



**City of
PORTLAND, OREGON
Bureau of Development Services
Budget Advisory Committee**



FY 2024-25 Budget Advisory Committee Report

**Bureau of Development Services
January 2024**

The Budget Advisory Committee (BAC) of the Bureau of Development Services (BDS) thanks Commissioner Rubio and the City Council for the opportunity to work on the development of the BDS FY 2024-25 Requested Budget. The BDS BAC is composed of representatives from the development industry, the Portland community, the Development Review Advisory Committee, and BDS employees.

The BAC met monthly with BDS managers and staff from November 2023 through January 2024 to discuss BDS's finances, equity impacts, staffing, workload, programs and services, and budget needs. The BAC also reviewed budget guidance from the Mayor and projections for City and bureau revenues in the coming year.

The BAC supports the following policy and budget recommendations for FY 2024-25:

1. The BAC recommends that BDS prioritize the work outlined in its Racial Equity Implementation Plan using existing resources

The Bureau of Development Services recently completed a new Racial Equity Implementation plan (REIP) using the Results-Based Accountability for Racial Equity (RBA) methodology. With planning complete, work is beginning in 2024 and is visioned to carry through June 2025.

BDS is encountering early headwinds to implementing this plan. Several staff who were involved in the planning process—including a disproportionate number of Black, Indigenous, people of color, and including half of the Bureau's Equity and Policy Development staff—were laid off as of early January 2024. Many elements of the plan require outreach and collaboration between underserved customers. Unfortunately several members of the Bureau's community outreach staff, including the Community Engagement Coordinator, were laid off. A major reorganization of the City's permitting bureaus into a Single Permitting Authority is also pending, which will change the structure upon which the current plans were designed. The BAC recommends prioritizing all elements of the Bureau's Racial Equity Plan through FY 2024-25, including:

- Systemic Racism Inspectors Training
- Rental Unity Certification Program

- Equitable Developer Incentive and Award Program
- BIPOC Community Advisory Partners
- Cultivated Land Use Work Settings for Inclusivity
- Data infrastructure and progress coaching
- BIPOC-Centered Technology Redesign Piloting Program
- Identify and allocate time within existing staffing levels for delivery of the Racial Equity Implementation Plan

To ensure the BDS Racial Equity Implementation Plan (REIP), which includes policy changes, outreach, internal staff training, new programs, and related data collection, analysis, and reporting, is delivered, it must be properly resourced.

2. The BAC recommends the bureau study the impact of recent layoffs on racial equity and service provisions.

Equity

The recent layoffs have raised concerns about fiscal responsibility, process, and understanding the effects on the BDS workforce, particularly in relation to the City's core values of Anti-Racism and Equity. A thorough examination is essential to ensure transparency, communication, accountability and prevent compromising racial equity objectives in favor of other service delivery goals.

The Budget Advisory Committee urges the bureau—with the support of the City—to study the long-term impacts of layoffs on racial equity and urges increased transparency in future layoff processes. More specifically, the study should focus on:

1. Inequitable impacts on BIPOC and underrepresented employees;
2. Transparency and process issues in the layoff decisions;
3. Adherence to City core values and racial equity goals in favor of other service delivery priorities;
4. Impacts on employee trust, retention, succession planning, retraining, experience, and service delivery;
5. Specific cuts to the Equity and Policy Development team, staff involved in the development of bureau Racial Equity Plans, and impact on programs specifically supported by City Council and recommended by this Budget Advisory Committee, including community engagement and small business liason positions;
6. Cuts to community engagement and damaged trust in relationships with labor organizations and advisory bodies, including the BDS Budget Advisory Committee.

Mass layoffs are inherently inequitable, when labor agreements cause cascading disruptions to junior staff, who are most likely to have been hired from recruitment and

interview processes redesigned to account for racial equity. Bureau of Human Resources show that white City employees on average have 2 years more seniority than City employees who are Black, Indigenous and people of color. Increased staff turnover increases overall recruitment and training costs, counter to the City's core value of fiscal responsibility. Those entities that have a role in collective bargaining agreements should be involved in order to understand the recent impacts on equity from those agreements through the layoffs and to develop strategies to mitigate future impacts on equity.

Service Provisions

In addition to the equity impacts, mass layoffs are also inherently inefficient, through seniority bumping processes that create lost institutional knowledge and customer relationships, and lost productivity due to retraining. BDS layoffs are also resulting in these inequities and inefficiencies through disruptions to work groups through bumping in other City bureaus. A study could help find opportunities to improve collective bargaining agreements to reduce the negative impacts of future layoffs.

3. The BAC recommends prioritizing the continuous improvement work at BDS

The BAC has and continues to support continuous improvement, organizational learning and problem solving, and collaboration and communication with both internal and external stakeholders to work towards better system-level outcomes. Intentional and thoughtful continuous improvement is a never-ending journey, consisting of iterative cycles of small improvements, that over time reduces frustrations for a given process/workflow for both internal and external stakeholders. In order to be successful, a culture of respect and learning needs to be promoted where problems are seen as opportunities for improvement and stakeholders collaborate to test incremental improvement ideas. Input and ideas from those who engage directly in a given process (e.g. frontline staff and customers) needs to be prioritized for the continuous improvement effort to be successful and its outcomes realized.

4. The BAC recommends the funding structure for permitting in the City be reevaluated

The Committee recommends City Council act on the perennial request of past BDS Directors and Budget Advisory Committee's to redevelop the financial structure of the bureau to reduce vulnerability to fluctuating construction market conditions. Failure to address the issue undermines progress towards the City's racially equitable hiring and retention goals, as layoffs disproportionately impact non-supervisory and lower seniority staff. The bureau's nearly complete reliance on fees for service, as evidenced by the recent layoffs of 19% of the Bureau's workforce in response to a drop in permit fee revenue, is presently threatening the ability to maintain capacity for service delivery. The capacity of BDS to process permits expediently is critical to meeting City and State

goals for new affordable housing production, a key racial equity issue. In these ways, an unstable budget is a threat to internal and external racial equity goals.

The City should study and compare the current BDS funding structure to that of development review and permitting entities in similar jurisdictions. We hope City Council can create an adjusted funding model that is more resilient across economic cycles.

Thank you for the opportunity to provide recommendations regarding the BDS FY 2024-25 Requested Budget. We would appreciate and request that you respond to this memo giving your feedback on these recommendations.

BDS Budget Advisory Committee Members

Community / Development Industry Members

Adriel Person, Community Member

Avaly Scarpelli, Building Owners & Managers Association (BOMA Oregon)

Cleo Davis, Property Owner

Evelyn Liu, Community Member

Kim McCarty, Community Alliance of Tenants

Kolini Fusitua, Community Member

Romeo Sosa, Community Member

Sahand Kianfar, Department of Human Services Oregon Health Authority

Samuel Miller, Development Review Advisory Committee

Sean Green, Development Review Advisory Committee

BDS Employees

Abott Flatt, BDS Equity Committee

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Kari Koch, Represented Staff (CPPW)

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