

ORDINANCE No. **185807** *As Amended*

\*Establish independent City Budget Office (Ordinance; amend Code Sections 3.15.010 and 3.15.040; add Chapter 3.16)

The City of Portland ordains:

Section 1. The Council finds:

1. The City of Portland has a nationally recognized tradition of excellence in financial planning, forecasting, and budgeting.
2. In 2001 Council consolidated the City's internal service bureaus in the Office of Management and Finance. Since then, financial planning, forecasting, and budgeting services have been provided by the Financial Planning Division within the Bureau of Financial Services in the Office of Management and Finance.
3. Most large American cities have either a strong mayor or city manager form of government. In these cities, most often budget functions are located directly under the control of the strong mayor or city manager.
4. In smaller municipalities, budget functions are generally a function of financial staff within a finance department, with a focus on financial accountability.
5. Some large cities also have a legislative fiscal office to provide fiscal analysis to the local legislative body.
6. Best practices are difficult to apply to Portland because of our unique commission form of government. Each City Commissioner has executive level management responsibilities as well as legislative responsibilities, unlike every other large city in the United States.
7. With both executive and legislative responsibilities, the Mayor and Commissioners need immediate, direct and unfiltered communication with financial planning staff throughout the year, which would be provided by an independent budget office.
8. Creating the Mayor's budget is the responsibility of the Mayor and requires direct access to a budget office. Creation of a City Budget Office will maintain and greatly enhance that function.
9. Adopting the City Budget is the responsibility of Council, and the year round analysis provided to Council by the budget analysts will be freed of political and bureaucratic pressures through establishment of a City Budget Office.
10. Additional analysis of collective bargaining agreements by an independent office can save taxpayers money and provide Council with impartial analysis of the impacts of those decisions.
11. The business environment in Portland will improve with review of Council agenda items for their possible impacts on large and small businesses.
12. The Office of Management and Finance has a net operating budget of \$240 million in the Fiscal Year 2012-13 Adopted Budget. One of the essential functions of the Financial Planning Division is to examine and make recommendations concerning the budgets of the bureaus and divisions in the Office of Management and Finance (OMF).

13. It is in the public interest to establish financial planning, forecasting, and budgeting functions in a separate City bureau, independent of any other City bureau in order to eliminate the possibility or appearance that the Financial Planning Division might not give the same thorough, impartial and critical examination of OMF's budgets as it does to the budgets of other City bureaus.
14. Every Council member and the City Auditor should have access to the information, advice, books and records of the City Budget Office, with the exception of information related to the Mayor's Proposed Budget prior to release of the Proposed Budget.

NOW, THEREFORE, the Council directs:

- a. There is established the City Budget Office. The purpose of the City Budget Office is to provide timely, accurate, and unfiltered information and accurate analysis regarding financial planning, forecasting, and budgeting to the Mayor, City Commissioners and the City Auditor. The City Budget Office will provide assistance to the Mayor in the development of the proposed budget and to the entire Council in the development of the Council Approved Budget. This will include management of the process, gathering of additional information, impartially evaluating program effectiveness, responsiveness, and equity in the provision of services and budgetary resources, and helping Council finalize a balanced budget consistent with the Council's priorities.
- b. The responsibility for administering grants shall remain with the Office of Management and Finance.
- c. Portland City Code Sections 3.15.010 Organization and 3.15.040 Bureau of Financial Services are amended, and add Chapter 3.16 City Budget Office as set out in Exhibit A to this Ordinance.
- d. The position of City Budget Director is hereby created. This position will manage the City Budget Office. The current Financial Planning Manager is appointed as the City Budget Director and immediately assumes management of the City Budget Office.
- e. The Financial Planning Division of the Bureau of Financial Services shall perform the functions provided by the City Budget Office until the City Budget Office is fully operational, new classifications developed and work plans approved, at which time the Financial Planning Division will be dissolved. Grants staff will be reassigned within the Office of Management and Finance.
- f. The Commissioner in Charge and the City Budget Director will report back to Council no later than 45 days after the date of passage of this ordinance with an implementation plan that includes:
  1. An organizational chart and staffing analysis;
  2. A work plan outline which includes provision for regular review of ordinances for their impact on large and small businesses, and for comprehensive utility rate impacts on the budget early in the budget process;
  3. A proposed budget for the City Budget Office; and
  4. A timetable for full implementation of this ordinance.

