



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

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**March 25, 2021**

**TO: Angela Butel, City Budget Office**

**FROM: Rebecca Esau, Director** *R Esau*  
**Bureau of Development Services**

**SUBJECT: FY 2020-21 Spring Supplemental Budget Monitoring Process Cover Letter**

Attached is the FY 2020-21 Spring Supplemental Budget Monitoring Report for the Bureau of Development Services.

In light of the COVID-19 pandemic and its impact on the economy in Portland, there are financial risks and mitigation strategies which BDS would like to highlight.

BDS is 98% funded by fees and charges for service, with the remaining 2% coming from the City's General Fund. As such, bureau revenues are highly susceptible to fluctuations in development activity and have been severely impacted by the pandemic. Revenue for the remainder of the fiscal year and beyond is highly unpredictable. Future revenue collections will depend largely on the effectiveness of the national and local policy responses supporting vaccine distribution and the economic recovery.

BDS convened its Financial Advisory Committee in August 2020, November 2020, and January 2021 to obtain input on BDS' revenue outlook over the next five years. This information, as well as recent economic data and BDS' actual experience since the onset of the pandemic has informed an update to the BDS 5-Year Financial Plan. BDS will continue to meet with its Financial Advisory Committee to gain insight into the economic outlook and make adjustments to its financial projections as necessary.

BDS has taken steps to reduce expenditures in response to the pandemic and its impact of workload and revenue. Prior to COVID-19, BDS had implemented a hiring freeze which continues to be in place. The bureau has also eliminated non-essential expenditures. Citywide cost savings measures, including mandatory furloughs and freezes on COLA adjustments and merit increases for non-represented employees were applicable to BDS, as well as similar measures for represented employees as negotiated by union agreements. Under the Safety Net Ordinance the bureau offered voluntary expenditure reducing options such as voluntary furloughs and schedule reductions. Severance packages were also offered, which resulted in 14.0 FTE staff voluntarily leaving employment with BDS. Despite these measures, the bureau is drawing on reserves at an unsustainable rate and needed to implement a workforce reduction of

12.0 FTE in March 2021. Additional layoffs will be necessary unless the economic outlook changes drastically in the very near future or additional revenue sources are identified and made available to the bureau.

The adjustments BDS is making in the FY 2020-21 Spring Supplemental Budget Monitoring Report are largely technical in nature. The report includes the following requests:

**Interagency space rent adjustment**

This is an adjustment to BES, BTS, Fire, Parks, PBOT, and Water interagency space rental agreements in the 1900 Building due to a decrease in the blended rental rate charged on City occupied office space in the downtown core. The total adjustment is a \$13,535 decrease to interagency rent.

**Adjustment reallocating capital project expenditures**

This is a technical adjustment reallocating capital projects for expenditures related to the development and enhancements of software systems used in the permitting and inspections process. There is no change in overall bureau appropriations.

**Adjustment to IA with BTS**

This is a technical adjustment reallocating between expense categories in the BDS interagency agreement with the Bureau of Technology Services. There is no change in overall bureau appropriations.

**Adjustment to Beginning Fund Balance**

This is a technical adjustment to correct the budgeted beginning fund balance to be identical to the actual beginning fund balance.

If you have any questions about this BDS Budget Monitoring Report, please contact Kyle O'Brien, BDS Finance Manager, at 503-865-6430 or [kyle.obrien@portlandoregon.gov](mailto:kyle.obrien@portlandoregon.gov).

**DS - Bureau of Development Services      DP Type      Other Adjustments**

**Request Name: 11623 -Interagency Space Rent Adjustment**

**Package Description**

This is an adjustment to BES, BTS, Fire, Parks, PBOT, and Water interagency space rental agreements in the 1900 Building due to a decrease in the blended rental rate charged on City occupied office space in the downtown core. The total adjustment is a \$13,535 decrease to interagency rent.

**Service Impacts**

**Equity Impacts**

Account Name		2020-21 SPRING Requested Adj
Expense	Contingency	-13,535
Expense	Sum:	-13,535

Account Name		2020-21 SPRING Requested Adj
Revenue	Interagency Revenue	-13,535
Revenue	Sum:	-13,535

**DS - Bureau of Development Services      DP Type      Technical Adjustments**

**Request Name:** 11624 -Adjustment reallocating capital project expenses

**Package Description**

This is a technical adjustment reallocating capital projects for expenditures related to the development and enhancements of software systems used in the permitting and inspections process. There is no change in overall bureau appropriations.

