



Office of the Director
City of Portland, Oregon - Bureau of Development Services
 1900 SW 4th Avenue, Suite 5000 • Portland, Oregon 97201
 503-823-7308 • Fax 503-823-7250 • TTY 503-823-6868 • www.portlandonline.com/bds

MEMORANDUM

January 8, 2012

To: BDS Budget Advisory Committee (BAC)
 BDS Labor Management Committee (LMC)
 Development Review Advisory Committee (DRAC)

From: Paul L. Scarlett, BDS Director

Subject: Summary of Priority Service Improvement Areas and Requested Additional Staffing for FY 2012-13

Since July 1, 2011, the Bureau of Development Services (BDS) has been able to rehire 17 new employees across all workgroups in the bureau. These staff were added back as workload justified and funding allowed. The new staff has allowed us to make headway in regaining our stated service level goals and in some program increase services.

For FY 2012-13, 16.5 new positions have been identified to assist with improving and/or achieving our service level goals. (Two of these positions are Limited Term positions being converted to regular/fulltime.) This document provides a highlight of the following information for each BDS Division:

- The highest priority service improvement areas*
- For FY 2011-12: current service levels and the number of currently assigned staff
- For FY 2012-13: service level goals and proposed staff changes to meet those goals.

***Please note** that this is not a complete list of services provided by BDS and reflects only the highest priority service improvement areas. The programs or services not listed, as well as those that are listed but are not identified as receiving additional FTE, will continue unchanged throughout FY 2012-13.

Key to Abbreviations

<u>Abbreviation</u>	<u>Term</u>	<u>Abbreviation</u>	<u>Term</u>	<u>Abbreviation</u>	<u>Term</u>
Add / Alter:	Additions / Alterations	FIR:	Field Issuance Remodel Program	NU:	Nuisance Case
Asst:	Assistant	FPP:	Facility Permits Program	Plm:	Plumbing
CO:	Commercial	FTE:	Full Time Equivalent	Pln:	Plans
Combo:	Combination	Geo:	Geological	RS:	Residential
DSC:	Development Services Center	HS:	Housing Case	Str:	Structural
Elect:	Electrical	Insp:	Inspector	Tech II:	Development Services Technician II
Eng:	Engineer	LUBA:	Land Use Board of Appeals		

Plan Review & Permitting Service Division

Residential and Commercial Building Code Plan Review				
<p>At current building code plan review staffing levels, state-mandated turnaround timelines for issuing first checksheets are mostly being met. Any fluctuations in staffing levels and/or workload can potentially create large workload backlogs. There has been relatively little increase in the number of permits but rather a shift to larger and/or more complex projects in the work flow. For example, an increase in work load or a rush of permits submitted prior to fee increases, impacts turnaround timelines for weeks if not months. This is especially true in review sections consisting of one or two staff members. While we continue to communicate current turnaround timelines to our customers, these variables modify our projections and affect our ability to meet state-mandated timelines. In response to stakeholders' requests for accurate turnaround timeline information, we provide the best information that we can, acknowledging that it is crucial to the development review and permitting process schedule.</p>				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
Residential Building Code Plan Review – Days to First Checksheet	New Construction: 17 days	1.0 Coml Plan Examiner 0.2 Engineer 3.5 Dev Services Tech II	New Construction: 10 - 15 days when temporary employee available	0.5 Coml Plans Examiner (temporary summer assistance)
	Additions / Alterations: 15 days		Additions / Alterations: 10 - 15 days	
Commercial Building Code Plan Review – Days to First Life Safety Checksheet.	New Construction & Additions / Alterations: 24 days	1.0 Coml Plan Examiner 2.0 Engineer 2.5 Dev Services Tech II 1.5 Process Manager	New Construction: 20 Days Additions/ Alterations: 15 days	1.0 Engineering Technician 1.0 Coml Plans Examiner 1.0 Dev Svcs Project Coord (position is proposed to be added as Limited Term in FY 11-12; convert to regular/ permanent in FY 12-13 budget)

Pre-issuance and Archiving of Approved Permits				
<p>The final stage of the City's building permit review process is pre-issuance. The four sets of permit drawings submitted for review and approval by staff are consolidated into two identical sets of plans: one for issuance and a second for archiving. Staffing reductions have severely affected the timeliness of this service. Between July and September 2010 we had up to a 2-week backlog of permits to be issued, which resulted in development projects being delayed.</p>				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
Pre-Issuance	90% processed within 3-5 business days	0.3 Dev Services Tech II 0.25 Process Mgr	90% processed within 3-4 business days	1.0 Dev Services Technician II

Plan Review and Permitting Services Division Totals:	12.25 FTE		4.5 (Not including 1.0 Plans Examiners in DSC table)
---	------------------	--	--

Land Use Services Division

Land Use Review Services				
<p>Land Use Review timelines are currently a struggle. BDS planning staff have been cross-trained and perform a wide variety of job duties. For example, a broad pool of planners is trained to work counter shifts and do permit plan review in addition to their regular land use review work. Assigning land use review planners counter shifts, plan reviews, and zoning hotline shifts helps in timely delivery of those services, but negatively impacts timely completion of land use reviews. Both State law and the Zoning Code impose deadlines on completeness reviews for land use review applications. Staff is meeting state-mandated deadlines, but not the shorter Zoning Code deadlines. Design Review and Historic Design Review applications have increased, as well as a lot of applications for wireless facilities. With planners assigned to work shifts in the DSC, applicants are waiting six weeks for a first status report on a Final Plat application which is an unacceptable level of service. Four weeks is an improvement.</p>				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
Land Use Review Completeness checks	Type I, IIx, III: 30 days	13 Planners 4 Office Support Specialist	Type I, IIx, III: 21 days <i>(Deadline required by City code)</i>	1.0 City Planner I Urban Design 1.0 City Planner I LU Specialty 0.2 Office Support Specialist II
	Type II: 21 days		Type II: 14 days <i>(Deadline required by City code)</i>	
Final Plat Report Turn-around for First Status Report	6 weeks		4 weeks	

