

Bureau of Development Service
Requested Budget for Fiscal Year 2012-2013
Executive Summary
January 16, 2012

Current Financial Situation

Over the past year, bureau revenues and expenditures have stabilized since the significant downturn in 2008-09. The bureau has been able to positively respond to workload levels by recalling laid-off staff to fill vacant positions. For FY 2010-11, revenues exceeded costs and the bureau was able to begin rebuilding its depleted reserve. BDS ended the fiscal year on June 30, 2011 with a cumulative cost recovery rate of 107%. Revenues were 2.3% higher than projected.

The projection for FY 2011-12 cost recovery is slightly stronger at 113%. Increased revenues have materialized due to a slightly higher level of work. In addition, the Oregon Health Science University/- Oregon University System building on the South Waterfront has significantly added to the bureau's revenues this year.

Five Year Financial Plan

Achieving full program cost recovery, wherever possible, will continue to be one of the bureau's main financial goals. As in past budget cycles, we will seek to make changes in our fee schedules that balance our need for program cost recovery and adequate service levels with the impact that increased fees have on our customers.

The BDS Finance Committee reviewed the proposed revenue projection models. They recommended models which show slightly lower growth in FY 2012-13 than the previous projections done in summer 2011. Since FY 2011-12 revenues are materializing at a slightly higher rate, the overall impact to FY 2012-13 revenues is similar to the previous projections.

BDS will continue to use "real estate-related" factors in the models and focus on using local rather than national or statewide variables. The Finance Committee agreed to modify several models to improve their reliability.

Over the next several years, revenues are expected to continue to increase at an average of 5% per year for the construction-related programs and 2.5% a year for the other programs. Growth rates will increase again in FY 2012-13, peak in FY 2014-15, and then ease back down in the remaining two years of the financial plan.

Staff positions are added throughout the plan; efficiencies anticipated from the implementation of ITAP (Information Technology Advancement Project) reduce staff needs by at least 9 positions through FY 2016-17. The bureau meets its goal of exceeding cost recovery for each of the five years and rebuilds the reserve by the end of FY 2016-17.

Fee increases are included in the Financial Plan for programs which are below cost recovery or need to build reserves. Generally these increases are held to 5% and fund anticipated inflationary cost increases.

The Financial Plan will include a "worst case" scenario that reflects a weaker economic recovery and overall growth rates below the base plan. The reduced revenue and workload are translated into lower numbers of staff additions but maintain the goals of cost recovery and rebuilding the reserve.

Information Technology Advancement Project (ITAP)

Information Technology Advancement Project (ITAP) is moving forward with researching, evaluating, and recommending technology solutions for the City's development review services. Significant progress has been made in business process review and mapping. Process improvement work will continue throughout the project.

In late January we will send out a Request for Proposal (RFP) for vendors to bid on providing us with a new permit tracking system. Once the RFP is "on the street", bidders will have approximately two months to write and submit their bids. Then an 11-person review team will evaluate the proposals.

Implementation is set for December 2014 and could very well be a phased "go-live". In the meantime, the project is still affordable within our financial constraints and is still proposed to be partially funded through a line of credit which would be repaid by FY 2016-17.

FY 2012-13 Requested Budget

The budget request for FY 2012-13 focuses on strategically responding to an increased workload and improving customer service through adding 16.5 positions (14.5 new and 2 converting limited term to permanent). However, prior to actually filling positions, we will closely monitor construction activity and our operation to make adjustments as needed. The bureau will also continue to examine cost saving measures and ways to make our programs and services more efficient and effective, including looking at program structures, processes, innovation, and best practices.

Improving technology tools will continue to be a focus. Besides working on ITAP, BDS will also work on essential improvements to its current system (TRACS) and enhance customers' ability to obtain information online. Anticipated improvements include: an online fee estimator, more online access to records, and expansion of online payments.

We are focused on maintaining a well-informed, competent and aligned workforce. Unfortunately, over the past several years we have dramatically reduced our resources devoted to training. In order to prepare for the future of the bureau, we need to focus attention on developing our future leaders. Our goals are to plan for succession to management, leadership, and technical positions, to upgrade the skills of our current employees, and at the same time re-affirm our commitment to diversity.

Budget Additions

Revenue-Supported Requests: The new economic realities we face will compel us to approach staffing and rebuilding efforts in a measured and steady way. Our current financial projections show that we have the capacity to add approximately 14.5 new positions in FY 2012-13 and up to 30 employees over the subsequent four years. The FY 2012-13 additional positions are spread throughout the bureau's programs based upon anticipated workload and the programs' capacity to fund the positions. We will continue to be flexible in our staffing so we can be responsive to changes in the development industry and workload.

General Fund Requests: In FY 2011-12 BDS received one-time General Fund support for the tree program, housing inspections, focused housing inspections, and extremely distressed property enforcement. We will continue to seek General Fund support in FY 2012-13 to adequately fund these beneficial programs.

General Fund Reductions

The bureau will submit budget cuts of 4%, 6%, and 8% of the General Fund portion of the Land Use Services, Neighborhood Inspections and Noise Programs. These cuts would result in drops in service levels which would directly impact customers: slower turnarounds for land use reviews, reduced numbers of nuisance abatements, and decreased response to noise complaints.