



**City of
Portland, Oregon**
Bureau of Development Services
FROM CONCEPT TO CONSTRUCTION

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FY 2012-13 Budget Preparation Process

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I. Background

Historically, the Bureau of Development Services (BDS) has input into its budget process from several sources: the Development Review Advisory Committee (DRAC, BDS's citizen advisory committee), the BDS Labor Management Committee (LMC) BDS employees, and the BDS Budget Advisory Committee (BAC).

Labor Management Committee (LMC) – Previously, BDS's LMC was deeply involved in the preparation of the bureau's budget through LMC Budget Subcommittees that reviewed and made recommendations on the budget request. However, the LMC found that there was little discretionary spending in the bureau's budget and has therefore chosen to not be as deeply involved in the line item details the last few years.

For FY 2012-13, the LMC will again be involved with the budget process during their regular meetings. Additionally, the LMC has asked to be provided with more detailed financial information, such as budget line items for each bureau division. This will allow for better familiarity with the bureau's operation and aid in the LMC's review and endorsement of the final budget recommendations.

Development Review Advisory Committee (DRAC) – The DRAC reviews the budget at a more global level. DRAC provides input on permit and land use fees and has been involved in ensuring that the development review process works well. Understanding the budgets of the other development bureaus continues to be a high priority for DRAC.

Budget Advisory Committee (BAC) – Since the FY 2009-10 budget process, each bureau has been directed by Mayor Adams to form a Budget Advisory Committee (BAC) that includes management, labor, customers, citizens, and internal and external stakeholders. To meet this requirement, BDS will convene a BAC with representatives from the following groups:

- Neighborhoods (Citywide Land Use Group)
- General Public
- DRAC (Development Review Advisory Committee)
- SBAC (Small Business Advisory Council)
- BDS LMC (Labor Management Committee)
- BDS Employees

The primary purpose of the BAC is to evaluate the bureau's budget request in light of the City's budget directions, the bureau's budget direction and goals, and customers' needs. The BAC will meet several times during the budget preparation process (October 2011 – January 2012) and will submit recommendations to the BDS Director. All BAC meetings will be open to the public.

Other Groups - In response to City Council's direction to include more citizens in the budget process, BDS invites participation by neighborhood associations and industry. To connect with neighborhood associations, BDS staff meets with the Land Use Chairs to invite their input into the budget process.

II. Changes in the Budget Preparation Process for FY 2012-13

BDS's Financial Situation

Due to an extended period of significantly reduced revenues from 2008-2010, BDS used most of its reserve fund and has reduced its staff by approximately one-half. In 2011 revenues have been gradually improving, and the bureau has begun working on re-building reserves and slowly adding back staff. The bureau's financial projections indicate continued gradual improvement in FY 2012-13 and beyond.

Financial Advisory Committee

In September 2010, at the direction of City Council, the Office of Management and Finance (OMF) convened a committee to review the financial feasibility of BDS's Information Technology Advancement Project (ITAP). This Committee included five members with economic and real estate background and expertise from organizations such as the PDC Small Business Advisory Committee, Portland State University, independent economic consultants, and others. Committee members provided their insights into the current economic situation and contributed a number of ideas for BDS's financial projections during three meetings in September and October 2010. All members of the Committee gave a solid and positive endorsement to the financial feasibility of implementing ITAP. In addition, the Office of Management and Finance endorsed the work reviewed by the Committee.

Recently the Committee was renamed the BDS Finance Committee. On August 15, 2011 it was reconvened to review more current financial forecasts. Members reviewed the bureau's revenue projections, contributed their advice, and were satisfied with the outcome of the projections. The Committee will continue to meet periodically to review current economic indicators and information.

City's Budget Directions

On October 5, 2011 the City Council provided budget directions to City bureaus. As in recent years, due to projected shortfalls in overall City revenue projections, the Council has directed General Fund-supported bureaus to prepare budget reduction packages of 4%, 6%, and 8%. While BDS is primarily fee-supported, the bureau receives General

Fund support for its Land Use, Neighborhood Inspections, and Noise Control programs. BDS will be required to submit reduction packages for its General Fund programs.

Bureau's Budget Focus

As BDS seeks financial stability and plans for future economic recovery, the bureau will focus on several key themes:

- Adequate staffing levels
- Cost savings / Program efficiencies
- Technology
- General Fund support
- Workforce planning, including training

III. FY 2012-13 Budget Preparation Process

Set the Goals

The Bureau Director will provide both general direction and specific goals for the FY 2012-13 budget process. Overall, the budget should support the bureau's goal of providing the best and highest level of service of any development services department in the country. The budget should ensure that the bureau staff is equipped with the appropriate tools and resources to effectively perform their jobs. Given the bureau's financial situation, the budget will continue to focus on finding efficiency gains and ensuring that high-priority services and programs are supported, including adequate staffing levels. A key component of BDS's budget planning process is the integration of the budget request with the bureau's 5-Year Financial Plan. Current financial projections call for the bureau's reserve fund to be slowly rebuilt over the next few years. It will be critical for annual budget requests to be structured in order to accomplish the bureau's longer-term financial goals.

Finally, the bureau must continue to be cognizant of customers' needs and find creative, innovative ways to meet those needs and deliver the best service possible.

Establish Budget Advisory Committee (BAC)

As mentioned previously, the bureau will form a BAC composed of representatives from the LMC, DRAC, SBAC, neighborhood associations, and the community.

Seek Input from BDS Employees

Everyone at BDS can be involved in the Budget Process. Section Managers will meet with their staffs to discuss ideas for the FY 2012-13 budget request and ideas to improve services, reduce costs, and/or increase revenues. Budget recommendations from bureau staff will be reviewed by the LMC and the Director.

