



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

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**BDS Budget Advisory Committee**  
**Meeting Notes**  
**Wednesday, December 16, 2020**

**BAC Members Present:**

Cari Ebbert, BDS / DCTU  
Cleo Davis, Community Member  
Demetric Sanchez, Republic Services  
Elliot Akwai-Scott, BDS Equity Committee  
Jason Richling, BDS / PROTEC  
Kevin Foster, Community Member  
Linda Woodley, Prisma Point  
Meriam Rahali, BDS / Non-Represented Staff  
Priscilla Partch, BDS Labor Management Committee  
Sean Green, DRAC  
Susan Steward, Building Owners & Managers' Association

**City Staff Present:**

Angela Butel, City Budget Office  
Beth Benton, BDS Property Compliance Inspections Manager  
Brenda Fahey, BDS Technology & Continuous Improvement Manager  
Darryl Godsby, BDS Commercial Inspections Manager  
Dave Tebeau, BDS Residential Inspections Manager  
David Kuhnhausen, BDS Permitting Services Manager  
Doug Morgan, BDS Plan Review Manager  
Elshad Hajiyev, BDS Deputy Director  
Kathy Lyndon, BDS Budget & Finance  
Kimberly Tallant, BDS Land Use Services Manager  
Kyle O'Brien, BDS Budget & Finance Manager  
Leesha Posey, BDS Equity & Policy Development Manager  
Omar Elnaser, BDS Equity Committee  
Ray Galinat, BDS Budget & Finance  
Rebecca Esau, BDS Director  
Tammy Croll, BDS Training & Workforce Development (Meeting Host)

## **Handouts**

- Draft 11-18-20 BAC Meeting Notes
- Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- BDS Reserve Summary
- Business Continuity Plan Summary
- BDS Financial Advisory Committee Draft Meeting Minutes 11-19-20
- Economic Outlook
- Budget Equity Assessment Tool
- BDS Budget Goals Memo

### **1. Welcome/Convene Meeting**

BDS Director Rebecca Esau welcomed Budget Advisory Committee (BAC) members and City staff and thanked BAC members for their participation. BAC members reviewed notes from the November 18, 2020 BAC meeting. There were no requested changes.

### **2. Budget Preparation Update**

#### BDS Budget Drop-in Sessions

BDS Budget & Finance Manager Kyle O'Brien described the BDS Budget Drop-in Sessions during which employees submit budget suggestions. This year, due to the prevalence of telework, the drop-in sessions were held remotely via Microsoft Teams channels. The channels have been open since the beginning of December. Suggestions will be compiled, reviewed for feasibility, and assigned to managers if appropriate.

#### Current BDS Financial Status

BDS has been drawing on reserves at approximately \$2 million monthly since April 2020. In October and November of 2020, BDS operated at cost recovery rates of 98% and 89% respectively. For the fiscal year-to-date BDS is operating at 74% cost recovery. The relatively strong performance in the last two months is primarily due to large project activity and is not expected to sustain through the rest of the fiscal year. It is important to note that some large projects originally expected to come in sooner were delayed due to the pandemic.

BDS Deputy Director Elshad Hajiyev reviewed the Safety Net Ordinance. Elshad explained the Safety Net Ordinance, recently passed by City Council, allows staff to utilize flexible options to reduce expenses such as reduced schedules, voluntary furloughs and unpaid leave. BDS has saved the equivalent of approximately 17 FTE through staff participation in the Safety Net Ordinance options. However, the current economic environment will still require BDS to look at additional ways to reduce expenditures. Tough times require BDS to closely monitor expenses as revenue will not reach levels experienced prior to the pandemic. The attrition rates are being closely monitored.

### BDS Finance Advisory Committee / Economic Outlook

BDS met with the Finance Advisory Committee (FAC) on November 19, 2020 to discuss current economic trends and projections. The committee advised on the outlook for construction activity and BDS revenues. Overall, they indicated lower revenues next fiscal year are likely, before the bureau begins to see an increase in demand for services in the following years.

FAC members suggested that without an increase in rental rates multi-family development will likely decrease. Additionally, the current economic uncertainty makes it more difficult for developers to secure financing, decreasing the likelihood of new projects. Kyle mentioned there might be some movement to the suburbs which could help the metro area; however, this would not generate revenue for BDS.

### BDS Revenue Forecasting Process

Kyle mentioned that econometric models will be presented to FAC for review in January 2021. Programmatic growth rates resulting from these models will be presented to the BAC at the next meeting. Once the base programmatic growth rate projections are completed, manual adjustments will be made for known large project activity. BDS will finalize its five-year financial projections in mid-January, accounting for savings resulting from Safety Net Ordinance participation.

BAC member Meriam Rahali asked if BDS is aware of the timeline for specific large projects. Kyle and Elshad explained that information is collected from BDS Process Management on projects expected for submittal and associated revenues are incorporated into the projections. There was a bond that recently passed for Jefferson High School. Elshad explained that projects such as Lincoln, Madison, and Jefferson are one-time projects and do not generate ongoing revenue.

