



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

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BDS Budget Advisory Committee
Meeting Notes
Thursday, November 14, 2019

BAC Members Present:

Barbara Alexander, Hacienda CDC
Connie Jones, BDS / DCTU
Elizabeth Duncan, BDS / PROTEC
Gabby Bruya, BDS / Non-Represented
Nancy Thorington, BDS Equity Committee
Sean Green, DRAC
Susan Steward, Building Owners & Managers Association

City Staff Present:

Alex Cousins, Communications Manager
Beth Benton, Property Compliance Manager
Darryl Godsbey, Commercial Inspections Manager
Dave Tebeau, Residential Inspections Manager
David Kuhnhausen, BDS Permitting Services Manager
Duane Whitehurst, POPS
Douglas Morgan, Plan Review Services Manager
Elshad Hajiyev, BDS Business Operations & Finance Services Manager
Karen Guillen-Chapman, Equity & Policy Development Coordinator
Kathy Lyndon, BDS Budget & Finance
Kimberly Tallant, Land Use Services Manager
Kyle O'Brien, BDS Budget & Finance Manager
Ray Galinat, BDS Budget & Finance
Yung Ouyang, City Budget Office

Handouts

- BDS Organizational Chart
- Mayor's General Fund Guidance
- FY 2020-21 Budget Preparation Process
- Line Item Budget
- Explanation of Line Items
- BudgetSpeak Dictionary
- Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- Business Continuity Plan Summary
- FY 2019-20 BAC Report
- Economic Outlook

Optional Materials (available online)

- [FY 2019-20 Requested Budget](#)
- [5-Year Financial Plan](#)

1. Welcome/Convene Meeting

BDS Deputy Director Elshad Hajiyev convened the meeting, welcoming Budget Advisory Committee (BAC) members and City staff. Attendees made self-introductions.

2. City Budget Office

Yung Ouyang, the City Budget Office (CBO) budget analyst assigned to BDS, provided an overview of the budget from a Citywide perspective. Yung started by explaining the budget process, beginning with bureaus submitting their budget requests in late January. CBO then reviews submittals and makes recommendations to Council. After Council work sessions, the Mayor's Proposed Budget follows. City Council and the Mayor work toward an Approved Budget and vote to adopt the budget effective for the 7/1/20-6/30/21 fiscal year.

Yung then described changes to the budget process from last year. The major change is discontinuation of the Direction to Develop process implemented last year. Bureaus can submit decision packages to request for General Fund monies, similar to previous years. Additionally, bureaus will continue to submit Requested Budgets using a Program Offer approach, focusing on General Fund appropriation level targets rather than marginal changes bureaus make from year to year. For each program, bureaus will be required to describe the goals, services provided, expected results, changes to programs, budget constraints, sustainability, and equity impacts.

Yung finished by reviewing the seven priorities in the handout, **Mayor's General Fund Guidance**, which contain heavy emphasis on collaboration amongst bureaus and breaking down silos. The focus for BDS goals should include operational efficiency and an implementation plan.

Key Dates:

- 11/19/19: Performance Management Workshop. The workshop will help staff learn about the City's performance management framework, provide staff tools for using data to improve results, and plan.
- 12/3/19: FY 2020-21 Budget Kickoff
- 1/29/20: Requested budgets due to CBO. This year the due date falls on a Wednesday instead of Monday

3. Bureau Overview

Deputy Director Elshad Hajiyev stated the Bureau's mission is to promote safety, livability and economic vitality through the efficient and collaborative application of building and development codes. Elshad stated BDS is committed to pursuing equity in all aspects of our work and asked Karen Guillen-Chapman from the Equity & Inclusion Team to lead this discussion.

Karen discussed how each bureau has a 5-year Equity Plan. The goal of the Equity Plan is for bureaus to understand racial disparities. The Equity & Inclusion Team is reviewing equity impacts both internally and externally. They hope to expand education and training opportunities for staff and raise awareness around what equity means for our work, the organization, and the communities we serve.

Karen mentioned the Mayor's budget guidance does not directly mention BDS regarding the Housing Crisis; however, BDS is directly involved as the bureau touches every building permit within the City of Portland. This year BDS will be working externally through the Small Business Program, assisting small business communities and helping them obtain the permits required to open and run their businesses. BDS staff are venturing out to neighborhoods weekly to help with these efforts.

