



**City of
Portland, Oregon
Bureau of Development Services**

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MEMORANDUM

Date: November 16, 2010

To: BDS Labor Management Committee (LMC)
BDS Budget Advisory Committee (BAC)
Development Review Advisory Committee (DRAC)

From: Paul L. Scarlett, Director

Subject: BDS Budget Goals for Fiscal Year (FY) 2011-12

The development of the bureau's budget over the last several years has reflected the efforts of BDS staff and stakeholders working collaboratively to identify priorities for the continued improvements and success of our operations. The same approach will be used again this year.

The ongoing economic downturn has led to declines in construction projects and land use activities, contributing to reduced revenues and workload for BDS. As everyone knows, despite aggressive cost-saving measures, we have had to use most of our reserve fund and reduce our staff by approximately one-half since June 2009. Current financial projections show that our costs are aligning with our revenue and that the reserve fund will slowly rebuild over the next few years. It will be critical for annual budget requests to be structured within our long-term financial plan in order to accomplish our financial and operational goals for next Fiscal Years and those that come after.

The budget request for Fiscal Year (FY) 2011-12 will need to be much more focused than requests several years ago, strategically rebuilding our staffing levels slowly and steadily. We will closely monitor construction activity and our operation and make adjustments as needed. We will continue to make every effort to provide efficient and effective services with reduced resources. However, I will again be recommending that the City Council dedicate increased General Fund support to BDS. We have a number of programs, especially neighborhood inspections, which provide a substantial benefit to the public. Unfortunately General Fund support of these programs has been waning.

Preparing for the Budget Process

We are more prepared for this year's budget process than ever before. Senior Managers have been working on prioritizing services and analyzing turn around times. This process is focused on balancing competing priorities and identifying specific functions/programs needing additional resources, which will help improve our operation.

In addition over the past several months, we have been meeting with a group of economic, real estate and financial experts who have advised us on our financial planning. We believe that this input ensures us that we are making prudent financial decisions and helps in planning for future economic recovery.

Goals of the Budget Request

The FY 2010-11 BDS budget request will support these goals by focusing on several key themes:

- Adequate staffing levels
- Cost recovery
- General Fund Support
- Service Levels/Program efficiencies
- Technology

Adequate Staffing Levels

The new economic realities we face will compel us to approach the staffing and rebuilding efforts of the bureau in a measured and steady way. Our current financial projections show that we could have the capacity to add 5 to 15 positions next fiscal year and up to 49 employees over the next 5 years. We will continue to need to be more flexible in our staffing so we can be more responsive to changes in the development industry and the work coming in our doors.

Cost Recovery

For several years, the bureau has struggled to reach full cost recovery for some of our programs. In some cases, due to the nature of the service or the broader context in which the service is provided, full cost recovery will not be achievable. For other services, full cost recovery is an appropriate long-term goal. We have been working on cost recovery in some areas (for example, Commercial Plumbing) by implementing gradual increases in fees over several years, to minimize the impact upon our customers and stakeholders.

General Fund Support

BDS receives General Fund support for several of its local programs that provide general public benefit, including Land Use Services, Neighborhood Inspections, and Noise Control. These programs have been underfunded for several years. We will continue to seek additional General Fund support for FY 2011-12 in order to adequately fund these beneficial programs and restore services that have been reduced.

Service Levels / Program Efficiencies

Given the reductions in our staffing levels, it is important to set service level goals (benchmarks) that both meet customers' needs and are achievable for the bureau. We also want to look at our overall operation to see if the way we provide services can be improved.

Technology

On November 10, 2010, City Council approved the bureau's request to proceed with actions necessary to purchase and implement a new permitting software system.

Due Date

The bureau's budget request and 5 year Financial Plan is due in February 2011. Thank you in advance for your participation and contribution in developing our FY 2011-12 budget!