



**City of
Portland, Oregon**
Bureau of Development Services
FROM CONCEPT TO CONSTRUCTION

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BDS Budget Advisory Committee (BAC)

Meeting Notes

Wednesday, November 19, 2014

BAC Members Present:

Justin Buri, Community Alliance of Tenants
Lisa Dibert, BDS
Maxine Fitzpatrick, Development Review Advisory Committee
McKenzie James, BDS
Connie Jones, BDS
Maryhelen Kincaid, Development Review Advisory Committee
Cristina Palacios, Community Alliance of Tenants
Paul Scarlett, BDS Director
Susan Steward, Building Owners & Managers Association (BOMA)
Steve White, Oregon Public Health Institute
Rachel Whiteside, BDS
Matt Wickstrom, BDS

Other City Staff Present:

Rebecca Esau, BDS
Mark Fetters, BDS
Elshad Hajiyev, BDS
Doug Le, City Budget Office
Mitch Nickolds, BDS
Kyle O'Brien, BDS
Dora Perry, Commissioner Fritz's Office
Andy Peterson, BDS
Deborah Sievert Morris, BDS

Guests Present: None

BAC Members Absent: None

Handouts

1. BDS Director's Budget Goals Memo
2. BDS Organizational Chart
3. BAC Description & Roster
4. FY 2014-15 Budget Preparation Process
5. FY 2013-14 Line Item Budget
6. Explanation of Line Items
7. BudgetSpeak Dictionary
8. Workload Parameters
9. Non-Cumulative Cost Recovery Report

Welcome & Self-Introductions

BDS Director Paul Scarlett welcomed the BAC members and City staff, and BAC members and staff introduced themselves to one another.

Bureau Overview

Mr. Scarlett reviewed the handout *BDS Director's Budget Goals Memo* and gave an overview of the bureau's current financial standing and workload. He highlighted the bureau's improved finances, high workload, and challenges, and he expressed excitement for the coming year. BDS continues to rebuild staffing from the recession. The bureau just added 22 staff and converted 7 Limited Term positions to permanent positions last week through the City's 2014 Fall Budget Monitoring Process. Currently has around 260-270 staff positions. Mr. Scarlett spoke about the budget goals in detail and stressed BDS's commitment to each goal. The bureau will continue to work with customers to make processes more efficient and effective.

Since so many positions have been added to the bureau in the past year, the Fiscal Year (FY) 2015-16 budget will involve fine-tuning rather than significant staff additions, and will focus on General Fund-supported positions.

BAC member Susan Steward asked whether the bureau might not receive additional General Fund support since BDS is doing so well financially. Mr. Scarlett said it depends on the City Council's priorities and advocacy from BDS stakeholder groups and the BAC. Mayor Hales has proposed a stabilization budget, and there is not a lot of extra money to go around. Mr. Scarlett wants to maintain what BDS has, but it will be a challenge to secure additional support.

BAC member Cristina Palacios noted that working on equity can take a lot of resources, and she asked whether this has been accounted for in BDS's budget. Mr. Scarlett said that equity is one of BDS's budget priorities, and he wants BDS to be thoughtful in looking at programs and services to make sure that the bureau is acting equitably. Resources for equity work will be included in the bureau budget. BAC member Connie Jones mentioned that accessibility for non-computer-literate customers and community members was a key concern and discussion point for the committee working on Technology for the bureau's upcoming Strategic Plan. Doug Le (City Budget Office) noted that the City Council is working on these issues citywide.

Mr. Scarlett introduced BDS's division managers, who briefly described key challenges and efforts in their divisions related to the bureau's budget goals:

Inspections Manager Mitch Nickolds said he is finding it challenging to fill senior-level inspector positions. He is also focused on creating more entry-level opportunities for job applicants, then using professional development plans to move them into higher-level positions.

Communication & Customer Services Manager Ross Caron described the Customer Call Center pilot project, which is focused on providing a single point of contact and live support for telephone customers.

Land Use Services (LUS) Manager Rebecca Esau said the need for additional staff is making it challenging for her group to provide accurate and timely services. She is also concerned about how LUS customers will interact with the ITAP customer portal and get their needs met.

Plan Review / Permitting Services Manager Andy Peterson described the challenge of getting enough staff trained and in place to meet service level goals. They are still training staff that were added in 2013.

