



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

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March 27, 2019

TO: Yung Ouyang, City Budget Office

FROM: Rebecca Esau, Director
Bureau of Development Services

*Rebecca Esau E.H.
for R.E.*

SUBJECT: Budget Monitoring Report – Spring FY 2018-19

Attached is the FY 2018-19 Spring Budget Monitoring Report for the Bureau of Development Services (BDS). The report includes the following requests:

Form ID 8023 – IA with PBEM for Emergency Management

This adjustment budgets interagency revenue of \$1,500 for work performed by a BDS employee for PBEM.

Form ID 8029 – Adjustment to IA with BPS for Rossi Farms Development Project

This adjustment reduces the Rossi Farms Development Project IA revenue by \$1,500 due to personnel time billed directly to BPS rather than receiving compensation through IA revenue.

Form ID 8056 – Adjustment to IA with City Fleet

This is an adjustment of \$230,000 to the interagency agreement with Fleet for the purchase of new vehicles, replacement of existing vehicles, and to prevent over-expenditure.

Form ID 8057 – Adjustment to IA with Printing & Distribution

This is an adjustment of \$65,000 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.

Form ID 8058 – Adjustment to IA with Facilities

This is an adjustment of \$560,000 to the interagency agreement with Facilities for security services at the 1900 Building, project management costs, and to prevent over-expenditure.

Form ID 8059 – Adjustment to IA with Bureau of Technology Services

This is an adjustment of \$304,000 to the interagency agreement with the Bureau of Technology Services to add an appropriation for expenditures associated with additional server costs, replacement of existing equipment, purchase of new equipment, and to prevent over-expenditure.

Form ID 8069 – Adjustment for PHB interfund loan

BDS currently has \$15,600,000 in outstanding loan remittances to PHB. This adjustment carries forward the \$15,100,000 loan with PHB recorded in FY 2017-18 to FY 2018-19 as loan proceeds, offset by a reduction in beginning fund balance and a contingency adjustment. The remaining \$500,000 loan remittance was budgeted in FY 2018-19 Fall BMP, along with \$350,000 in loan proceeds. This adjustment also budgets an additional \$150,000 in loan proceeds, bringing the total budgeted proceeds in line with the total \$15,600,000 remittance. The adjustment also removes the budgeted remittance of \$3,500,000 from the FY 2018-19 Fall BMP because that transaction will no longer occur.

If you have any questions about this BDS Budget Monitoring Report, please contact Kyle O'Brien, BDS Finance Manager, at 503-823-7323 or kyle.obrien@portlandoregon.gov.

DS - Bureau of Development Services

DP Type New Revenue

Request Name: 8023 -IA with PBEM for Emergency Management

Package Description

This adjustment budgets interagency revenue of \$1,500 for work performed by a BDS employee for PBEM.

Service Impacts

Equity Impacts

CBO Analysis

Budget Detail

| Fund | | | | | |
|-------------------|-------------|--|--|---|--------------|
| Major Object Name | Expense | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total | |
| 203000 | Contingency | | 1,500 | 0 | 1,500 |
| | Sum: | | 1,500 | 0 | 1,500 |

| Major Object Name | Revenue | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total | |
|-------------------|---------------------|--|--|---|--------------|
| 203000 | Interagency Revenue | | 1,500 | 0 | 1,500 |
| | Sum: | | 1,500 | 0 | 1,500 |

DS - Bureau of Development Services

DP Type Mid-Year Reduction

Request Name: 8029 -Adjustment to IA with BPS for Rossi Farms Development Project

Package Description

This adjustment reduces the Rossi Farms Development Project IA revenue by \$1,500 due to personnel time billed directly to BPS rather than receiving compensation through IA revenue.

Service Impacts

Equity Impacts

CBO Analysis

| Budget Detail | | | | | |
|-------------------|-------------|--|--|---|--|
| Fund | | | | | |
| Major Object Name | Expense | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total | |
| 203000 Personnel | | -1,500 | 0 | -1,500 | |
| | Sum: | -1,500 | 0 | -1,500 | |

| Major Object Name | Revenue | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total | |
|----------------------------|-------------|--|--|---|--|
| 203000 Interagency Revenue | | -1,500 | 0 | -1,500 | |
| | Sum: | -1,500 | 0 | -1,500 | |

DS - Bureau of Development Services

DP Type Contingency

Request Name: 8056 -Adjustment to IA with City Fleet

Package Description

This is an adjustment of \$230,000 to the interagency agreement with Fleet for the purchase of new vehicles, replacement of existing vehicles, and to prevent over-expenditure.

