



**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
Tuesday, November 29, 2016

BAC Members Present:

Andre Baugh, Group AGB, Ltd.
Claire Carder, Development Review Advisory Committee
Barrett Karnes, REACH CDC
Charles Myrick, BDS
Cristina Palacios, Community Alliance of Tenants
Joe Schneider, Development Review Advisory Committee
Susan Steward, Building Owners & Managers Association
Kim Tallant, BDS
Raul Torres, BDS
Rachel Whiteside, BDS

Other City Staff Present:

Ross Caron, BDS Public Information Officer
Ariana Denney, BDS Customer Service & Communication
Rebecca Esau, BDS Land Use Services Manager
Mark Fetters, BDS Business Operations
Ray Galinat, BDS Finance
Matt Grumm, Commissioner Saltzman's Office
Elshad Hajiyev, BDS Finance Manager
Doug Le, City Budget Office
Mike Liefeld, BDS Enforcement Manager
Ed Marihart, BDS Enforcement
Mitch Nickolds, BDS Inspections Manager
Kyle O'Brien, BDS Finance
Dora Perry, BDS Equity & Policy Manager
Andy Peterson, BDS Plan Review/Permitting Services Manager
Paul Scarlett, BDS Director
Deborah Sievert Morris, BDS Business Operations & Finance Services Manager

Handouts

- BDS Brochure
- BDS Director's Budget Goals Memo
- BAC Role & Schedule
- BDS Organizational Chart
- FY 2017-18 Budget Preparation Process
- FY 2016-17 Line Item Budget
- Explanation of Line Items
- BudgetSpeak Dictionary
- Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- FY 2016-17 BAC Report
- FY 2016-17 BDS Requested Budget
- BDS 5-Year Financial Plan

1. Welcome/ Convene Meeting

BDS Sr. Business Operations Manager Deborah Sievert Morris welcomed BAC members and City staff and convened the meeting.

2. Commissioner Dan Saltzman

Matt Grumm (Commissioner Saltzman's Office) sat in for Commissioner Saltzman, who was in a hearing on inclusionary zoning. He said the big challenges for BDS in the next fiscal year will be filling staff positions and the Information Technology Advancement Project (ITAP). This budget cycle will be important in allocating resources to determine how ITAP will move forward. With new Council coming in focused on housing issues, there will be renewed focus on enforcement and ensuring that housing meets minimum standards. Expressed appreciation for BAC members' time and work.

3. Bureau Overview

BDS Director Paul Scarlett stressed that budget development is a collaborative process involving stakeholders and staff. Appreciate members' participation and time.

Mr. Scarlett discussed BDS's mission and vision and referenced the handout ***BDS Brochure***. He then reviewed that handout ***BDS Director's Budget Goals Memo*** and discussed BDS's focus and goals for the FY 2017-18 budget. About 60 vacancies on the books currently, need to focus on filling them rather than adding significant numbers of new positions. Will also look at restoring some services and programs that were cut during the recession.

Organizational Structure / Key Issues

BDS Division Managers briefly described their divisions' work and discussed current key issues and opportunities, as follows:

- Land Use Services (Rebecca Esau)
 - Hiring and training staff
 - Working with BPS
 - Inclusionary Housing
 - Zoning Code re-write
 - Design Overlay Zone Assessment (DOZA) project
 - Audit of Tree Code implementation

- Plan Review / Permitting Services (Andy Peterson)
 - Continued workload increases
 - Hiring and training staff, maintaining professional certifications and education requirements
 - Larger, more complex projects
 - Changes to building codes and State code amendments
 - Construction Excise Tax went into effect 8/1/16
 - Impacts from retirements of more experienced staff
- Inspections Services (Mitch Nickolds)
 - Managing succession planning – responding to City-incentivized retirements of more experienced staff
 - Forecasting staffing needs into the future
- Public Information & Enforcement Services (Ross Caron)
 - Engaging the community through outreach events (Lunch & Learn, community events)
 - Records management
 - Supporting housing equity goals through code enforcement
 - Hiring and training staff
- Equity & Policy Development (Dora Perry)
 - Implementing the Bureau Equity Plan
 - Taking equity effort out into the community
- Business Operations & Finance Services (Deborah Sievert Morris)
 - Filling vacancies
 - Staff training
 - Office space needs
 - Digitization of paper records

4. Budget Process

Ms. Sievert Morris described the process of putting the bureau's budget together and referenced the handout ***FY 2017-18 Budget Preparation Process***. She noted that BDS's Requested Budget is due on January 30, 2017.

