



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

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BDS Budget Advisory Committee
Meeting Notes
Tuesday, December 13, 2018

BAC Members Present:

Coya Crespin, Community Alliance of Tenants
Paul Delsman, Development Review Advisory Committee
John Duran, BDS Business Operations & Finance Services
Holly Huntley, Development Review Advisory Committee
Priscilla Partch, BDS Labor Management Committee Co-Chair
Brienne Pickett, BDS Equity Committee
Susan Steward, Building Owners & Managers Association
Leigh Wheeler, BDS Business Operations / Non-Represented Employees

BAC Members Absent:

None

City Staff Present:

Beth Benton, BDS Property Compliance Manager
Dan Cote, BDS Interim POPS Manager
Alex Cousins, BDS Communications Manager
Rebecca Esau, BDS Director
Mark Fetters, BDS Business Operations
Ray Galinat, BDS Budget & Finance
Darryl Godsby, Commercial Inspections Manager
Elshad Hajiyev, BDS Business Operations & Finance Manager
David Kuhnhausen, BDS Permitting Services Manager
Kathy Lyndon, BDS Budget & Finance
Doug Morgan, Interim Plan Review Services Manager
Kyle O'Brien, BDS Budget & Finance Manager
Yung Ouyang, City Budget Office
Dora Perry, BDS Equity & Policy Manager
Kim Tallant, Land Use Services Manager
Dave Tebeau, Residential Inspections Manager
Duane Whitehurst, BDS/POPS

Handouts

1. Draft 11-13-18 BAC Meeting Notes
2. BDS Financial Advisory Committee Draft Meeting Minutes 12-05-18
3. Employee Budget Ideas (all)
4. Top Employee Budget Ideas
5. Equity Assessment Tool
6. Non-Cumulative Cost Recovery Report
7. Major Workload Parameters
8. Business Continuity Plan Summary
9. BDS Reserve Summary
10. BDS Budget Goals Memo

1. Welcome/ Convene Meeting

BDS Director Rebecca Esau welcomed Budget Advisory Committee (BAC) members and City staff and convened the meeting. New BAC Member Coya Crespin (Community Alliance of Tenants) was welcomed to the meeting. Attendees made self-introductions.

BAC members reviewed notes from the November 13, 2018 BAC meeting.

2. Budget Preparation Update

BDS Budget Drop-in Sessions

BDS Sr. Business Operations Manager Elshad Hajiyev reviewed the handouts ***Employee Budget Ideas (all)*** and ***Top Employee Budget Ideas*** and described the recent drop-in sessions for BDS employees to submit budget suggestions and meet with BDS budget staff.

Current BDS Financial Status

Hajiyev gave an update on BDS's finances and reviewed the handouts ***Non-Cumulative Cost Recovery Report*** and ***Major Workload Parameters***. BDS's revenues have been about \$1.4 million per month less on average this fiscal year compared to last fiscal year, leading to a decrease in cost recovery and bureau reserves. In response, a 3-month hiring freeze was put in place in November 2018 and other expenditures are being reduced. Further cost reductions are under consideration.

Hajiyev then reviewed the handout ***Business Continuity Plan Summary***. When four or more Business Continuity Plan (BCP) triggers are activated at the same time, BDS takes steps to reduce expenditures. Hajiyev stressed that BDS cannot do much to increase revenues outside of raising fees.

Hajiyev reviewed the handout ***BDS Reserve Summary*** and discussed cost recovery for bureau programs. Each BDS program maintains its own reserve fund, and most of the reserves can be used only for the program they are attached to. Thus far, the Land Use Services Program has seen the largest impact on its revenues and reserves.

Hajiyev referenced the handout ***BDS Financial Advisory Committee Draft Meeting Minutes 12-05-18***. BDS Finance Manager Kyle O'Brien said that BDS met with the Financial Advisory Committee (FAC) on December 5th to discuss current economic trends and projections. FAC members indicated that further declines in development are likely and that the economy will take time to recover. Increases in interest rates are also acting as a damper on development projects. Legislation like Inclusionary Housing adds costs to development. These and other factors are all considered in BDS's forecasting process.