Planning and Zoning Plan Review & Other Services				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
FPP Projects Days to First Checksheet	2 business days	1.5 Planners	2 business days	0.7 Office Support Specialist II
Property Line Adjustments Days to First Checksheet	18 business days (3.5 weeks)		15 business days (3 weeks)	
Lot Confirmations Days to First Checksheet	16 business days (3 weeks)		10 business days (2 weeks)	

Land Use Services Division Total*:	18.5		2.9 FTE (Not including 1.0 City Planner I in DSC table or the one-year extension of the 1.0 FTE LT Program Coordinator for the Tree Project)
---	-------------	--	--

*Please note that BDS and Parks & Recreation are collaboratively preparing to implement the City's new Tree Code, and are requesting to extend the 1.0 FTE Program Coordinator for one year (supported by General Fund) and shared by the two Bureaus. The one year extension of the Limited Term 1.0 FTE would be in the BDS budget, and Parks would request half of the funding for this in their budget and transfer it to BDS through an interagency agreement. This position is not listed above.

COMBINED Plan Review & Permitting Services / Land Use Services Divisions

This page outlines service level priorities in the Development Services Center (DSC) that impact staff from both the Plan Review & Permitting Services and Land Use Services divisions. These priorities, resource needs, and requested staff positions are in addition to the information on these divisions' other pages.

Development Services Center (DSC) Building and Zoning Code Counter Services				
Substantial changes to the services, hours of operation, and staffing levels within the DSC have been made in response to the current economic downturn. The DSC is closed on Mondays and customers can submit building permits between 8:00 AM and 12:00 PM Tuesday – Friday only. General questions are answered in the afternoons only. Land Use cases are accepted all day. On average, 2-4 customers are turned away each day because they are requesting services outside of the designated timeframes. This has generated a high level of customer complaints and may lead to an increase in unpermitted work. These staff additions would not improve other DSC programs or functions that the bureau performs such as Records Research, Trade Permits, Internet Permit Support, Process Management, Fee Estimates, or support for the FIR or FPP programs.				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
Over-the Counter Zoning Code Plan Review	Daily Average customer turn away: 2.5 (October Numbers)	2.0 Planner	Daily Average customer turn away: 1	0.75 City Planner I
Over the Counter Building Code Review and Permit issuance		2.5 Tech II 2.0 Coml Plan Examiner 0.5 Engineer		1.0 Commercial Plan Examiner
Over-the-Counter Building Code General Questions	Daily Average customer turn away: 1	0.5 Tech II 0.4 Coml Plan Examiner	Daily Average customer turn away: 1	0.25 City Planner I
Over-the-Counter Zoning Code General Questions		1.5 Planner		
DSC Total:		9.4		2.0

Inspection Services Division

Requested Permit Inspections				
During 2011 inspections services turnaround time for all inspections has improved significantly due to re-staffing of several positions and continued focus on increasing efficiencies. In 2010 approximately 80% of inspections met turnaround goals, in the second half of 2011 approximately 90% are being completed within 24 hours.				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
Residential Inspections	90% within 24 hrs	15.5 Inspectors	98% within 24 hrs	1.0 Combination Inspector 1.0 Sr Building Inspector
Commercial Inspections (Structural, Elect, Plbg, & Mechanical combined)	96% within 24 hrs	14 Inspectors	98% within 24 hrs	1.0 Building Inspector II Additional position will help keep pace with anticipated larger projects, allow increased focus on training and reduction of back logged permits. (also currently budgeted/vacant Building Inspector II will be filled as workload and revenue allow)

Facility Permits Program (FPP) & Field Issuance Remodel (FIR) Programs				
These two specialized programs are extremely important to their customers. Service levels have improved in 2011, though both FIR and FPP programs are operating at capacity and cannot currently accommodate new customers. Additional resources identified herein would be needed to accommodate all customer demand.				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
FPP Plan Review	Issuing permits within 7.3 days on average	9.5 Inspectors	Issue permits within 5 days on average	Currently meeting most program goals and there is no customer waiting list. Additional positions can be added via BMP if demand increases.
FPP Inspections	Completing 90- 95% within 24 hrs		98% completed within 24 hours	
FIR Plan Review	Issuing permits within 6 days on average	3 Inspectors	95% within 5 days	Currently building a new customer waiting list. Current staff operating at capacity. Additional position can be added via BMP if customer demand increases.
FIR Inspections	Completing 90-95% within 24 hours		98% completed within 24 hours	

