Area Planning program, and therefore should be prioritized within the bureau's base budget as much as feasibly possible if it is a priority. The bureau submitted its FY 2020-21 Requested Budget with an expected 3% merit increase for non-representatives, instead of capping at 2% per the Mayor's most recent budget guidance. Capping the merit as directed would result in approximately \$75,000 in additional resource, of which approximately \$25,000 were available General Fund resource that can be reprogrammed within the bureau. Reprioritizing these dollars to fund this work, in addition to the CBO recommended \$45,000 in additional resources, will allow the bureau to achieve the full scale and scope of this project as outlined in the bureau's submitted offset decision package. Taking this approach would ensure that the bureau is able to receive the ODOT grant resources discussed above and provide the necessary \$25,000 cash match. CBO also notes that the plan may result in future policy and/or community commitments on behalf of the City that would be added to the City's Transportation System Plan or other public facilities/capital plans and could result in increased costs and investments in the future.

CBO Recommendation: \$45,000 one-time, 1.0 FTE

Portland Clean Energy Fund

\$755,199 5.8 FTE

Request Summary

BPS is requesting to allocate \$755,199 from expected revenue in the Portland Clean Energy Community Benefits Fund (PCEF) to personnel services to fund 5.80 FTE that will support administration of the PCEF program. These resources are from the 1% surcharge on retail sales of certain large retailers within Portland, as approved by voters in Measure 26-201 in November 2018. The PCEF program plans to administer its first round of grants to qualified nonprofit organizations for eligible projects and programs in FY 2020-21, issuing an estimated \$6-8 million in grant funding.¹⁴

Requested staff and position descriptions include:

- 3.0 FTE Coordinator II (1.0 permanent full time, 2.8 limited term position) to provide project management functionality associated with each of the key sectors of grant funding
- 1.0 FTE Financial Analyst II (permanent full time) to manage the program's finance, accounting, and annual audit response
- 1.0 Administrative Specialist I (permanent full time) to provide administrative support for the PCEF program
- 0.8 FTE Coordinator II is requested to secure funding for an existing limited term position that was funded in FY 2019-20 with bureau salary savings. This position supports the development of the workforce and contractor equity.

¹⁴ For additional information on the PCEF program, please see BPS' website:

<https://beta.portland.gov/bps/cleanenergy/about-portland-clean-energy-community-benefits-fund>

CBO Analysis

Since expected annual PCEF revenues are still unknown and projections have a large range – between \$44 and \$61 million annually - several of the requested positions are requested as limited term positions as there may not be sufficient resources available to support the positions as ongoing if PCEF revenues are on the lower end of current estimates. In addition to these positions, BPS is allocating an additional \$10.7 million from PCEF resources in its FY 2020-21 base budget for outreach, technical, and administrative resources for potential applicants and grant funds.

CBO recommends this request but notes that as program development estimates are imprecise, the program may see significant underspending in FY 2019-20 and FY 2020-21. Additionally, projected program revenues are still imprecise. Therefore, careful long-term planning and tracking of the program costs of the fund should continue to be a priority for the bureau. It is imperative that the program be developed with scalable options in order to have the least negative impact on PCEF program operations. This is especially important due to community expectations of PCEF and as there is a 5% administrative cap on PCEF beginning in June 2022. There is currently no administrative cap in place as there is an identified grace period for program development, which the bureau believes will allow for a timely evaluation of the program revenues, administrative cap, administrative budget, and program needs to make decisions regarding appropriate staffing levels moving forward.

CBO Recommendation: \$755,199 | 5.8 FTE

SUMMARY OF REQUESTS AND RECOMMENDATIONS

Below is a summary of the Bureau of Planning and Sustainability’s total budget. In alignment with FY 2020-21 Mayor’s Budget Guidance that directed bureaus to submit 50% offsets with any requests for new General Fund resources, the bureau submitted two packages for the Anti-Displacement Action Plan and Lower Southeast Rising Area Plan requests, one representing the full amount of requested resources, and one with the reduced offset amount. In total CBO recommends increasing BPS’ General Fund budget by \$410,000 and its total budget by \$620,000.

Bureau of Planning & Sustainability - All Funds

		2019-20 Adopted Budget	2020-21 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Expense	Personnel	\$14,464,309	\$14,357,829	\$1,491,186	(\$332,551)	\$15,516,464
	External Materials and Services	\$4,900,040	\$13,497,635	\$329,013	(\$112,449)	\$13,714,199
	Internal Materials and Services	\$2,113,372	\$4,642,963	\$0	\$0	\$4,642,963
	Capital Outlay	\$0	\$0	\$0	\$0	\$0
	Debt Service	\$2,329,893	\$79,889	\$0	\$0	\$79,889
	Ending Fund Balance	\$40,890,140	\$49,528,842	\$0	\$0	\$49,528,842
	Fund Transfers - Expense	\$1,180,283	\$1,213,730	\$0	\$0	\$1,213,730
	Contingency	\$10,226,595	\$30,827,236	(\$755,199)	\$0	\$30,072,037
	Total	\$76,104,632	\$114,148,124	\$1,065,000	(\$445,000)	\$114,768,124
	Revenue	Beginning Fund Balance	\$4,136,866	\$50,140,134	\$0	\$0
Bond & Note Proceeds		\$2,253,075	\$0	\$0	\$0	\$0
Charges for Services		\$4,121,057	\$4,519,510	\$0	\$0	\$4,519,510
Fund Transfers - Revenue		\$9	\$3	\$0	\$0	\$3
General Fund Discretionary		\$8,893,113	\$8,916,256	\$664,575	(\$279,058)	\$9,301,773
General Fund Overhead		\$762,776	\$892,283	\$190,425	(\$165,942)	\$916,766
Interagency Revenue		\$674,051	\$778,923	\$0	\$0	\$778,923
Intergovernmental		\$1,812,164	\$1,302,768	\$210,000	\$0	\$1,512,768
Licenses & Permits		\$3,323,996	\$3,452,612	\$0	\$0	\$3,452,612
Miscellaneous		\$127,525	\$145,635	\$0	\$0	\$145,635
Taxes		\$50,000,000	\$44,000,000	\$0	\$0	\$44,000,000
Total		\$76,104,632	\$114,148,124	\$1,065,000	(\$445,000)	\$114,768,124