**Service Impacts**

**Equity Impacts**

Account Name	2020-21 SPRING Requested Adj
Expense	Capital Outlay 120,000
	External Materials and Services -120,000
	Internal Materials and Services 0
	Personnel 0
<b>Expense</b>	<b>Sum: 0</b>

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**DS - Bureau of Development Services      DP Type      Technical Adjustments**

**Request Name:** 11632 -Adjustment to IA with BTS

**Package Description**

This is a technical adjustment reallocating between expense categories in the BDS interagency agreement with the Bureau of Technology Services. There is no change in overall bureau appropriations.

**Service Impacts**

**Equity Impacts**

Account Name	2020-21 SPRING Requested Adj
Expense                      Internal Materials and Services	0
Expense                      Sum:	0

**DS - Bureau of Development Services      DP Type      Contingency**

**Request Name: 11635 -Adjustment to Beginning Fund Balance**

**Package Description**

This is a technical adjustment to correct the budgeted beginning fund balance to be identical to the actual beginning fund balance.

**Service Impacts**

**Equity Impacts**

Account Name		2020-21 SPRING Requested Adj
Expense	Contingency	-6,420,413
Expense	<b>Sum:</b>	<b>-6,420,413</b>

Account Name		2020-21 SPRING Requested Adj
Revenue	Beginning Fund Balance	-6,420,413
Revenue	<b>Sum:</b>	<b>-6,420,413</b>

# Business Area Projection Report

## Bureau of Development Services - Fund 203

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$120,000	\$98,054	\$118,054	98%
Contingency	\$49,519,224	\$0	\$55,225,908	112%
Debt Service	\$1,500,820	\$105,475	\$1,500,820	100%
External Materials and Services	\$7,430,587	\$3,250,256	\$4,807,559	65%
Fund Transfers - Expense	\$2,753,546	\$1,801,614	\$2,753,546	100%
Internal Materials and Services	\$16,547,830	\$9,808,352	\$15,679,699	95%
Personnel	\$52,128,152	\$32,884,482	\$49,336,397	95%
<b>Sum:</b>	<b>\$130,000,159</b>	<b>\$47,948,233</b>	<b>\$129,421,983</b>	<b>100%</b>

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$77,903,484	\$0	\$77,903,484	100%
Charges for Services	\$13,448,238	\$8,417,568	\$13,005,142	97%
Fund Transfers - Revenue	\$975,775	\$660,517	\$975,775	100%
Interagency Revenue	\$1,871,818	\$162,741	\$1,871,818	100%
Licenses & Permits	\$33,783,927	\$20,928,447	\$32,334,450	96%
Miscellaneous	\$2,016,917	\$2,220,876	\$3,331,314	165%
<b>Sum:</b>	<b>\$130,000,159</b>	<b>\$32,390,147</b>	<b>\$129,421,983</b>	<b>100%</b>

### Revenue Discussion

BDS reduced its budgeted revenue in the FY 2020-21 Fall BMP to account for changing expectations due to COVID-19 and revenues in most major categories are expected to be close to budgeted amounts. Miscellaneous Sources revenue is projected higher than budget 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 current COVID-19 pandemic, revenue for the remainder of the fiscal year and beyond is highly unpredictable.

### Expenditure Discussion

The difference between budgeted and projected Personal Services is due to vacant positions. The difference between budgeted and projected External Materials & Services primarily due to a freeze on all nonessential expenditures and decreased usage of contract employees.

### Expenditure Risks

Due COVID-19 and the Safety Net Ordinance the bureau offered voluntary expenditure reducing options such as voluntary furloughs and schedule reductions. As these measures were voluntary, staff may choose to participate or discontinue participation unexpectedly, leading to greater uncertainty to expenditure projections.

### Other Notes

## Business Area Projection Report

### Bureau of Development Services - Fund 203

Major Object	2020-21 SPRING Revised Base	2020-21 SPRING Total ADJ	2020-21 SPRING Requested Total	Requested Adjustment as % of Total Requested Budget	2020-21 February Actuals YTD	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Budget
Capital Outlay	0	120,000	120,000	100%	98,054	98,054	0	
Contingency	55,953,172	-6,433,948	49,519,224	-13%	0	0	0	
Debt Service	1,500,820	0	1,500,820	0%	105,475	105,475	0	
External Materials and Services	7,550,587	-120,000	7,430,587	-2%	3,250,256	3,250,256	4,807,559	65%
Fund Transfers - Expense	2,753,546	0	2,753,546	0%	1,801,614	1,801,614	0	
Internal Materials and Services	16,547,830	0	16,547,830	0%	9,808,352	9,808,352	0	
Personnel	52,128,152	0	52,128,152	0%	32,884,482	32,884,482	0	
<b>Sum:</b>	<b>136,434,107</b>	<b>-6,433,948</b>	<b>130,000,159</b>	<b>-5%</b>	<b>47,948,233</b>	<b>47,948,233</b>	<b>4,807,559</b>	<b>4%</b>

