



City of Portland, Oregon
Bureau of Development Services
Office of the Director
FROM CONCEPT TO CONSTRUCTION

Amanda Fritz, Commissioner
Paul L. Scarlett, Director
Phone: (503) 823-7308
Fax: (503) 823-7250
TTY: (503) 823-6868
www.portlandoregon.gov/bds

FY 2015-16 Budget Preparation Process

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I. Background

Historically, the Bureau of Development Services (BDS) receives 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) – In the past, the 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 the Committee has chosen to not be as deeply involved in the line item details in recent years.

For FY 2015-16, the LMC will be involved with the budget process primarily during their regular meetings. Additionally, the LMC will be provided with 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, service levels, and fees of the other City development bureaus continues to be a high priority for DRAC.

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

- DRAC (Development Review Advisory Committee)
- Development Industry
- BDS (employees and managers)
- Community

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

4 – 5 times during the budget preparation process (November 2014 – January 2015) and will submit recommendations to the BDS Director. All BAC meetings are open to the public.

Other Groups - In order 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. Context for the Budget Preparation Process for FY 2015-16

BDS's Financial Situation

Since 2012, BDS's revenues have increased significantly as the construction industry has experienced strong and sustained growth. The bureau has rebuilt its financial reserves and has added numerous staff to respond to an increasing workload. The bureau's current financial projections indicate continued improvement in FY 2015-16 and beyond.

Financial Advisory Committee

In September 2010, the Office of Management and Finance (OMF) convened the BDS Finance Committee to review BDS's financial projections and the financial feasibility of the bureau's Information Technology Advancement Project (ITAP). This Committee included 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.

The Committee met in the fall of 2011 and 2012 to review revised financial forecasts and give input to BDS's financial plan and budget development. Seeing the value of the Committee's input, BDS has continued to convene the Committee each autumn to review the bureau's updated financial projections and budget priorities.

City's Budget Directions

For FY 2015-16, Mayor Hales has directed bureaus to put together "stabilization" budgets, with General Fund requests matching current FY 2014-15 appropriations. He encouraged bureaus to realign existing resources to focus on their core missions and the City Council's priorities. Requests for additional ongoing General Fund monies should be for high-priority programs and must demonstrate measurable progress in one or more of these areas:

- **Equity and Opportunity:** bolstering economic and housing opportunity for all Portlanders, as well as equity in service delivery.
- **Complete Neighborhoods:** extending Portland's vaunted livability to more areas of the City.
- **Emergency Preparedness:** equipping bureau operations and our citizens to better withstand a disaster.

BDS's Budget Goals

The bureau has several key goals that provide direction and context to its budget planning process:

- Provide adequate staffing levels
- Streamline access to services
- Equity – organizationally and in service provision
- Maintain fiscal sustainability
- Workforce planning, including training
- Ensure General Fund support for local code programs

III. FY 2015-16 Budget Preparation Process

Set the Goals

The BDS Director will provide both general direction and specific goals for the FY 2015-16 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 bureau staff is equipped with the appropriate tools and resources to effectively perform their jobs. Given BDS's improved financial situation and increased workload, the budget will focus on 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 continue to grow 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 DRAC, development industry, the community, and bureau employees.

Seek Input from BDS Employees

Everyone at BDS can be involved in the budget development process. BDS Section Managers will meet with their staffs to discuss ideas for the budget request, and budget recommendations from bureau staff will be reviewed by the LMC and the Director. The bureau will also conduct two Budget Drop-In Sessions where employees can directly give their input to management and Finance section staff.

