



City of Portland, Oregon
Bureau of Development Services
Office of the Director
FROM CONCEPT TO CONSTRUCTION

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March 27, 2017

TO: Doug Le, Senior Financial Analyst, City Budget Office

FROM: Paul L. Scarlett, Director
Bureau of Development Services

*Deborah Stewart Morris
for Paul L. Scarlett*

SUBJECT: Budget Monitoring Report – Spring FY 2016-17

Attached is the FY 2016-17 Fall Budget Monitoring Report for the Bureau of Development Services (BDS). The report includes the following requests:

DS_6 – Additional Positions FY 2016-17 Spring Budget Monitoring Process

BDS is requesting 24.0 staff positions through the FY 2016-17 Spring Budget Monitoring Process (BMP). All of the positions will be supported with permit revenues, and projections indicate sufficient revenues will be available to support the positions for the next five years.

The positions will help BDS meet service level goals. The economy and construction activity in Portland has experienced significant growth in recent years. While BDS has been adding staff to address the rapid workload growth, it is evident that additional staff positions are needed in some bureau programs to ensure desired service levels are maintained. These positions will benefit customers and the larger community by improving services and access to information.

This request also makes an adjustment of \$180,000 to the interagency agreement with City Fleet in order to add an appropriation for six new vehicles. New cars are necessary to accommodate new field staff positions. Approval of this request meets the requirements of resolution 35960 requiring City Council approval of leases, upgrades to replacements, and new vehicle additions.

The 24.0 FTE in this request include:

Public Information and Enforcement (3.0 FTE)

- 1.0 Office Support Specialist III

This position will manage and coordinate the Bureau's public records requests received via GovQA, assist with the bureau's overall records management and retention processes, and maintain systems used to store records prior to being archived. The position will also assist in the development, maintenance, and tracking of the bureau's Standard Operating Procedure program, provide support and back-up to OSSIIIs, and act as back-up to the section supervisor.

- 1.0 Senior Building Inspector

This position will act as the lead to the three Building Inspector II positions in the Enforcement Program, as well as Housing Inspectors when they perform permit inspections. The position will also provide quality control for enforcement permit inspections, assist with difficult building code compliance issues, process code hearings, and serve as a liaison to the Inspection Services Division to ensure that enforcement program permit inspectors are current on policies, protocols, and procedures.

- 1.0 Code Specialist III

This position will assist with the backlog of nuisance abatement cases, process dangerous tree abatements and sewer break cases, and address an increase in nuisance cases and cases being referred for abatement. Adding another Code Specialist III will address customer service challenges presented by the high volume of work.

Business Operations and Finance Services (3.0 FTE)

- 1.0 Business Operations Supervisor

This position will allow the bureau to address ongoing workload issues, create operational alignment of staffing throughout the division, and address ongoing span of control concerns.

- 1.0 Development Services Supervisor I

This position will provide direct oversight to the bureau-wide digitization team and address ongoing span of control issues.

- 1.0 Senior Management Analyst

This position will address ongoing workload issues in the Recruitment and Hiring Section.

Inspection Services (6.0 FTE)

Residential Inspections:

- 1.0 Building Inspector II

This position will help maintain existing service levels and improve the bureau's ability to provide successful and timely inspections of permitted and unpermitted work.

- 1.0 Senior Building Inspector

This position will focus on completing complex projects involving expired or cancelled permits, and legalizing previously unpermitted work.

- 1.0 Development Services Technician II

This position will support the Senior Building Inspector position in completing complex projects involving expired or cancelled permits, and legalizing previously unpermitted work.

Commercial Inspections:

- 1.0 Inspection Supervisor

This position will serve as co-manager in the Commercial Inspections Section, addressing span of control issues presented by the growth in section size.

- 1.0 Building Inspector II

This position will help maintain existing service levels and improve the bureau's ability to provide successful and timely inspections of permitted and unpermitted work.

- 1.0 Administrative Supervisor I

This position will provide administrative oversight to forthcoming Commercial and Residential Inspections customer support teams, as well as provide administrative support to the Inspection Services Division. The position will also allow Inspection Supervisors to focus their efforts on customer services in the field, inspector training, and the onboarding of new inspectors.