4. Organizational Structure / Key Issues

BDS Division Managers briefly described their divisions' work and identified key issues / priorities:

Land Use Services (Kim Tallant)

Land Use Services is responsible for plan review and issuing decisions regarding Title 33 as well as parts of the Tree code. Last fiscal year the Division experienced a reduction in workforce through layoffs and reassignments in order to move closer to achieving financial stability. With decreased staffing levels current staff are now facing challenges with heavy workload. Land Use Services is also evaluating the cost of their services, focusing on data collection and staff time tracking. The main issues for Land Use Services revolve around implementation of upcoming Title 33 code changes, and the need for more staff to assist customers with questions.

Plan Review Services (Doug Morgan)

As the name suggests, Plan Review Services primarily provides plan review services for State building code permits. Secondly, the division provides plan review services for Environmental Soils and portions of Site Development. Similar to Land Use Services, Plan Review Services is facing issues in keeping up with workload. Adding to this issue has been difficulties finding qualified applicants to fill Plans Examiner positions. Additionally, it typically takes up to 2 years to fully train new hires placing additional strain on current staff.

Permitting Services (David Kuhnhausen)

Permitting Services is comprised of Front Desk/Administrative Support, Records Conversion, Process Management, Residential Permitting Services, and Commercial Permitting Services. One challenge for Permitting Services is employee retention. Development Services Center

(DSC) employees act as generalists making them desirable applicants for other positions around the City. The result has been high turnover and difficulties retaining employees long enough to become fully trained. Furthermore, the digitization of historical records to provide online access for customers has been a substantial undertaking for the division.

Residential Inspections Services (Dave Tebeau)

Residential Inspections Services processes between 375 to 425 inspections requests daily and administers the Field Issuance Remodel (FIR) Program. Many current inspectors will be eligible to retire over the next five years, signifying potential future workload challenges if steps are not taken to mitigate this risk. The division is also working to create a training program that will guide consistency across all inspectors citywide.

Susan Steward asked about factors that influence employee retention in the Residential Inspections Division. Dave responded that it was the quality and depth of BDS's inspector training program.

Commercial Inspections Services (Darryl Godsby)

In addition to administering the Facilities Permit Program (FPP) and Electrical Master Permit Program (EMPP), the Commercial Inspections Division provides structural, plumbing, electrical, and mechanical inspection services for commercial permits. The division also houses the Cannabis Program to help BDS serve that industry's specific needs. Finally, Commercial Inspections began hosting "Roadshows" to educate customers about FPP including how to apply for the program. The main issue facing this program is continued high workloads.

Property Compliance Inspections (Beth Benton)

Property Compliance Inspections is the only BDS division with substantial funding from the General Fund, and performs enforcement services for Title 10, Title 24, Title 29, work without permit complaints, Zoning, Signs, and Accessory Short-Term Rentals (ASTR). The main issues for this division relate to the dynamic between tenants and landlords, as well as the necessity for collaboration between many City bureaus. Moreover, there is difficulty in predicting workload as the bulk of the work is driven by public complaints.

Business Operations & Finance Services (Elshad Hajiyev)

The Business Operations & Finance Services (BOFS) Division provides services to other BDS divisions. Services under this division include: Communications, Bureauwide Projects, Facilities, Recruitment & Hiring, Emergency Management & Safety, Training & Workforce Development, and Budget & Finance. Some of the challenges include finding qualified candidates and maintaining fiscal sustainability.

Technology & Continuous Improvement Services (Elshad Hajiyev)

The Technology & Continuous Improvement Services Division provides services to other BDS divisions as well. Services under this division include: Technology Support, Portland Online Permitting System (POPS), and Continuous Improvement. The main challenge for this division is an approaching POPS go-live date scheduled for February 3, 2020.

Susan Steward asked what will happen if POPS does not go live on February 3, 2020. Elshad relayed the presence of a contingency plan which will ensure delivery of an acceptable level of functionality.

5. Budget Process

Deputy Director Elshad Hajiyev gave an overview of BDS's budgeting process, noting that it is an inclusive process with various advisory committees and stakeholders involved in the budget development process, including:

- Development Review Advisory Committee (DRAC)
- BDS Labor Management Committee (LMC)
- BDS Bureau Equity Committee (BEC)
- BDS employees

In addition, the BDS Financial Advisory Committee (FAC) reviews and evaluates BDS revenue and expenditure projections.

