



CITY OF
PORTLAND, OREGON
OFFICE OF PUBLIC SAFETY

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October 4, 2010

MEMORANDUM

TO: Bob Tomlinson
Bureau of Financial Planning

FROM: Randy Leonard
Commissioner of Public Safety

SUBJECT: Budget Monitoring Report - Fall 2010-11

Attached is the Fall 2010-11 Budget Monitoring Report for the Bureau of Development Services.

The report includes the following requests:

- 1. Rent Payment to BDS for parking space**
In August 2010, Bureau of Environmental Services (BES) requested one additional parking space in the garage below 1900 Building. BDS's interagency with BES needs to be increased by \$1,392 to account for the rent for the additional parking space.
- 2. On-line Building Permit Fee Estimator**
The On-line Fee Estimator Interagency Agreement is intended to help cover costs incurred by the Bureau of Development Services for the On-line Fee Estimator. This Interagency Agreement is between the Bureau of Development Services and the bureaus of Environmental Services, Parks, Transportation, and Water. Via this interagency agreement, BES, Parks, PBOT, and Water each agree to contribute \$13,750.
- 3. Reduction in Interagency with Risk Management**
A reduction of \$10,000 in the bureau's interagency with Risk Management to recognize the bureau's successful safety efforts and the resulting reductions in accidents and insurance claims in FY 2009-10.

If you have any questions, please contact Denise Kleim in the Bureau of Development Services at 823-7338.

BUDGET AMENDMENT REQUEST

Bureau of Development Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

DS_001 - Rent Payment to BDS for parking space

In August 2010, Bureau of Environmental Services (BES) requested one additional parking space in the garage below 1900 Building. BDS's interagency with BES needs to be increased by \$1,392 to account for the rent for the additional parking space.

Dollar Amount: \$1,392
Type: Technical Adjustment
Resources: Internal Transfer

DS_002 - On-line Building Permit Fee Estimator

The On-line Fee Estimator Interagency Agreement is intended to help cover costs incurred by the Bureau of Development Services for the On-line Fee Estimator. This Interagency Agreement is between the Bureau of Development Services and the bureaus of Environmental Services, Parks, Transportation, and Water. Via this interagency agreement, BES, Parks, PBOT, and Water each agree to contribute \$13,750.

Dollar Amount: \$55,000
Type: Technical Adjustment
Resources: Internal Transfer

DS_003 - Reduction in Interagency with Risk Management

A reduction of \$10,000 in the bureau's interagency with Risk Management to recognize the bureau's successful safety efforts and the resulting reductions in accidents and insurance claims in FY 2009-10.

Dollar Amount: \$0
Type: Technical Adjustment
Resources: Internal Transfer

BUREAU OF DEVELOPMENT SERVICES

Report on FY 2009-10 Budget Notes and Add Packages

FY 2009-10 Budget Note

The FY 2009-10 Adopted Budget temporarily suspends funding from the Bureau of Development Services for the Regulatory Improvement Code Amendment Package program in the Bureau of Planning and Sustainability. Funding for the program will be reexamined as part of the FY 2010-11 budget process.

Update

The Bureau of Planning and Sustainability is suspending its Regulatory Improvement Code Amendment Package program temporarily while their staff focuses on the Portland Plan. For this reason, no additional funding from BDS is requested by BPS. And if it were, BDS is not in a position financially at this time to begin funding this BPS program.

FY 2009-10 Decision Packages

DS_01 – 2.5 General Fund Reduction

Description

All City bureaus were directed to develop reduction packages totaling 2.5% of the General Fund allocations in their operating budgets. For BDS, this equates to a reduction of \$50,308. The bureau is meeting this requirement by removing an Office Support Specialist II position in the Land Use Services Division that was supported by General Fund monies. This position became vacant during FY 2008-09 and was not filled due to the current economic climate and decreases in the number of incoming land use applications.

Expected Results

Removing this position will have minimal impact on the Land Use Services division because the position is currently vacant and the number of land use applications continues to decrease.

Update

The reduction package was implemented.

DS_02 – 5% General Fund Reduction

All City bureaus were directed to develop reduction packages totaling 5% of the General Fund allocations in their operating budgets. For BDS, this equates to a reduction of \$100,616. The bureau is meeting this requirement by removing a Planning Assistant position in the Land Use Services Division that was supported by General Fund monies. This position became vacant during FY 2008-09 and was not filled due to the current economic climate and decreases in the number of incoming land use applications.