Inspection Services Division

Enforcement Program				
<p>In response to staffing reductions, the Enforcement Program prioritized all complaint types into three priority tiers. As a result, nearly 2040 complaints were not investigated in FY 2010-11. In FY 11-12, 3 additional Housing positions were funded by one-time General Fund dollars allowing for all Housing cases, including Priority 3 cases, to be investigated. Turnaround times for initial inspections of all types have improved significantly, we are able to respond to the majority of Priority 1 and 2 cases within 5 days. However we are still unable to respond to Priority 3 Nuisance and Compliance Services complaints which total 786 cases YTD.</p>				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
Housing & Nuisance Inspections	Respond to all Housing complaints, respond to Priority 1 & 2 Nuisance complaints only	7.0 Housing Inspector 1.0 Code Specialist III 1.0 Code Specialist II	Respond to Priority 1&2 cases within 5 business days. Ability to investigate Priority 3 cases.	Request continued General Fund support for 5 Housing Inspector positions.
Zoning & Noise Inspections	Respond to Priority 1&2 cases only. Less than 20% response within timeframe goal.	2.0 Code Specialist II	Respond to Priority 1&2 cases within 5 business days. Ability to investigate Priority 3 cases.	1.0 Code Specialist II
Construction Code Violations, Dangerous Buildings, and Chapter 13 Inspections	Respond to Priority 1&2 cases only. Chapter 13 inspection program suspended.	1.0 Combo Inspector	Respond to Priority 1&2 cases within 5 business days. Ability to investigate Priority 3 cases. Reinstate Chapter 13 Inspection Program.	1.0 Combo Inspector
Nuisance Abatements	Abate only serious health sanitation violations & vacant structure board-ups.	na	Restore ability to abate nuisance violations such as tall grass/weeds, overgrowth and exterior non-trash items	Restore previous nuisance abatement budget of approximately \$100,000 (Increase by \$25,000)
Extremely Distressed Property Enforcement Program	N/A	As of Dec 1, 2011, City Council approved 1.0 Senior Housing Inspector and \$200,000 General Fund for abatement costs through June 2012 only	Proactively perform field inspections on foreclosed homes causing increased calls for services and take corrective actions.	Request continued General Fund support for 1.0 Senior Housing Inspector. Request continued General Funding support for \$200,000 for EDPEP* abatement
Inspection Services Division Total:		56.25		11.0

* EDPEP - Extremely distressed Property Enforcement Program

Office of Director/Administrative Services Division

Office of Director/Administrative Support				
Several important bureau-wide support functions provided by Administrative Services are currently understaffed. Training planning & coordination, safety, and human resource functions are hampered. Approximately 48% of BDS employees will be eligible to retire in the next 5 years, so the bureau will refocus efforts on workforce development and succession planning.				
Highest Priority Service Level Areas	Current Service Level	Currently Assigned FTE	FY 2012-13 Service Level Goal	Additional Resource (FTE) Needed to meet goals based on Current Workload
Training, Safety, and Human Resources Work	Mandatory training delayed, lacking coordination, and follow-up. Workforce planning and recruitment outreach is minimal.	1.5 FTE (split between several employees)	Refocus efforts on workforce development, succession planning, and recruitment outreach. Increase admin resources for compliance with OSHA, state law, HR rules, etc. Ensure BDS employees are appropriately trained	0.5 Management Analyst
Provide Office Support Staff Back-up to 5 th Floor Reception Staff	Back-up provided for Lunch and Break only, 1.5 hours a day [2.0 OSS II FTE currently assigned to 5 th Floor Reception Desk and back-desk support functions]	Back-up provided by Office Support throughout Bureau	Provide full shift (4.5 hrs a day) coverage	0.1 Office Support Specialist II
Management of Communications & Organizational Development Program	Manage communications, public information, emergency management, customer contact	1.0 Limited Term Principal Management Analyst	Position ends on 6/30/12; need to retain position to continue management of programs	1.0 Principal Management Analyst (convert from Limited Term to Regular/Permanent position)
Emergency Management	Employees trained in the basics re BDS's emergency management responsibilities (damage assessment)	0.05 FTE (split between several employees)	Keep all staff trained and ready for emergency response; finalize Continuity of Operations Plan (COOP); implement damage assessment protocol; prepare for City exercises; get bureau Emergency Communications Center (ECC) fully functional; provide ongoing preparedness information and resources for employees and their families	0.5 Management Analyst
Administrative Division Total:		1.55		2.1

Bureau of Development Services Bureau Wide Position Needs for FY 2012-13					
	Total Current Fulltime FTE as of 12/1/11	Additional Resource (FTE) Needs based on Workload	Total Positions If Addl FTE Are Funded	FY 11-12 One-Time General Fund Positions Requested to be Retained in FY 12-13 *	
Plan Review and Permitting Services Division	42	4.5 **	46.5		
Land Use Services Division	30	2.9	32.9	1.0	
Combined Plan Review and Permitting Services & Land Use Services Divisions (Development Services Center)	na	2.0	2		
Inspection Services Division	Inspections	54	3.0	57	--
	Enforcement	22	2.0	24	6.0
	Total Division	76	5.0	81	6.0
Office of Director/Administrative Division	30	2.1**	32.1		
Bureau Wide Total:	178	16.5**	194.5	7.0	

* Land Use Services = 1.0 Tree Program Coordinator; Neighborhood Inspections = 5.0 Housing Inspectors, 1.0 Sr Housing Inspector

** Includes converting Limited Term positions to Regular/Permanent (1 in Plan Review/Permitting Services; 1 in Office of Director)

Bureau of Development Services Position Needs for Fiscal Year 2011-12			
Office of Director/ Administrative Services	Management Analyst	Priority #1: Reclassify Sr Building Inspector Residential to Management Analyst	Update, create, and manage Program Guides, Code Guides, and local codes; draft bureau-wide policies, procedures and standard operating procedures
	Business Systems Analyst	Priority #2: Reclassify Development Services Technician I to BSA	Improve & maintain TRACS. Implement high priority TRACS improvements, 2 or more at a time depending on size and complexity of project (e.g. fee estimator, online payment)
Plan Review & Permitting	Development Services Project Coordinator - Limited Term	Priority #3: Create position when large projects are certain. Position becomes permanent/regular if FY 12-13 Budget is approved	Maintain level of service for large development projects in Major Projects Group Program

Bureau of Development Service
Requested Budget for Fiscal Year 2012-2013
Executive Summary
January 16, 2012

Current Financial Situation

Over the past year, bureau revenues and expenditures have stabilized since the significant downturn in 2008-09. The bureau has been able to positively respond to workload levels by recalling laid-off staff to fill vacant positions. For FY 2010-11, revenues exceeded costs and the bureau was able to begin rebuilding its depleted reserve. BDS ended the fiscal year on June 30, 2011 with a cumulative cost recovery rate of 107%. Revenues were 2.3% higher than projected.

