



PUBLIC PARTICIPATION IN CAPITAL PROJECTS:

Bureau processes align with best practices
but should be formalized and available to residents

A REPORT FROM THE CITY AUDITOR
March 2008



Office of the City Auditor
Portland, Oregon



CITY OF
PORTLAND, OREGON

OFFICE OF THE CITY AUDITOR
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March 18, 2008

TO: Tom Potter, Mayor
Sam Adams, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner
Erik Sten, Commissioner
Ken Rust, Chief Administrative Officer
Dean Marriott, Director, Bureau of Environmental Services
Zari Santner, Director, Bureau of Parks & Recreation
Susan Keil, Director, Portland Office of Transportation
David Shaff, Administrator, Portland Water Bureau

SUBJECT: *Audit – Public Participation in Capital Projects: Bureau processes align with best practices but should be formalized and available to residents (Report #347)*

Attached is Report #347 containing the results of our audit of public participation in capital projects. Mayor Potter and Chief Administrative Officer Ken Rust, Commissioner Adams and Director Dean Marriott, Commissioner Leonard and Administrator David Shaff, Director Zari Santner, and Director Susan Keil have responded to the audit. We have included their written responses at the back of this report.

We make several recommendations in the report, and as a result we ask the bureaus, through their commissioners-in-charge, to provide a status report on implementation of those recommendations within one year.

We appreciate the cooperation and assistance we received from the Bureaus of Water, Environmental Services, Parks and Recreation, and the Office of Management and Finance and the Portland Office of Transportation as we conducted this audit.


GARY BLACKMER
City Auditor

Audit Team: Drummond Kahn
Kristine Adams-Wannberg
Kari Guy
Martha Prinz

Attachment

PUBLIC PARTICIPATION IN CAPITAL PROJECTS:

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Summary of audit results

Public participation is often cited as a critical component of good governance. Government should provide useful information on decision-making processes, so the public can reasonably participate. Public participation in reviewing capital projects and budgets is important to explain intended and actual results of City services to tax and ratepayers.

While Portland lacks Citywide policies on when and how to undergo public participation on capital projects, many bureau processes mirror identified best practices. Bureaus with significant capital projects should develop or update public participation policies and make them available to the public in electronic and print form. We also recommend that the City's budget-in-brief and the capital portions of the City's Adopted Budget documents be simplified for greater ease of use.

Background

Some of the more visible services in which the City involves the public in decision-making are for capital projects, such as work on parks, roads, water mains, and sewer pipes. In FY 2007-08, the Adopted Budget for capital improvements was \$345 million. The majority of this was for work done by the Water Bureau and the Bureau of Environmental Services, such as for water and sewer improvements.

Figure 1 “Stop and Talk” Outreach for Downtown Water Mains Improvement Project



Photo Courtesy of Portland Water Bureau

Depending on the capital project in question, there may be varying levels of public participation. We define “public participation” broadly, to describe any process used to inform, to gather input, or to involve the public in a decision-making process. Public participation is an umbrella term used to describe all levels of public information, education, relations, outreach, input, involvement, and collaboration.

Objectives, Scope, and Methodology

The scope of this audit was to examine public participation policies and practices to determine whether City and bureau policies and processes are in place and best practices are followed. We also examined current practices to determine whether consistent information and opportunities for involvement are available to a general audience. In addition, as part of our review we also assessed the quality of the public information in the City’s Adopted Budget documents, specifically the portions of the document related to capital projects.

This was important because the budget document is a significant way to communicate to the public which capital projects have been approved for funding. This audit was approved by the City Auditor and placed on our audit schedule for FY 2006-07.

To assess City public participation policies for capital projects, we reviewed current City policies and the results of various task forces that addressed public participation. We reviewed specific policies and practices for the Bureau of Environmental Services, the Portland Water Bureau, the Bureau of Parks and Recreation, and the Portland Office of Transportation. We included these organizations because they are capital intensive bureaus whose work has a daily impact on residents. We collected best practices on public participation processes, such as those from the International Association for Public Participation; the Portland Development Commission, which has both a public participation policy as well as an extensive public participation manual; and documents created by the City of Portland and the various task forces that focused on public participation. We compared this and other information against the bureau policies and practices. We reviewed project information and web materials regarding public participation strategies used for select capital projects.

We also reviewed the City's budget website, the City's Adopted Budget documents, and the City of Portland's Budget-in-Brief against identified City and State requirements and also against best practices, such as criteria from the Government Finance Officers Association. We interviewed staff from the above bureaus concerning their public participation policies and practices, as well as staff from the Office of Management and Finance concerning the Adopted Budget documents.