Plan Review and Permitting Services (9.0 FTE)

- 1.0 Development Services Technician I

This position will help uphold the quality and consistency of work done by the review staff by assisting in plan distribution, collection, and the filing of required documents.

- 3.0 Development Services Technician II

One these positions will support the Process Management Team, which works to move large and complex development projects through the permitting system. The remaining 2.0 FTE are necessary to help Permitting Services meet service level goals. They will provide additional staff to reduce wait times at Second Screen in the Development Services Center (DSC), assist with Sign and Trade Permits and records requests, and help with 2nd floor counter correction intake and screenings.

- 2.0 Development Services Technician III

These positions will help the existing Development Services Technician III employees meet the high workload demands, train new staff, lead existing staff as they interact with customers, resolve permit process issues, and develop SOPs for activities. These positions will also help provide additional plan screening help complete preissuance steps for DSC permits.

- 3.0 Commercial Plans Examiner

These positions will help meet service level challenges created by the restoration of Residential Permit Night in April 2017. Permit Night staffing is expected to result in compensatory time for existing Plans Examiners roughly equal to 1.0 FTE. Additional focus on applicants who are not prepared or are in need of additional Life Safety Plan Review resources accounts for another 1.0 FTE. Maintaining staff levels in the DSC while simultaneously increasing plan review desk time accounts for another 1.0 FTE. Together, the addition of these positions adds the resources to help the bureau maintain service levels and bring review times closer to established goals.

Land Use Services (3.0 FTE)

- 1.0 City Planner I – Urban Design

This position is necessary for the anticipated increase in workload resulting from the creation of new historic districts (Eastmoreland and Laurelhurst), to ensure staff capacity exists to spend time with customers who may be new/unfamiliar with the regulations and processes, and to prevent a decline in the timeliness of services for Design Review and Historic Resource Review.

- 1.0 City Planner II – Urban Design

This position is necessary due to the high Design Review workload, to increase service levels and timeliness for housing projects, to increase team capacity to deal with the Bureau of Planning and Sustainability project to re-write design regulations, and to increase the timely delivery of services for projects going through the Design Review process.

- 1.0 City Planner II – Land Use

This position will increase the timeliness of Early Assistance Appointments in anticipation of the new zoning regulations going into effect in Jan. 2018, and help process Measure 49 claims received after the changes take place. The position will also increase capacity for outreach and trainings for the public and help update content on the website and forms related to the new zoning regulations.

DS_7 – Adjustment to IA with City Fleet

This is an adjustment of \$550,000 to the interagency agreement with Fleet reflecting the costs of leasing vehicles, as the bureau has added driving personnel at a faster rate than the purchase of new vehicles.

DS_8 – Adjustment to IA with Printing & Distribution

This is an adjustment of \$90,000 to the interagency agreement with Printing and Distribution to add an appropriation for expenditures associated with copying and printing services and to prevent over-expenditure.

DS_9 – Adjustment to IA with Facilities

This is an adjustment of \$1,020,865 to the interagency agreement with Facilities reflecting projects related to additional space requirements in the CH2M building, redesign and upgrade of Rooms 2500 A&B from a general conference room to a flexible conference room with a dedicated hearings room component, adding electric vehicle chargers in the parking garage, internal staff moves, and to prevent over-expenditure.

DS_10 – Adjustment to IA with Bureau of Technology Services

This is an adjustment of \$635,000 to the interagency agreement with the Bureau of Technology Services to add an appropriation for expenditures associated with increased personnel, new employee setup, internal staff moves, and to prevent over-expenditure.

DS_11 – IA for Biological Opinion Program Manager

This is an appropriation of \$15,000 for BDS' share of funding the cost of the Biological Opinion Program Manager position in FY2016-17. The position is established in response to direction from the federal government to reduce the impacts of development in the 100-year floodplain on threatened and endangered species.

DS_12 – Adjustment to External Materials and Services

This is an adjustment of \$2,300,000 to External Materials and Services due to additional space requirements in the CH2M building, technology expenditures related to maintaining existing systems and moving forward with the Portland Online Permitting System, an increase in personnel increasing the bureau's need for materials and services, consultant speaker costs, and increased education and training efforts.

