



City of Portland, Oregon
Bureau of Development Services
Office of the Director
FROM CONCEPT TO CONSTRUCTION

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MEMORANDUM

October 28, 2015

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

From: Paul L. Scarlett, Director

Subject: **BDS Budget Goals for Fiscal Year (FY) 2016-17**

The Bureau of Development Services (BDS) mission is to promote safety, livability, and economic vitality through the efficient and collaborative application of building and development codes. We are responsible for administering and enforcing twelve State and seventeen City Codes. Currently, BDS has approximately 300 employees housed in four divisions: Inspections Services, Permitting/Plan Review Services, Land Use Services, and Administrative Services/Director's Office. About 96% of BDS revenues come from permit and other fees, with the City's General Fund making up the remaining 4% of the bureau's budget.

BDS's Financial Standing

In 2015, bureau revenues have continued to increase significantly as the construction industry experiences strong growth. Our cost recovery rate for FY 2014-15 (July 1, 2014 – June 30, 2015) was 147%, and has been at 142% for the first three months of FY 2015-16. This has allowed us to rebuild our financial reserves to healthy, prudent levels; add staff to respond to the rapidly increasing workload; and proceed with a major information technology upgrade, all while keeping most of our fees constant.

Maintain Fiscal and Operational Efficiency

To successfully provide excellent and equitable programs and services, we operate in a fiscally sustainable manner. To do this we balance several aims:

- Maintain prudent financial reserves to cushion against economic downturns;
- Provide staffing sufficient to meet customers' and stakeholders' needs;
- Pursue cost recovery for services whenever appropriate;
- Set reasonable fees and keep fee increases as low as possible;
- Establish and achieve equitable and workable service level goals

As in past years, we will include the participation of bureau staff, customers, stakeholders, and the community in the development of our budget. We rely on assistance from all these participants in identifying priorities and recommendations for the continued improvement and success of the bureau. All of these various input will inform and shape our budget planning process. I have identified five relevant budget goals for the bureau for the next fiscal year.

Budget Goals

Our budget request for FY 2016-17 will be structured in order to best help us achieve these budget goals (expanded descriptions follow):

- Ensure appropriate staffing levels
- Improve access to services
- Workforce development and training
- Ensure General Fund support for local code enforcement programs
- Review permit fees and reserve goals

Focusing on these goals will drive our quest to be the best development services agency in the nation.

Ensure Appropriate Staffing Levels

The growth in the construction industry over the last few years has both enabled and compelled us to add staff positions in order to sustain our service levels and manage a much larger workload. Since Fall 2011, BDS has added approximately 146 employees spread throughout the bureau.

Around 40 of the added positions are still in the process of being filled; most of these are fee-supported. Because of this, we do not anticipate requesting significant numbers of fee-supported positions in our FY 2016-17 budget request. Instead, we intend to focus more heavily on enhancing General Fund support for bureau programs that provide community-wide benefit, including Land Use Services and Neighborhood Inspections. See “General Fund Support for Local Code Programs” below for more details.

As always, I approach staffing in a measured and steady way, adding staff only when it is justified by the workload and we have sufficient resources to sustain them for the long term. We will continue to use all available methods for adding staff as appropriate so we can be timely in our response to changes in our workload.

Improve Access to Services

We want to create more effective means for customers, employees, and stakeholders to communicate ideas and have collaborative interaction with bureau leaders and with one another. In addition, we want to research and pursue other ideas to improve the various ways in which customers and stakeholders interface with our staff and services such as the bureau’s website, written materials, and phone call interactions. Examples of this work include our Customer Call Center, which answers calls to main bureau phone lines live, rather than with voicemail; and the reinstatement of our customer and community satisfaction surveys in Fall 2014.

We are continuing work on implementing our Information Technology Advancement Project (ITAP). ITAP is a web-based system that will allow 24/7 online access to BDS’s records and services, greatly enhancing the level of technology in the development review process while improving public access to information.

Workforce Development and Training

Like other organizations, we see that our workforce is changing. Approximately 12% of BDS employees are eligible for retirement now and about 29% could retire within 5 years. Addressing this reality will require increased efforts in several areas, including ensuring equitable outreach, recruitment, and hiring processes; outreach to high school and college students regarding career path opportunities; development of future leaders and plans for succession to management, leadership, and technical positions; and relevant training for current employees. Earlier in 2015 we hired a Training & Workforce Development Manager to drive this effort and coordinate the work of existing recruitment, onboarding, training, and development staff.

General Fund Support for Local Code Programs

BDS receives financial support from the City's General Fund for local code programs that provide general public benefit, including Land Use Services and Neighborhood Inspections. I will continue to seek General Fund support in order to adequately fund and expand these beneficial programs. I will also advocate for the conversion of one-time General Fund monies into ongoing support in order to provide stability to programs that provide significant community benefit, such as the Extremely Distressed Properties Enforcement Program.

Review Permit Fees and Reserve Goals

As stated earlier, the bureau's primary funding source comes from permit fees. Building permit fees are calculated based on the value of projects. Over the past three years BDS has not raised most of its permit fees, in part, due to the fact that most programs are operating at cost recovery and has met its respective reserve goals. The Development Industry Stakeholders have expressed concerns over the high amount of the bureau's current reserve funds and has asked for a detailed review to see if additional adjustments can or should be made. Concerns have also been voiced around the cumulative effect of fees imposed by the various city bureaus in connection with development projects. The Development Review Advisory (DRAC) is discussing ways to request the city conduct a comprehensive review of all fees, including System Development Charges.

I have committed to conduct a thorough review of the fees charged by BDS through the budget planning process. The goal is to explore options to determine if there are opportunities to reduce fees, change fee methodology, process for payment, etc. This effort will be in conjunction with pursuing the bureau's financial goals of operating at minimum 100% cost recovery and achieving established programmatic and bureau reserve goals.

I appreciate the time and energy that you will dedicate to our bureau's budget planning process and recommendations. Our budget process is just one way that we are working to build and foster strong working relationships with the community, employees, industry, and stakeholders.

Thank you very much for your support and input.