We did not analyze whether appropriate public members were contacted during a public participation process, whether materials provided relevant information, or whether stakeholder involvement was effective. Our intent was to determine whether a resident interested in a City capital project in their neighborhood could find relevant information, and, if interested, determine how to become more involved in the decision-making processes. We did not determine whether the practices are followed for all capital projects.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Citywide public participation policies are vague

The City has high level policies regarding public participation. The policies expressed in the City Code and the City's Comprehensive Plan state that the City values public participation and calls upon City bureaus to pursue public participation when services affect neighborhood livability. The policies do not describe when City bureaus should pursue public participation efforts, nor is there a general process bureaus should use to manage public participation efforts. This lack of standards leaves much discretion up to City bureaus to design their own criteria and processes to fit their specific needs.

In response to resident concerns, the City tried to develop better public participation policies and practices. This was done through a variety of different work groups. Many of these work groups generated useful approaches bureaus could adopt when pursuing public participation efforts. Some groups also mentioned the Office of Neighborhood Involvement's role in the City's public participation processes being unclear and ever evolving. The work groups' recommendations were rarely followed through due to a number of reasons. According to some staff we interviewed, this was due to differences within the committees and at times a lack of leadership to get recommendations carried out.

**Best Practices
Emphasize
Good Planning,
Communication, and
Evaluation**

Although not an exhaustive list, we identified five best practices that contribute to good public participation policies and practices:

Best Practice #1: Have a policy for the organization to help determine if a project will include public participation

It is important to have a public participation policy in place so that opportunities are not missed. Policies can include a mission statement and should state what the bureau aims to achieve through public participation. Policies should specify criteria and/or guidelines that can be applied to any project that may be of public interest. They should also describe when public participation may not be appropriate, such as when there are certain threats to public safety or health. The policies should be communicated and available to the public.

Best Practice #2: Assess on a case by case basis if projects warrant public participation, and if so, what level of public participation is appropriate

Bureaus should use a consistent assessment tool for each project to determine if public participation is needed. This can be a worksheet or series of worksheets that produce a score indicating what level of public participation a project warrants. Even a small project might attract a high level of public interest if it is highly visible or involves a resource that is important to many people. For that reason, it is not appropriate to determine the level of public participation based on project budget alone.

Best Practice #3: Put together a public participation plan

If a bureau determines that public participation is needed for a particular project, staff members then must craft the public participation plan and communicate it to the public. First steps can include identifying the goal of public participation, determining potential stakeholders and how to best involve them. An important part of the plan should be how to communicate public feedback to decision makers.

Best Practice #4: Alter the public participation plan as circumstances change throughout the life of the project

Events that might trigger a change in the public participation plan include change in project scope, cost overruns, missing project milestones, change in project schedule, or identification of new stakeholders. Staff responsible for public participation should have procedures in place to inform the public of adjustments, solicit public feedback about these changes when necessary, and get any needed approvals for significant deviations from the plan.

Best Practice #5: Evaluate the effectiveness of public participation throughout the life of the project and after the project is finished

Evaluation of public participation should be built into the project schedule and should also take place after the project is completed. Feedback tools include formal or informal conversations with stakeholders and surveys or questionnaires. Evaluation results should also be communicated to the participants.

**Most Bureau Practices
Align with Best
Practices**

We compared the Bureaus' policies and practices against these best practices and found the following:

Figure 2 Summary of bureau public participation policies and practices against best practices

Best Practice	Bureau of Environmental Services	Bureau of Parks & Recreation	Portland Water Bureau	Office of Transportation	Bureaus Following Best Practices
<i>Does the bureau have adopted public participation policies?</i>					
Adopted Public Participation Policies	Yes	Yes	No	No	2 of 4
<i>Does adopted policy or bureau practice follow best practices?</i>					
Initial assessment	Written assessment	Informal staff assessment	Written assessment	Informal staff assessment	4 of 4
Public Participation Plan	Yes	Yes	Yes, included in project plan	Varies, often public participation plan	4 of 4
Ongoing Assessment / Communication	Yes	Yes	Yes	Yes	4 of 4
Process Evaluation	Yes	Yes	Yes	Evaluations done during project; no final evaluation	3 of 4

Source: Audit Services analysis of bureau policies and information

We found that while only two bureaus have adopted communication policies, overall, bureaus appear to follow most of the best practices. We also found, however, that the adopted policies and public participation plans are not widely available to the public and that the policies do not provide particular criteria or guidelines for when public participation should be pursued. In addition, outreach may not be consistent within bureaus.