The City Budget Director will return to Council for authorization if additional time is needed to complete this report.

- g. The City Budget Director will work with the Office of Neighborhood Involvement to develop a plan for working with the Public Involvement Advisory Council to establish a more effective and meaningful Citywide Budget Advisory Committee, which may include reviewing the City's financial forecasting information, proposed budget guidance and budget calendar, and monitoring the City's budget development process: and to establish meaningful opportunities for public involvement in the budget process;
- h. The Commissioner in Charge and the City Budget Director will work with the Bureau of Human Resources to determine the appropriate classifications for the City Budget Office and will return to Council with new classifications as needed.
- i. The City Budget Director will work with the Bureau of Financial Services to determine the level of necessary one-time resources to assist with the organizational transition; and the amount of ongoing resources required for the Office and will return to Council with a budget and funding plan. This will include transfer of appropriate budget and positions to the new Bureau, including budget for a City Budget Director position; to the extent practicable, implementation and staffing shall be done using existing resources of the Office of Management and Finance.
- j. The City Budget Director and the Chief Administrative Officer will take steps necessary to ensure that communication between the City Budget Office and bureaus within OMF remains open and effective; and
- k. The City Budget Director will work with OMF Facilities and the Commissioner in Charge to review and analyze space options that are available or could become available in the Portland Building or City Hall.

To the extent practicable, implementation and staffing shall be done using existing resources of the Office of Management and Finance.

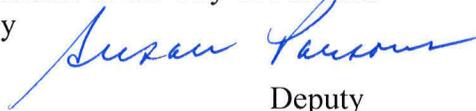
Section 2. The Council declares that an emergency exists because the City's budget is key to providing life and safety services and the transition should be swift that allows for the best possible decision making around life and safety issues; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: DEC 12 2012

Commissioner: Amanda Fritz  
 Prepared by: Harry Auerbach; Tim Crail  
 Date Prepared: October 17, 2012

**LaVonne Griffin-Valade**  
 Auditor of the City of Portland

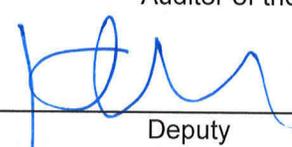
By



Deputy

Agenda No. **185807** As Amended  
**ORDINANCE NO.**  
 Title

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<p style="text-align: center;"><b>INTRODUCED BY</b> Commissioner/Auditor: Fritz</p>	<p>CLERK USE: DATE FILED <u>DEC 07 2012</u></p>
<p style="text-align: center;"><b>COMMISSIONER APPROVAL</b></p>	<p style="text-align: center;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By:  Deputy</p> <p><b>ACTION TAKEN:</b></p>
<p>Mayor—Finance and Administration - Adams</p>	
<p>Position 1/Utilities - Fritz <i>Amend Fritz</i></p>	
<p>Position 2/Works - Fish</p>	
<p>Position 3/Affairs - Saltzman</p>	
<p>Position 4/Safety - Leonard</p>	
<p style="text-align: center;"><b>BUREAU APPROVAL</b></p>	
<p>Bureau: Bureau Head:</p>	
<p>Prepared by: Harry Auerbach, Tim Crail Date Prepared: December 6, 2012</p>	
<p>Financial Impact Statement &amp; Public Involvement Statement                  Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document                  If "Yes" requires City Policy paragraph stated in document.                  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Council Meeting Date <b>December 12, 2012</b></p>	
<p>City Attorney Approval <i>JVD</i></p>	

<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input checked="" type="checkbox"/>                  Start time: 2:00</p> <p><b>Total amount of time needed: 60 minutes</b>                  (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input type="checkbox"/></p>
<p><b>REGULAR</b> <input type="checkbox"/>                  Total amount of time needed: _____                  (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	_____	
4. Leonard	4. Leonard	✓	
Adams	Adams	✓	