The projection for FY 2011-12 cost recovery is slightly stronger at 113%. Increased revenues have materialized due to a slightly higher level of work. In addition, the Oregon Health Science University/- Oregon University System building on the South Waterfront has significantly added to the bureau's revenues this year.

Five Year Financial Plan

Achieving full program cost recovery, wherever possible, will continue to be one of the bureau's main financial goals. As in past budget cycles, we will seek to make changes in our fee schedules that balance our need for program cost recovery and adequate service levels with the impact that increased fees have on our customers.

The BDS Finance Committee reviewed the proposed revenue projection models. They recommended models which show slightly lower growth in FY 2012-13 than the previous projections done in summer 2011. Since FY 2011-12 revenues are materializing at a slightly higher rate, the overall impact to FY 2012-13 revenues is similar to the previous projections.

BDS will continue to use "real estate-related" factors in the models and focus on using local rather than national or statewide variables. The Finance Committee agreed to modify several models to improve their reliability.

Over the next several years, revenues are expected to continue to increase at an average of 5% per year for the construction-related programs and 2.5% a year for the other programs. Growth rates will increase again in FY 2012-13, peak in FY 2014-15, and then ease back down in the remaining two years of the financial plan.

Staff positions are added throughout the plan; efficiencies anticipated from the implementation of ITAP (Information Technology Advancement Project) reduce staff needs by at least 9 positions through FY 2016-17. The bureau meets its goal of exceeding cost recovery for each of the five years and rebuilds the reserve by the end of FY 2016-17.

Fee increases are included in the Financial Plan for programs which are below cost recovery or need to build reserves. Generally these increases are held to 5% and fund anticipated inflationary cost increases.

The Financial Plan will include a "worst case" scenario that reflects a weaker economic recovery and overall growth rates below the base plan. The reduced revenue and workload are translated into lower numbers of staff additions but maintain the goals of cost recovery and rebuilding the reserve.

Information Technology Advancement Project (ITAP)

Information Technology Advancement Project (ITAP) is moving forward with researching, evaluating, and recommending technology solutions for the City's development review services. Significant progress has been made in business process review and mapping. Process improvement work will continue throughout the project.

In late January we will send out a Request for Proposal (RFP) for vendors to bid on providing us with a new permit tracking system. Once the RFP is "on the street", bidders will have approximately two months to write and submit their bids. Then an 11-person review team will evaluate the proposals.

Implementation is set for December 2014 and could very well be a phased "go-live". In the meantime, the project is still affordable within our financial constraints and is still proposed to be partially funded through a line of credit which would be repaid by FY 2016-17.

FY 2012-13 Requested Budget

The budget request for FY 2012-13 focuses on strategically responding to an increased workload and improving customer service through adding 16.5 positions (14.5 new and 2 converting limited term to permanent). However, prior to actually filling positions, we will closely monitor construction activity and our operation to make adjustments as needed. The bureau will also continue to examine cost saving measures and ways to make our programs and services more efficient and effective, including looking at program structures, processes, innovation, and best practices.

Improving technology tools will continue to be a focus. Besides working on ITAP, BDS will also work on essential improvements to its current system (TRACS) and enhance customers' ability to obtain information online. Anticipated improvements include: an online fee estimator, more online access to records, and expansion of online payments.

We are focused on maintaining a well-informed, competent and aligned workforce. Unfortunately, over the past several years we have dramatically reduced our resources devoted to training. In order to prepare for the future of the bureau, we need to focus attention on developing our future leaders. Our goals are to plan for succession to management, leadership, and technical positions, to upgrade the skills of our current employees, and at the same time re-affirm our commitment to diversity.

Budget Additions

Revenue-Supported Requests: The new economic realities we face will compel us to approach staffing and rebuilding efforts in a measured and steady way. Our current financial projections show that we have the capacity to add approximately 14.5 new positions in FY 2012-13 and up to 30 employees over the subsequent four years. The FY 2012-13 additional positions are spread throughout the bureau's programs based upon anticipated workload and the programs' capacity to fund the positions. We will continue to be flexible in our staffing so we can be responsive to changes in the development industry and workload.

General Fund Requests: In FY 2011-12 BDS received one-time General Fund support for the tree program, housing inspections, focused housing inspections, and extremely distressed property enforcement. We will continue to seek General Fund support in FY 2012-13 to adequately fund these beneficial programs.

General Fund Reductions

The bureau will submit budget cuts of 4%, 6%, and 8% of the General Fund portion of the Land Use Services, Neighborhood Inspections and Noise Programs. These cuts would result in drops in service levels which would directly impact customers: slower turnarounds for land use reviews, reduced numbers of nuisance abatements, and decreased response to noise complaints.

Budget Calendar FY 2012-13 Budget Process

Council Fall Budget Retreat	October 18
Council work session on Fall BMP	November 1
Budget kickoff	November 3
Council action to adopt Fall BMP	November 9
Presentation of General Fund financial forecast to Council	December 7
Bureaus/PDC submit Requested Budgets, Five-Year Plans, CIPs, and Portland Plan integration proposals	January 30
Special Appropriation requests for General Fund support due	January 30
Financial Planning Requested Budget reviews distributed to Council	March 12
Bureaus/PDC present Requested Budgets to City Council	Mar 19 - Apr 6
Spring BMP due to Financial Planning	March 30
Council work session on Spring BMP	April 24
Mayor releases Proposed Budget decisions	April 30
Council action to adopt Spring BMP	May 2
Proposed Budget document available	May 15
Budget Committee meeting – Mayor presents budget message	May 16
First Utility Rate Review hearing	May 16
PDC Budget Committee meeting – PDC director presents Proposed Budget	May 16
Budget Committee public hearing on City and PDC budgets	May 17
Utility Rate Review – second reading	May 23
Budget Committee action to approve City and PDC budgets	May 30
Approved Budget submitted to Tax Supervising & Conservation Commission	May 31
Over-expenditure ordinance due to Financial Planning	June 7
Tax Supervising & Conservation Commission hearing on Approved Budget	June 20
Council action to adopt over-expenditure ordinance	June 20
Council action to adopt budget	June 21



