



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

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BDS Budget Advisory Committee
Meeting Notes
Thursday, December 17, 2015

BAC Members Present:

Shawn Burgett, BDS
Paul Grove, Home Builders' Association
Maryhelen Kincaid, Development Review Advisory Committee
Mike Liefeld, BDS
Kirk Olsen, Development Review Advisory Committee
Cristina Palacios, Community Alliance of Tenants
Kathy Saunders, BDS
Paul Scarlett, BDS
Susan Steward, Building Owners & Managers Association
David Tebeau, BDS
Steve White, Oregon Public Health Institute
Rachel Whiteside, BDS

Other City Staff Present:

Jason Butler-Brown, BDS	Rebecca Esau, BDS	Mark Feters, BDS
Matt Grumm, Commissioner Saltzman's Office		Elshad Hajiyev, BDS
Doug Le, City Budget Office	JoAnn Lee, BDS	Mitch Nickolds, BDS
Kyle O'Brien, BDS	Andy Peterson, BDS	Deborah Sievert Morris, BDS

BAC Members Absent:

Andre Baugh, Group AGB, Ltd.
Barrett Karnes, REACH CDC

Handouts

- BAC Meeting Notes – November 19, 2015
- Mayor Hales' Budget Direction
- Commissioner Saltzman's Budget Goals
- Workload Parameters
- Non-Cumulative Cost Recovery Report
- BDS Key Performance Measures

Welcome/ Convene Meeting

BDS Administrative Services Manager Deborah Sievert Morris welcomed BAC members and City staff. BAC members reviewed the notes from the November 19, 2015 BAC meeting and made one correction. With the correction, the minutes were approved.

Update on Mayor's Budget Goals

Doug Le (City Budget Office) reviewed the handout **Mayor Hales' Budget Direction** and discussed the upcoming Citywide budget.

The December forecast calls for \$11 million in additional one-time General Fund revenues for FY 2016-17. City bureaus will still be required to submit 5% General Fund cuts, then will have the opportunity to request that the cuts be restored. Ongoing funding is very tight, but bureaus will be able to request one-time funding. The final forecast for the Citywide budget will be published April 26, 2016.

BAC Member Maryhelen Kincaid (DRAC) asked whether the City Council will make decisions before the April forecast. Mr. Le said that the forecast won't be final until April; depending on the forecast, the Council may decide to keep the cuts, restore them, or do something else.

Commissioner Saltzman's Budget Goals

Matt Grumm (Commissioner Saltzman's Office) reviewed the handout **Commissioner Saltzman's Budget Goals** and described the Commissioner's key areas of focus for the bureau. He noted that in the next couple months, decisions will need to be made regarding additional funding for BDS's Information Technology Advancement Project (ITAP) going forward.

Mr. Grumm expressed confidence that the General Fund surplus will be more than \$11 million in the April 2016 forecast, which will provide additional flexibility for the Citywide budget.

Preliminary Budget Input

BAC Member Paul Scarlett (BDS Director) discussed the importance of input from stakeholders, employees, and other sources on BDS's budget decisions. He briefly summarized the input BDS has received thus far from various groups; a key focus for the budget this year will be on improving the quality of services, rather than just adding staff.

Mark Feters (BDS) discussed input that was received from BDS employees at two recent budget drop-in sessions. Some of the most popular ideas included restoring Homeowners' /Permit Night; providing mentoring/career roadmap services for employees; and expanding BDS's outreach to community colleges and high schools.

BAC Member David Tebeau (BDS Inspections) commented that there is intrinsic value in educating homeowners through Homeowners' Night, since it saves inspection trips. Ms. Kincaid concurred and shared an example where having Homeowners' Night would have helped save a homeowner significant time and expense.

BDS Finance Manager Elshad Hajiyev shared input from the BDS Finance Committee. Committee members confirmed BDS's assessment of the economy, with an expectation of continued growth for the next couple years. They anticipate continued strong growth in the multifamily housing and office markets. The Finance Committee will meet again on January 5, 2016 to review BDS's economic models and projected growth rates.

Mr. Grumm recalled that the Finance Committee discussed the shortage of labor in the construction industry, which drives up construction costs.

