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FINANCIAL PLANNING DIVISION ANALYSIS FY 2012-13 Budget

Bureau of Planning and Sustainability

Analysis by: Bob Tomlinson

I. Overview

Budget Summary	Revised FY 2010-11	Revised FY 2011-12	Request Base FY 2012-13	Request Total FY 2012-13	Percent Change
Resources					
Budgeted Beginning Fund Balance	\$3,309,128	\$3,178,244	\$1,646,642	\$1,646,642	-48.2%
Licenses & Permits	2,508,815	2,595,699	2,553,721	2,553,721	-1.6%
Charges for Services	1,606,440	1,605,148	1,975,099	1,975,099	23.0%
Intergovernmental Revenues	25,664,536	14,965,172	8,326,083	8,326,083	-44.4%
Interagency Revenue	524,227	138,539	112,500	112,500	-18.8%
Fund Transfers - Revenue	100,547	101,082	0	0	-100.0%
Miscellaneous Sources	74,418	50,423	44,580	44,580	-11.6%
General Fund Discretionary	8,109,046	8,482,500	7,586,689	7,738,771	-8.8%
General Fund Overhead	152,950	556,665	529,061	529,061	-5.0%
Total Resources	\$42,050,107	\$31,673,472	\$22,774,375	\$22,926,457	-27.6%
Expenditures					
Personnel Services	\$11,146,304	\$11,277,133	\$10,721,618	\$10,600,651	-6.0%
External Materials and Services	25,809,833	15,948,729	7,785,210	8,064,230	-49.4%
Internal Materials and Services	2,933,807	2,690,728	2,704,864	2,639,389	-1.9%
Debt Service	37,063	40,208	43,601	43,601	8.4%
Fund Transfers - Expense	235,601	148,316	155,783	155,783	5.0%
Unappropriated Fund Balance	1,887,499	1,568,358	1,363,299	1,422,803	-9.3%
Total Requirements	\$42,050,107	\$31,673,472	\$22,774,375	\$22,926,457	-27.6%
Total Bureau FTE	113.30	115.55	104.25	102.90	-10.9%

Percent Change is the change from FY 2011-12 Revised Budget to FY 2012-13 Total Requested Budget.

II. Key Issues

One-Time Funding

The Bureau of Planning and Sustainability's overall budget reflects a diversified mix of revenue sources. In recent years however, the bureau has had to rely more on one-time General Fund revenue. Use of one-time funding may be appropriate for short, finite, multi-year projects such as the Portland Plan; however, when one-time funding becomes a regular part of the bureau's "base" budget it creates a structural deficit that is not sustainable. The FY 2012-13 Requested Budget continues this structural deficit by requesting \$759,018 in one-time discretionary funding.

The following table summarizes how one-time General Fund allocations are being used in FY 2011-12 and proposed to be used in FY 2012-13 if the Requested Budget is approved.

