

## **ORDINANCE No.**

\*Establish Independent City Budget Office (Ordinance; amend Code Chapter 3.15 and add new 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. Research has shown that budget functions are generally located in one of four locations, depending on the size and form of government, along with the functions given to the budget staff:
  - a. Under a strong mayor system, budget functions are most often located within the mayor's office.
  - b. Under a city manager system, budget functions are most often located under direct control of the city manager.
  - c. In smaller municipalities, budget functions are generally a function of financial staff within a finance department, with a focus on financial accountability.
  - d. Many large municipalities have independent budget offices to better serve the purpose of program evaluation and responsiveness.
4. Some government entities have two budget offices, one for the legislative body, and one for the executive body. These are most common where there is a large legislative body and a strong executive. With the dual role of Commissioners as legislative and executive leaders this system would be inefficient and costly.
5. With Portland's unique commission form of government, each City Commissioner has executive level management responsibilities as well as legislative responsibilities, which mandates the need for direct unfiltered communication with financial planning staff throughout the year and which would be provided by an independent budget office.
6. The Office of Management and Finance has an operating budget of \$451 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 other bureaus and divisions in the Office of Management and Finance (OMF).
7. 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, 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.

8. Under the Charter, the Commissioner in Charge has the authority to hire the heads of offices and bureaus. Nonetheless, to protect the independence of the City Budget Office, the City Budget Director should be subject to removal only by a majority vote of the Council, and every Council member should have access to the information, advice, books and records of the City Budget Office.

NOW, THEREFORE, the Council directs:

- a. A new City bureau shall be created known as the City Budget Office, and shall be under the supervision of a City Budget Director. The responsibility for administering grants shall remain with the Bureau of Financial Services
- b. Chapter 3.15 of the Portland City Code is hereby amended, and a new Chapter 3.16 is added to the Portland City Code, as set out in Exhibit A to this Ordinance, effective October 25, 2012.
- c. 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.
- d. 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 operational and new classifications are developed at which time the Financial Planning Division will be dissolved.
- e. The City Budget Office will include three utility budget and rate expert positions, to be funded through the Bureau of Environmental Services, the Portland Water Bureau, and the Solid Waste Management Fund, who will annually provide City Council with an independent review of utility rates and operations.
- f. The City Budget Director will report back to Council no later than 30 days after the effective date of this ordinance with an implementation plan that includes an organizational chart, staffing analysis, space plan options for Council consideration, and a timetable for full implementation of the new office. The City Budget Director will return to Council for authorization if additional time is needed.
- g. The Office of Management and Finance is directed to take administrative actions necessary to assist with implementation of the new City Budget Office effective immediately, including:
  1. Transfer of appropriate budget and positions as part of the Fall Budget Monitoring Process to the new Bureau, including budget for a City Budget Director position;
  2. Establishment of a new City Budget Director classification at a rate and grade determined by the Bureau of Human Resources;
  3. Establishment of new classifications of City Budget and Policy Analysts at rates and grades determined by the Bureau of Human Resources;

4. Establishment of a new classification of utility budget and rate expert at a rate and grade determined by the Bureau of Human Resources;
5. Allocation of sufficient one-time monies in the Fall BMP to assist with the organizational transition; and
6. Review and analysis of space options that are available or could become available in the Portland Building or City Hall.

Passed by the Council:

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