### **3. BDS Equity Goals / Equity Assessment Tool**

BDS Equity, Communications & Policy Development Manager Leesha Posey provided an overview of the section's goals: 1. Train and build capacity with Division Managers to understand and support racial equity as a core operating principle; 2. Train BDS staff to understand how their work is connected to the racial equity vision of the bureau; 3. Create a diverse & inclusive workforce that reflects the demographics of communities served by BDS; 4. Improve customer service quality so people of color feel welcomed; 5. Improve accountability and the overall contracting environment at BDS for Minority owned, Woman owned, and Emerging Small Business (MWESB) vendors; 6. Network to increase awareness and understanding of the needs of the communities served by BDS and increase access and partnerships with communities of color.

To achieve these goals the bureau created the Empowered Communities Program, the Empowering Neighborhoods Program, the Small Business Empowerment Program, and the Arts Empowerment Program. The bureau is also looking to fill the vacant data analyst position proposed last year by the BDS Bureau Equity Committee, supported by last year's BAC, and included in the current year (FY 2020-21) Adopted Budget. Additionally, the bureau's Hiring & Recruitment Section is moving to the Equity Team.

Leesha explained the bureau will be entering the last year of its Five-Year Equity Plan. While much of the work done up to now has been internal facing there will be a shift to more external facing work in

the final year. Going forward BDS will be creating a new equity plan in collaboration with the Office of Equity and Human Rights as well as Equity managers through the City.

BDS has held many internal trainings to lay the foundation of racial equity best practices. Managers and Community Members are always entrusted to participate. Next year, BDS will look more at the equity impacts from an external customer perspective. The hope is to be more reflective of the communities we serve. Next year there is a new citywide equity plan in progress to provide a consistent, shared and comprehensive plan.

The handout **Budget Equity Assessment Tool** illustrates the equity framework surrounding budget decisions. The current Budget Equity Assessment Tool is built into the City's budgeting software (BFM). All City bureaus use the tool to help managers reflect on the work they perform and how budget requests effect the community. Leesha added that this is not just a tool for the Equity Team, and all managers should be able to respond and answer questions in the tool. Elliot Akwai-Scott noted a subcommittee of the Bureau Equity Committee is using the Budget Equity Assessment Tool to evaluate how the work of divisions and sections are aligning with the City's equity goals.

BAC member Linda Woodley inquired as to how BDS plans to collect demographic data in the pursuit of analyzing service outcomes to various populations. Leesha explained there are several different avenues BDS is currently exploring, some are dependent on customers voluntarily providing this data, others involve BDS outreach in the community. There are also data sets from Bureau of Planning and Sustainability (BPS) and census data that can be utilized. Leesha added that demographic data will be used to achieve a more comprehensive vision of who BDS is, or is not, serving. Leesha stated we are working to begin collecting this data, is cognizant of the challenges it presents, and that many customers may not want to provide this data.

Linda Woodley also asked about BDS's plans for community outreach and if there is a way to ensure Portland Clean Energy Fund (PCEF) monies are used for equity purposes. The fund is anticipated to bring \$44 - \$61 million in new annual revenue for green jobs, healthy homes, and a climate-friendly Portland through the Clean Energy Surcharge imposed on certain large retailers. PCEF is housed within BPS and is guided by a nine-member Grant Committee of diverse Portland residents who make funding recommendations to the Mayor and City Council. The Grant Committee developed a set of guiding principles that complement the legislative code (PCC 7.07), both incorporating equity language.

Additionally, Linda queried if fees collected by BDS on PCEF projects can be allocated specifically to equity programs. BDS Budget & Finance Manager Kyle O'Brien explained that BDS is bound by state and local law and revenues can only be used directly for the specific program that generated the revenue. However, indirectly, all BDS revenues support the bureau's Equity, Communications & Policy Development Section. As such, a percentage of BDS revenues generated from PCEF projects will fund equity programs.

BAC member Jason Richling asked if the BAC will have the opportunity to affect the decision-making process using the equity tool. Leesha stated that the BAC will have the ability to influence the decisions of the BDS Commissioner and BDS Director, providing as an example the creation of the Empowered Communities Program which stemmed from the BDS BEC, BAC, and other committees. Kyle added that one component of the BAC is to create a report submitted with the bureau's Requested Budget in

which recommendations on the bureau budget can be provided. Last year, the committee recommended a data analyst which BDS is working to fill.

#### **4. BDS Budget Focus / Goals Discussion**

BDS Director Rebecca Esau stated the main challenge for BDS in the coming months is to accurately predict the future, specifically the amount of fee revenue that will be coming in. If the bureau does not reduce expenditures enough the result will be mass layoffs as reserves dwindle, as BDS experienced in the last recession. If staff is reduced too much service delivery is impacted and the bureau will have a difficult time re-staffing when the economy turns around, which BDS experienced coming out of the last recession.

Rebecca provided an overview of the goals set forth in the handout **BDS Directors Budget Goals Memo**, noting that despite current challenges BDS must remain focused on these goals. Rebecca then opened the floor up for discussion on each goal.

##### *Commitment to Equity, Inclusion and Anti-Racism*

Rebecca explained the focus of this goal in the coming fiscal year will involve collecting data to create a baseline. Part of the work will involve determining which methods customers feel safe in responding with their demographic data.