**DS_13 – IA with Portland Housing Bureau for Ellington Apartments Purchase
Loan**

This is an adjustment to account for the interfund loan from BDS to the Portland Housing Bureau to finance the purchase of the Ellington Apartments, located at 1610 NE 66th Avenue. The adjustment records the \$47,220,699 loan, partial repayment of \$37,000,000 in FY 2016-17, and estimated interest received of \$192,967 in FY 2016-17.

If you have any questions about this BDS Budget Monitoring Report, please contact Elshad Hajiyeu, BDS Finance Manager, at 503-823-7323 or elshad.hajiyev@portlandoregon.gov.

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_006 - Additional Positions FY 2016-17 Spring BMP

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Personnel Services	352,078	0	352,078
Internal Materials and Services	180,000	0	180,000
TOTAL EXPENDITURES	532,078	0	532,078
REVENUES			
Licenses & Permits	532,078	0	532,078
TOTAL REVENUES	532,078	0	532,078
FTE			
Full-Time Positions	4.00	0.00	4.00
TOTAL FTE	4.00	0.00	4.00

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_006 - Additional Positions FY 2016-17 Spring BMP

Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
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Bureau Description:

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The 24.0 FTE in this request include:

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•1.0 Office Support Specialist III

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•1.0 Senior Building Inspector

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Inspection Services (6.0 FTE)

Residential Inspections:

•1.0 Building Inspector II

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**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_006 - Additional Positions FY 2016-17 Spring BMP

Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
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Bureau Description:

•1.0 Administrative Supervisor I

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•1.0 City Planner II – Urban Design

This position is necessary due to the high Design Review workload, to increase service levels and timeliness for housing projects, to increase team capacity to deal with the Bureau of Planning and Sustainability project to re-write design regulations, and to increase the timely delivery of services for projects going through the Design Review process.

•1.0 City Planner II – Land Use

This position will increase the timeliness of Early Assistance Appointments in anticipation of the new zoning regulations going into effect in Jan. 2018, and help process Measure 49 claims received after the changes take place. The position will also increase capacity for outreach and trainings for the public and help update content on the website and forms related to the new zoning regulations.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_007 - Adjustment to IA with Fleet

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Internal Materials and Services	550,000	0	550,000
TOTAL EXPENDITURES	550,000	0	550,000
REVENUES			
Licenses & Permits	550,000	0	550,000
Charges for Services	0	0	0
Miscellaneous	0	0	0
TOTAL REVENUES	550,000	0	550,000

Bureau Description:

This is an adjustment of \$550,000 to the interagency agreement with Fleet reflecting the costs of leasing vehicles, as the bureau has added driving personnel at a faster rate than the purchase of new vehicles.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_008 - Adjustment to IA with P&D

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Internal Materials and Services	90,000	0	90,000
TOTAL EXPENDITURES	90,000	0	90,000
REVENUES			
Licenses & Permits	90,000	0	90,000
TOTAL REVENUES	90,000	0	90,000

Bureau Description:

This is an adjustment of \$90,000 to the interagency agreement with Printing and Distribution to add an appropriation for expenditures associated with copying and printing services and to prevent over-expenditure.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_009 - Adjustment to IA with Facilities

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Internal Materials and Services	1,020,865	0	1,020,865
TOTAL EXPENDITURES	1,020,865	0	1,020,865
REVENUES			
Licenses & Permits	400,000	0	400,000
Charges for Services	220,865	0	220,865
Miscellaneous	400,000	0	400,000
TOTAL REVENUES	1,020,865	0	1,020,865

Bureau Description:

This is an adjustment of \$1,020,865 to the interagency agreement with Facilities reflecting projects related to additional space requirements in the CH2M building; redesign and upgrade of Rooms 2500 A&B from a general conference room to a flexible conference room with a dedicated hearings room component; adding electric vehicle chargers in the parking garage; internal staff moves; and to prevent over-expenditure.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_010 - Adjustment to IA with BTS

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Internal Materials and Services	635,000	0	635,000
TOTAL EXPENDITURES	635,000	0	635,000
REVENUES			
Licenses & Permits	635,000	0	635,000
TOTAL REVENUES	635,000	0	635,000