Elshad stressed that BDS needs to hear from as many different voices as possible during the budget preparation process and encouraged BAC members to actively participate and share their views during BAC meetings.

Sean Green asked if BDS is expecting to ask for General Fund monies. Elshad explained BDS's current appropriation level (CAL) target which, although not being released yet, is generally approximately \$1 million. Additionally, Elshad noted City Council will only consider General Fund requests if a specific service has no revenue generating component.

6. BDS Finances & Financial Planning

BDS Finance Manager Kyle O'Brien first thanked his team for all their hard work putting together the budget handouts. Ray Galinat then reviewed the **Line Item Budget** handout. Personnel is largest portion of expenditures, currently accounting for approximately 74% of BDS' FY19-20 operating budget.

Kyle then gave an overview of the bureau's financial structure, financial planning process, and current market conditions. BDS is established as an operating fund. Approximately 98% of all bureau revenue comes from permit fees and charges for service. BDS programs must be self-supporting as generally they do not receive General Fund monies. Additionally, funds may only be used to support the specific program which generate the revenue. Most programs have a reserve goal of 50% of annual expenditures to provide stability during economic fluctuations. The Building/Mechanical and Land Use Services reserve goals are 75% of annual expenditures.

5-Year Financial Plan

Expenditure projections are based primarily on current expenses, inflationary factors, and assumptions regarding the future personnel needs of the bureau. Expected project expenses are also considered when known.

Revenues for Building, Mechanical, Plumbing, Electrical, and Land Use Services are all econometrically forecasted. Facility Permit Program (FPP) and Field Issuance Remodel (FIR) Program revenues are projected using a weighted average of the Building Mechanical, Plumbing, and Electrical growth rates. Site Development and Zoning Enforcement revenue estimates are based on Building Program rates. Environmental Soils, Signs, and Neighborhood Inspections revenue projections are based on forecasted economic data.

Economic Outlook

Due to time constraints, the Economic outlook was postponed until the next BAC meeting.

Discussions

Susan Steward was curious why certain expenses controlled by City of Portland Internal Services are not controlled directly by BDS. Elshad explained that some administrative expenses are allocated to BDS by the Office of Management and Finance (OMF), and that OMF's role regarding centralized services provides the City consistent oversight and controls for overhead costs. For example, all bureaus use the same vendor for cell phone services.

Sean Green inquired why there was an increase in the professional services line item. Ray explained the increase between FY 2018-19 actual spending and FY 2019-20 budget was mainly due to Portland Online Permitting System (POPS) expected expenditures. Additionally, POPS was budgeted in External Materials & Services (Ext M&S) whereas much of the actual costs posted to Capital Outlay. Most bureau wide Capital Outlay expenditures are for POPS, which is funded through fees and charges for services, rather than General Fund. Furthermore, Kyle mentioned that BDS budgets conservatively.

Sean requested clarification regarding City Council's role in the overall BDS budget process, and management of program reserves. Elshad explained that City Council focuses on General Fund dollars. Reserves are held for the specific program which BDS administers. BDS is responsible for tracking and maintaining these reserves by program. Building/Mechanical, Electrical, and Plumbing are State mandated construction programs. Land Use Services, Signs, Site Development, Zoning Enforcement, Environmental Soils, and Neighborhood Inspections are local code enforcement programs. State and local statutes prohibit the use of one program's reserve to be used to fund another program.

Sean asked if BDS needs Council approval to fill positions. Elshad explained that no Council approval is needed to fill already created positions. If new permanent positions are requested, Council would need to be notified and approve the request.

Sean also asked how budget work feeds into potential fee increases. Elshad clarified that expenses and revenue modeling inform fee changes. The fee change process is separate from the budget process.

Nancy Thorington inquired as to when the Budget Equity Assessment Tool will be available. Kyle mentioned the Office of Equity & Human Rights has not released the tool. Kyle will be working

with Dora on the tool and will distribute once it is released. The plan is to discuss it at the next BAC meeting.

Sean was curious if more community members that will be joining the committee. The BDS Finance team advised that four members were absent this meeting; however, more community members are expected at the second BAC meeting.

7. Next Meeting

The next BAC meeting is scheduled for Tuesday, December 3, 2019.

Meeting notes prepared by Kathy Lyndon & Ray Galinat, BDS