



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

Dan Saltzman, Commissioner
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BDS Budget Advisory Committee
Meeting Notes
Thursday, November 19, 2015

BAC Members Present:

Andre Baugh, Group AGB, Ltd.
Shawn Burgett, BDS
Barrett Karnes, REACH CDC
Maryhelen Kincaid, Development Review Advisory Committee
Mike Liefeld, BDS
Kirk Olsen, Development Review Advisory Committee
Kathy Saunders, BDS
Paul Scarlett, BDS
Rachel Whiteside, BDS

Other City Staff Present:

Deborah Sievert Morris, BDS Administrative Services Manager
Elshad Hajiyev, BDS Finance Manager
Kyle O'Brien, BDS Finance
Mitch Nickolds, BDS Inspections Manager
Jessica Kinard, City Budget Office
Rebecca Esau, BDS Land Use Services Manager
Andy Peterson, BDS Plan Review/Permitting Services Manager
Ross Caron, BDS Public Information Officer
Matt Grumm, Commissioner Saltzman's Office
Adrienne Edwards, BDS Training & Workforce Development
Mark Feters, BDS Administrative Services
Doug Le, City Budget Office

Guests Present:

BAC Members Absent:

Paul Grove, Home Builders' Association
Cristina Palacios, Community Alliance of Tenants
Susan Steward, Building Owners & Managers Association
David Tebeau, BDS
Steve White, Oregon Public Health Institute

Handouts

- BAC Meeting Notes – October 29, 2015
- Equity Assessment Tool
- Economic Outlook
- BDS Director's Budget Goals Memo (updated)
- Workload Parameters
- Non-Cumulative Cost Recovery Report
- Business Continuity Plan Indicators
- Vacancy Report
- What is a Racial Equity Tool?
- Citywide Racial Equity Goals & Strategies
- BDS Budget Preparation Update

Welcome/ Convene Meeting

Adrienne Edwards (BDS) welcomed BAC members and City staff. BAC members and City staff introduced themselves.

BAC members reviewed and approved the notes from the October 29, 2015 BAC meeting.

Citywide Budget Update

Doug Le (City Budget Office) gave a status update on the Citywide budget. He said that there will be a 5% reduction for bureau General Fund budgets for FY 2016-17. City Commissioners will determine whether there will be cuts from other funding sources for individual bureaus. The Mayor's full budget directions should be released shortly.

The General Fund continues to do well. Economists are not projecting any slowdown in the next couple years. He said that because of its revenue structure, BDS will experience any slowdown before other bureaus do; because of this, the City uses BDS as an indicator of economic trends.

Jessica Kinard (CBO) said that the primary reason for 5% reductions when the General Fund is doing well is the declared housing emergency; the City Council has appropriated \$10 million in FY 2016-17 General Fund monies for affordable housing. There are additional issues coming from other General Fund bureaus that will also impact the General Fund. Bureaus are being asked to identify cuts so the City Council has options to consider. If revenues are better than projected, the cuts may not need to be made.

Ms. Kinard said that for the FY 2016-17 budget, the CBO will be working with bureaus on target setting for performance measures and making the tie between performance measures and budget decisions.

BDS Director Paul Scarlett asked whether there are exceptions to the required 5% cut. Ms. Kinard said that at this point it appears that all bureaus will be required to make the cut.

BAC Member Andre Baugh asked whether the CBO expects that revenue increases resulting from economic growth will not make up for the \$10 million. Ms. Kinard replied that there are more than \$10 million in expected expense increases. The City Economist is projecting that revenues will be sufficient to cover those increases, but not the \$10 million for affordable housing.

Economic Outlook

BDS Finance Manager Elshad Hajiyev and Analyst Kyle O'Brien reviewed the handout **Economic Outlook** and gave an overview of current economic projections.

Construction activity is projected to continue moderate growth for the next couple years. BDS continues to rely heavily on large projects for the bulk of its budget, particularly multi-family housing.

BDS Equity Goals / Equity Assessment Tool

BDS Equity & Policy Manager Dora Perry distributed and reviewed the handouts **Citywide Racial Equity Goals & Strategies** and **What is a Racial Equity Tool?** She gave an overview of the City's and BDS's equity work. She also referenced the handout **Equity Assessment Tool**.

Ms. Kinard said that last year was the first time the Mayor included equity in his budget guidance. The Equity Assessment Tool is important not only in institutionalizing equity within bureaus but also tying budget requests to equity goals.

Mr. Scarlett said that equity is fundamental to BDS's programs and services and will factor into the bureau's budget decisions. BDS will ensure that its budget requests contribute to equity goals. Mr. Le said that more instructions will be provided to bureau budget staff in completing the Assessment Tool. The City's Office of Equity & Human Rights is also available to assist bureaus.

BAC members and City staff discussed question #6 on the Assessment Tool (identifying the impacts of budget decisions on geographic areas) and its application to BDS services and programs.

BDS Budget Focus

Mr. Scarlett reviewed the handout **BDS Director's Budget Goals Memo (updated)** and described the changes he's made to reflect input from the BAC and other sources.

He also reviewed the handout **Vacancy Report** and described the current state of bureau staffing and the filling of vacant positions. About half of the current vacancies should be filled by the end of 2015, and the rest by Spring 2016. Given the vacancies, he does not anticipate the need to ask for many new positions in FY 2016-17.

Ms. Kincaid asked whether there will be data to show performance changes as staffing levels increase. Mr. Scarlett said that the bureau has data on some impacts and can pull the rest of it together. When the bureau adds a position, it's required to project performance gains and to show in its budget documents whether those gains have been realized.

Mr. Scarlett said that there are a variety of timelines and performance goals for bureau services. Some of the performance goals that aren't being met are due to the large number of new staff who are still going through training and aren't fully up to speed yet.

Mr. Scarlett also reviewed the handouts **Workload Parameters**, **Non-Cumulative Cost Recovery Report**, and **Business Continuity Plan Indicators**.

General Fund monies support BDS's Neighborhood Inspections Program and part of the Land Use Services Program. The General Fund provides about 4% of BDS's total operating budget.

Matt Grumm (Commissioner Saltzman's Office) asked whether there are rules regarding where BDS's financial reserves are kept. Mr. Elshad replied that the City Treasurer invests it, mostly in bonds. Interest rates are low, so the bureau currently receives about \$200,000 - \$250,000 per year in interest.

BAC Member Kirk Olsen noted that BDS staffing is primarily driven by service level metrics, but there also needs to be sufficient long-term resources to sustain new positions. He asked what constitutes "long-term resources". Mr. Scarlett said that BDS is required to submit a 5-Year Financial Plan update each year with its budget request, and that Plan needs to demonstrate that new positions can be supported for the duration of the Plan.

Mr. Baugh asked how decisions can be made for FY 2016-17 when a slowdown may be coming in a year or two. Mr. Scarlett replied that for the last few years, BDS has convened a Financial Advisory Committee composed of economists and industry representatives. The Committee is tasked with reviewing BDS's financial models and projections, giving the bureau a level of confidence in making budget decisions.

Mr. Scarlett said the data in the **Workload Parameters** handout will be used in helping the bureau make budget decisions for FY 2016-17. Also, there will be a focus on quality; the budget has focused on quantity (addressing increased workload) over the last few years.

Discussion / Recap

The CBO will release the Mayor's Budget Guidance in the next day or so, and it will then be distributed to BAC members.

Mr. Scarlett distributed the handout **BDS Budget Preparation Update**.

The next BAC meeting is scheduled for December 17, 2015.
Meeting notes prepared by Mark Feters, BDS