Expected Results

Removing this position will have minimal impact on the Land Use Services division because the position is currently vacant and the number of land use applications continues to decrease.

Update

The reduction package was implemented.

DS_03 – Reduce Vacant Positions / Materials and Services

Description

In light of evolving economic conditions, BDS began several months ago to take proactive steps to help maintain cost recovery and safeguard the bureau's financial health, while maintaining a high level of customer service. These efforts included not filling staff positions that became vacant, eliminating all but the most essential overtime, and reducing other expenditures wherever possible. The bulk of this decision package includes a reduction of 35.66 FTE, composed of positions from throughout the bureau that became vacant during FY 2008-09 and have not been filled. The package also includes significant reductions in overtime and Materials and Services expenditures.

Expected Results

The bureau expects the impact of this decision package to be minimal due to current economic conditions resulting in continued decreases in the bureau's workload. The positions being eliminated are already vacant, so no current bureau staff will be affected.

Update

All of the vacant positions were cut (35.66 FTE), reductions in overtime and material and services were implemented.

DS_04 – Reduce Internal Materials and Services

Description

This package reflects further cost savings through reducing printing costs and from staff positions that are being removed from the budget. The bureau is making reductions to interagency agreements (IAs) with Printing and Distribution, the Bureau of Technology Services (BTS), and City Fleet Services as follows:

- Printing and Distribution – A reduction of \$145,000 achieved by reducing the bureau's printing.
- BTS – A \$119,116 reduction achieved through cost savings on telephone and computer services for positions that are being removed from the budget.
- City Fleet – A reduction of \$30,229 in vehicle costs for positions that are being removed from the budget.

Expected Results

Reducing these IAs will result in cost savings for the bureau with little to no impact on service levels. The reduction in the IA with Printing and Distribution is based on steps that have already been taken to reduce the number and cost of print requests. The reductions to the IAs with BTS and City Fleet are savings in phone and computer expenses for positions that are being removed from the budget.

Update

Reductions were made to IAs with the Fleet, Printing and Distribution, and Bureau of Technology Services.

DS_05 – Discontinue Interagency Agreement (IA) with the Bureau of Planning and Sustainable Development (BPSD)

Description

Through an Interagency Agreement, BDS has recently funded one full-time position in the Bureau of Planning's (now the Bureau of Planning and Sustainable Development) Code Development Division. This position supports Planning's efforts in on writing, revising, and updating the City Zoning Code (Title 33). While this work is important to BDS, the bureau can no longer fund the position due to its

financial status.

Expected Results

Discontinuing the IGA will save the bureau \$131,048. It is BDS's hope that BPSD will continue to place a high priority on code development work and will allocate needed resources to ensure that the City Zoning Code is clear, accurate, and enforceable.

Update

The IA has been discontinued. The Bureau of Planning and Sustainability is suspending its Regulatory Improvement Code Amendment Package program temporarily while their staff focuses on the Portland Plan.

DS_06 – FTE Reductions

Description

In spite of cost-cutting efforts, BDS has had to dip into its reserve fund to meet operating costs, and current projections show that without significant further action the reserves will fall to unacceptably low levels in FY 2009-10 and beyond. These projections take into account economic indicators, fee increases, current vacancies, and overall decreased expenditures. After detailed financial analysis, the bureau has determined that position reductions are necessary to meet operating costs and maintain a prudent reserve. This decision package includes 18.5 FTE reductions to take place by July 1, 2009.

The positions being reduced come from various bureau divisions, and include non-represented and management positions as well as represented staff. All of these positions are currently filled. The bureau used the following criteria to determine which positions to reduce from the budget:

- Workload - current and anticipated
- Revenues - current and projected
- Bureau priorities and programs
- Distribution between represented, non-union, and management
- Distribution between entry level and higher level positions
- Union work not transferred to management
- Avoid working out of class

Expected Results

Removing the FTE will save the bureau over \$1.4 million in FY 2009-10. The bureau expects that much of the negative impact from reducing the positions will be mitigated by continuing decreases in workload.

Update

The FTE reduction package was implemented, the bureau cut 18.5 FTE.



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Bureau of Development Services**

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**BDS FY 2009-10 Service Improvement Plan
Fall 2010 BMP Update
October 1, 2010**

BDS continually strives to improve the service that it provides. In FY 2009-10, the bureau identified particular areas of focus including the collocation of permitting services, technology improvements, and the facilitation of sustainable development. These efforts have been tempered by the effects of the recession, including a significant reduction in bureau staff in summer and fall 2009 and spring 2010.