We found that bureau staff use a number of creative methods to provide information to residents interested in City capital projects. The Parks Bureau and the Water Bureau, for example, are making good use of the web to improve project communications. BES and Transportation should review and update their policies on web use. In addition, another positive item to note is that, according to staff at the Office of Management and Finance, training in public involvement approaches for project managers is available through the Bureau of Purchases' Project Manager series. OMF staff indicated that many project managers from capital intensive bureaus have attended the training.

These approaches afford flexibility for the bureaus to direct their resources to meet their business needs. One of the drawbacks, however, is that residents may become frustrated by the lack of consistency between bureaus or even from project to project. According to a 2003 memo from some members of the City Council, this frustration was expressed by community members during visits and discussions with neighborhood activists. This frustration was one of the reasons behind the start of some of the City's task forces on public participation.

Having a set of policies is important within an organization as well. Policies provide direction and guidance from management to staff on how to proceed with their work. This helps make efforts more consistent through the bureau. It is also important when staff changes occur and the institutional memory of former employees is not available.

Capital budget information is available, but materials are not well prepared for a general audience

The City's Adopted Budget is published every year. The Adopted Budget is significant because it provides the information needed for a well-informed resident or City decision-maker to understand how the City plans to spend its resources for the next fiscal year. The documents include not only the City's operating costs for basic services but also the costs for maintaining or expanding City infrastructure, such as parks, roads, water mains, and sewer pipes.

We reviewed the City's budget document, particularly the sections related to the capital budget, against best practices to see how useful the information was to a general public audience. We looked to a variety of sources including City policies, the Government Finance Officers Association (GFOA), and the budgets of comparison cities. City policy indicated that the budget should be consistent with the criteria developed by GFOA for distinguished budget presentations. We also reviewed best practices related to communication for popular reports, and found examples of well-prepared annual budget reports in comparison cities.¹ Some of these best practices are:

- Use comparative data to identify trends
- Provide highlights by service area
- Provide a format and material that is attractive, concise, and oriented to a reader's needs
- Highlight areas of particular public interest
- Provide information on relative capital priorities
- Provide greater level detail for non-routine, larger projects

These practices would apply equally to the operating or capital budget.

Our review found mixed results in determining if materials were well prepared for a general audience. The City's budget documents are designed to meet the specific requirements of local budget law, the criteria to earn the Distinguished Budget Award, and the needs of decision-makers. Some elements of the Adopted Budget compare favorably with best practices. For example, the bureau highlights thoroughly explain the significant issues and major budget decisions facing City bureaus.

¹ Best practices were drawn and/or developed from GFOA recommended practices on *Capital Project Budget (2007) and Preparing Popular Reports (1991, 1996, 2001, & 2006)* and the *National Advisory Council on State and Local Budgeting: Recommended Budget Practices*. We also compared the following budget documents: City of Seattle: 2006-2011 Adopted Capital Improvement Program; City of San Diego: FY 2008 Proposed Budget; City of San Jose: 2007-08 Budget in Brief and 2007-2008 Proposed Capital Budget / 2008-2012 Capital Improvement Program; and the City of Kansas City, MO: Five-Year Capital Improvements Plan Overview, FY 2006-07 to 2010-11.

We found other areas with room for improvement, particularly in providing context for budget decisions. There is little information on Citywide capital expenditure trends over time, summary discussion on unmet infrastructure needs, or priorities among projects. Capital project details are presented in such a way that very small projects are often given the same attention as very large projects. The documents tend to be written for a more technical audience, rather than oriented to a general reader's needs.

A similar assessment applies to the capital portions of the budget-in-brief. While it is a shorter document, it lacks summary information that would provide context for the capital budget, and no information on trends or priorities.

We also compared the City's budget website against best practices. We found that the Community Budget Website includes information on capital planning that meets many of the best practices – it is oriented to the reader, it has graphics describing capital budgeting trends, and the site provides links to bureau pages and PortlandMaps for further project information. According to staff in the Office of Management and Finance, the budget website receives up to 7,000 external page views per month during the budget period. While the project links are all current, we found that some of the overview information is outdated.