Bureau Description:

This is an adjustment of \$635,000 to the interagency agreement with the Bureau of Technology Services to add an appropriation for expenditures associated with increased personnel, new employee setup, internal staff moves, and to prevent over-expenditure.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_011 - IA for BiOp Program Manager

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Internal Materials and Services	15,000	0	15,000
Bond Expenses	0	0	0
Contingency	0	0	0
TOTAL EXPENDITURES	15,000	0	15,000
REVENUES			
Licenses & Permits	15,000	0	15,000
Bond and Note	0	0	0
Miscellaneous	0	0	0
TOTAL REVENUES	15,000	0	15,000

Bureau Description:

This is an appropriation of \$15,000 for BDS' share of funding the cost of the Biological Opinion Program Manager position in FY2016-17. The position is established in response to direction from the federal government to reduce the impacts of development in the 100-year floodplain on threatened and endangered species.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_012 - Adjustment to External Materials and Services

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	2,300,000	0	2,300,000
TOTAL EXPENDITURES	2,300,000	0	2,300,000
REVENUES			
Licenses & Permits	1,000,000	0	1,000,000
Charges for Services	750,000	0	750,000
Miscellaneous	550,000	0	550,000
TOTAL REVENUES	2,300,000	0	2,300,000

Bureau Description:

This is an adjustment of \$2,300,000 to External Materials and Services due to additional space requirements in the CH2M building; technology expenditures related to maintaining existing systems and moving forward with the Portland Online Permitting System; an increase in personnel increasing the bureau's need for materials and services; consultant speaker costs; and increased education and training efforts.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Development Services

Type: New Request

Request: DS_013 - IA with PHB for Interfund Loan

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Bond Expenses	47,220,699	0	47,220,699
Contingency	(10,027,732)	0	(10,027,732)
TOTAL EXPENDITURES	37,192,967	0	37,192,967
REVENUES			
Bond and Note	37,000,000	0	37,000,000
Miscellaneous	192,967	0	192,967
TOTAL REVENUES	37,192,967	0	37,192,967

Bureau Description:

This is an adjustment to account for the interfund loan from BDS to the Portland Housing Bureau to finance the purchase of the Ellington Apartments, located at 1610 NE 66th Avenue. The adjustment records the \$47,220,699 loan, partial repayment of \$37,000,000 in FY 2016-17, and estimated interest received of \$192,967 in FY 2016-17.

CBO Discussion and Recommendation

Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Development Services Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$40,000,000	\$0	\$40,000,000	100%
Personnel Services	\$40,515,848	\$24,269,790	\$38,453,933	95%
External Materials and Services	\$5,187,657	\$3,107,229	\$5,164,081	100%
Internal Materials and Services	\$12,850,248	\$6,928,775	\$12,513,490	97%
Capital Outlay	\$1,611,117	\$0	\$0	0%
Bond Expenses	\$48,385,751	\$47,201,920	\$48,385,751	100%
Fund Transfers - Expense	\$1,734,257	\$1,156,170	\$1,734,257	100%
Contingency	\$14,122,746	\$0	\$18,905,197	134%
TOTAL EXPENDITURES	\$164,407,624	\$82,663,884	\$165,156,709	100%
REVENUES				
Budgeted Beginning Fund Balance	\$62,159,090	\$0	\$62,159,090	100%
Taxes	\$0	\$18,646	\$0	0%
Licenses & Permits	\$40,505,027	\$28,390,476	\$41,005,191	101%
Charges for Services	\$16,879,963	\$11,894,101	\$17,005,555	101%
Interagency Revenue	\$1,143,386	\$112,975	\$1,143,386	100%
Fund Transfers - Revenue	\$2,117,744	\$1,411,829	\$2,117,744	100%
Bond and Note	\$37,000,000	\$0	\$37,000,000	100%
Miscellaneous	\$4,602,414	\$3,150,495	\$4,725,743	103%
TOTAL REVENUES	\$164,407,624	\$44,978,522	\$165,156,709	100%

Fund Projection Narrative

The bureau does not project to have capital outlay expenditures in FY 2016-17. In 2016, the bureau's technology infrastructure project experienced considerable change. In June 2016, BDS officially parted ways with Sierra Cedar, Inc., changed project managers, and chose to further evaluate the project over a 6-month timeframe and determine its direction prior to going forward. This 6-month project discovery phase will take place from January through June 2017. During this period a new project plan will be developed and potential vendors will be explored. As part of this process, to better reflect the nature of the work, the project has been renamed the Portland Online Permitting System (POPS).