Collocation - Improving Plan Review and Permitting Services

Staff from as many as seven different City bureaus takes part in reviewing development permit applications. This decentralized review system unnecessarily complicates and lengthens the City's plan review process. To address this issue, City Council on April 16, 2009 directed that all programs and personnel necessary for development-related plan review and permit issuance be relocated from the infrastructure bureaus (most of which are located in the Portland Building) to the 1900 Building with BDS.

It was anticipated that the collocation of staff would lead to greater efficiency and enhanced customer service delivery through the standardization of benchmarks, fees, and processes related to plan review and permitting services.

An Interagency Team submitted status reports to City Council in July, September, and December 2009, and staff from the infrastructure bureaus was relocated to the 1900 Building in early December 2009. Several proposals have been adopted by Council to foster an improved permit review process, including SDC Code and Administrative Rule Changes, Fee Code changes, a combined appeals process for the infrastructure bureaus, and Interim Rules that allow for the rollout of the public works permitting process.

On July 28, 2010, BDS presented an update to City Council on the status of process improvements and a report on the status of the original April 16, 2009 Council directives. Council adopted the report and implementation of the Council's directives is ongoing and has been successful thus far.

Technology Improvements

BDS is working to leverage technology tools to enhance both the efficiency of our services and our customers' experience.

Mobile TRACS

This concept uses technology to allow inspectors to work primarily from their cars, with limited time spent in the office. Inspectors would use laptops equipped with wide-area wireless network cards and web browsers for remote access to BDS's permit tracking system (TRACS). The proof of concept phase of the project demonstrated that the technology is workable and effective.

The bureau had hoped to pilot this technology in 2010 and then roll out to all inspection groups over the following year. However, due to staff reductions and the re-prioritization of other IT projects, the project has been put on hold.

Online Access to Information and Services

The bureau has been exploring various initiatives to increase customers' ability to access bureau services and information online. Currently customers can purchase trade permits (that do not require plan review) on the BDS website, as well as look up information on their permit or case. Other initiatives included an automated fee calculator, upgrading the internet permits application, making additional permit types available for purchase online, and upgrading the online appeals application. However, due to the budget and staffing cuts at BDS in 2009, these initiatives have been scaled back or delayed. Incremental improvements to the Internet Permits application are being implemented and the automated fee calculator is expected to be implemented by the end of FY 2010-11.

Late in 2009, the bureau began investigating options for investing in long-range technology improvements. The research and analysis was completed in January 2010, and a recommendation was made to City Council to make a major investment that will significantly enhance BDS's technology tools. The bureau envisions a web-based permitting system that will include the following capabilities:

- Electronic access to all historic building permit and land use records for customers and staff
- Online land use and building permit application and plan submittal
- Electronic plan review
- Online fee payment and permit issuance
- Electronic entry of inspection results and real-time access for field staff and customers

This system will save customers and stakeholders time and money by giving them remote online access to information and services, decreasing the need to visit the Development Services Center (DSC) or BDS offices. The bureau should also experience efficiency gains in land use review, plan review, permitting, and inspection processes as it reduces its reliance on paper plans and records.

City Council discussed this proposal at a work session on February 9, 2010, and BDS's FY 2011-12 Requested Budget included a request for a \$5 million loan to cover the costs of the proposal. Council subsequently directed BDS to convene a Financial Advisory Committee to review BDS's long-term financial projections and affirm the bureau's ability to afford the project and repay the loan. The Financial Advisory Committee has met twice, with an additional meeting scheduled for October. Once the Committee makes its recommendation, the bureau will return to City Council to seek approval to move forward with the proposal.

Facilitating Sustainable Development / Green Building

In FY 2009-10, BDS expanded its role as a sustainability and green building resource for the development community by working on initiatives geared toward encouraging builders to employ more sustainable building methods and technologies in their projects, while looking for opportunities to remove barriers to building "green".

Portland Energy Efficient Home Pilot

The Portland Energy Efficient Home Pilot (PEEHP) is a competitive program that awards grants to generate residential construction that will provide the industry and public with information on the building methods and materials necessary to build cost-effective, energy-efficient homes. PEEHP grant funds offset the costs of constructing homes that perform 15% and 30% more efficiently than the requirements of the 2008 Oregon Energy Code.