O'Brien then described BDS's annual process for projecting revenues and expenditures. Staff gathers economic and industry data in October and November, develops programmatic growth rates, and then builds the 5-year financial plan that is submitted with BDS's annual budget request.

BAC Member Susan Steward noted that the workload numbers seem much worse than they were at last month's BAC meeting. Steward asked why the numbers of multifamily housing projects have dropped so much, given the City's focus on affordable housing. Hajiyev agreed that the outlook is worse than last month. Inclusionary Housing regulations have suppressed private multifamily development, and public-funded affordable housing will not make up the difference. Hajiyev said that the FAC economists were more certain than they've been in the past about economic trends. They said that Portland is leading in the decline in construction, rather than lagging like usual.

Steward asked whether BDS's current pause in hiring will be extended. Hajiyev said that it will be, and further cost-saving measures are under consideration. After going through the last recession, BDS is being very conservative this time and responding to changes much earlier. Decisions regarding further measures will be announced to bureau employees next week.

3. BDS Equity Goals / Equity Assessment Tool

BDS Equity and Policy Manager Dora Perry reviewed the handout ***Equity Assessment Tool*** and described the role of equity in BDS's budget development process. The Equity Assessment was initiated five years ago to assist City bureaus in applying an equity lens to their budget planning and decisions.

BDS is different from other City bureaus in that it receives very little General Fund support and tends to provide services based on customer demand. For BDS, applying the equity lens involves examining how those services and programs can be applied in ways that positively impact underserved communities.

Perry described how BDS managers and others participate in completing the Equity Assessment. The assessment provides a set of questions to help managers and employees use an equity lens to examine the equity impacts, challenges, and opportunities of the bureau's work. Bureaus are encouraged to consider impacts on customers and disadvantaged communities. O'Brien said that managers were contacted last month for their feedback, which will be compiled for the Equity Assessment and the bureau's Requested Budget.

O'Brien discussed the difference between equity programs and programs with equity impacts. Perry said that virtually all programs have equity impacts. Perry discussed the need for good data to help in tracking progress toward equity goals.

Steward asked if the City will continue funding bureau equity programs if the economy goes south again. Hajiyev replied that equity is an essential program to BDS and will be funded. Perry agreed that there is a commitment to equity at the leadership level of BDS.

Steward asked if the equity program is where Perry thought it would be by this point. Perry said it is not. Some goals have not been reached, but they have moved past goals in other areas. The focus of the program now is helping BDS staff understand how to apply an equity lens to their specific work.

Yung Ouyang (City Budget Office) said that the City Council is committed to equity, but it's more difficult to predict how specific bureaus will react to an economic downturn.

BAC Member Coya Crespín asked what the City's harbor languages are. Perry said she will send a list of current harbor languages; there are about 10 or 12 in Portland.

4. BDS Budget Focus / Goals Discussion

Director Esau reviewed the handout ***BDS Budget Goals Memo*** and initiated discussion regarding the bureau's budget goals.

BAC Member Holly Huntley said that the customer experience has improved over time. Huntley consistently has good customer experiences.

Perry stressed that it is important for BDS to provide good service to all customers, regardless of their level of familiarity or experience with the bureau or its services.

BAC Member Leigh Wheeler suggested the bureau prioritize communication with customers so they have realistic expectations regarding BDS services. BDS Residential Inspections Manager Dave Tebeau agreed that more resources should be put toward getting information out to customers before they walk in the door or access bureau services.

BAC Member Paul Delsman said that it would be very helpful for customers if BDS could be more transparent about timeline estimates for plan review and permit issuance. Currently it's impossible for customers to predict how long services will take. Director Esau replied that the bureau will be working on this; part of it is earlier meetings with applicants.

BAC Member Brienne Pickett asked if there are plans to update the bureau website in a comprehensive way. Director Esau said there are plans, and referenced the upcoming Citywide website refresh.

5. Budget Advisory Committee Report

Mark Feters (BDS) reminded BAC members that the Committee will need to submit a report along with BDS's Requested Budget on February 4, 2019. Committee members asked Feters to prepare an initial draft for their review.

6. Next Meeting

The next BAC meeting is scheduled for Tuesday, January 15, 2019.

Meeting notes prepared by Mark Feters, BDS

Draft