Once the discovery phase is complete, the project will continue with the chosen vendor. The bureau remains committed to moving forward with POPS; at the same time, recognizing the immediate need for technology infrastructure improvement, BDS is exploring options to upgrade its existing permit database system to a newer version in the interim.

The bureau does not project any revenue from taxes in FY 2016-17. The revenue shown through AP8 represents the administration fees collected by the bureau for the Affordable Housing CET, which was incorrectly posted to Taxes. The bureau is moving this revenue to Charges for Services and has corrected the issue moving forward.

Business Area Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Bureau of Development Services				
EXPENDITURES				
Unappropriated Fund Balance	\$40,000,000	\$0	\$40,000,000	100%
Personnel Services	\$40,515,848	\$24,270,021	\$38,453,933	95%
External Materials and Services	\$5,187,657	\$3,107,229	\$5,164,081	100%
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Capital Outlay	\$1,611,117	\$0	\$0	0%
Bond Expenses	\$48,385,751	\$47,201,920	\$48,385,751	100%
Fund Transfers - Expense	\$1,734,257	\$1,156,170	\$1,734,257	100%
Contingency	\$14,122,746	\$0	\$18,905,197	134%
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REVENUES				
Budgeted Beginning Fund Balance	\$62,159,090	\$0	\$62,159,090	100%
Taxes	\$0	\$18,646	\$0	0%
Licenses & Permits	\$40,505,027	\$28,390,476	\$41,005,191	101%
Charges for Services	\$16,879,963	\$11,894,101	\$17,005,555	101%
Intergovernmental Revenues	\$0	\$0	\$0	0%
Interagency Revenue	\$1,143,386	\$112,975	\$1,143,386	100%
Fund Transfers - Revenue	\$2,117,744	\$1,411,829	\$2,117,744	100%
Bond and Note	\$37,000,000	\$0	\$37,000,000	100%
Miscellaneous	\$4,602,414	\$3,150,495	\$4,725,743	103%
TOTAL REVENUES	\$164,407,624	\$44,978,522	\$165,156,709	100%

Bureau Projection Narrative

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Capital Program Status Report

Bureau of Development Services

CIP Program	FY 2015-16 Adopted Budget	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Variance \$	Variance %	FY 2016-17 Adopted Budget	Spring BMP Revised Budget	FY 2016-17 Year to Date Actuals	Variance \$	Variance %
Special Projects	\$5,723,344	\$5,723,344	\$2,689,296	(\$3,034,048)	(53%)	\$3,021,103	\$3,021,103	\$942,304	\$0	0%
Total	\$5,723,344	\$5,723,344	\$2,689,296	(\$3,034,048)	(53%)	\$3,021,103	\$3,021,103	\$942,304	\$0	0%

* Prior Year variances compare Year-End Actuals to Revised Budget

** Current Year variances compare Revised Budget to Adopted Budget

Prior Year Variance Description

The project budget has a built in 20% contingency. The variance of 53% shows that the bureau did not use any project contingency to fund the project in FY 2015-16. In addition, the budget was underspent due to the rebaselining of the project schedule and the expiration of the contract with the primary project vendor.

Current Year Variance Description

In 2016, the project experienced considerable change. In June 2016, BDS officially parted ways with Sierra Cedar, Inc., changed project managers, and chose to further evaluate the project over a 6-month timeframe and determine its direction prior to going forward. This 6-month project discovery phase will take place from January through June 2017. During this period a new project plan will be developed and potential vendors will be explored. As part of this process, to better reflect the nature of the work, the project has been renamed the Portland Online Permitting System (POPS).

Once the discovery phase is complete, the project will continue with the chosen vendor. The bureau remains committed to moving forward with POPS; at the same time, recognizing the immediate need for technology infrastructure improvement, BDS is exploring options to upgrade its existing permit database system to a newer version in the interim.