

To: Mayor Charlie Hales Commissioner Nick Fish

> Commissioner Amanda Fritz Commissioner Steve Novick Commissioner Dan Saltzman

From: Budget Advisory Committee for the Bureau of Planning and Sustainability

Janis Adler, Public Utility Review Board

Lisa Bates, Urban & Public Affairs, Portland State University

Erin Flynn, Strategic Partnerships, Research & Strategic Partnerships, Portland State University

Roberta Jortner, BPS staff, representing COPPEA

Ella Lewis, BPS staff, representing DCTU

Lindsey Maser, BPS staff, representing non-represented employees

Annette Mattson, David Douglas School Board member

Linda Nettekoven, Hosford-Abernethy Neighborhood Development Association

David Posada, GBD Architects

Date: February 4, 2013

RE: Recommendations for BPS FY13-14 Requested Budget

The Budget Advisory Committee for the Bureau of Planning and Sustainability strongly urges Council to exercise caution in cutting General Fund resources from BPS. Portland's vibrant neighborhoods, thriving downtown, and high quality of life are reflections of the City's diligent, innovative planning efforts over the past three decades. Over the past five years, the unique entrepreneurial efforts of the bureau have attracted an average of \$7 million per year in funding from federal, state, Metro and foundation sources to leverage decreasing General Fund resources. Yet much work lies ahead.

As the City enters the final phase of the first update to the Comprehensive Plan since 1980, General Fund investment in planning next fiscal year will produce a tremendous return on investment for Portland for decades to come. BPS staffing levels are already down nearly 20 percent over the past five years. In response, we urge you to limit further cuts to BPS on-going General Fund resources and support the bureau's requests for one-time funding. These funds would allow BPS to 1) complete the Comprehensive Plan, which is both required by the State and represents a once-in-a-generation



opportunity to shape the growth of Portland, and 2) initiate planning that is urgently needed for the Central Eastside to build out the Southeast Quadrant of the Central City 2035 Plan, which will also help address the long-delayed station area planning for the Portland-Milwaukie Light Rail.

BPS Roles and Overall Recommendations for Funding in FY13-14

As a result of five years of decreased one-time funding and reduced staffing, BPS planning capacity is now at a bare-bones level. As you face difficult budget decisions, we encourage you to consider our observations about the role of planning and BPS.

- 1) Planning enables the City to use resources efficiently to analyze infrastructure, economic, and social needs to inform priority-setting and enable the City to avoid unnecessary investments.
- 2) BPS provides important services across the City in bringing bureaus together to work cross-departmentally in service to an overall strategic vision. This interbureau coordination is essential to ensure that City services are synergistic and avoid duplication of efforts.
- 3) Cutting planning further will result in costs over time that far outweigh the near-term savings. Planning is analogous to infrastructure in that the impacts of under-investing are not evident in the near term, but the long-term consequences of project delays and "deferred maintenance" are much more expensive than making smart investments consistently.
- 4) Because of the demands of several major efforts, including the Comprehensive Plan and Central City Plan, BPS planning capacity is already over-committed and has limited capacity to address time-sensitive issues that emerge.
- 5) BPS is aggressively working to address the substantial inequities that exist in Portland today, especially around issues of race and geography.
- 6) BPS is uniquely positioned to develop and coordinate policy to reduce carbon emissions and prepare for the impacts of climate change, the importance of which was illustrated by the impacts of Hurricane Sandy.
- 7) BPS staff serves as a critical conduit to and from the community via the District Planning and outreach programs. These staff members support BPS programs and projects as well as other bureaus' work.
- 8) BPS research, analysis and GIS teams provide support for other bureaus.

This last point illustrates a larger opportunity to improve coordination of research expertise and needs across the Portland region. BPS has strong research and analysis capabilities that inform other bureaus' assessment of needs and opportunities, but the analytic capacity at BPS is not always fully utilized by other bureaus. These research functions partially overlap with expertise at Metro, the Portland Development Commission, and Portland State University, and there is a larger opportunity to coordinate research needs and expertise among public-sector agencies in the region. This cannot be readily addressed within a single bureau's budget process, but we encourage the City to explore opportunities to share research functions and make the best use of limited resources across institutions.

We recognize the depth of the budget challenge facing the City and acknowledge the need for all bureaus to prepare 90 percent budgets for FY13-14. However, we also note that many bureaus have not experienced the substantial reduction in funding that BPS has as a result of decreasing one-time General Fund resources. For BPS, an additional 10 percent cut to on-going revenues and anything less than full funding for the one-time add packages would be devastating and would result in the elimination of 15 positions out of a total of 105 staff. BPS has consistently leveraged its limited General Fund dollars to acquire grants and partnerships that have allowed the bureau to continue its work. We urge you to minimize additional cuts to BPS.

Recommendations for Improving the BAC Role

BAC members support the intent of the program ranking process but find that the resulting rankings are of limited value. Ranking all BPS programs against each other without regard to funding sources, statutory mandates, source of revenue (in some cases restricted, in other cases discretionary) or program size is fundamentally flawed: ranking in this fashion does not provide the bureau with significant insight into its difficult budget decisions. In addition, many of the most consequential budget decisions take place not in shifting resources from one program to another, but in changing the substance and strategy within a program. When ranking all BPS programs, BAC members noted it's often comparing apples to oranges; for example, some funding for general workplace Operations is a prerequisite for project work to be done. This made the rankings less meaningful and made it difficult to set priorities for the Bureau as a whole. It also reduced BAC confidence in proposed strategies to maintain desired levels of service with reduced funding.

