

Analysis By: Sara Lowe

Bureau of Development Services

All Funds Budget Summary	Adopted FY 2012-13	Request Base FY 2013-14	Decision Pkgs FY 2013-14	Request Total FY 2013-14	Percent Change
Resources					
Beginning Fund Balance	\$6,144,097	\$13,177,485	\$0	\$13,177,485	114.5%
Licenses & Permits	19,748,569	22,854,164	0	22,854,164	15.7%
Charges for Services	7,256,665	9,057,248	0	9,057,248	24.8%
Interagency Revenue	1,004,512	887,125	0	887,125	-11.7%
Fund Transfers - Revenue	2,310,211	1,561,034	770,112	2,331,146	0.9%
Bond and Note Proceeds	3,026,079	1,802,343	0	1,802,343	-40.4%
Miscellaneous Sources	1,707,875	2,229,973	0	2,229,973	30.6%
Total Resources	\$41,198,008	\$51,569,372	\$770,112	\$52,339,484	27.0%
Expenditures					
Personnel Services	\$21,225,071	\$22,167,754	\$2,355,576	\$24,523,330	15.5%
External Materials and Services	3,175,645	4,083,917	106,018	4,189,935	31.9%
Internal Materials and Services	6,400,043	6,659,612	419,778	7,079,390	10.6%
Capital Outlay	65,000				-100.0%
Debt Service	887,336	1,009,670	0	1,009,670	13.8%
Fund Transfers - Expense	835,401	947,890	0	947,890	13.5%
Contingency	5,167,135	11,700,529	(2,111,260)	9,589,269	85.6%
Unappropriated Fund Balance	3,442,377	5,000,000	0	5,000,000	45.2%
Total Requirements	\$41,198,008	\$51,569,372	\$770,112	\$52,339,484	27.0%
Total Bureau FTE	198.52	199.92	21.75	221.67	11.7%

Percent Change is the change from FY 2012-13 Adopted Budget to FY 2013-14 Total Requested Budget.

Key Issues

Workforce In Transition

Over the past four years, the Bureau of Development Services has experienced significant fluctuations in workload, staffing, and revenues. In FY 2009-10, the bureau, facing steep declines in permit and fee income, was forced to lay off about half its staff and completely eliminate low-priority programs. Conversely, the bureau has spent the last two years responding to an increased customer demand for services and, as a result, steadily rising revenues. Although the Bureau of Development Services appears to be entering a period of greater fiscal stability, there are several factors that will impact not only the bureau's finances, but also the way it provides services to the citizens of Portland and surrounding areas:

1. The bureau is attempting to modernize its service delivery model by increasing the number of automated services it provides. The Information Technology Advancement Project (ITAP), which is about to enter the development phase, is the primary vehicle for completing this transformation.

2. The base scenario, in the bureau's five year financial plan, projects and supports programmatic workload increases that will require the addition of 29 new positions.
3. 26% of the bureau's workforce is currently eligible to retire and 34% is eligible to retire in the next three years.

Each of these issues presents its own set of unique impacts; however, the impacts are even greater when viewed together and will present certain challenges, and possibly, opportunities for the bureau.

The three issues are discussed below in more detail. The following recommendations attempt to mitigate the financial impacts associated with the changes occurring within the bureau's workforce, by considering the potential efficiencies brought about through the implementation of new technology.

Information Technology Advancement Project

The goal of the Information Technology Advancement Project is to modernize service delivery processes overseen by the bureau. Once complete, the proposed system will allow for: online access to all historic permit and land use records; online access to land use permit applications and plan submittals; electronic plan review; online fee payment and permit issuance; electronic entry of inspection results; and real-time access for field staff and external customers.