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

Dan Saltzman, Commissioner
Paul L. Scarlett, Director
Phone: (503) 823-7300
Fax: (503) 823-6983
TTY: (503) 823-6868
www.portlandoregon.gov/bds

FY 2012-13 Budget Preparation Process

October 25, 2011

I. Background

Historically, the Bureau of Development Services (BDS) has input into its budget process from several sources: the Development Review Advisory Committee (DRAC, BDS's citizen advisory committee), the BDS Labor Management Committee (LMC) BDS employees, and the BDS Budget Advisory Committee (BAC).

Labor Management Committee (LMC) – Previously, BDS's LMC was deeply involved in the preparation of the bureau's budget through LMC Budget Subcommittees that reviewed and made recommendations on the budget request. However, the LMC found that there was little discretionary spending in the bureau's budget and has therefore chosen to not be as deeply involved in the line item details the last few years.

For FY 2012-13, the LMC will again be involved with the budget process during their regular meetings. Additionally, the LMC has asked to be provided with more detailed financial information, such as budget line items for each bureau division. This will allow for better familiarity with the bureau's operation and aid in the LMC's review and endorsement of the final budget recommendations.

Development Review Advisory Committee (DRAC) – The DRAC reviews the budget at a more global level. DRAC provides input on permit and land use fees and has been involved in ensuring that the development review process works well. Understanding the budgets of the other development bureaus continues to be a high priority for DRAC.

Budget Advisory Committee (BAC) – Since the FY 2009-10 budget process, each bureau has been directed by Mayor Adams to form a Budget Advisory Committee (BAC) that includes management, labor, customers, citizens, and internal and external stakeholders. To meet this requirement, BDS will convene a BAC with representatives from the following groups:

- Neighborhoods (Citywide Land Use Group)
- General Public
- DRAC (Development Review Advisory Committee)
- SBAC (Small Business Advisory Council)
- BDS LMC (Labor Management Committee)
- BDS Employees

The primary purpose of the BAC is to evaluate the bureau's budget request in light of the City's budget directions, the bureau's budget direction and goals, and customers' needs. The BAC will meet several times during the budget preparation process (October 2011 – January 2012) and will submit recommendations to the BDS Director. All BAC meetings will be open to the public.

Other Groups - In response to City Council's direction to include more citizens in the budget process, BDS invites participation by neighborhood associations and industry. To connect with neighborhood associations, BDS staff meets with the Land Use Chairs to invite their input into the budget process.

II. Changes in the Budget Preparation Process for FY 2012-13

BDS's Financial Situation

Due to an extended period of significantly reduced revenues from 2008-2010, BDS used most of its reserve fund and has reduced its staff by approximately one-half. In 2011 revenues have been gradually improving, and the bureau has begun working on re-building reserves and slowly adding back staff. The bureau's financial projections indicate continued gradual improvement in FY 2012-13 and beyond.

Financial Advisory Committee

In September 2010, at the direction of City Council, the Office of Management and Finance (OMF) convened a committee to review the financial feasibility of BDS's Information Technology Advancement Project (ITAP). This Committee included five members with economic and real estate background and expertise from organizations such as the PDC Small Business Advisory Committee, Portland State University, independent economic consultants, and others. Committee members provided their insights into the current economic situation and contributed a number of ideas for BDS's financial projections during three meetings in September and October 2010. All members of the Committee gave a solid and positive endorsement to the financial feasibility of implementing ITAP. In addition, the Office of Management and Finance endorsed the work reviewed by the Committee.

Recently the Committee was renamed the BDS Finance Committee. On August 15, 2011 it was reconvened to review more current financial forecasts. Members reviewed the bureau's revenue projections, contributed their advice, and were satisfied with the outcome of the projections. The Committee will continue to meet periodically to review current economic indicators and information.

City's Budget Directions

On October 5, 2011 the City Council provided budget directions to City bureaus. As in recent years, due to projected shortfalls in overall City revenue projections, the Council has directed General Fund-supported bureaus to prepare budget reduction packages of 4%, 6%, and 8%. While BDS is primarily fee-supported, the bureau receives General

Fund support for its Land Use, Neighborhood Inspections, and Noise Control programs. BDS will be required to submit reduction packages for its General Fund programs.

Bureau's Budget Focus

As BDS seeks financial stability and plans for future economic recovery, the bureau will focus on several key themes:

- Adequate staffing levels
- Cost savings / Program efficiencies
- Technology
- General Fund support
- Workforce planning, including training

III. FY 2012-13 Budget Preparation Process

Set the Goals

The Bureau Director will provide both general direction and specific goals for the FY 2012-13 budget process. Overall, the budget should support the bureau's goal of providing the best and highest level of service of any development services department in the country. The budget should ensure that the bureau staff is equipped with the appropriate tools and resources to effectively perform their jobs. Given the bureau's financial situation, the budget will continue to focus on finding efficiency gains and ensuring that high-priority services and programs are supported, including adequate staffing levels. A key component of BDS's budget planning process is the integration of the budget request with the bureau's 5-Year Financial Plan. Current financial projections call for the bureau's reserve fund to be slowly rebuilt over the next few years. It will be critical for annual budget requests to be structured in order to accomplish the bureau's longer-term financial goals.

Finally, the bureau must continue to be cognizant of customers' needs and find creative, innovative ways to meet those needs and deliver the best service possible.