To address these challenges, the BAC recommends the following:

1) The BAC should evaluate programs within individual funding sources. For BPS specifically, programs funded primarily by General Fund should be weighed against other General Fund-supported programs; those with Solid Waste Management Fund support should be ranked against other SWMF programs; and programs that are exclusively funded with grants should be evaluated on their

own merits. The BAC should also evaluate implications for situations where there is potential to shift programs between funding sources.

- 2) The BAC should provide guidance to the bureau as to the most effective elements of programs to help inform bureau workplans, rather than simply ranking programs on a macro-level.
- 3) If the ranking process is retained, BPS should divide its budget description categories into substantially smaller programs to allow an even more granular ranking. (The bureau did so for General Funded programs this year, but the required ranking of all programs still occurred at a higher level.)

If the instructions to bureau BACs are revised in the future, we would welcome the opportunity to discuss how to continue to improve the process to make the groups' input more valuable to City Council, individual bureaus and the overall City budget decisions.

Results of the Program Ranking Process

At the start of the BAC process, BPS staff provided a general orientation to the bureau's work, shared the BPS mission statement and strategic plan, and briefed the BAC on current and proposed BPS programs and projects.

After discussions about BPS programs and funding sources, BAC members developed program rankings according to the two specified criteria: 1) core to the bureau's mission and 2) community priority. The results of the ranking exercise are shown in Table 1.

Table 1: Program Ranking

	Community	Core to
Program	Priority	Bureau Mission
Comprehensive Plan / Portland Plan	1	1
District Planning and Area Projects	2	2
Solid Waste Policy and Operations	3	6
Energy and Climate Policy	4	4
Residential Sustainability Outreach	5	10
Central City and Urban Design	6	5
General Planning/Code Development	7	3
Communications	8	11
Business Sustainability Outreach	9	14
Clean Energy	10	13
Green Building and Development	11	12
Sustainable Food	12	15
River and Environmental Planning	13	8
Policy Analysis and Research	14	7
City Government Sustainability	15	16
Operations (Finance, HR, Admin, office operations)	16	9

While not required, the BAC also ranked BPS programs that are solely or primarily funded by the General Fund, broken down into smaller project-specific components. This ranking opportunity allowed BAC members to discuss their priorities at a more refined level instead of just being able to rank broad program categories. Table 2 shows the result of this process.

Table 2: Ranking of General Fund-supported Programs and Projects

Program/Project	Community Priority	Closeness to Mission
Complete Comprehensive Plan update	1	1
Portland Plan Implementation	2	2
District Liaison Program (also funded through Citywide overhead)	3	3
New multifamily development standards	4	5
Fix-It Fairs	5	11
Code analysis, development, process	6	4
New commercial zones and development standards	7	8
Central City West Quadrant	8	9
Historic Resources	9	12
Sustainable Food	10	17
Establish institutional zones	11	13
Economic, demographic, housing analysis; intergovernmental coordination	12	6
Urban Design Studio	13	14
Code maintenance program restart	14	15
River & Environmental Planning	15	10
Maintain current administrative budget and interagencies to fund other offices/bureaus	16	7
SW Barbur - federal Environmental Impact Statement process	17	16
Powell / Division transit plan	18	18
Start SE Quadrant Plan in FY 13-14	19	19
Maintain General Funding for program management (and reduce cuts to SWMF)	20	20
Maintain General Funding for program management (and reduce cuts to SWMF)	21	21

Despite its relatively low ranking, BAC members underscored the importance, both for equity and timing, of evaluating high capacity transit on SE Powell and Division. This project would lay the groundwork to address the decrease in access to and quality of mass transit in Portland east of 82nd Avenue. Twenty-seven percent of the city's population lives east of 82nd Avenue, including 40 percent of its school children, on 20 percent of the land. Since the mid-1990s, a plurality of the city's population growth has occurred east of 82nd Avenue, but without a corresponding investment in transportation infrastructure. This project would serve the entire eastside and downtown but have a particularly large impact in East Portland. This project would address one of the many unmet transportation needs in East Portland. It is not a nice to have but a significant quality of life issue.

Comments on the Rankings

BAC members observed that the discrepancies between the rankings for Bureau Mission versus Community Priority reflect the fact that some BPS programs are visible but others provide the foundational work to make those high-profile programs possible. For example, it may not be obvious that the River and Environmental Planning team is leading key elements of the Comprehensive Plan Update; additionally its work is directly tied to the Central City work and West Hayden Island project (included in District Planning and Area Projects program in Table 1). Similarly, the Policy Analysis and Research staff, including economic planners and a demographer, provide critical research to inform a number of more visible programs. While the ranking of this program is towards the bottom of the priority list, without it, future investments in the city could be less attractive to developers.

Continued Involvement

More than at any time in recent memory, this year Council faces difficult decisions in its budget process. BPS has continued to refine its budget options, decision packages, and alternative funding strategies over the course of the BAC meetings, and we recognize that the process has several important stages still ahead. If members of the BPS BAC can contribute to your review and decision-making in the months ahead, please let us know. BPS is a bureau unique in structure and offerings and is at a critical juncture on projects with far-reaching impacts. We welcome the opportunity to continue to engage with you. Thank you for the opportunity to provide input to the City budget process.