Program	11-12 Work Program	12-13 Work Program
<p>State-Mandated Comprehensive Plan Review</p> <p>11-12 Adopted = \$352,028, 0.5 FTE</p> <p>12-13 Requested = \$559,000, 1.5 FTE</p>	<p>\$260,000 funds technical analysis for economic and transportation modeling as well as funds for PBOT to provide technical support; \$48,000 supports public engagement, including funds for organizations associated with the Diversity in Civic Leadership effort. The balance of \$44,028 is for staff coordination.</p>	<p>While in 11-12 work focused on data gathering and analysis, in 12-13 work shifts to policy development and community engagement, both of which are resource intensive. \$435,922 in professional services to perform required technical analysis and facilitation. This funding will also continue the successful arrangement used in 11-12, where BPS provides funding to the City's Diversity in Civic Leadership member organizations so they are able to assist with targeted outreach and engagement with their communities, groups that are typically underrepresented in City processes. \$123,078 for 1.5 FTE for additional Associate Planners to keep the Comp Plan on schedule for the mandated Oct 2013 deadline.</p>
<p>Youth Planning</p> <p>11-12 Adopted = \$70,444, 0.5 FTE</p> <p>12-13 Requested = \$149,000, 1.0 FTE</p>	<p>0.5 FTE staff coordination plus three Youth Planners. Because the program is impractical with only a half-time coordinator, BPS has funded the balance of the coordinator position with one-time salary savings. The program hires youth ages 14-21 to work alongside planners and sustainability professionals to engage youth in a variety of community and policy forums.</p>	<p>Same work program as in previous years. The requested funding reflects the actual cost of running the minimum program. Given other budget cuts and the legal obligation to complete the Comprehensive Plan, BPS is not able to fill funding gaps if the add package is only partly funded.</p>
<p>Time-Sensitive Planning Projects (11-12) and West Hayden Island (WHI) (12-13)</p> <p>11-12 Adopted = \$172,784 (of which \$72,784 for WHI), 1.0 FTE</p> <p>12-13 Requested = \$51,018 (for WHI), 0.5 FTE</p>	<p>\$100,000 to fund the 122nd Ave Zoning project. The \$72,784 for West Hayden Island supplements Port of Portland funding to complete cost/benefit analyses and establish land use guidelines as a precursor to West Hayden Island's possible incorporation into the City of Portland.</p>	<p>Key workplan items include extended period of public outreach for West Hayden Island hearings at the Planning and Sustainability Commission and City Council and tasks to finalize agreements and respond to potential appeals. Final recommendation to City Council on West Hayden Island, which could include an annexation agreement, initial new zoning and Comprehensive Plan designations, and other implementing agreements.</p>
<p>Equity, Economic & Neighborhood Strategy</p> <p>11-12 Adopted = \$283,000, 0.5 FTE</p> <p>12-13 Requested = \$0, 0.0 FTE</p>	<p>These are the key strategies in the Portland Plan, which was issued for public comment in fall 2011 and is now being revised for City Council consideration in April 2012. Half of the funds have supported technical analysis of economic, transportation, and demographic issues; one-third have funded materials and services related to public engagement; and the balance are funding staff to manage and deliver the overall project.</p>	<p>BPS anticipated shifting these resources to the State Mandated Comprehensive Plan review, which is a key implementation tool of the Portland Plan.</p>
Total	\$878,256	\$759,018

FPD recommends BPS continue to fold multi-year projects into its base budget to the extent possible and narrow project scopes of work to reflect constrained resources and avoid reliance on one time funding. In the long-term, multi-year projects should primarily be funded within BPS's base budget.

Decreased Grant Funding

In FY 2012-13, several grants are ending including grants totaling \$290,000 from Metro and about \$150,000 from a federal energy block grant. Other grant sources are less predictable and depend on how funding opportunities align with the bureau's work plans. In particular, the large federal ARRA grants supporting priority energy programs (see table below) will likely not continue beyond 2013. Declining grant revenues compound the one-time General Fund allocation issue noted above.

In FY 2011-12, BPS has the following active grants:

<u>Granting Agency</u>	<u>Amount</u>	<u>Purpose</u>
Metro GDRC	\$85,000	Green Development Resource Center
ARRA Energy Block	\$351,000	Energy Efficiency
ARRA Solar Market	\$156,000	Solar Market Transformation
ARRA ODOE	\$1,800,000	Clean Energy Works
ARRA BetterBuilding	\$10,000,000	Clean Energy Works
ARRA Communities to Work	\$97,000	Communities to Work
OMSI Sustainability	\$13,000	Sustainability exhibit development
Metro Recycle	\$734,000	Recycle at Work and Waste Reduction
Metro MR	\$35,000	Master Recycler Program
Metro BIG	\$8,000	Build It Green Tour
Metro Residential Compost	\$10,000	Compost Pilot
Metro MF Recycling	\$16,000	Multifamily Recycling
CET-SW Corridor	\$498,000	SW Corridor Concept Plan
CET-Brownfield	\$150,000	Brownfield Assessment
<u>ODOT TGM Main St.</u>	<u>\$90,000</u>	<u>TGM Main St.</u>
Total	\$14,043,000	

The FY 2012-13 Requested Budget includes \$7,950,083 in Grant funding compared to \$14,043,000 in the Revised FY 2011-12 budget or a reduction of 43.7%.

FPD recommends that BPS continue to pursue grants for planning and sustainability projects, particularly for planning projects addressing economic, social, and environmental sustainability. Future staffing levels will need to be reduced if higher grant funding levels cannot be sustained.

Solid Waste Rates

The Solid Waste Management Fund (SWMF) represents two revenue streams; commercial waste tonnage fees and residential franchise fees. BPS anticipates a \$1.50 commercial tonnage fee increase (22%) in FY 2012-13 in order to maintain current service levels. This is primarily due to the current commercial fee structure not reflecting current service levels.