Establish Budget Advisory Committee (BAC)

As mentioned previously, the bureau will form a BAC composed of representatives from the LMC, DRAC, SBAC, neighborhood associations, and the community.

Seek Input from BDS Employees

Everyone at BDS can be involved in the Budget Process. Section Managers will meet with their staffs to discuss ideas for the FY 2012-13 budget request and ideas to improve services, reduce costs, and/or increase revenues. Budget recommendations from bureau staff will be reviewed by the LMC and the Director.

Seek DRAC Input

The DRAC will be reviewing the budget at a more global level during its regular monthly meetings from October 2011 – January 2012. The DRAC is very interested in fees and

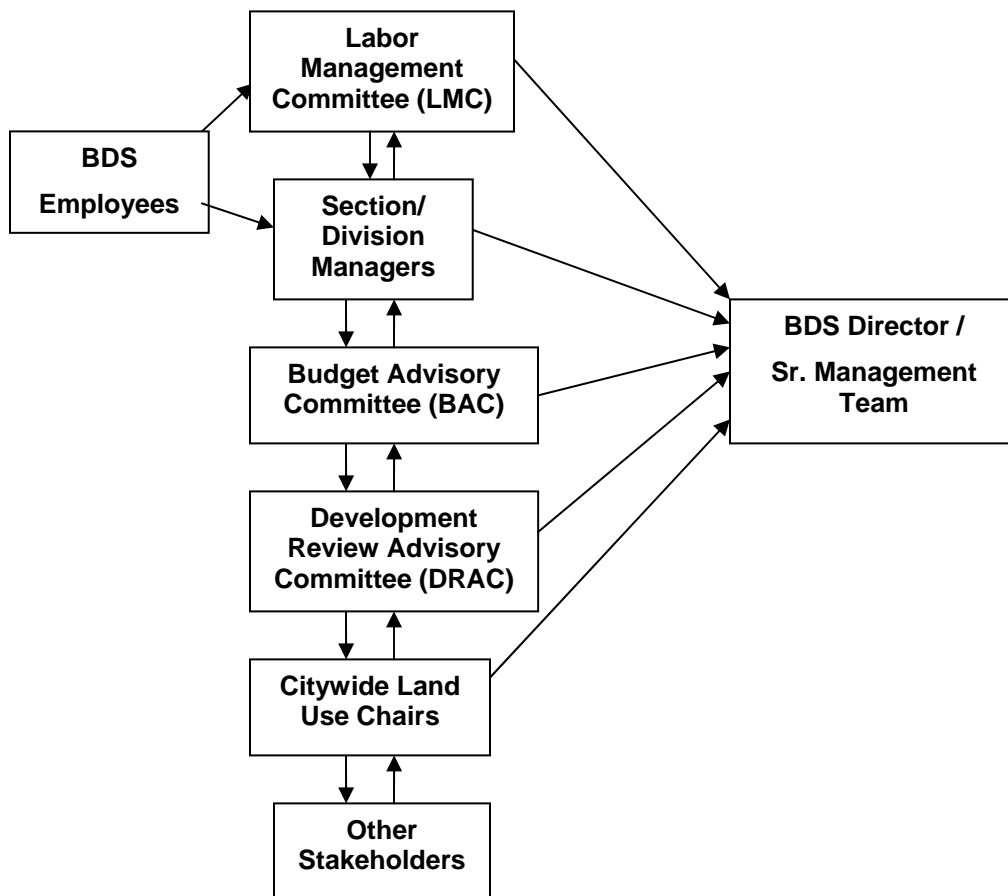
revenues and has been involved in ensuring that the development review process works well. Understanding the budgets of the other development bureaus continues to be a high priority for the DRAC, and those bureaus will make budget presentations at DRAC meetings.

Seek Input From Citywide Land Use Chairs

At some point during the budget planning process, BDS will meet with the Citywide Land Use Chairs and solicit their input into the budget preparation process.

Budget Recommendation and Approval Process

As the following graphic shows, budget recommendations will be shared amongst the various groups and will flow to the BDS Senior Management Team and the Director for final approval:



BDS FY 2012-13 Budget Process Timeline (Projected)

September 2011

- BDS Finance Section provides preliminary forecast

October

- BDS Sr. Team discusses budget priorities, needs, and funding
- Finalize BDS budget process and schedules
- Preliminary BDS revenue forecast
- Budget direction from Commissioner & Director
- Formation & first meeting of Budget Advisory Committee (BAC)
- Section Managers discuss budget with their staffs
- Division Managers review performance measures, goals, needs, and priorities.
- Committee to Review BDS Financial Model and Projections makes recommendations

November

- Section Managers discuss budget with their staffs
- LMC reviews and discusses budget recommendations and proposals
- DRAC reviews and discusses budget recommendations and proposals
- BAC meets

December

- Section and Division Managers review & give feedback on draft personnel & expenditure information
- Citywide budget direction incorporated into BDS budget priorities and decisions, if needed.
- BAC meets
- LMC reviews and discusses budget recommendations and proposals
- DRAC reviews and discusses budget recommendations and proposals
- Meetings with Citywide Land Use Chairs

January 2012

- Final program narratives, performance measures and decision package narratives from Managers to Finance.
- BAC meets
- Update / input meetings with BDS advisory groups.
- Director reviews recommendations from all groups (BAC, DRAC, LMC, employees, Land Use Chairs)

- Budget decisions finalized. Decision packages finalized; budget numbers locked; 5-Year Financial Plan numbers finalized
- BDS line item budget finalized
- Draft 5-Year Financial Plan completed
- BDS budget decisions finalized
- BDS Finance / Admin staff prepare Budget and Financial Plan documents
- **BDS Budget Request & 5-Year Financial Plan submitted (January 30, 2012)**

