



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

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**BDS Budget Advisory Committee**  
**Meeting Notes**  
**Wednesday, January 12, 2022**

**BAC Members Present:**

Barbara Alexander, Hacienda CDC  
Chris Woo, BDS Equity Committee  
Cleo Davis, Community Member  
Hannah Bryant, BDS / PROTEC  
Kevin Foster, Community Member  
Lauren Jones, Development Review Advisory Committee  
Oretha Storey, BDS / Non-Represented Staff  
Sean Green, Development Review Advisory Committee  
Susan Steward, Building Owners & Managers' Association  
Tara Carlson, BDS / DCTU  
Timothy Novak, BDS Equity Committee

**City Staff Present:**

Beth Benton, BDS Property Compliance Inspections Manager  
Brenda Fahey, BDS Technology & Continuous Improvement Manager  
Colleen Poole, Business Operations & Finance Services (Meeting Host)  
Dave Tebeau, BDS Residential & Commercial Inspections Manager  
Doug Morgan, BDS Plan Review Manager  
Douglas Imaralu, City Budget Office  
Elshad Hajiyev, BDS Deputy Director  
Kathy Lyndon, BDS Budget & Finance  
Karen Guillen-Chapman, Commissioner Dan Ryan's Office  
Kimberly Tallant, BDS Land Use Services Manager  
Kyle O'Brien, BDS Budget & Finance Manager  
Ray Galinat, BDS Budget & Finance  
Rebecca Esau, BDS Director

## Handouts

- Draft 12-08-21 BAC Meeting Notes
- BDS Financial Advisory Committee Draft Meeting Minutes 01-04-22
- Non-Cumulative Cost Recovery Report
- Major Workload Parameters
- Business Continuity Plan Summary
- BDS Reserve Summary
- Preliminary Revenue Growth Rates
- Potential BDS Funding Requests
- Empowered Communities Program Client Served
- FY 21-22 BDS Budget Advisory Committee Report

### 1. **Welcome/Convene Meeting**

BDS Director Rebecca Esau welcomed Budget Advisory Committee (BAC) members and City staff and thanked BAC members for their participation. BAC members reviewed notes from the December 8, 2021 BAC meeting. There were no requested changes.

### 2. **Economic Outlook**

#### Input from BDS Finance Committee

BDS Budget & Finance Manager Kyle O'Brien provided an overview of the handout ***Non-Cumulative Cost Recovery Report***. BDS is currently drawing on reserves, however the current cost recovery rate is 89% compared to 72% last year. Current reserves now sit at approximately \$55.25 million. Expenditures have been on track with the Financial Plan and actual revenues have been higher than projected in the Financial Plan.

BDS met with the Finance Advisory Committee (FAC) on January 4<sup>th</sup>, 2022 to review revenue projections and growth expectations. The committee was split on the proposed growth rates presented in the BDS Financial Plan models; while some FAC members thought the proposed rates were reasonable, others thought the rates were too optimistic. Based on FAC feedback, BDS split originally modeled first year growth over the first two years of the Financial Plan.

#### Revenue Projections

Kyle O'Brien described the processes used to develop revenue models and make financial projections for the bureau. BDS projects both revenues and expenditures five years into the future. The ***Preliminary Revenue Growth Rates*** handout shows the "Base Case Scenario" reflects strong growth over the first two years of the five-year forecast period (FY 22-23 & FY 23-24), followed by lower but steady growth in the final three years. The alternative-case scenario reflects a less optimistic outlook, with low-growth rates over the entire five-year forecast period.

BAC member Timothy Novak asked for clarification on how revenue projections inform staffing levels, and if the projections play into a longer-term conversation about how the bureau is funded. Kyle explained that the current BDS funding model ties the bureau to economic conditions, making revenue growth highly correlated to workload demand. In periods with strong growth, staffing increases are required to match increases in workload. Whereas in periods of lower growth, staffing stabilizes. The BDS Financial Plan assumes funding sources remain the same. If the funding model changes, the Financial Plan will need to be reworked; however, there's a low likelihood of the funding model changing.

Timothy Novak voiced sentiment in support of increased General Fund support for BDS with the goal of increasing equitable service delivery. Rebecca noted the current General Fund outlook is always positive. Kyle added that current available General Fund is only "one-time" funding as the surplus is thought to be more of a

timing issue than ongoing increased funding. Additionally, ongoing General Fund cut packages have historically been reduced from one budget cycle to the next making it a funding model that might not be conducive to rolling out and establishing new programs and activities.

