

# CITY BUDGET OFFICE

Ted Wheeler, Mayor  
Nick Fish, Commissioner  
Amanda Fritz, Commissioner  
Chloe Eudaly, Commissioner  
Dan Saltzman, Commissioner  
Mary Hull Caballero, Auditor



Claudio Campuzano, Interim Director

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CITY OF PORTLAND, OREGON

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To: Mayor Ted Wheeler  
Commissioner Chloe Eudaly  
Commissioner Nick Fish  
Commissioner Dan Saltzman  
Commissioner Amanda Fritz  
Auditor Mary Hull Caballero

CC: City Bureau Directors

From: Claudio Campuzano, Interim Budget Director

RE: October Budget Priorities Work Sessions and 'Directives to Develop'

**Summary.** This memo outlines the concept of 'Directives to Develop' in preparation for the work budget work sessions in early October. Directives to Develop (DD's) would be a Council-driven process directing bureaus to develop investment proposals that achieve Council priorities. The goal of the change would be to achieve a more stable, predictable, transparent, and efficient process that better meets the needs of Council and the Community.

**Background.** Earlier this year, the Mayor initiated an effort to re-vision how Portland constructs our budget with changes focusing in three areas: prioritization, process, and public engagement. Since then, Chief Administrative Officer Tom Rinehart has led the effort to change the priorities discussion, my office has led implementation efforts around requested process changes, and Suk Rhee, the Director of the Office of Community and Civic Life, has been the thought leader on public engagement improvements.

As part of this larger effort, CAO Rinehart and the Mayor will be facilitating a conversation about broad Citywide priorities in two work sessions scheduled for October 2<sup>nd</sup> and 9<sup>th</sup>. While it is important for decision-makers to coalesce around these high-level priorities for the City, one of the major process changes is to **ground specific investment options in the priorities conversation** so that the budget process is streamlined to enable robust, planful development of ‘add packages’ that are the highest priority for new resources.

In past years, by having all bureaus develop add packages concurrently, without coordination with other bureaus, and irrespective of forecasted resource constraints, the process has created excessive expectations in the community and excessive demands on bureau staff. **The new process would ideally move the responsibility of identifying ‘add packages’ to Council and initiate that conversation earlier as part of the October sessions** with the goal of managing expectations and narrowing the discussion to those items representing the highest priorities for Council.

As we work to improve that process, we recognize that there will need to be changes in the approach and that it may take one or more years to work out all the issues and fully benefit from the new process.

***What is a Directive to Develop?*** A Directive to Develop is the way that City Council members would signal to bureaus that they should develop an ‘add package’ that establishes or enhances a particular program or achieves a particular outcome. Bureaus would then, in addition to their base budget building process, develop a proposal that meets the Council direction. These proposals would be submitted as part of the Requested Budget in late January, be the subject of CBO review in February and Council discussion in March work sessions, and then potentially be included in a later version of the budget – Proposed, Approved, or Adopted.

***How does Council provide this direction?*** The first opportunity for Council to provide bureaus with DD’s will be in the work sessions on October 2<sup>nd</sup> and 9<sup>th</sup>. Members will have the opportunity to raise their issues and provide details on the intended program mechanism and/or desired outcomes. CBO will capture this discussion, formalizing it in a memo back to Council and the affected bureaus.

***What is needed to move DDs forward? A second? A majority? Consensus?*** None of these. Providing a bureau with a Directive to Develop is a means for each Council member to raise and discuss specific programs, priorities, or outcomes for which you think an additional investment would be valuable or necessary. By providing this direction early, bureaus have the time to fully develop investment proposals - and Council has time to consider them collectively as the process progresses.

***Are the October work sessions the last chance to direct development of investment options?*** No. As we move through the process, Council will likely identify other priorities. To provide bureaus with additional DD’s after the work sessions, Council should send a memo to the affected bureaus, CBO, the CAO, and the rest of Council. CBO will keep a running list of items, updating the expense and revenue impacts as they are developed.

***What should be included in a Directive to Develop?*** When directing bureaus, Council is encouraged to be as specific as possible about the issue or problem the investment is intended to address, the desired outcomes, the intended program structure, and any proposed cost constraints.

***How should they be funded?*** Council may issue a bureau with a DD with the following funding options:

- *Bureau Base.* Direction could include the requirement to develop an offsetting reduction within the bureau.
- *New General Fund.* If no offset is required, the assumption would be that the proposal would only be considered for funding by Council if new revenue becomes available as part of the forecast later in the process.
- *New Revenue.* Direction could include the requirement to develop a full or partial cost recovery component.
- *Cross-Bureau Realignment.* This option would require the identification of a bureau or bureaus to develop an offsetting reduction. This direction may or may not include specific guidance on what program areas should be explored.

We understand that this is a big change from how we have coordinated the conversation about new investments in the past. We expect that there will be challenges in moving to this new approach - and changes that we'll need to make to meet your needs and concerns. While we believe this approach is a good start toward having a more predictable, stable, and transparent process, the main goal is to develop a process that works for decision-makers. Please feel free to reach out to me with any questions or suggestions.