To date three PEEHP grants have been awarded to various projects, including energy-efficient electric row houses, natural gas row houses, and electric detached single family homes. All of these homes are entry level or affordable housing. It is anticipated that the remaining PEEHP funds will be awarded by the end of calendar year 2010.

Green Building Local Code Amendment

BDS was pursuing the development of a local building code amendment addressing more sustainable buildings practices. In 2008 the bureau assembled a Technical Advisory Group (TAG) composed of building and sustainability experts to craft code provisions that would augment existing State building code requirements. The TAG completed proposed code language that was to be made available for public review and comment, and they intended to present a final draft amendment to City Council by the fall of 2009. However, due to the significant staffing reductions at BDS in 2009, the TAG's work on the building code amendment was suspended as of July 16, 2009. BDS intends to resume work toward a building code amendment once sufficient staffing is available.

Alternative Technology Advisory Committee

The Alternative Technology Advisory Committee (ATAC) was established in early 2009 to evaluate innovative, sustainable building technologies and construction methods. The committee is composed of building contractors and design professionals who are experts in sustainable development and who can advise the bureau on new technologies in the context of existing building code requirements. The ATAC is the first of its kind in the nation and is looked to as a model for other cities interested in promoting green building practices. As of September 2010 the ATAC had completed reviews of three applications for alternative heating and plumbing technologies, and three additional applications are under review.

Green Building Early Assistance Appointments

The Green Building Early Assistance Appointments proposal would provide green building assistance to BDS customers by establishing optional pre-submittal meetings for permit applicants with representatives from several green building /sustainability organizations. The appointments would focus on helping applicants make their projects more sustainable and energy efficient and would help customers learn about several aspects of green building, including building techniques, site development, financial incentives, and construction waste management. Due to budget and staffing cuts in 2009, this proposal has not been implemented.

Prior Year Fund Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Development Services Fund			
EXPENDITURES			
Unappropriated Fund Balance	\$0	\$0	0%
Personal Services	\$27,439,818	\$18,527,438	68%
External Materials and Services	\$1,885,797	\$1,205,810	64%
Internal Materials and Services	\$7,206,551	\$6,302,622	87%
Bond Expenses	\$842,625	\$627,062	74%
Fund Transfers - Expense	\$2,264,514	\$2,264,514	100%
Contingency	\$7,798,055	\$0	0%
TOTAL EXPENDITURES	\$47,437,360	\$28,927,446	61%
REVENUES			
Budgeted Beginning Fund Balance	\$8,927,808	\$0	0%
Licenses & Permits	\$24,082,310	\$15,739,374	65%
Charges for Services	\$9,618,942	\$6,008,843	62%
Interagency Revenue	\$1,062,287	\$895,627	84%
Fund Transfers - Revenue	\$1,928,117	\$1,928,117	100%
Miscellaneous	\$1,817,896	\$1,967,433	108%
TOTAL REVENUES	\$47,437,360	\$26,539,395	56%

Fund Reconciliation Narrative

The current national economic crisis has affected all sectors of the economy, particularly the development industry. The actual revenue collections in all major revenue categories have been significantly lower than initially budgeted amounts and reflect the impact of the prolonged recession on the bureau's revenues.

The variances in expenditure categories reflect the bureau's response to the worsening economic situation and significantly lower revenue collections. The variance in personnel services reflects the three phases of lay-offs implemented by the bureau in July-September of 2009; resulting in more than 150 bureau employees being laid off. The bureau also ceased or significantly reduced expenditures on external material and services. The variance in internal material and services is due to the vacation of two floors in the 1900 Building and the subsequent reduction in rent payments, as well as a reduction in the consumption of other internal material and services.