Seek DRAC Input

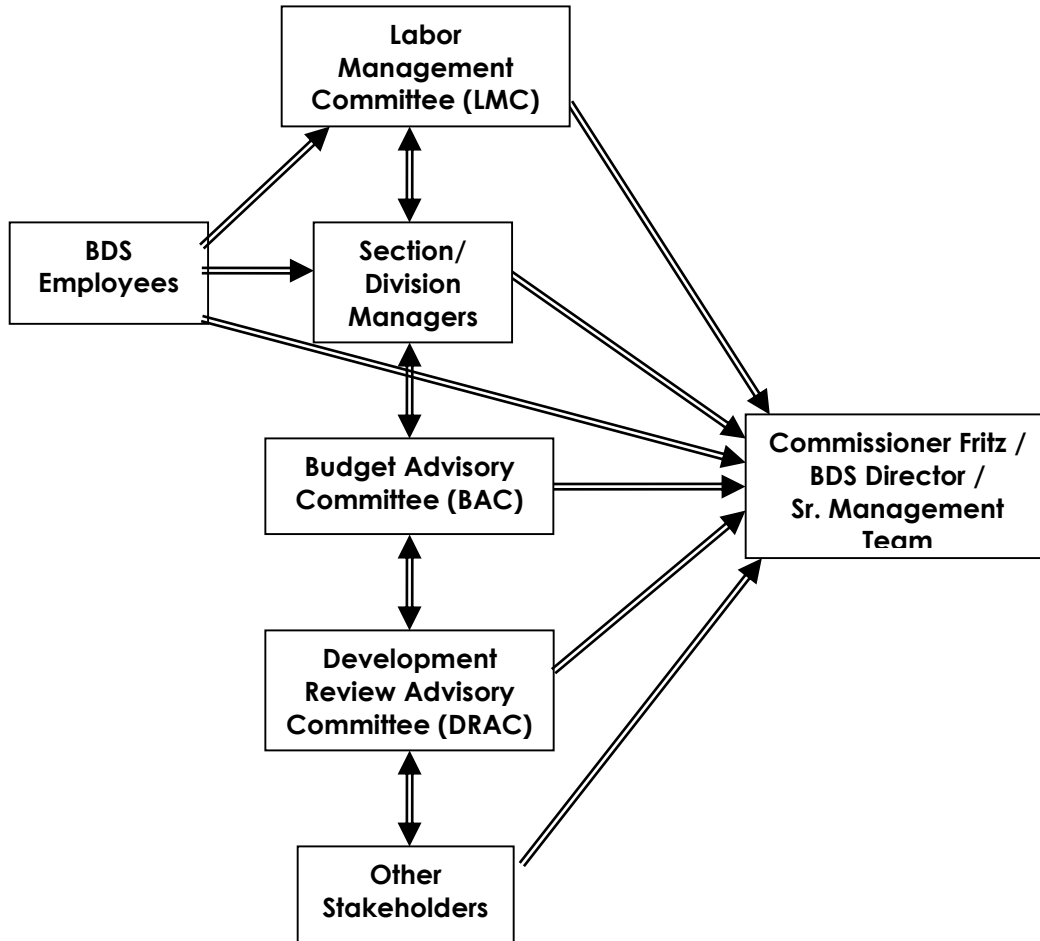
The DRAC will be reviewing the budget at a more global level during its regular monthly meetings from November 2014 – January 2015. The DRAC is very interested in fees and revenues and has been involved in ensuring that the development review process works well. Understanding the budgets of the other 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

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 2015-16 Budget Process Timeline (Projected)

September 2014

- BDS Finance Section provides preliminary forecast

October

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

November

- Section Managers discuss budget with their staffs
- LMC reviews and discusses budget recommendations and proposals
- DRAC reviews and discusses budget recommendations and proposals
- First meeting of Budget Advisory Committee (BAC)

December

- Section and Division Managers review & give feedback on draft personnel & expenditure information
- 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 2015

- Managers submit input on program narratives, performance measures, and decision package narratives
- BAC meets
- 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 Finance / Admin staff prepare Budget and Financial Plan documents

February

- **BDS Budget Request & 5-Year Financial Plan submitted (usually first Monday)**
- 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, 2015: FY 2015-16 Budget Takes Effect