BAC member Meriam Rahali recommended this data collection should occur in a way that protects customer's anonymity. Rebecca added that the information provided should not be able to be traced back to a specific permit number. Additionally, Meriam recommended public outreach to explain the purpose of the survey. BAC member Sean Green suggested demographic information should also be collected from customer's who do not go through the permitting process (i.e. customers who are only asking questions from DSC staff). BDS would like to know how to build trust and get information from community members.

Sean Green recommended creating a network with the purpose of connecting customers lacking resources to permitting related service providers who can provide advice on a reduced cost basis (i.e. architects, contractors, etc...). Meriam mentioned the bureau could research a method to secure small grants for customers who cannot afford to pay for permitting. Sean added that perhaps there is an opportunity to expand on the community work.

Regarding data collection and analysis, BAC member Priscilla Partch articulated the need for a structure to be in place detailing who will be collecting and working with data to ensure equity related data is analyzed in a meaningful way. Rebecca added that the bureau must understand the questions to be answered before building out a data collection system in order to ensure that the system provides meaningful insights. BAC member Elliot Akwai-Scott suggested demographic data be collected for all types of customer interactions in order to determine the effects of policy and business process changes on both permit applicants and building end users.

### Fiscal Sustainability

Rebecca stated the main goal in this category is to reduce monthly draw on reserves to no more than \$1 million. As mentioned earlier, BDS is currently working on its revenue forecast models, expenditure projections, and will be updating its Five-Year Financial Plan in January 2021.

### Customer Service, Service Delivery Enhancements and Continuous Improvement

Before opening the floor up for discussion, Rebecca detailed some of the changes BDS is currently going through, such as a shift to providing services online, teleworking, streamlining the building permit process, and undergoing an audit from the City Auditor's Office.

BAC member Cari Ebbert asked for clarification on recent BDS communication indicating customers can schedule in-person meetings. Rebecca explained that these meetings are in a remote format (i.e. Zoom) and that appointments can be scheduled to drop off hard copy plan submittals in the DSC lobby. Cari asked if this will only be in effect during the COVID pandemic. Rebecca replied that these changes are intended to be permanent, noting that they also further other City priorities (i.e. climate action).

Additionally, Cari mentioned that customer requests for help with technical issues has dramatically increased due to multiple changes, both pandemic and Portland Online Permitting System (POPS) related. Much of the time staff fielding these questions are not experts in the new technology. Cari recommended more customer facing technical support, and a dedicated phone number for contractors and the public to resolve their issues. Rebecca confirmed this is a known issue and there are planned trainings for permitting services and reception staff. In addition, there is a customer success team that will be working both internally and externally. Sean Green conveyed a preference for the new online permit submittal process, however noted that technical support was not needed during that specific submittal.

Meriam asked about the potential reimplementing of a Permit Night or something similar. Rebecca conveyed uncertainty regarding the ability to host a Permit Night but indicated there may be ways to provide a similar service in a different way. BAC member Jason Richling asked about the viability of maintaining two systems, one paper-based and the other electronic, going forward. Rebecca explained that BDS needs to standardize to one system; however, the bureau must be able to process permits in both formats for equitable service delivery as some customers may not have the ability or resources to navigate the permit process in the electronic format (i.e. responding to check sheets and comments in an electronic format).

### Bureau Workforce – Culture, Performance, Accountability, Morale

Rebecca mentioned there have been conversations with managers about both quality and quantity of work in addition to analyzing how employees are interacting within the telework environment to determine where training and support is needed.

### Climate Action

Rebecca explained how the current pandemic has manifested in decreased demand for office space. In the spring BDS will complete surveys to gauge employee sentiment on telework and determine how much office space is needed going forward. Rebecca conveyed support for staff teleworking wherever feasible. In addition to less fossil fuel resulting from less trips to the 1900 Building, the bureau will look at reducing fossil fuel use in the BDS fleet of vehicles.

Open Discussion

BAC member Cleo Davis voiced desire for BDS and BPS to solve the apparent disjointedness inherent in the current permitting system in addition to leveraging resources, both public and private, to build an ecosystem focused on creating education and job opportunities. Rebecca explained BDS is working to fill a community engagement position and stated these ideas could be incorporated into that work.

BAC member Kevin Foster inquired as to BDS' resources that might help homeowners falling behind on their mortgages. Rebecca acknowledged this issue but explained that BDS does not have the ability to use fee revenue for that sort of relief. Rebecca also explained that the governor is holding a session to try to address this issue.

**5. Budget Advisory Committee Report**

Kyle O'Brien reminded the committee they will need to submit a report along with BDS's requested budget and provided an email for BAC members submit ideas before the next meeting. BDS will compile ideas into a draft BAC report to be reviewed at the next BAC meeting. BAC member Sean Green expressed interest in including recommendations from last year's BAC in the current report.

**6. Next Meeting**

The next BAC meeting is scheduled for Tuesday, January 13, 2021.

Meeting notes prepared by Kathy Lyndon & Ray Galinat, BDS