For the residential program, BPS anticipates a 30% reduction in household garbage and a significant increase in organics waste due to the implementation of the citywide food composting program in October 2011. This may impact residential solid waste rates. The current tipping fee for garbage is \$90 per ton while the tipping fee for organics is only \$50 per ton. Assuming the decrease in garbage tonnage is equal to the increase in organics tonnage, then solid waste costs and rates should decrease if all other things are held constant. Hauling trips (and thus costs) should be about the

same as every week garbage/every other week organics pickup is replaced with every week organics/every other week garbage pickup. The forthcoming annual financial review of residential hauler expenses will include only a partial year under the new program. The hauler financial review and resultant residential solid waste rate recommendations will not be completed until late April with Council voting on all utility rates for FY 2012-13 in May.

FPD will do a thorough review of the residential solid waste and recycling rate study particularly with regard to the residential program changes and the potential for lower costs.

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					FPD Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Planning & Sustainability											
<i>Reductions</i>											
PN_01 - 4% reductions	01	(1.75)	(303,468)	0	0	(303,468)	(1.75)	(303,468)	0	0	(303,468)
PN_02 - 2% reductions to 6%	02	(1.40)	(151,734)	0	0	(151,734)	(1.40)	(151,734)	0	0	(151,734)
PN_03 - 2% reductions to 8%	03	(1.20)	(151,734)	0	0	(151,734)	(0.35)	(51,734)	0	0	(51,734)
<i>Total Reductions</i>		(4.35)	(606,936)	0	0	(606,936)	(3.50)	(506,936)	0	0	(506,936)
<i>Unfunded Ongoing</i>											
PN_04 - State-Mandated Comprehensive Plan	01	1.50	0	559,000	0	559,000	0.50	0	352,028	0	352,028
PN_06 - Youth Planning	02	1.00	0	149,000	0	149,000	0.00	0	0	0	0
PN_05 - West Hayden Island	03	0.50	0	51,018	0	51,018	0.50	0	51,018	0	51,018
<i>Total Unfunded Ongoing</i>		3.00	0	759,018	0	759,018	1.00	0	403,046	0	403,046
Total Bureau of Planning & Sustainability		(1.35)	(606,936)	759,018	0	152,082	(2.50)	(506,936)	403,046	0	(103,890)
Summary by Decision Package Type											
<i>Total Reductions</i>		(4.35)	(606,936)	0	0	(606,936)	(3.50)	(506,936)	0	0	(506,936)
<i>Total Unfunded Ongoing</i>		3.00	0	759,018	0	759,018	1.00	0	403,046	0	403,046
<i>Total Bureau Adds</i>		0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		0.00	0	0	0	0	0.00	0	0	0	0
Grand Total		(1.35)	(606,936)	759,018	0	152,082	(2.50)	(506,936)	403,046	0	(103,890)

III. Decision Package Analysis & Recommendations

Reduction Packages

4% Reductions/PN_01, (\$303,468), (1.75) FTE, Bureau Priority #1

This reduction package includes staff cuts of 0.25 FTE Associate Planner in the Central City Plan project, 1.00 FTE Associate Planner in the Comprehensive Plan project, 1.00 FTE Senior Management Analyst and adds back 0.50 FTE Community Outreach and Involvement Representative. Additional General Fund reductions will be taken in External M&S to eliminate the EcoTrust lease and reduce Green Building contract expenses. Cuts in Internal M&S include a reduction in an interagency with the Mayor's Office. These cuts will delay the Central City Plan and reduces the scope of work of the plan. FPD recommends taking these cuts due to the limited availability of General Fund resources.

FPD Recommendation: (\$303,468), (1.75) FTE

2% Reductions to 6%/PN_02, (\$151,734), (1.40) FTE, Bureau Priority #2

This reduction package includes additional staff cuts of 1.40 FTE Associate Planners in the Central City Plan. External and Internal M&S cuts include further reduction of the Green Building contract and reduced P&D expenses. These cuts will require decreases in the scope of work of the Central City Plan and delays completing it by at least one year. This has negative impacts on development in central Portland, a major economic driver for the region. FPD recommends taking these cuts due to the limited availability of General Fund resources.

FPD Recommendation: (\$151,734), (1.40) FTE

2% Reductions to 8%/PN_03, (\$151,734), (1.20) FTE, Bureau Priority #3

This reduction package includes additional staff cuts of 0.35 FTE Associate Planner in the Central City Plan, 0.35 FTE Planner II in the Comprehensive Plan project, and 0.5 FTE Community Outreach Rep in the Portland Plan implementation staff. The package also includes External M&S reductions in the Central City Plan contracts. These reductions require shifting Comprehensive Plan staff to Portland Plan implementation support, and require downscaling of the Comprehensive Plan update for the State mandated Periodic Review deadline. FPD recommends taking \$51,734 and 0.35 FTE of these cuts due to the limited availability of General Fund resources.