Although the scope of the project has remained relatively consistent, the project's budget has fluctuated. The revised baseline budget totals \$11.3 million and includes increased professional services contract costs. It does not include \$1.3 million in pre-work performed by the bureau. BDS has incorporated the revised project costs estimates, including contingency, into the five-year financial plan and defines the project timeline as March 2013 - April 2015 (projected go-live date). The bureau is currently engaged in negotiations with Sierra Systems Inc., the primary implementation vendor for ITAP. These negotiations are projected to wrap up in the spring and Sierra will begin development work shortly thereafter. Only minor financial changes are expected as a result of the contract negotiations.

At the request of the Technology Oversight Committee (TOC), the bureau updated the ITAP Business Case document and included a Cost/Benefit Projection using the revised \$11.3 million project budget. The analysis was completed prior to engaging in negotiations with Sierra Systems. The analysis compares total system investment costs of \$18.5 million (FY 2013-FY2024) against ten year (FY 2015-16 –FY 2023-24) savings totals estimated at \$16.1 million, for a net cost of \$2.4 million. Savings estimates are based on projections that the bureau will require nine fewer positions in future years. Many of the benefits accruing from implementing ITAP, including enhancements to customer service, are not captured in the cost /benefit analysis. The TOC recommended that the bureau continue to refine the cost/benefit analysis to ensure that all possible efficiencies, both from a resource and staffing perspective, are identified.

Increased Workload and the Five Year Financial Plan:

BDS annually publishes a five year financial plan. The plan includes revenue projections that are directly linked to programmatic growth assumption and fees changes. Additional details regarding what is included in the plan are discussed later in this review (see: Five Year Financial Plan).

In short, the FY 2013-14 through FY 2017-18 base-case scenario projects workload growth in all BDS programs. The increases directly result from a steady rise in construction activity in the Portland metropolitan area. Specifically, near-term workload increases are associated with multi-family housing construction, while longer-term workload increases are associated with a rise in overall construction activity; including both commercial and residential. As stated above, all programs within the bureau will be impacted. If these projections hold true the bureau is estimated to need an additional 29 new positions to address the workload. Efficiencies projected from ITAP are incorporated into this staffing estimate; if ITAP were not integrated into the staffing model BDS would require approximately 38 new positions. BDS is requesting approval for 14 FTE in the current budget, leaving 15 positions still to be requested over the remaining four years.

The worst-case scenario includes slower growth assumptions and allows for the addition of 16 new positions.

Retirements

Over one-third, or approximately 70 of the bureau's staff, will be eligible to retire in the next three years. This is of great concern to the bureau and has been flagged as a significant issue in the FY 2013-14 Requested Budget. Many of the positions within the bureau require specialized training and certifications. Approximately 80 employees hold certifications required by the State of Oregon in order to perform their job. Recently, the bureau implemented a multi-certified inspections program that requires staff to retain expertise in a number of different program areas. Because of this, it is difficult to find qualified applicants to fill vacant positions.

The bureau is taking steps to address this issue by ensuring staff are cross-trained, processes are documented, and professional development plans are in place. However, the potential for mass retirement still remains. If a large cohort of staff were to leave it could result in major service disruptions. Moreover, if the bureau's workload continues to rise as projected in the five year financial plan, performance may suffer from a lack of skilled workers available to fill vacant and newly created positions.

Recommendations

In short, BDS is facing a workforce in transition. The bureau's workload is projected to increase, many of the staff are eligible to retire, and for those that remain, the way they perform their jobs will change significantly with the implementation of ITAP. Continuing to provide a high level of service throughout this period of change will be challenging for the bureau. The recommendations below seek to balance the growth in workload against the projected efficiencies brought about by the implementation of new technology. The CBO recommends the following:

1. The bureau should consider expanding its investment in system readiness resources and activities. This will help to ensure that staff and stakeholders are aware of the total scope of new functionality and are prepared to operate the new ITAP application upon implementation. BDS has already begun development on a plan to address system readiness. The Bureau of Development Service's ITAP Team has identified internal and external change management and staff training as a key focus area. Furthermore, the bureau anticipates including live and online training sessions and establishing an ITAP hotline to address the public's questions in a timely manner. The bureau may want to consider expanding the plan to include the acquisition of a specialized Organizational Change Manager (OCM). The OMC would be independently contracted or hired and report to bureau management, not the application contractor. This reporting structure will serve to ensure that the bureau's needs are met with regards to training, stakeholder outreach, and overall system readiness. The focus of the OCM would be to manage the "people" side of the project, including user expectations. The OCM could assist in preparing users for process and functionality changes created by the new system. This would include involvement in developing the training, implementation, and communications plans and conducting periodic readiness assessments or surveys. The OCM could tailor trainings to survey results, seeking to minimize knowledge gaps that are often not apparent until after implementation. User involvement in a project is a key component to project success. Preparing staff and stakeholders cannot start soon enough and will help to ensure that the bureau receives the full value of the new system.
2. The bureau may want to consider additional revisions to the cost benefit analysis as it continues to document potential measurable efficiencies that will result from the project. This includes developing performance metrics after implementation that will measure the systems' effectiveness and workload.
3. The bureau is currently engaged in a resource planning exercise designed to identify available resources that could be brought-on during times of peak workload. As such, the bureau should consider harnessing the experience, institutional knowledge, and flexibility of skilled workers that are retiring by creating a retiree hiring pool. However, the CBO acknowledges that there are limitations to hiring retirees, including a two year work limit. Because of this, the bureau should consider expanding the pool to include contractors and limited term appointments to create an even larger, more diverse pool of work ready hires. These positions could support the bureau through periods of increased workload and the ITAP development and implementation phases. Once the system is implemented the bureau may realize unexpected efficiencies or identify possible deficiencies. If brought on in a limited term capacity, these staff could help to fill the gaps or be let go, workload permitting. These positions could be a flexible resource and might be instrumental in seeing the bureau through the implementation of ITAP. It may even alleviate need the need to hire additional permanent staff.

4. Prior to signing the contract with Sierra Systems the bureau should consider retaining outside counsel to review the final contract. Although the City Procurement Office is well versed in contract negotiation, the development of large deliverable based information technology contracts is a specialized field. It is necessary for the City to secure its financial interest in this investment through the most favorable terms possible. The bureau may want to consider provisions including a deliverable based payment schedule, payment holdbacks that are not released to the vendor until a full six months after implementation, a termination clause that sufficiently protects the bureau prior to signing, and detailed communication expectations between the vendor and bureau (especially if development is being performed offsite).

Five Year Financial Plan

The Bureau of Development Services annually completes a comprehensive five-year financial plan. The primary focus of the plan is to compare bureau revenue streams to projected program costs. Additionally, it includes information on fund reserve levels and anticipated fee changes necessary to support estimated program expenditures.

Revenues Projection:

At present, BDS estimates that revenues will continue to grow over the next few years. Steady economic growth, combined with moderate fee increases, will give BDS the ability to sustain reserves and gradually hire back staff in order to provide improved levels of service. The table below depicts the proposed BDS fee increases over the next five years.

Projected Fee Increases					
Program	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Building/Mechanical	0.0%	3.0%	3.0%	3.0%	3.0%
Electrical	0.0%	0.0%	0.0%	0.0%	0.0%
Plumbing	5.0%	5.0%	5.0%	5.0%	5.0%
Facilities Permits	0.0%	0.0%	0.0%	4.0%	4.0%
Site Development	-5.0%	0.0%	0.0%	0.0%	0.0%
Environmental Soils	10.0%	10.0%	10.0%	10.0%	0.0%
Signs	2.5%	2.5%	0.0%	0.0%	0.0%
Zoning Enforcement	0.0%	4.0%	4.0%	4.0%	0.0%
Noise	5.0%	5.0%	5.0%	5.0%	5.0%
Neighborhood Inspections	5.0%	5.0%	5.0%	5.0%	5.0%
Land Use Services	5.0%	3.0%	2.5%	2.0%	0.0%

Source: BDS Five-Year Financial Plan fiscal years 2013-14 through 2017-18

As noted in the table, no fee increases are proposed for the Building/Mechanical, Electrical, Facilities Permit, and Zoning Enforcement Programs. The Site Development program actually includes a 5% decrease in fees.