February

- City Council teams review bureau budgets

March

- Citywide public forums and meetings on City budget
- BDS budget presentation to City Council
- City Council teams make budget recommendations

April

- City Council work sessions on City budget
- Mayor makes decisions on proposed City budget

May

- **City Council work sessions on City budget**
- **Mayor's proposed budget document published**
- **City Council meets as Budget Committee**

June

- City Council adopts budget

July 1, 2012: FY 2012-13 Budget Takes Effect



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

Dan Saltzman, Commissioner
Paul L. Scarlett, Director
Phone: (503) 823-7308
Fax: (503) 823-7250
TTY: (503) 823-6868
www.portlandoregon.gov/bds

MEMORANDUM

Date: October 25, 2011

To: BDS Budget Advisory Committee (BAC)
BDS Employees
BDS Labor Management Committee (LMC)
Development Review Advisory Committee (DRAC)

From: Paul L. Scarlett, Director *PLS*

Subject: BDS Budget Goals for Fiscal Year (FY) 2012-13

The Bureau of Development Services (BDS) plays a vital role in the development of the built and natural environments for the City of Portland. To that end, the bureau promotes safety, livability, and economic vitality through the efficient and collaborative application of building and development codes. The bureau is responsible for administering and enforcing 12 State and 18 City Codes. Currently, there are about 180 BDS employees working diligently to achieve the bureau's goals. They are housed in the Director's Office and the bureau's four divisions: Administrative Services, Plan Review/Permitting Services, Land Use Services, and Inspections Services. The bureau is supported primarily by permit fees (90%), with the City's General Fund making up the rest of the budget.

Over the past year, bureau revenues and expenditures have stabilized since the significant downturn in 2008-09. The bureau has been able to positively respond to workload levels by recalling laid-off staff to fill vacant positions. For FY 2010-11, revenues exceeded costs and the bureau was able to begin rebuilding its depleted reserve. BDS ended the fiscal year on June 30, 2011 with a cumulative cost recovery rate of 107%.

As in past years, this year's budget process will include the participation of bureau staff and outside stakeholders in the development of BDS's Fiscal Year (FY) 2012-13 budget request. This approach will rely on identifying priorities and recommendations for continued improvements to ensure the success of our operations.

The budget request for FY 2012-13 will focus on strategically rebuilding our staffing levels slowly and steadily. We will closely monitor construction activity and our operation to make adjustments as needed, while striving to provide the best service possible. I will again be recommending that City Council continue to dedicate one-time and ongoing General Fund support to BDS programs that provide important public benefits, specifically our Enforcement and Land Use programs.

Goals of the FY 12-13 Budget Request

Similar to the past few years, the FY 2012-13 BDS budget request will focus on the following areas:

- Adequate staffing levels
- Cost recovery/Program efficiencies
- Technology
- General Fund support
- Workforce planning, including training

Adequate Staffing Levels

The new economic realities we face will compel us to approach staffing and rebuilding efforts in a measured and steady way. Our current financial projections show that we could have the capacity to add approximately 6 positions in FY 2012-13 and up to 28 employees over the subsequent 3 years. We will continue to need to be flexible in our staffing so we can be responsive to changes in the development industry and workload.

Cost Recovery/Program Efficiencies

Achieving full program cost recovery, wherever possible, will continue to be one of the bureau's main financial goals. As in past budget cycles, we will seek to make changes in our fee schedules that balance our need for program cost recovery and adequate service levels with the impact that increased fees have on our customers. The bureau will also continue to examine cost saving measures and ways to make our programs and services more efficient and effective, including looking at program structures, processes, innovation, and best practices.

Technology

We are committed to providing technology solutions that meet customer and workplace needs. We have just received authorization from City Council to issue a request for proposal to replace our current permit issuance and tracking system. We have had ongoing discussions with the Office of Management and Finance and have a very feasible financing plan for this important project. In the meantime, our technology staff is working on essential improvements to the current system.

General Fund Support

BDS receives General Fund support for several of its local programs that provide general public benefit, including Land Use Services, Neighborhood Inspections, and Noise Control. We will continue to seek additional General Fund support for FY 2012-13 in order to adequately fund these beneficial programs and restore services that have been reduced.

Workforce Planning and Development

Like other industries, we see that our workforce is changing. Within the next 3 years, 40% of BDS employees will be eligible for retirement. We are focused on maintaining a well-informed, competent and aligned workforce. Unfortunately, over the past several years, we have dramatically reduced our resources devoted to training. In order to prepare for the future of the bureau, we need to focus attention on developing our future leaders. Our goals are to plan for succession to management, leadership, and technical positions, to upgrade the skills of our current employees, and at the same time re-affirm our commitment to diversity.

I appreciate your input into the BDS budget request. Our budget process is just one way that we are working to build and foster strong working relationships with the community, employees, industry, and agency stakeholders.

Thank you very much for your time and diligence.



CITY OF

PORTLAND, OREGON

Sam Adams, Mayor
Nick Fish, Commissioner
Amanda Fritz, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner

October 5, 2011

TO: City Bureau Directors
City Budget Managers

FROM: Mayor Sam Adams
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Randy Leonard
Commissioner Dan Saltzman

DATE: October 3, 2011

SUBJECT: FY 2012-13 Budget Guidance

Portland, along with other local governments, has been impacted by the national recession. As a City, we have taken targeted cuts to reduce ongoing expenditures while judiciously using one-time funds to smooth out the worst of the service impacts, assist Portlanders who are most in need, and invest in economic development and capital projects that create jobs. With your help, bureaus have found efficiencies and made prudent budget reductions that have positioned the City to emerge from the national recession as a stronger, more resilient City.

Budget Outlook

Once it receives updated revenue projections, the Office of Management and Finance will present its five-year General Fund financial forecast to the City Council on December 7th. However, we want to provide you with guidance as early as possible so that you can prepare for the FY 2012-13 budget process.