Service Impacts

Equity Impacts

CBO Analysis

Budget Detail

| Fund | | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total |
|-------------------|---------------------------------|--|--|---|
| Major Object Name | Expense | | | |
| 203000 | Contingency | -230,000 | 0 | -230,000 |
| 203000 | Internal Materials and Services | 230,000 | 0 | 230,000 |
| Sum: | | 0 | 0 | 0 |

DS - Bureau of Development Services

DP Type Contingency

Request Name: 8057 -Adjustment to IA with Printing & Distribution

Package Description

This is an adjustment of \$65,000 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.

Service Impacts

Equity Impacts

CBO Analysis

Budget Detail

| Fund | | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total |
|-------------------|---------------------------------|--|--|---|
| Major Object Name | Expense | | | |
| 203000 | Contingency | -65,000 | 0 | -65,000 |
| 203000 | Internal Materials and Services | 65,000 | 0 | 65,000 |
| Sum: | | 0 | 0 | 0 |

DS - Bureau of Development Services

DP Type Contingency

Request Name: 8058 -Adjustment to IA with Facilities

Package Description

This is an adjustment of \$560,000 to the interagency agreement with Facilities for security services at the 1900 Building, project management costs, and to prevent over-expenditure.

Service Impacts

Equity Impacts

CBO Analysis

Budget Detail

| Fund | | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total |
|-------------------|---------------------------------|--|--|---|
| Major Object Name | Expense | | | |
| 203000 | Contingency | -560,000 | 0 | -560,000 |
| 203000 | Internal Materials and Services | 560,000 | 0 | 560,000 |
| Sum: | | 0 | 0 | 0 |

DS - Bureau of Development Services

DP Type Contingency

Request Name: 8059 -Adjustment to IA with Bureau of Technology Services

Package Description

This is an adjustment of \$304,000 to the interagency agreement with the Bureau of Technology Services to add an appropriation for expenditures associated with additional server costs, replacement of existing equipment, purchase of new equipment, and to prevent over-expenditure.

Service Impacts

Equity Impacts

CBO Analysis

Budget Detail

| Fund | | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total |
|-------------|---------------------------------|--|--|---|
| 203000 | Contingency | -304,000 | 0 | -304,000 |
| 203000 | Internal Materials and Services | 304,000 | 0 | 304,000 |
| Sum: | | 0 | 0 | 0 |

DS - Bureau of Development Services

DP Type Other Adjustments

Request Name: 8069 -Adjustment for PHB interfund loan

Package Description

BDS currently has \$15,600,000 in outstanding loan remittances to PHB. This adjustment carries forward the \$15,100,000 loan with PHB recorded in FY 2017-18 to FY 2018-19 as loan proceeds, offset by a reduction in beginning fund balance and a contingency adjustment. The remaining \$500,000 loan remittance was budgeted in FY 2018-19 Fall BMP, along with \$350,000 in loan proceeds. This adjustment also budgets an additional \$150,000 in loan proceeds, bringing the total budgeted proceeds in line with the total \$15,600,000 remittance. The adjustment also removes the budgeted remittance of \$3,500,000 from the FY 2018-19 Fall BMP because that transaction will no longer occur.

Service Impacts

Equity Impacts

CBO Analysis

| Budget Detail | | | | | |
|-------------------|--------------|--|--|---|------------------|
| Fund | | | | | |
| Major Object Name | Expense | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total | |
| 203000 | Contingency | 7,234,552 | | 0 | 7,234,552 |
| 203000 | Debt Service | -3,500,000 | | 0 | -3,500,000 |
| | Sum: | 3,734,552 | | 0 | 3,734,552 |

| Major Object Name | Revenue | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Requested Total | |
|-------------------|------------------------|--|--|---|------------------|
| 203000 | Beginning Fund Balance | -11,515,448 | | 0 | -11,515,448 |
| 203000 | Bond & Note Proceeds | 15,250,000 | | 0 | 15,250,000 |
| | Sum: | 3,734,552 | | 0 | 3,734,552 |