BDS was able to avoid wide spread fee increases because many of the bureau’s sub-funds are expected to reach targeted reserve levels in the current year or very near future. Base-case projections calculate total bureau reserves being at or very close to the goal of 30% of operating expenses in FY 2012-13 through FY 2015-16. The projections above also incorporate increased reserve goals for most program sub funds. Reserve goals are based on a percentage of projected program expenditures and the volatility of the program. The minimum goal for the bureau is 15%. Bureau reserves are projected to dip slightly in future years, but never below 28% of operating expenses.

Total BDS Reserves					
Fiscal Years	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Projected Reserve %	41%	36%	33%	28%	30%
Reserves \$ Amount	14,441,960	\$13,599,639	\$13,689,208	\$12,479,047	\$13,691,390

Source: BDS Five-Year Financial Plan fiscal years 2013-14 through 2017-18

Expenditure Projections

Keeping in line with best practice, the forecast includes both base-case and worst-case scenarios. In the base-case scenario, bureau revenues continue to rise as does the workload in all programs. In this instance the bureau will be able to comfortably sustain an additional 29 positions that will be needed to address the projected growth in workload. In the worst case scenario, the bureau is limited to sustaining only 16 additional positions. Both forecasts incorporate costs associated with ITAP including debt service obligations that stem from a \$6.6 million line of credit.

Recommendation:

The CBO recommends that the bureau continue to closely monitor reserve levels and incorporate changes in cost that result from ITAP or fluctuations in workload.

BDS Programs Supported with One-Time General Fund

Although the Bureau of Development Services is primarily funded through permit fees and other service charges, 7% of the bureau’s budget is supported by General Fund discretionary. In FY 2012-13 the bureau received approximately \$2,310,211 of General Fund support, of which was \$653,274 was considered one-time funding.

The majority of the one-time funding (78%) supports 6.0 FTE that are dedicated to livability and life safety programs, specifically the Neighborhood Inspections, Enhanced Rental Inspections, and Extremely Distressed Property Enforcement programs. These programs are directly linked to goals outlined in the Portland Plan:

- Guiding Policy P-30: Maintain the health, safety, and viability of existing housing stock.
- Guiding Policy P-31: Produce and preserve housing to meet the needs that remain unmet by the private market.

The workload in these programs is ongoing and requests for one-time funding will continue, including in FY 2013-14, until a more sustainable funding solution is finalized. The bureau's Budget Advisory Committee also strongly encouraged the need to convert one-time funding to on-going.

Recommendation:

Due to the General Fund shortfall, the CBO recommends converting only a portion of the one-time revenue to on-going. Specific FY 2013-14 package recommendations are included later in the review. However, the CBO does recommend that the bureau, in coordination with its stakeholders and Council, consider the following options for generating on-going program revenues:

- **Instituting a per unit rental fee:** This is not a new idea. It was considered in years past and is currently being considered by the Quality Rental Housing Right Size Work Group in a slightly different capacity. Neighboring jurisdictions have also implemented similar types of programs. The City of Gresham implemented an annual per unit fee, or rental license fee, that varies based on the number of units. As of March 1, 2012, the stated fees for the City of Gresham are: \$55 per unit per year for the first two units; \$45 for three to twelve units; \$35 for 13-100 units; \$30 for 101-200; and, \$20 per year for 201 or more rental units on single piece of property. The City of Gresham uses these funds to complete mandatory inspections once every three years. The City of Portland contains approximately 120,000 rental units. Implementing a flat fee of \$5 per unit annually could gross approximately \$600,000. After collection expenses were removed the bureau could use the remaining funds to support positions on the Neighborhood Inspections Team.
- **Increase lien collections by selling a portion of the old debt:** At present, there is \$14.9 million in uncollected lien revenue. \$2.3 million is debt owed the Auditor's Office and \$12.6 million is debt owed to BDS. These lien revenues are managed by the Auditor's Office; however BDS employs a staff person dedicated to lien collections. The bureau is bringing in a steady stream of lien revenue. FY 2012-13 lien collections are projected to reach approximately \$2.3million. Lien proceeds are directed back to the program where the original penalty was assessed. Approximately 75% of the time, they are generated and directed to the Neighborhood Inspections Team. In FY 2012-13 lien revenues will comprise approximately 50% of the Neighborhood Inspections Team's total budget (the remaining 50% is made up of one-time and ongoing General Fund and miscellaneous fee revenues). However, many of the liens are very old and it is unlikely that the City is going to collect on this revenue in the near future. The oldest lien dates back to January 28, 1986. The most drastic enforcement measure would be to foreclose on the property; however, that has not occurred in several decades. BDS staff have the authority to negotiate the lien amounts in

order to receive payment. The bureau does not believe that adding additional staff to assist with this effort would increase collections. Selling liens of a certain age may be an option and could generate additional one-time revenues to support the program. The bureau, in coordination with the Auditor’s Office, should explore this opportunity.

Decision Package Analysis & Recommendations

Improve Overall BDS Service Level, DS_01, \$1,878,282, 14.00 FTE

BDS is requesting to add a net of 14.0 FTE, funded by permit and fee revenues, to address changes in workload and increasing customer demand in critical program areas. The bureau has designated this package as its highest priority request for ongoing funding. The requested positions will increase staffing levels in several programs, especially those that provide direct service to customers. If the positions are added, the bureau expects to maintain current service levels in the Building/Mechanical Program, and make small but measureable performance improvements in the Land Use Services, Inspections, Development Services, and Plan Review Programs. The table below compares position specifics to expected outcomes.

Position Type	Expected Performance Measures Outcomes
<ul style="list-style-type: none"> • 2.0 Commercial Plans Examiner s • 1.0 Structural Engineer • 1.0 Geo Technical Engineering • 1.0 Development Services Technician III • 1.0 Supervising Planner • 1.0 City Planner II • 1.0 Development Services Coordinator • 1.0 Combination Inspector • 1.0 Inspections Supervisor • 1.0 Building Inspector II • 1.0 Development Services Technician II • 1.0 Code Specialist II • 1.0 Senior Administrative Specialist <p>TOTAL: 14.0 FTEs</p>	<ul style="list-style-type: none"> • Geotechnical Plan Review-Working Days to First Review: 9.5 days • Commercial Building Code Plan Review: New Construction: 22 Days Additions/ Alterations: 15 days • Pre-Issuance: 90% processed within 3 business days • Land Use Review Completeness check: Type I, IIX, III: 21 days, Type II: 14 days • FPP Projects Days to First Check-sheet: 4 calendar days • Development Services Center: eliminates customer turn away • Residential Inspections: 98% within 24 hrs • Commercial Inspections: 98% within 24 hrs • Zoning & Noise Inspections: Respond to Priority 1&2 cases within 5 business days. Ability to investigate Priority 3 cases. • FIR: eliminate waiting list • Training Recruitment and Selection: Increased programmatic and administrative support for training, recruitment, selection programs

Approval of these positions will contribute to the restoration of staffing levels previously reduced by a sharp decline in Development Service fund revenues. In FY 2009-10, the bureau’s financial situation forced reductions including the elimination of low-priority programs and the laying-off of 168 out of 315 employees. Since that time, the bureau's recovery has largely tracked with the national economic

recovery; slow, but steady. Staffing levels are increasing on an “as needed” basis. The bureau added 16.5 positions in FY 2011-12 and 28.6 in FY 2012-13 (as of the Winter BMP) for a total FY 2013-14 base of 207.25 FTE. Expanding the number of positions was necessary in addressing year-over-year workload increases.