Doug Le (City Budget Office) briefly discussed the City's FY 2017-18 budget process. CBO's role is to review bureau budget requests and make recommendations to City Council. Try to provide early assistance and feedback to bureaus and BACs. No mayoral budget direction yet.

5. BDS Finances & Financial Planning

BDS Finance Manager Elshad Hajiyev gave an overview of the bureau's financial structure and financial planning process. He reviewed or referenced several handouts,

including ***FY 2017-18 Line Item Budget, Explanation of Line Items, BudgetSpeak Dictionary, Workload Parameters, and Non-Cumulative Cost Recovery Report.***

Mr. Hajiyev pointed out the distinction between the bureau's permit fee-supported programs and local enforcement programs supported by the City's General Fund. BDS cannot use permit funds to support local code enforcement programs.

Susan – has BDS considered asking for change in state statute to allow permit funds to be used in other areas? Paul – maybe in the past, but now our local programs are doing well financially also, so there isn't a need.

Know that all bureaus will be required to provide 5% cut to their General Fund support.

First Finance Committee meeting scheduled for December 9. Will have information to share at December 20 BAC meeting. Have heard that there is no expectation of recession in the next couple years. However, many are saying that multifamily development (which has fueled BDS's growth) may have peaked and be on the decline. BDS is watching this closely. Noted that BDS has a Business Continuity Plan that tracks several workload and revenue indicators to quickly identify areas of concern. Data is reviewed monthly.

Stressed the importance of long-term financial planning to the bureau's financial success. Noted that workload and revenues are highest in bureau history.

Discussion

Deborah asked committee members

Cristina – would like to see translation services reflected in the budget, and how the bureau plans to address translation needs in the community. Also, wants to know how many vacant positions will be filled with people of color or bilingual people. Wants update on Enhanced Inspections – will be citywide? Tenant education – would like to see handouts (in different languages) for CAT to use regarding tenant housing rights and BDS services.

- Paul – we can provide demographic information on current employees. We are making an effort to get out into the community to promote employment opportunities. Can share about current efforts.

Andre – builders are saying they won't take out building permits after IZ passes on February 1, 2017; this is different from the outlook Elshad shared. How do you reconcile the two views?

- Rebecca – we don't foresee a drop-off after February 1; there are already many projects getting in the pipeline ahead of February 1; as long as they're vested in the zoning code prior to February 1, they can take up to 3 years to apply for a building permit.

- Andre – issue is that the builders are saying that nothing new will come in after February 1st.

- Paul – there will always be development. Builders will adjust their practices in order to adapt to the new requirements.

- Claire – we're entering a lot of changes – inclusionary zoning, DOZA, etc., and there is a lot of misinformation. Would like to see BDS be much more intentional in creating a communication and outreach plan.

- elshad referenced several other significant code changes that ended up having little long-term impact on development. iZ will have a short-term impact, but in the long run the industry will adapt.

Reviewed the handout ***FY 2016-17 BAC Report*** and discussed the outcome of the BAC's recommendations.

1. City Council approved the positions in Neighborhood Inspections, but did not provide General Fund. BDS has supported the positions with General Fund money transferred from the Land Use Services program.
2. BDS was allowed to add positions in the Spring BMP, rather than through the longer budget process.
3. The foreclosure process has been implemented. 7-8 properties (all vacant and distressed) have gone through the foreclosure process and have been sold.
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5. The required 5% cut was not restored by City Council, but BDS used other internal funds to restore the cut.
6. DRAC Fees Subcommittee has met a few times this year. BDS reduced several of its fees by 3% in 2016. The subcommittee is now focused on other development bureau fees.
7. The majority of budget ideas submitted by BDS employees in 2015 have been implemented. We are holding more drop-in sessions this year.

Next Meeting (Dec. 20)

The next BAC meeting is scheduled for December 20, 2016.

Meeting notes prepared by Mark Feters, BDS