In anticipation of a protracted national economic recession or slow recovery, the Adopted Budget in FY 2012-13 included a \$9 million rainy day fund, with \$5 million of those funds available in FY 2012-13 and the remainder spread through the rest of the five-year forecast.

Even though we have been fiscally prudent, most economic indicators are trending downward and will likely have a negative impact on the next forecast. Nationally, economic growth has been anemic in the first three quarters of 2011. Unemployment is still very high (August: 9.1% nationally, 8.7% in Multnomah County), and the economy has not grown at the rate needed to bring unemployment down. There is an increased

possibility of a “double-dip” recession, and even if the economy continues to grow, very few economists are predicting the type of growth that would significantly increase business license tax revenue in the near term. The international debt crisis and federal political dysfunction have increased overall market volatility, dampening investment and hampering economic growth. Inflation has also been trending higher, at least in the short term, which may increase COLA costs above forecast.

To reduce the national debt, the federal government is preparing deep cuts to programs, and many of those cuts will directly impact services provided by the City. Last week, Governor John Kitzhaber asked state agencies to prepare budget cut packages of 5% and 10%.

Locally, we face some tough trends as well. Housing prices continue to fall, impacting property tax revenue collections as more and more commercial and residential properties are subject to property tax compression. Multnomah County is also considering putting a permanent rate library district on the May 2012 ballot. If voters approve such a district it would result in a significant ongoing decrease in property tax revenue for the City, starting in FY 2012-13. We anticipate the potential impact of a permanent rate library district to be at least \$5-6 million annually to the General Fund.

Budget Directions

As a result of the global, national, and local factors that may impact the City and the uncertainty surrounding the economic outlook, we are asking bureaus not to request budget add packages and to prepare significant program cuts for FY 2012-13.

Since it is not clear at this point exactly what level of cuts will be necessary in order to balance, we are asking bureaus for a tiered approach of 4%, 6%, and 8% reductions. It is our hope that providing early guidance will give bureaus time to fully vet the potential reductions with their employees, public-sector partners, key stakeholder groups and the public.

Bureaus should prepare the following as part of their FY 2012-13 Requested Budgets:

•**Bureaus receiving General Fund support** (discretionary resources or cash transfer): Ongoing reduction packages of 4%, 6%, and 8% based off of FY 2012-13 General Fund CAL targets. CAL targets will be released December 8th.

•**OMF Internal Service Funds** (BTS, CityFleet, P&D, Facilities, Worker’s Compensation, Risk Management, EBS Services): Ongoing reduction packages of 4%, 6%, and 8% based off of FY 2012-13 base budgets.

•**Non-General Fund fee-supported bureaus** (BOEC, BDS, PBOT, FPD&R): 0% reductions to non-General Fund portions of their budgets. BOEC, BDS and PBOT will submit reduction packages for their General Fund support in the 4%, 6%, and 8% increments identified above.

•**Rate-supported utility bureaus** (Water, BES): Guidance regarding budget targets for utility bureaus will be distributed in a future communication. It is likely the utility bureau operations will be asked to find efficiencies and reduce costs for ratepayers.

The tiered approach of 4%, 6%, and 8% cuts will provide Council with the flexibility to cut more deeply if economic conditions continue to deteriorate, or take fewer reductions if conditions improve.

We want to underscore this point: add packages for new or expanded programs or services will not be considered. Bureaus may request one-time funding to continue existing one-time funded programs or services. New programs will only be considered if they are achieved through efficiency savings above and beyond the cut targets noted above.

For all bureaus, we expect you to achieve your reductions through efficiencies and realignments wherever possible. Since program cuts will be necessary under any of these scenarios, we encourage bureaus to look closely at your program rankings and cut in areas that will have the least impact on your core programs and services.

Cross-Jurisdictional Collaboration

As we move forward as a City during these tough economic times, we need to look for ways to improve cooperation and collaboration among all of the entities that provide services to Portland residents (city, county, state, federal, and special districts along with non-governmental organizations).

We are finalizing the Portland Plan - the 25 year plan for the City – which is scheduled to come before Council in early 2012. The Plan focuses on a limited set of priorities and outlines strategies to create well-paying jobs, advance social equity, improve educational outcomes, and support healthy connected communities. As the City's strategic plan it looks at the city as a whole system and recognizes how each of the pieces of that system impacts one another. Our collective actions must be better aligned and designed to produce multiple benefits. This will require cross-jurisdictional collaboration, more effective partnerships and integrated solutions.

For the FY 2012-13 budget process, we will ask the noted jurisdictions to join with city bureaus to align budget priorities on specific topics:

- 1) Transportation (PBOT, BPT, ODOT, BES, Port, Metro, TriMet, County Health Department);
- 2) Economic Development (PDC, BPS, Port, Metro, Business Oregon);
- 3) Public safety (Police, Fire, BOEC, Multnomah County Sheriff, Local Public Safety Coordinating Council)

This process will familiarize staff from all jurisdictions with the budgets and strategic plans of their counterparts. With the goal to achieve the emerging Portland Plan five-year action items, the process will form a basis for bureaus to work with their partners to improve efficiency, service delivery, and intergovernmental coordination.

Bureaus that are involved in this process will be responsible for reporting outcomes from these meetings in their Requested budget. The attached document provides more information on this process, and further direction will be sent to all bureaus.

Summary

These remain uncertain times. The City has responsibly managed its resources to date, and we will continue to pursue a prudent, financially sustainable path going forward while we work to ensure a more prosperous, resilient and equitable city. We appreciate the diligent efforts of City bureau directors, managers, and staff in providing services to citizens and support in the workplace through these tough times.

We look forward to working with you as we craft next year's budget.