Business Area Projection Report

Bureau of Development Services

| Fund | Major Object | 2018-19 SPRING Requested Total | 2019 February Actuals YTD | 2018-19 SPRING Projection | % of Projected Actuals to Revised Budget |
|------|---------------------------------|--------------------------------|---------------------------|---------------------------|--|
| 100 | External Materials and Services | 0 | 0 | 0 | |
| | Sum: | 0 | 0 | 0 | |

| Fund | Major Object | 2018-19 SPRING Requested Total | 2019 February Actuals YTD | 2018-19 SPRING Projection | % of Projected Actuals to Revised Budget |
|------|---------------------------------|--------------------------------|---------------------------|---------------------------|--|
| 203 | Ending Fund Balance | 0 | 0 | 0 | |
| | Personnel | 53,324,845 | 31,966,493.76 | 47,699,297 | 89.45% |
| | External Materials and Services | 8,131,787 | 3,558,474.26 | 5,733,765 | 70.51% |
| | Internal Materials and Services | 13,995,466 | 8,047,943.17 | 12,710,528 | 90.82% |
| | Capital Outlay | 2,477,464 | 1,417,169.73 | 2,444,618 | 98.67% |
| | Debt Service | 1,860,492 | 668,106.42 | 1,860,492 | 100.00% |
| | Fund Transfers - Expense | 2,407,161 | 1,604,776 | 2,407,161 | 100.00% |
| | Contingency | 79,962,243 | 0 | 80,882,800 | 101.15% |
| | Sum: | 162,159,458 | 47,262,963.34 | 153,738,661 | |

| Fund | Major Object | 2018-19 SPRING Requested Total | 2019 February Actuals YTD | 2018-19 SPRING Projection | % of Projected Actuals to Revised Budget |
|------|--------------------------|--------------------------------|---------------------------|---------------------------|--|
| | Beginning Fund Balance | 76,568,095 | 0 | 76,568,095 | 100.00% |
| | Licenses & Permits | 45,771,580 | 25,830,808.05 | 39,686,389 | 86.71% |
| | Charges for Services | 18,044,287 | 9,347,128.8 | 14,557,285 | 80.68% |
| | Interagency Revenue | 930,244 | 121.24 | 930,244 | 100.00% |
| | Bond & Note Proceeds | 15,600,000 | 0 | 15,600,000 | 100.00% |
| | Fund Transfers - Revenue | 982,528 | 655,018.64 | 982,528 | 100.00% |
| | Miscellaneous | 4,262,724 | 3,609,413 | 5,414,120 | 127.01% |
| | Sum: | 162,159,458 | 39,442,489.73 | 153,738,661 | |

| Fund | Major Object | 2018-19 SPRING Requested Total | 2019 February Actuals YTD | 2018-19 SPRING Projection | % of Projected Actuals to Revised Budget |
|------|--------------|--------------------------------|---------------------------|---------------------------|--|
| 217 | Personnel | 0 | 0 | 0 | |
| | Sum: | 0 | 0 | 0 | |

| Fund | Major Object | 2018-19 SPRING Requested Total | 2019 February Actuals YTD | 2018-19 SPRING Projection | % of Projected Actuals to Revised Budget |
|------|---------------------------------|--------------------------------|---------------------------|---------------------------|--|
| 706 | External Materials and Services | 0 | 0 | 0 | |
| | Sum: | 0 | 0 | 0 | |

Business Area Projection Report

Revenue Discussion

Both Licenses & Permits, and Service Charges & Fees revenue are projected to be lower than budget due to a significant decline in demand for services, including lower land use case review applications, building permit applications, and issued building permits. The difference between budgeted and projected Miscellaneous Sources revenue is mostly due to higher than expected lien receipts, including interest.

Revenue Risks

Due to the cyclical nature of the construction industry, BDS revenues fluctuate significantly in response to changes in demand for services. BDS engages local economists through its Financial Advisory Committee when developing revenue projections for its Requested Budget and Five-Year Financial Plan, and this committee gave support for the revenue models and programmatic growth rates developed. However, due to the unpredictable nature of changes in the overall economy, construction activity, and both the timing and size of projects received by BDS, revenue could vary substantially from projections.

Expenditure Discussion

The difference between budgeted and projected Personal Services is due to vacant positions. BDS has implemented a hiring freeze through December 31, 2019 due to a decline in demand for services. The difference between budgeted and projected External Materials & Services and Internal Materials & Services is primarily due to lower than expected expenditures on the Portland Online Permitting System program.

Expenditure Risks

Timing of Portland Online Permitting System payments present risk to the External Materials & Services and Capital Outlay projections. Vendor payments originally projected to the current fiscal year could be paid in FY 2019-20.

Bureau of Development Services

Prior Year Variance Desc

The current Portland Online Permitting System (POPS) program structure was budgeted in FY 2018-19.

Current Year Variance Desc

The bureau is currently proceeding with the Portland Online Permitting System under the program structure developed and budgeted in FY 2018-19. This structure includes four distinct projects, including: Amanda 7 & Inspections Scheduling; Contractor App & Inspector App; Public Permit Portal Phase I; and, Electronic Plan Review Phase I. The current year budget variance is due to actual costs being lower than projected budget. Some project expenditures may extend into FY 2019-20.