Administrative Services Manager Deborah Sievert Morris said her division is focused on streamlining the recruitment and hiring processes, creating more entry-level positions, and workforce development. She will be launching a new Training and Workforce Development section soon to help address these goals.

Budget Process

Ms. Sievert Morris reviewed the handout *FY 2015-16 Budget Preparation Process* and gave an overview of BDS's budget development process. She reviewed the budget timeline and the BAC's role in the creation of BDS's budget.

Ms. Sievert Morris said that traditionally, BDS would ask for new positions in its annual budget requests and then fill those positions in the summer. This meant that new staff were joining the bureau and going through training during the busiest work time of the year. The bureau is now using the City's Budget Monitoring Processes (BuMPs) to add staff at different points during the year. BuMPs are opportunities for bureaus to make adjustments (including staff additions) to their budgets during the year based on changing needs. There are usually 2 BuMP processes each year (fall and spring). Adding staff through BuMPs allows BDS to respond more quickly to changes in workload.

She noted the critical role the BAC plays in helping BDS craft its budget request and in facilitating communication between BDS and the stakeholder groups the BAC members represent.

The City has made an equity tool available for bureaus to use in formulating their budget requests. New BDS Equity & Inclusion Manager Kari Herinckx will play a key role in looking at BDS's budget through an equity lens.

Other groups will also provide input to BDS's budget development process, including the BDS Finance Committee, the Development Review Advisory Committee (DRAC), the BDS Labor Management Committee, BDS employees, and various bureau stakeholder groups.

BAC member Maryhelen Kincaid asked whether BDS's new Strategic Plan will be integrated into the budget process. Ms. Sievert Morris said it will be integrated, and the Strategic Plan will be shared with the BAC once it's released. The plan document is undergoing final edits now. Ms. Jones said she has seen a number of the recommendations in the Strategic Plan already being implemented.

BDS Finances & Financial Planning

BDS Finance Manager Elshad Hajiyev gave an overview of the bureau's finances and financial planning process, and reviewed the handouts *FY 2015-16 Line Item Budget*, *Explanation of Line Items*, *BudgetSpeak Dictionary*, *Workload Parameters*, and *Non-Cumulative Cost Recovery Report*. He described the challenges in the process of economic forecasting, which is key to the bureau's budget planning.

He distributed the handout *BDS FY 2013-14 Revenues* and described the bureau's funding sources. He focused on the division of revenues between state-mandated and local code programs. 95% of bureau revenues come from fees, while 5% comes from the City's General Fund to support the Neighborhood Inspections Team and Land Use Services programs.

Revenues collected by each program support only that program – this is true for both General Fund-supported and fee-supported programs, including lien revenues generated by enforcement programs. State law prohibits BDS from spending permit fee revenues on City Code enforcement programs. BDS has been relatively successful in obtaining additional General Fund support in the last few years. When BDS adds positions, the bureau has already projected that there will be sufficient resources to support those positions for 5 years. BDS is the only bureau that does econometric forecasting other than the City Budget Office.

BDS has an overall reserve goal that is adjusted based on revenues and fees. In addition, each bureau program has a reserve goal that is reviewed annually. The volatility inherent to construction makes it important for BDS to have enough money in reserves to sustain bureau services during down times. BDS views the money in reserves as belonging to its customers; it is to be used to maintain operations during times of lower incoming revenues.

Current BDS reserves are \$40 million; however, \$12 million of that is earmarked for ITAP. The majority of the reserves are in the Building-Mechanical program, and cannot be used for other programs. The current Building-Mechanical program reserve goal is 45% of revenues, but this may be adjusted next year.

Questions / Discussion

BDS Equity & Inclusion Manager Kari Herinckx talked about her role in the budget process. She will work with bureau sections to make sure the City's equity tool is used in formulating budget requests. BDS, the Housing Bureau, the Bureau of Planning & Sustainability, the Parks Bureau, and the Police Bureau all have Equity Managers.

BAC member Steve White asked whether the City's equity tool is publicly available. Dora Perry (Commissioner Fritz's Office) said that the tool is really designed for use by bureaus in budget planning.

Ms. Palacios advocated for interpretation services for BDS inspectors in the field. Also, the Enhanced Inspections program needs funds to provide translation services, since a majority of the people impacted by the program speak other languages.