Recommendations

Our review found that many bureau policies and processes for public participation mirror identified best practices. Improvements could be made, however, by developing or updating public participation policies and by making those policies available to the public. This will help provide more useful information to the public on bureau processes and public opportunities to participate in government decision-making. In addition, improvements could be made to the Adopted Budget documents by simplifying some of the materials presented. Based on our audit work, we recommend the following:

1. We recommend that the Commissioners-in-Charge of the Office of Transportation and the Water Bureau direct their bureaus to develop bureau public participation policies and

make them available to the public in electronic and print form. Bureau policies should include a discussion of the threshold for developing a public participation process, and include each of the identified best practices:

- Conduct an initial project assessment
 - Create, and make publicly available, a public participation plan
 - Include ongoing assessment and project updates
 - Conduct an evaluation of the public participation process at project completion
2. We recommend that the Commissioners-in-Charge of the Bureau of Environmental Services and the Bureau of Parks and Recreation direct the bureaus to update their public participation policies periodically and to make the policies available in electronic and print form.
 3. We recommend that the Mayor direct the Office of Management and Finance to consider redesigning some of the Adopted Budget documents. One example of this would be to modify the Budget-in-Brief to be a shorter report, focused more to a public audience. Other examples include providing a summary discussion on City capital expenditure trends and infrastructure needs, as well as limiting the material in the detailed pages to those capital projects deemed high priority or for which significant resources will be spent.

RESPONSES TO THE AUDIT



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

Tom Potter, Mayor
Kenneth L. Rust, Chief Administrative Officer
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Portland, Oregon 97204-1912
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TTY (503) 823-6868

February 29, 2008

TO: Gary Blackmer, City Auditor
FROM: Mayor Tom Potter & Chief Administrative Officer Ken Rust
SUBJECT: Response to Report on Public Participation in Capital Projects (Report #347)

Thank you for the opportunity to comment on your recently completed audit of Public Participation in Capital Projects. We concur with your recommendations that the City's budget documents should be focused to a public audience and have listed below several actions we will take to respond to them. While the Mayor's office and the Office of Management & Finance (OMF) continuously seek opportunities to improve our services to our customers and the general public, we are also proud to have received the Government Finance Officers Association's Distinguished Budget Presentation Award from for 18 consecutive years and Certificate of Excellence in Financial Reporting for 26. OMF remains mindful of its duty to publish high quality budget and financial reporting documents for City bureaus and the public.

To specifically respond to your findings and recommendations, OMF will take the following steps during the next budget cycle:

1. Update any outdated references on the community budget website;
2. Add links on the community budget website to the Planning Bureau's annual "General Fund Capital Set-aside—risk recommendation report" and "Asset Status and Conditions Report" documents which detail infrastructure trends, needs and priorities;
3. Add a capital budgeting section to our Budget 101 document (posted on the community budget website and used in community budget forums);
4. Continue to use the Public Involvement Toolkit to assess the level of public involvement necessary and ensure consistency in our practices;
5. Continue to provide an instructor for project manager training sessions on public involvement;
6. Ensure a discussion regarding public participation in capital projects takes place with the newly formed Public Involvement Advisory Council; and
7. Examine ways to improve our budget documents or to provide supplementary reports that enhance transparency and understandability for the public.

While priority setting for capital projects is the purview of the City Council in consultation with City bureaus, we believe that taking the actions set out above will provide a clearer window into the capital side of the City's financial activities. In particular, the addition of the two referenced Planning Bureau reports to the community budget website will be a major improvement.

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To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.



CITY OF PORTLAND
ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204-1912 ■ Sam Adams, Commissioner ■ Dean Marriott, Director

Date: February 26, 2008

To: Gary Blackmer, City Auditor

From: Sam Adams, Commissioner. *SA*
Dean Marriott, Director, Bureau of Environmental Services. *DM*

Re: Auditor's Report on Public Participation in Capital Projects

Thank you for your report on Public Participation in City of Portland Capital Projects. Improving and maintaining the city's sewer and stormwater collection and treatment systems is a large part of our work at BES, and our projects frequently have significant community impacts.

Public involvement and outreach are essential to BES programs and projects. It has been the bureau's policy for many years to keep citizens informed of our activities and to give the public meaningful opportunities to participate in our decision-making processes.

