



**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](http://www.portlandoregon.gov/bds)

## MEMORANDUM

November 18, 2015

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

**From:** Paul L. Scarlett, Director

**Subject:** **BDS Budget Goals for Fiscal Year (FY) 2016-17**

The Bureau of Development Services (BDS) mission is to promote safety, livability, and economic vitality through the efficient and collaborative application of building and development codes. We are responsible for administering and enforcing twelve State and seventeen City Codes. Currently, BDS has approximately 300 employees housed in four divisions: Inspections Services, Permitting/Plan Review Services, Land Use Services, and Administrative Services/Director's Office. About 96% of BDS revenues come from permit and other fees, with the City's General Fund making up the remaining 4% of the bureau's budget.

### **BDS's Financial Standing**

In 2015, bureau revenues have continued to increase significantly as the construction industry experiences strong growth. Our cost recovery rate for FY 2014-15 (July 1, 2014 – June 30, 2015) was 138%, and has been at 138% for the first three months of FY 2015-16. This has allowed us to rebuild our financial reserves to healthy, prudent levels; add staff to respond to the rapidly increasing workload; and proceed with a major information technology upgrade, all while keeping most of our fees constant.

### **BDS Long-Term Operational Strategy**

To successfully provide excellent and equitable programs and services, we operate in a fiscally sustainable manner. To do this we balance several strategy goals:

- Provide staffing sufficient to meet the needs of customers, stakeholders, and community members;
- Maintain prudent financial reserves to cushion against economic downturns;
- Pursue and maintain cost recovery for services whenever appropriate;
- Set reasonable fees and keep fee increases as low and gradual as possible;
- Establish and achieve equitable and workable service level goals;
- Ensure programs and services are effective, efficient, and equitable

As in past years, we will include the participation of bureau staff, customers, stakeholders, and the community in the development of our budget. We rely on assistance from all these participants in identifying priorities and recommendations for the continued improvement and success of the bureau. All of these various input will inform and shape our budget planning process. I have identified seven relevant budget goals for the bureau for the next fiscal year (see next page).

## **Budget Goals**

Our budget request for FY 2016-17 will be structured in order to best help us achieve these budget goals (expanded descriptions follow):

- Ensure appropriate staffing levels
- Improve access to services and programs
- Workforce development and training
- Ensure General Fund support for local code enforcement programs
- Review permit fees and financial reserve goals
- Equity – internal and external service delivery
- Leverage advanced technology

Focusing on these goals will drive our quest to be the best development services agency in the nation.

### **Ensure Appropriate Staffing Levels**

The growth in the construction industry over the last few years has both enabled and compelled us to add staff positions in order to sustain our service levels and manage a much larger workload. Since Fall 2011, BDS has added approximately 160 positions spread throughout the bureau; since January 2014, we have hired 87 employees.

Around 40 of the added positions are still in the process of being filled; most of these are fee-supported. Because of this, we do not anticipate requesting significant numbers of fee-supported positions in our FY 2016-17 budget request. Instead, we intend to focus more heavily on enhancing General Fund support for bureau programs that provide community-wide benefit, including Land Use Services and Neighborhood Inspections. See “General Fund Support for Local Code Programs” below for more details.

As always, I approach staffing in a measured and steady way, adding staff only when it is justified by the workload and we have sufficient resources to sustain them for the long term. We will continue to use all available methods for adding staff as appropriate so we can be timely in our response to changes in our workload.

### **Improve Access to Services & Programs**

We want to create more effective means for customers, employees, stakeholders, and community members to communicate ideas and have collaborative interaction with bureau leaders and with one another. In addition, we want to research and pursue other ideas to improve the various ways in which customers and stakeholders interface with our staff and services such as the bureau’s website, written materials, and phone call interactions. Examples of this work include our Customer Call Center, which answers calls to main bureau phone lines live, rather than with voicemail; and the reinstatement of our customer and community satisfaction surveys in Fall 2014.

### **Workforce Development and Training**

Like other organizations, we see that our workforce is changing. Approximately 12% of BDS employees are eligible for retirement now and about 29% could retire within 5 years. Addressing this reality will require increased efforts in several areas, including ensuring equitable outreach, recruitment, and hiring processes; outreach to high school and college students regarding career path opportunities; development of future leaders and plans for succession to management, leadership, and technical positions; and relevant training for current employees. Earlier in 2015 we hired a Training & Workforce Development Manager to drive this effort and coordinate the work of existing recruitment, onboarding, training, and development staff.

### **Ensure General Fund Support for Local Code Enforcement Programs**

BDS receives financial support from the City's General Fund for local code programs that provide general public benefit, including Land Use Services and Neighborhood Inspections. I will continue to seek General Fund support in order to adequately fund and expand these beneficial programs. I will also advocate for the conversion of one-time General Fund monies into ongoing support in order to provide stability to programs that provide significant community benefit, such as the Extremely Distressed Properties Enforcement Program.

### **Review Permit Fees and Financial Reserve Goals**

As stated earlier, the bureau's primary funding source comes from permit fees. Building permit fees are calculated based on the value of projects. Over the past three years BDS has not raised most of its permit fees, in part due to the fact that most programs are operating at cost recovery and have met their respective reserve goals. Development industry stakeholders have expressed concerns over the high amount of the bureau's current financial reserves and have asked for a detailed review to see if additional adjustments can or should be made. Concerns have also been voiced around the cumulative effect of fees imposed by the various city bureaus in connection with development projects. The Development Review Advisory Committee (DRAC) is discussing ways to request the City conduct a comprehensive review of all fees, including System Development Charges.

I have committed to conduct a thorough review of the fees charged by BDS through the budget planning process. The goal is to explore options to determine if there are opportunities to reduce fees, change fee methodology, process for payment, etc. This effort will be in conjunction with pursuing the bureau's financial goals of operating at minimum 100% cost recovery and achieving established programmatic and bureau reserve goals.

As part of this review, in 2015 BDS created a Business Continuity Plan (BCP). The BCP provides direction and guidelines to the bureau in order to respond in a prudent and timely way to significant, persistent financial downturns. The BCP identifies leading indicators and triggers to help the bureau see financial and workload trends sooner, and establishes measures to direct the bureau's response. BDS will produce monthly reports showing bureau performance relative to these indicators and triggers.

### **Equity – Internal and External Service Delivery**

As referenced in many of the other budget goals, we are committed to pursuing equity in our staffing, our programs and services, and our interactions with customers and the community. Specifically, we seek to expand educational and training opportunities in equity issues for staff; and seek to improve our outreach and accessibility, particularly to underrepresented and disadvantaged communities. We are currently in the process of creating an Equity Roadmap to guide our equity work over the next 5 years.

### **Leverage Advanced Technology**

We are continuing work on implementing our Information Technology Advancement Project (ITAP). ITAP is a web-based system that will allow 24/7 online access to BDS's records and services, greatly enhancing the level of technology in the development review process while improving public access to information. In addition to ITAP, I remain committed to providing technology solutions that meet customer and workplace needs. I encourage you to think about ways that technology can better serve the bureau's goals and the needs of staff, customers, and the community.

I appreciate the time and energy that you will dedicate to our bureau's budget planning process and recommendations. Our budget process is just one way that we are working to build and foster strong working relationships with the community, employees, industry, and stakeholders.

Thank you very much for your support and input.