Service Levels / Staffing / Performance

Mr. Hajiyev reviewed the handouts **Workload Parameters** and **Non-Cumulative Cost Recovery Report** and discussed the bureau's financial status.

Mr. Scarlett referenced a discussion at the DRAC (Development Review Advisory Committee) meeting earlier this morning regarding the size of the bureau's financial reserves and a desire to see fees reduced. BDS and the Commissioner's office will be looking carefully at fees and will be wanting input from the BAC. Mr. Hajiyev said any fee adjustments would likely be targeted, rather than across the board. Any fee changes would need to be sustainable over the 5 years of the bureau's Financial Plan.

BAC Member Cristina Palacios (Community Alliance of Tenants) expressed concern that reducing enforcement fees would discourage landlords from making needed repairs. Mr. Scarlett noted that the DRAC's focus has been on permit fees rather than enforcement fees, but the bureau will be looking at all fees. Mr. Hajiyev said fees will be looked at on a case-by-case basis, and other factors and impacts will be considered.

Ms. Kincaid noted the DRAC's high level of interest in fees, and said the DRAC will be interested in getting feedback from the BAC on fees and the reserves.

Mr. Scarlett clarified that while BDS will submit its FY 2016-17 Requested Budget on February 1, 2016, fee changes will not be submitted until May 2016. The bureau will want to reconvene the BAC closer to that time to review any proposed changes.

Ms. Palacios said that she would like to see fees charged to tenants removed; she discussed violation fees charged to tenants for code violations. BDS Enforcement Manager Mike Liefeld said that BDS holds property owners responsible for code violations and charges monthly code enforcement fees to them; BDS cannot legally charge enforcement fees to tenants. Some landlords may pass those costs on to tenants, but BDS does not charge tenants directly.

Mr. Hajiyev then reviewed the handout **BDS Key Performance Measures**. BDS tracks 60-70 performance measures on a monthly basis; the handout includes some of the most important ones. He noted the impact of staff vacancies, training, and other factors on bureau performance. BDS Plan Review/Permitting Services Manager Andy Peterson and BDS Inspections Manager Mitch Nickolds noted the impact on performance of the increasing size and complexity of construction projects.

BAC Member Rachel Whiteside (BDS ITAP) noted the difficulty in attracting qualified job candidates due to the competitive job market. Mr. Peterson added that on several occasions he has made job offers, only to have them turned down.

Ms. Palacios asked if the bureau offers overtime for current staff to train newly-hired staff. Mr. Peterson said overtime is available, if staff is willing to work it.

Ms. Kincaid suggested using a finer grain of analysis on some of the data in the Performance Measures handout so the information is more precise. Mr. Hajiyev said the division managers should have that level of data, and it can be shared with the BAC.

BAC Member Kirk Olsen (DRAC) said that ITAP implementation will be very important to budget decisions.

BDS Division Managers discussed various efforts that have been undertaken to improve efficiency and performance, such as process changes and technology improvements.

Discussion

Mr. Hajiyev noted that he has received requests from Division Managers for 5 new fee-supported positions in the FY 2016-17 budget – 3 positions in Land Use Services and 2 positions in Plan Review/Permitting Services.

He has also received requests for a few General Fund-supported positions in Neighborhood Inspections: a request to convert one-time General Fund support for 2 positions to ongoing support, along with a request for new General Fund support for one position.

The requirement for City bureaus to make 5% cuts in their General Fund allotments translates into a cut of \$110,000 for BDS, split equally between Neighborhood Inspections and Land Use Services. The bureau will try to make the cuts as painless as possible.

Ms. Kincaid suggested adding staff capacity to support “Lunch & Learn” and other community education sessions. Ms. Sievert Morris said that idea will be added to the mix, and all proposed new staff positions will be reviewed at the next BAC meeting.

BAC Report

Mr. Fetters mentioned that the BAC will need to prepare a report to submit with BDS's Requested Budget. He will send a copy of last year's report to BAC members for reference.

The next BAC meeting is scheduled for January 7, 2016.
Meeting notes prepared by Mark Fetters, BDS