All of the positions requested in this package are included in the bureau’s five year financial forecast. Even under the worst case scenario, which allows the bureau to hire a total of 16 positions over the next five years, the bureau is able to sustain these positions through the life of the forecast.

The CBO recommends funding these positions and allowing the bureau bring them on as the workload materializes.

CBO Recommendation: \$1,878,282, 14.00 FTE

Improve Neighborhood Inspections Program, DS_02, DS_03, DS_05, \$539,208, 6.00 FTE

The Bureau of Development Services is requesting an extension of one-time General Fund Discretionary to support six Housing Inspector positions in the Neighborhood Inspections Team. Since the bureau is requesting one-time funding, the packages were separately ranked from the ongoing requests. The details of each of the three packages are listed in priority order in the table below.

Packages Listed in Priority Order	FTEs Requested	Funding Requested	General Fund Originally Approved
Improved Neighborhood Inspections	3.00	\$262,116	FY2009-10, FY 2011-12
Enhanced Rental Inspection	2.00	\$174,744	FY 2011-12
Extremely Distressed Properties Enforcement	1.00	\$102,348	Fall 2011
Total	6.00	\$539,208	

There are currently a total of 14.0 positions in this enforcement program, of which six are funded with one-time revenues. The remaining eight positions are supported by penalty, fee, and lien collections. Benefits of funding these FTEs include:

- Neighborhood Inspections FTE will perform 1,925 initial site inspections, 1,980 dwelling unit inspections, and up to 2,390 property maintenance violations.
- Enhanced Rental Inspections staff will perform 1,010 initial site inspections, 1,555 rental units will be re-inspected, and up to will be 3,630 violations issued.
- Extremely Distressed Properties Enforcement position will continue to pursue 30 open cases. Examples of resolution remedies under consideration include the demolition of vacant and

derelict homes, the removal of illegally occupied recreational vehicles, and the vacation of homes that generate high numbers of police calls.

Moreover, all of these positions are linked directly to goals cited in the Portland Plan by improving the health, safety, and welfare of Portland residents.

In the FY 2012-13 Adopted Budget, two of the six positions listed above are supported by \$191,000 in newly generated revenue. This revenue was realized through the elimination of a tax exemption previously received by property owners who had nine or fewer rental units. Elimination of this exemption is permanent and the increased revenue is expected to be on-going. The CBO recommends this revenue be combined with an additional \$158,488 in ongoing General Fund for a total of \$349,488 to support 4.0 FTE (2.0 Neighborhood Inspections and 2.0 Enhanced Rental Inspectors). This recommendation will allow the bureau to incorporate these positions into the base. CBO further recommends consideration of other sustainable options for funding these positions, including the implementation of a per unit rental fee. The sale of aging uncollected lien debt could be used as a one-time mechanism to bolster the programs revenues. It should be noted that the CBO considers the ongoing funding of these programs to be of a higher priority than the bureau's requested current service level add backs which are discussed below.

CBO Recommendation: \$349,488, 4.00 FTE

Citywide Tree Project, DS_07, \$57,456, 0.50 FTE

BDS is requesting one-time General Fund Discretionary to continue funding 0.50 of a Program Coordinator position dedicated to the Citywide Tree Project. This position is currently funded at 1.0 FTE through August of 2013 and is focused on activities necessary to implement Phase II of the revised City tree code. However, it has been determined that implementation Phase II of the tree code on July 1, 2013 is not feasible due to lack of funding. If this package is approved, the focus of the requested position will shift away from implementation activities and will start development on a scaled down code package for consideration by Council.