We agree with your recommendations to make the BES public involvement policy available to the public in electronic and print form, to update the policy periodically, and to post sewer construction and repair project information on the BES website more consistently.

c: Mayor Tom Potter
Commissioner Dan Saltzman
Commissioner Erik Sten
Commissioner Randy Leonard



Randy Leonard, Commissioner
David G. Shaff, Administrator
1120 SW 5th Avenue, Room 600
Portland, Oregon 97204-1926
Information: 503-823-7404
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March 6, 2008

TO: Gary Blackmer, City Auditor

FROM: Commissioner Randy Leonard

David G. Shaff, Water Bureau Administrator

SUBJECT: Public Participation in Capital Improvement Projects: A Report from the City Auditor

I would like to thank you for the thorough report on public participation in Capital Improvement Projects, specifically in the Portland Water Bureau, which operates under this Commissioner. As your report notes, “while Portland lacks citywide policies on when and how to undergo public participation on capital projects, many bureau processes mirror identified best practices.” The Portland Water Bureau, like its companion infrastructure bureaus, values the connection it has with the broad public, from neighborhoods and community residents, to large industrial and commercial water users and regional water stakeholders. The Bureau has clearly improved practices in building open, transparent public participation processes as evidenced through the Bureau’s Employee and Community Budget Development activity, the work of Bureau staff in the development of capital improvement projects in the Sandy River Basin, the staff activity connected to the Downtown Water Mains Improvement Project and the Maintenance and Security Improvement projects at Washington and Mt. Tabor Reservoirs.

Portland Water Bureau management and administration are in agreement that the bureau lacks structured public involvement policies, while still maintaining best practices in our connection with the community. Toward this end the Portland Water Bureau is committed to developing appropriate public involvement policies, and making those policies available to the broader community in a variety of mediums, from posting them on the Bureau’s website to developing handouts, available for dissemination.

We fully support the identified recommendations within the report and believe they will lead to improved opportunity for the broader community to work with this bureau on future infrastructure improvement projects.



PORTLAND PARKS & RECREATION

Healthy Parks. Healthy Portland

February 29, 2008

Gary Blackmer
City Auditor
1221 SW 4th Ave., Room 310
Portland, OR 97204



Dear Gary:

Commissioner Dan Saltzman and I have reviewed the final draft on Public Participation in Capital Projects. We are pleased to have your input on Portland Parks & Recreation's policy relating to this matter.

PP&R will review our policy on Public Participation in Capital Projects on an ongoing basis to ensure that these policies reflect the best interests of the public we serve. The policies will be posted on the Portland Parks & Recreation website at www.portland.parks.org and will also be available in written form upon request.

Sincerely,

Zari Santner
Director

Administration

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www.PortlandParks.org
Dan Saltzman, Commissioner
Zari Santner, Director

Sustaining a healthy park and recreation system to make Portland a great place to live, work and play.





CITY OF
PORTLAND
OFFICE OF
TRANSPORTATION



**Sam
Adams**
Commissioner

February 29, 2008

**Susan D.
Keil**
Director

To: Gary Blackmer, City Auditor

**Don
Gardner**
Engineering &
Development

From: Susan D. Keil

**Lavinia
Gordon**
System
Management

Re: Auditor's Report on Public Participation in Capital Projects (Report #347)

**Suzanne
Kahn &
Eric
Peterson**
Maintenance

Thank you for the review of the Portland Office of Transportation's policies and practices regarding public participation in capital projects. As a community partner in shaping a livable city, PDOT encourages active community participation in reviewing capital projects and budgets. We recognize the importance of listening to, responding to, and acting on public input about community goals and concerns during all stages of a project.

**John
Rist**
Business
Services

As your report concludes, while PDOT's practices are aligned with most identified best practices, improvements could be made. To improve its management of public participation efforts, PDOT will develop public participation policies that are aligned with the five best practices outlined in your report.

**Paul
Smith**
Planning

PDOT is pleased with the results of this audit as we believe it confirms the Bureau's commitment to public participation in the development and implementation of capital projects. Thank you for your help in improving our public participation process.

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Public Participation in Capital Projects: Bureau processes align with best practices but should be formalized and available to residents

Report #347, March 2008

Audit Team Members: Kristine Adams-Wannberg,
Kari Guy, Martha Prinz

This report is intended to promote the best possible management of public resources. This and other audit reports produced by the Audit Services Division are available for viewing on the web at: www.portlandonline.com/auditor/auditservices. Printed copies can be obtained by contacting the Audit Services Division.

Gary Blackmer, City Auditor
Drummond Kahn, Director of Audit Services

Other recent audit reports:

Mandatory Supervisory Training: Not cost-effective and should be streamlined (#354, March 2008)

Police Overtime: Most recommendations implemented, but more could be done (#361, February 2008)

Construction Contracts: Bureau of Environmental Services strengthened its contract management procedures (#348B, February 2008)

Construction Contracts: Facilities Services needs to improve coordination with bureaus to reduce costs and delays (#348A, January 2008)