FPD Recommendation: (\$51,734), (0.35) FTE

Unfunded Ongoing Packages

State-Mandated Comprehensive Plan/PN_04, \$559,000, 1.50 FTE, Bureau Priority #1

The City is under a State mandate to submit an updated Comprehensive Plan to the Department of Land Conservation and Development (LCDC) by October 2013. Completion of the Comprehensive Plan update also is a priority action item in the Portland Plan. During the Portland Plan process, a significant amount of work has been completed on the Comprehensive Plan. The Comp Plan workplan is being adjusted to make staff resources available for the project. This requested add package includes \$435,000 for professional services to perform required technical analysis and facilitation. Funding will also continue the arrangement used in the Portland Plan, where BPS provides funding to the City's Diversity in Civic Leadership member organizations so

they are able to assist with targeted outreach and engagement with their communities, groups that are typically underrepresented in City processes.

The additional 1.5 FTE are for Associate Planner positions. The positions will develop base research and analysis used to inform key components of the Comp Plan. Losing these positions will slow the Comp Plan development.

FPD recommends that this program continue to be funded at the current year amount of \$352,028 and 0.5 FTE due to limited one time General Fund resources.

FPD Recommendation: \$352,028, 0.50 FTE

Youth Planning/PN_06, \$149,000, 1.00 FTE, Bureau Priority #2

The Youth Planning Program hires youth ages 14-21 to work alongside planners and sustainability professionals. The add package implements part of the Portland Plan, specifically support for career pathways for youth and incorporation of underrepresented voices found in the plan's Equity Framework and Thriving Educated Youth strategy. The funding will also result in the continuation of successful community-based projects with David Douglas and other school districts and greater coordination between the city Planning and Sustainability Commission and Multnomah County Youth Commission.

This is a commendable program but FPD does not recommend funding it due to limited resources and higher priority programs within the City.

FPD Recommendation: \$0, 0.00 FTE

West Hayden Island/PN_05, \$51,018, 0.50 FTE, Bureau Priority #3

This request is for 0.5 FTE for a Community Outreach Representative that is critical to completion of the West Hayden Island project in the fall of 2012. The project will establish land use guidelines as a precursor to West Hayden Island's possible incorporation into the City of Portland. The effort is driven by the Port of Portland's interest in expanding its marine industrial investment along the Columbia River and the regulatory mandates associated with Metro's Urban Growth Boundary process and related state rules. In its first two years this project has been funded by the Port of Portland. This package requests that the City and Port each contribute 50% of the project's final year.

FPD recommends this one-time General Fund package because BPS has leveraged funds by partnering with the Port of Portland and there is a strong expectation by the Port and the State of Oregon that the project will be completed. If this project is not funded then BPS will delay and reduce the scope of the Central City Plan (and potentially the Comp Plan) to finish it.

FPD Recommendation: \$51,018, 0.50 FTE

V. Performance and Accountability

Program Summaries and Key Performance Measures

The bureau and the BAC consistently rank the Portland Plan and Comprehensive Plan update as its top priority, along with the District Planning program. The Portland Plan included a comprehensive effort in public outreach and broad strategic thinking. The bureau has adjusted its output and outcome measures to both demonstrate the scope and impact of its efforts.

Service Improvement

The bureau is continuing its outreach to diverse communities in FY 2012-13.

Sustainability - BPS is integrating the social elements of sustainability into all aspects of its programs, policies and plans. BPS is in the process of developing a community engagement best practices manual that includes the public in planning, policy and implementation and incorporates the City's adopted public involvement principles. The results will be richer community contributions to the City's work and stronger and more productive relationships to build on going forward.

Equity - Efforts to address equity in specific BPS programs include the following:

- Equity will be used as a key criterion for judging the success of all of the BPS Service Improvement Plan's strategies.
- The Community Workforce Agreement as part of the Clean Energy Works program is on track to achieve its goals for living wage jobs, percent of hours worked by women and minorities, percent of project dollars to M/W/ESB contractors and related targets.
- Diversify participant involvement in events and programs through community engagement and partnership development in the BEST Awards, Fix-It Fairs, and Sustainability at Work business assistance program.
- The ReTHINK workshop series focuses on recruiting diverse Portlanders to engage in sustainability and climate protection activities.
- The bureau's District Planning Program continues its work on supporting community-defined initiatives such as the Cully/Concordia action plan, and on outreach to groups that have been previously underrepresented in BPS's work.