Bureau of Development Services

Performance Measures

Program and Performance Measure	Type	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals			
Combination Inspections						
DS_0009 - Number of inspections per day, per inspector	EFFECTIVE	20.00	22.43	0.00	0.00	0.00
DS_0010 - Percent of inspections made within 24 hours of request	EFFECTIVE	80.0%	82.2%	0.0%	0.0%	0.0%
DS_0011 - Number of inspection trips reduced due to multi-certified inspectors	EFFICIENCY	20,000	16,895	0	0	0
DS_0008 - Residential inspections	WORKLOAD	85,000	79,931	0	0	0
Commercial Inspections						
DS_0002 - Number of inspections per day, per inspector	EFFECTIVE	17.00	17.01	0.00	0.00	0.00
DS_0003 - Percent of inspections made within 24 hours of request	EFFECTIVE	96%	98%	0%	0%	0%
DS_0001 - Commercial inspections	WORKLOAD	57,000	51,080	0	0	0
Compliance Services						
DS_0004 - Enforcement cases prepared and presented to code hearings officer	WORKLOAD	9	2	0	0	0
DS_0005 - Zoning code violation statistics (cases, inspections, and letters)	WORKLOAD	5,085	3,041	0	0	0
DS_0006 - Home occupation permits	WORKLOAD	135	142	0	0	0
DS_0007 - Number of properties assessed code enforcement fees	WORKLOAD	205	64	0	0	0
DS_0014 - Noise violation inspections	WORKLOAD	350	249	0	0	0
DS_0015 - Noise variances processed	WORKLOAD	475	491	0	0	0
DS_0037 - Noise code violation cases	WORKLOAD	710	747	0	0	0
Development Services						
DS_0027 - Percent of building permits issued over the counter the same day as intake	EFFICIENCY	62%	60%	0%	0%	0%
DS_0028 - Pre-issuance checks completed within two working days of last review approval	EFFICIENCY	89.0%	71.0%	0.0%	0.0%	0.0%
DS_0020 - Building permits - commercial	WORKLOAD	2,678	2,967	0	0	0
DS_0021 - Building permits - residential	WORKLOAD	3,825	4,443	0	0	0
DS_0022 - Total building permits (commercial and residential)	WORKLOAD	6,503	7,410	0	0	0
DS_0023 - Electrical permits	WORKLOAD	13,500	14,341	0	0	0
DS_0024 - Mechanical permits	WORKLOAD	9,800	9,929	0	0	0
DS_0025 - Plumbing permits	WORKLOAD	8,800	9,634	0	0	0
DS_0026 - Sign permits	WORKLOAD	840	807	0	0	0
Land Use Services						
DS_0012 - Land Use Review Applications	WORKLOAD	526	587	0	0	0
DS_0013 - Zoning plan check applications	WORKLOAD	3,800	3,814	0	0	0

Bureau of Development Services

Performance Measures

Program and Performance Measure	Type	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals			
Neighborhood Inspections						
DS_0018 - Number of housing units brought up to code as a result of Neighborhood Inspection Division efforts	EFFECTIVE	1,450	2,316	0	0	0
DS_0019 - Number of properties cleaned up	EFFECTIVE	6,080	3,602	0	0	0
DS_0043 - Code Enforcement fee waivers granted	EFFECTIVE	78	192	0	0	0
DS_0016 - Nuisance inspections	WORKLOAD	10,625	7,025	0	0	0
DS_0017 - Housing/derelict buildings inspections	WORKLOAD	4,875	4,305	0	0	0
DS_0040 - Housing intakes	WORKLOAD	1,325	1,241	0	0	0
DS_0041 - Nuisance intakes	WORKLOAD	6,155	4,625	0	0	0
DS_0042 - Code Enforcement fee waiver requests	WORKLOAD	95	202	0	0	0
DS_0044 - Number of Housing Units Inspected	WORKLOAD	5,325	2,971	0	0	0
Plan Review						
DS_0034 - Percent of residential plans reviewed by all bureaus within scheduled end dates	EFFECTIVE	93%	88%	0%	0%	0%
DS_0035 - Percent of commercial plans reviewed by all bureaus within scheduled end dates	EFFECTIVE	84%	82%	0%	0%	0%
Site Development						
DS_0032 - Average number of working days to first review	EFFECTIVE	10.00	18.70	0.00	0.00	0.00
DS_0033 - Percent of inspections made within 24 hours of request	EFFECTIVE	99.0%	98.1%	0.0%	0.0%	0.0%
DS_0030 - Site development inspections	WORKLOAD	1,965	1,906	0	0	0
DS_0031 - Site development plan reviews	WORKLOAD	560	737	0	0	0

Performance Measure Variance Descriptions

The variances in the workload performance measures are due to the current crisis in construction activity and difficulty in measuring the effects of the crisis.

In July - Sept of 2009 the bureau laid off more than 150 employees in response to a significant drop in permit revenues. However, the drop in revenue was larger than the decrease in the workload due to the lack of larger projects. The variances in efficiency workload measures are due to the lack of resources to handle the existing workload.