### **3. Potential Funding Packages**

Kyle provided an overview of the handout *Potential BDS Funding Requests* which outlined the following funding proposals:

- One-time Cannabis Fund request to expand BIPOC Small Business support by 1 Full Time Equivalent (FTE)
- One-Time General Fund request to expand support for BIPOC Portlanders by 2 FTE
- One-Time General Fund request to expand permitting support for shelters and “Pre-School for All” projects by 1 FTE
- One-Time General Fund request for 2 FTE to provide office support for the Neighborhood Inspections Program addressing tenant health and safety issues with rental housing
- One-Time General Fund request for 2 FTE to take climate action by expedited solar permitting
- One-Time General Fund request for 1 FTE to begin community engagement about careers at BDS, and to develop a succession planning and mentorship program with an equity focus
- One-Time General Fund request for 6 FTE to improve the City’s multi-bureau permitting system
- One-Time General Fund request for 6 FTE to provide technology support for citywide permitting

City Budget Office Analyst Douglas Imaralu asked if there is an offset for the potential funding packages. Kyle stated that since these are mainly General Fund requests there is no need for an offset. Douglas observed that potential funding packages look more like on-going positions which does not necessarily align with the Mayor’s policy. Kyle noted that the Mayor’s guidance does not allow for requesting on-going General Fund. BDS is proposing to fund these requests with General Fund in the first year after which the bureau will absorb ongoing costs for these positions through fees and charges for services. Rebecca added that these funding packages will give BDS a “jump start” to proactively fund these positions before increased workloads materialize.

Douglas requested clarification on how the potential funding packages align with the four priority areas in the Mayor’s budget memo. Kyle explained that the *Potential BDS Funding Requests* handout is only a summary and the actual decision packages contain more information/details on how the requests meet the Mayor’s priorities.

Tara Carlson inquired if the job duties of the positions included in the request provide technology support for citywide permitting. Brenda Fahey explained that these positions will add capacity for the BDS Technology Team to help with existing high workloads, specifically relating to AMANDA (the citywide development permitting software). Approval of this funding package will build capacity for future requested projects.

### **4. BAC Budget Recommendations**

BDS Budget & Finance Manager Kyle O’Brien expressed appreciation for committee members who reached out with budget recommendations and shared the submitted recommendations, which included:

- **Explore the feasibility of satellite offices:** Timothy explained this recommendation is from the Bureau Equity Committee. This funding request would be for staffing, possibly third party, to study the feasibility and logistics of establishing satellite offices.
- **Promote equity in Property Compliance Efforts:** Chris Woo explained that this recommendation stemmed from the Property Compliance audit earlier this year. One of the needs for Property Compliance is more community engagement and current staffing levels do not have the bandwidth to engage in these efforts. This recommendation would seek General Fund to provide staffing help and potentially hire staff to look at existing code.

- **Support BDS Decision Packages requesting funding for the Empowered Communities Program:** This is not a new request, but rather provides support to Leesha Posey’s budget request.
- **Expansion of services for small business and residential customers:** This recommendation is to provide a single point of contact to help BDS customers through the permitting process.

BAC member Lauren Jones asked if the goal of establishing satellite offices is to provide better customer service with customer facing offices in communities. Timothy confirmed that is the goal.

BAC member Sean Green stated that DRAC supports BDS requests for General Fund to support continued improvement throughout the City’s permitting process. Rebecca noted that continued improvement efforts are a high priority for BDS. Additionally, Sean recommended continued support for replacing the City’s current commissioner form of government with a city manager model.

BAC member Hannah Bryant asked how positions included in the funding packages, and existing positions, will be protected from future layoffs. Kyle explained that positions are added into the financial plan to ensure adequate funding over the five-year plan. Rebecca noted that BDS has put measures in place to recognize downturns earlier which enable the bureau to make small adjustments early rather than taking drastic action later. Additionally, maintaining substantial reserves is important to mitigating potential effects of economic downturns. BDS Deputy Director Elshad Hajiyeve emphasized the importance of staffing to match workload and stressed the impossibility of mitigating all risks.

The committee indicated support for all the proposed funding packages.

**Budget Advisory Committee Report / Next Steps**

The Budget Advisory Committee Report is attached to the bureaus’ requested budget. Kyle proposed that the BDS Finance Team will draft the report and send out to the committee for review and sign off. The committee agreed to this proposal.

Meeting notes prepared by Kathy Lyndon & Ray Galinat, BDS