In April 2011, City Council adopted comprehensive revisions to the City's tree policies, effectively consolidating it into two pieces of code (new Title 11 and changes to Title 33). This was a multi-bureau effort that included input from BDS, Portland Parks and Recreation, the Bureau of Environmental Services, and the Bureau of Planning and Sustainability. Phase I of the new tree regulations went into effect July 1, 2011. The original plan was to fund the maintenance, enforcement, and customer service improvement elements of the code through a mix of fees and General Fund revenues. BDS and Portland Parks and Recreation were tasked with managing Phase II of the code implementation and received one-time General Fund Discretionary in both FY 2011-12 and FY 2012-13 to support this effort. The funding is dedicated to a limited-term staffer whose responsibilities included website development, a code amendment package, and the creation of educational materials.

Resources are not available in the current year to support additional positions or vehicles. Moreover, the projected General Fund shortfall will not allow for the number of positions required to administer and enforce the new regulations in future years. Not including Parks, BDS estimates it will need the following positions to comply with the revised code requirements:

- 1 City Planner I (LUS)
- 1 Program Specialist (0.5 FTE is requested in FY 2013-14)
- 1 Senior City Planner (Enforcement Program)
- 2 Inspectors
- 1 Development Services Tech II

There are several customer service improvements included in the consolidated tree code that will not be realized if the code is delayed, specifically the tree hotline. Moreover, the City won't regulate trees in the additional ways and situations where the new regulations would have applied. The new regulations have a tree preservation standard and a tree density standard. However, the existing tree policies will apply and the current zoning code has tools to try to achieve the same goal of increased tree preservation and tree canopy.

Due to limited availability of General Fund resources, CBO does not recommend funding this request. The CBO recommends that BDS and the Portland Parks and Recreation move forward with a request to delay implementation until a more sustainable financial plan is developed. Any process for developing the plan should include input from Portland Parks and Recreation, the Bureau of Environmental Services, and BDS.

CBO Recommendation: \$0

General Fund Add Back Land Use Services, DS_05, \$115,854, 1.00 FTE

In order for the bureau to meet the 90% base requirement, one Senior Environmental Planner position was eliminated from the Land Use Services budget. This is the only senior level planner with an environmental specialty. The bureau is requesting that this position be restored.

Of the three BDS programs that receive General Fund support, Land Use Services is the largest, receiving approximately 55% of the total ongoing General Fund Discretionary cash transfer. In the current year, the Land Use Services division has absorbed a disproportionate share of the bureau's General Fund reductions. Including one-time mid-year reductions, the programs' General Fund support has been reduced by (\$388,940) in FY 2012-13, this is accompanied by reduced staffing levels. However, it should be noted that a portion of these cuts has been offset by increased land use services fees revenues.

If this position is not added-back the bureau's capacity to effectively administer the City's Environmental Overlay and Greenway Overlay zones will be diminished and the bureau may no longer be able to participate on the City's Streamlining Team. It will also impair the bureau's ability to meet the Portland

Plan goal of improving human and environmental health by creating safe and complete neighborhood centers linked by a network of City greenways that connect Portlanders.

Although this cut will result in the significant loss of institutional knowledge as it relates to environmental planning, CBO does not recommend funding for this request at this time.

CBO Recommendation: \$0

General Fund Add Back Noise Program, DS_06, \$21,576, 0.25 FTE

In keeping with the budget guidance, BDS made reductions in the Noise Program in order to reach the modified 90% base budget. The bureau is requesting to restore this reduction and has ranked this on-going add-back package second to last.

The Noise Program is small, operating with only 1.5 FTEs. If this reduction is not restored the .5 Code Specialist II – Noise Inspector position would be reduced to quarter time. As it stands today, the bureau is unable to investigate 26% of complaints. The number of unanswered complaints will increase if the position is not reinstated to halftime. Fewer complaints addressed will lead to fewer violations cited and lower program revenues overall. In FY 2012-13 fee and fine revenues total approximately 32% of the programs budget, if the General Fund is not restored this will increase to 40% in FY 2013-14. This shift in funding places even greater pressure on the program to generate additional revenues.