Major Object	2020-21 SPRING Revised Base	2020-21 SPRING Total ADJ	2020-21 SPRING Requested Total	Requested Adjustment as % of Total Requested Budget	2020-21 February Actuals YTD	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Budget
Beginning Fund Balance	84,323,897	-6,420,413	77,903,484	-8%	0	0	0	
Charges for Services	13,448,238	0	13,448,238	0%	8,417,568	8,417,568	0	
Fund Transfers - Revenue	975,775	0	975,775	0%	660,517	660,517	0	
Interagency Revenue	1,885,353	-13,535	1,871,818	-1%	162,741	162,741	0	
Licenses & Permits	33,783,927	0	33,783,927	0%	20,928,447	20,928,447	0	
Miscellaneous	2,016,917	0	2,016,917	0%	2,220,876	2,220,876	0	
<b>Sum:</b>	<b>136,434,107</b>	<b>-6,433,948</b>	<b>130,000,159</b>	<b>-5%</b>	<b>32,390,147</b>	<b>32,390,147</b>	<b>0</b>	

**Sum: 80,338,380.34**

	<b>272,868,214</b>	<b>-12,867,896</b>	<b>260,000,318</b>	<b>-5%</b>	<b>80,338,380</b>	<b>4,807,559</b>	<b>2%</b>
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**Sum: 80,338,380.34**



# Business Area Projection Report

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## Revenue Discussion

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## Revenue Risks

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## Expenditure Risks

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## Other Notes

## Capital Program Status Report

### Bureau of Development Services

CIP Program Name	2019-20 Adopted Budget	2019-20 Revised Budget	2019-20 Actuals	PY Variance	PY Percent of Actuals to Revised	2020-21 Adopted Budget	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	Spring Req. to Adopted Variance	Spring Req. to Adopted % Variance
Special Projects	5,102,648	5,027,648	4,394,833	-632,815	87.41%	0	1,215,000	1,043,559	1,215,000	
<b>Sum:</b>	<b>5,102,648</b>	<b>5,027,648</b>	<b>4,394,833</b>	<b>-632,815</b>	<b>-12.59%</b>	<b>0</b>	<b>1,215,000</b>	<b>1,043,558.86</b>	<b>1,215,000</b>	

### Current Year Variance Description

BDS successfully launched the core components of its technology infrastructure upgrade in FY 2019-20, which is critical in supporting the City's development review, permitting, inspections and enforcement work across multiple bureaus, including BDS, PBOT, BES, the Portland Water Bureau, Portland Fire & Rescue, and the Portland Housing Bureau. Previously known as the Portland Online Permitting System (POPS), it involves multiple software systems to manage the work and interface with the public. These projects are now complete. BDS is going through the technical process of closing out the projects in the City's accounting system.

### Other Notes

## Capital Program Status Report

Responsible Bureau	CIP Program Name	Project Code - Name	2020-21 Adopted Budget	2020-21 Revised Budget	2020-21 February Actuals YTD	PY Variar
DS	Special Projects	S00043 - Amanda 7 & Inspections Scheduling(A7&IS)	0	0	641,122	-1,221
DS	Special Projects	S00044 - Contractor App & Inspector App (CA & IA)	0	0	262,738	280
DS	Special Projects	S00046 - Electronic Plan Review Phase 1 (EPR)	0	0	11,930	61
DS	Special Projects	S00051 - Electronic Plan Review Phase 2	0	0	127,769	245
DS	Special Projects	S00056 - Dev Hub PDX Phase 2	0	0	0	
<b>Sum:</b>			<b>0</b>	<b>0</b>	<b>1,043,559</b>	<b>-632</b>

## Capital Program Status Report

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Account	PY Percent of Actuals to Revised	2020-21 Adopted Budget	2020-21 February Actuals YTD	2020-21 SPRING Requested Total	Spring Req. to Adopted Variance	Spring Req. to Adopted % Variance
,363	73.75%	0	641,122.29	725,000	725,000	
,642	240.32%	0	262,737.98	315,000	315,000	
,407	345.63%	0	11,929.93	15,000	15,000	
,847	263.9%	0	127,768.66	160,000	160,000	
652		0	0	0	0	
<b>,815</b>	<b>-12.59%</b>	<b>0</b>	<b>1,043,558.86</b>	<b>1,215,000</b>	<b>1,215,000</b>	

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