Seek DRAC Input

The DRAC will be reviewing the budget at a more global level during its regular monthly meetings from October 2011 – January 2012. The DRAC is very interested in fees and

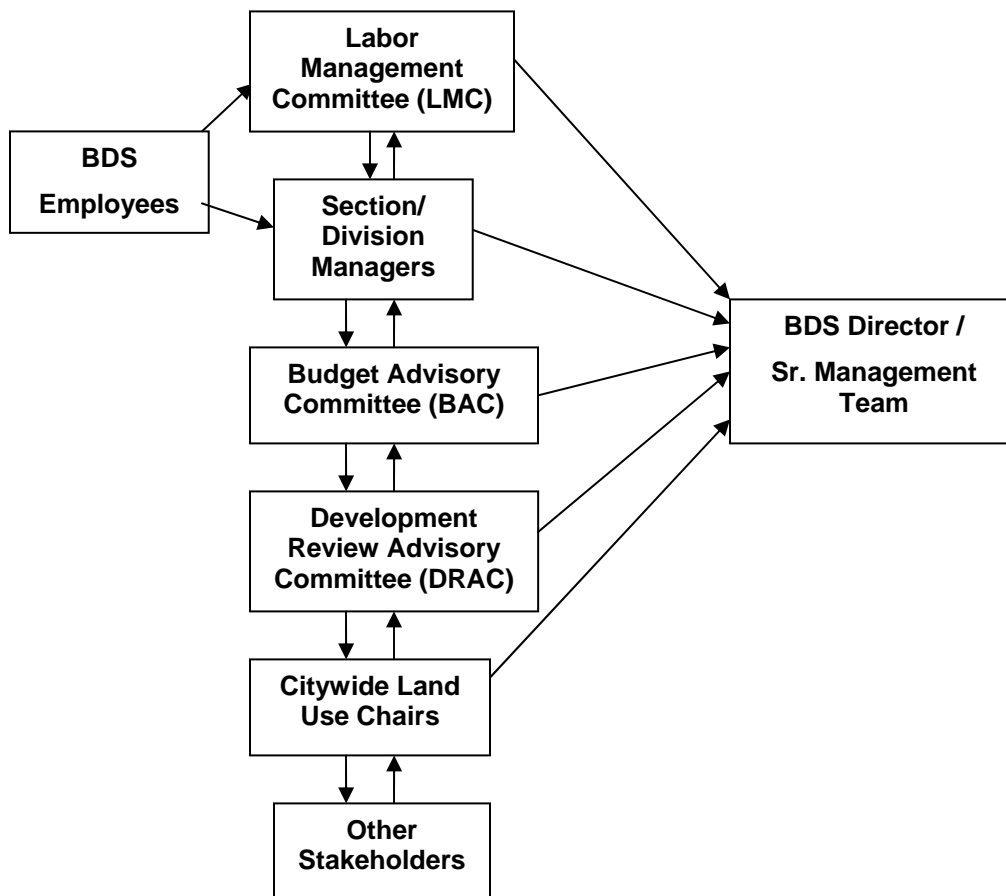
revenues and has been involved in ensuring that the development review process works well. Understanding the budgets of the other development bureaus continues to be a high priority for the DRAC, and those bureaus will make budget presentations at DRAC meetings.

Seek Input From Citywide Land Use Chairs

At some point during the budget planning process, BDS will meet with the Citywide Land Use Chairs and solicit their input into the budget preparation process.

Budget Recommendation and Approval Process

As the following graphic shows, budget recommendations will be shared amongst the various groups and will flow to the BDS Senior Management Team and the Director for final approval:



BDS FY 2012-13 Budget Process Timeline (Projected)

September 2011

- BDS Finance Section provides preliminary forecast

October

- BDS Sr. Team discusses budget priorities, needs, and funding
- Finalize BDS budget process and schedules
- Preliminary BDS revenue forecast
- Budget direction from Commissioner & Director
- Formation & first meeting of Budget Advisory Committee (BAC)
- Section Managers discuss budget with their staffs
- Division Managers review performance measures, goals, needs, and priorities.
- Committee to Review BDS Financial Model and Projections makes recommendations

November

- Section Managers discuss budget with their staffs
- LMC reviews and discusses budget recommendations and proposals
- DRAC reviews and discusses budget recommendations and proposals
- BAC meets

December

- Section and Division Managers review & give feedback on draft personnel & expenditure information
- Citywide budget direction incorporated into BDS budget priorities and decisions, if needed.
- BAC meets
- LMC reviews and discusses budget recommendations and proposals
- DRAC reviews and discusses budget recommendations and proposals
- Meetings with Citywide Land Use Chairs

January 2012

- Final program narratives, performance measures and decision package narratives from Managers to Finance.
- BAC meets
- Update / input meetings with BDS advisory groups.
- Director reviews recommendations from all groups (BAC, DRAC, LMC, employees, Land Use Chairs)

- Budget decisions finalized. Decision packages finalized; budget numbers locked; 5-Year Financial Plan numbers finalized
- BDS line item budget finalized
- Draft 5-Year Financial Plan completed
- BDS budget decisions finalized
- BDS Finance / Admin staff prepare Budget and Financial Plan documents
- **BDS Budget Request & 5-Year Financial Plan submitted (January 30, 2012)**

February

- City Council teams review bureau budgets

March

- Citywide public forums and meetings on City budget
- BDS budget presentation to City Council
- City Council teams make budget recommendations

April

- City Council work sessions on City budget
- Mayor makes decisions on proposed City budget

May

- **City Council work sessions on City budget**
- **Mayor's proposed budget document published**
- **City Council meets as Budget Committee**

June

- City Council adopts budget

July 1, 2012: FY 2012-13 Budget Takes Effect