CBO recognizes the importance of this program; however, based on the lack of discretionary resources, CBO does not recommend funding for this request at this time.

CBO Recommendation: \$0

10% General Fund Add Back NIT, DS_08, \$36,018

Funding in the Neighborhood Inspection program was reduced in the 90% base. The 10% reduction included funding to support enforcement of Title 29 - Property Maintenance regulations which include minimum maintenance for outdoor areas. Specifically, it supports the abatement of nuisances that are not corrected by the responsible party. The bureau is requesting to restore the entirety of this funding.

Restoring the funding to the FY 2012-13 base level would increase the total nuisance abatement budget to \$136,018. The bureau will be able to respond to 33% more nuisance abatement cases than at the 90% current service level. Types of services that will be provided in these cases include:

- removal of trash and vehicles
- boarding or securing open or broken windows to prevent access by unauthorized persons
- removal or filling holes and wells, and
- removal of vegetation and obstructions over sidewalks.

The CBO recognizes the significance of this program and the impact it was on the community. However, based on the lack of discretionary resources, CBO does not recommend funding for this request at this time.

CBO Recommendation: \$0

OMF IA Add-Backs, \$0

As per budget direction, the Office of Management and Finance (OMF) internal service funds were asked to submit 90% of their current service level (CSL) budgets as their base and add packages to restore funding up to 100% of CSL. Bureaus were directed to match the OMF add-back packages with a single decision package. The table below outlines the total requested add-backs by service provider.

OMF Service	Bureau Proposed Amount	CBO Recommendation
CityFleet	10,794	0
EBS	28,789	0
Facilities	73,866	0
Risk Management	9,704	5,866
Technology Service	109,825	0
Total Impact	\$232,978	\$5,866

In response to add-backs recommended in the OMF budget analysis, the CBO recommends a draw on contingency of \$5,866 to fund these packages. A full discussion of all of the OMF packages may be found in the OMF budget analysis.

CBO Recommendation: \$0

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Bureau of Development Services											
<i>Unfunded Ongoing</i>											
DS_02 - Improve Neighborhood Inspections Program	01	3.00	0	262,116	0	262,116	2.00	174,744	0	0	174,744
DS_03 - Enhanced Rental Inspection Program	02	2.00	0	174,744	0	174,744	2.00	174,744	0	0	174,744
DS_04 - Extremely Distressed Properties Enforcement	03	1.00	0	102,348	0	102,348	0.00	0	0	0	0
DS_07 - Citywide Tree Project	04	0.50	0	57,456	0	57,456	0.00	0	0	0	0
<i>Total Unfunded Ongoing</i>		<i>6.50</i>	<i>0</i>	<i>596,664</i>	<i>0</i>	<i>596,664</i>	<i>4.00</i>	<i>349,488</i>	<i>0</i>	<i>0</i>	<i>349,488</i>
<i>Bureau Adds</i>											
DS_01 - Improve Overall BDS Service Level	01	14.00	0	0	0	0	14.00	0	0	0	0
DS_05 - 10% General Fund Add Back Land Use	02	1.00	115,854	0	0	115,854	0.00	0	0	0	0
DS_06 - 10% General Fund Add Back Noise Program	03	0.25	21,576	0	0	21,576	0.00	0	0	0	0
DS_08 - 10% General Fund Add Back NIT	04	0.00	36,018	0	0	36,018	0.00	0	0	0	0
DS_09 - OMF IA Add-Backs	NA	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Bureau Adds</i>		<i>15.25</i>	<i>173,448</i>	<i>0</i>	<i>0</i>	<i>173,448</i>	<i>14.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Bureau of Development Services		21.75	173,448	596,664	0	770,112	18.00	349,488	0	0	349,488