



Date: March 2, 2021

To: Chair Harrington and Commissioners

Through: Tanya Ange, County Administrator

From: Stephen Roberts, LUT Director
Andy Back, Planning and Development Services Manager
Sheila Giambrone, Sr. Administrative Services Manager

RE: Current Planning and Building Services FY 2021-22 budget strategy

Briefing purpose

On March 9, we will present an *LUT Financial Update Work Session* briefing, with an emphasis on the Current Planning and Building Services funds. We will provide you an update and seek your input on our proposed strategy to bridge anticipated gaps between revenues and expenditures in these two funds for FY 2021-22. The proposed strategy relies on a combination of measures:

- expenditure reductions, including voluntary and potential mandatory staff furloughs, being mindful of service level impacts and staff well-being;
- fee increases to improve cost recovery, being mindful of comparator jurisdictions' fees;
- continued spend-down of fund balances at a much slower rate; and
- a proposal for external funding support for Current Planning.

We'd also like your input on the scope and elements for a long-term sustainability assessment to consider the services provided, service levels, and funding options for these two programs.

Current Planning snapshot

Current Planning informs property owners about regulations and reviews development proposals in the urban unincorporated area and rural area to ensure compliance with the Community Development Code, applicable Community Plan (urban areas), Rural/Natural Resource Plan and Transportation System Plan. Land Use code compliance is also part of this group's mission.

Funding is primarily from fees paid by development review applicants, plus a fixed allocation of \$299,200 in Video Lottery funds and \$25,000 in General Fund each year to help offset code compliance costs. These allocations were fixed in FY 2002-03.

Quick facts:

- 400+ land development proposals reviewed each year
- 50,000+ customer and constituent inquiries each year
- Average of 160 code compliance complaints each year
- FY 2020-21 budgeted FTE: 18.47
- Current FTE: 13 (30% below budgeted)

Building Services snapshot

Building Services performs plan review, permitting and inspects building construction and grading activity in the urban unincorporated and rural areas. They also provide the same services in the cities of Banks, Gaston and North Plains by agreement with the cities, as well as electrical plan review, permitting and inspection services for several cities in Washington County.

Building Services is funded entirely through fees for services provided.

Quick facts:

- About 12,000 permits issued each year
- About 60,000 – 70,000 inspections performed each year
- FY 2020-21 budgeted FTE: 59.79
- Current FTE: 49 (19% below budgeted)

Prior Work Session briefing and supplemental information

We briefed the Board on Oct. 27, 2020 and provided a substantial amount of background information regarding the dynamics and factors in these two workgroups. We will review a few key points from that presentation at the March 9 Work Session.

Starting assumptions

Starting assumptions used to estimate the revenue-expenditure “gaps” for both strategy scenarios:

- Projected expenditures are based on current staffing levels.
- Projected revenues are based on FY 2020-21 activity levels.
- Layoffs are not being contemplated at this time. Targeted expenditure reductions are expected to be achieved through a combination of employee transfers, reassignments, potential furloughs, etc.

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Current Planning FY 2021-22 budget strategy overview

Beginning fund balance = \$1.17M



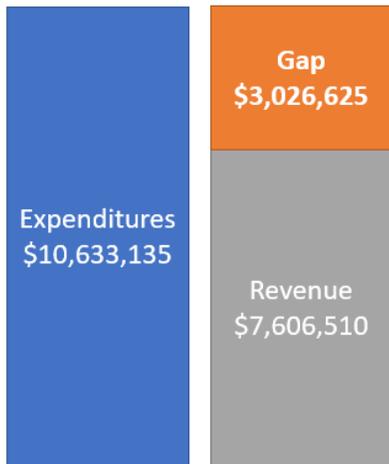
Numbers are estimates;
 subject to change

A balanced approach to closing the gap:

- **Expenditure reduction target: \$175,000 (+/-)**
 - Consider employee transfer/reassignment opportunities
 - Consider mandatory furloughs or FTE reductions if needed
 - Hold all non-essential vacancies
 - Staffing reductions will further impact service levels
- **Fund balance spend-down target: \$100,000 (+/-)**
 - Keep ending fund balance above \$1 million target for implementing further staffing reduction measures
- **Targeted fee increases: \$80,000 (+/-)**
 - Improve recovery of actual costs
 - Keep in line with comparator jurisdictions (Gresham, Portland)
- **External funding subsidy target: \$360,000 (+/-)**

Building Services FY 2021-22 budget strategy overview

Beginning fund balance = \$9.02M



Numbers are estimates;
 subject to change

A balanced approach to closing the gap:

- **Expenditure reduction target: \$1,000,000 (+/-)**
 - Consider employee transfer/reassignment opportunities
 - Consider mandatory furloughs or FTE reductions if needed
 - Hold all non-essential vacancies
 - Staffing reductions will further impact service levels
- **Fund balance spend-down target: \$1,026,000**
- **Targeted fee increases: \$1,000,000 (+/-)**
 - Improve recovery of actual costs
 - Keep in line with comparator jurisdictions (Gresham, Portland)
- **No external subsidy funding requested**

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Challenges/considerations

These strategies were drafted with the following challenges and considerations in mind:

- Balance of measures to close gaps
- These scenarios include target figures, which are approximate and subject to change as we further refine the budget, or as activity levels increase or decrease
- Activity levels could increase or decrease. While we do not want to be overstaffed, we also need to be careful not to reduce staffing so much that we are unable to respond in the event of an uptick.
- Reduced staffing is already affecting service levels. The additional proposed staffing reductions will result in further service level reductions and may result in longer permit review timelines, slower responses to constituent inquiries, delayed inspections, etc.
- Staff members are already feeling the negative effects of understaffing in some workgroups
- Uncertainty about funding and potential staffing reductions is affecting staff morale
- We're proposing to increase fees to better achieve cost recovery, while also trying not to significantly exceed comparator jurisdictions' fees (Gresham and Portland).
- Staff spend a significant amount of uncompensated time assisting customers that do not have the financial means to hire a professional consultant. With staffing reductions, we will need to curtail this extra service, presenting a potential equity concern for staff.
- The Current Planning fund balance is already low, so it is particularly imperative to slow the spend-down rate in this fund.

Assessment scope

Staff are also scoping an assessment of the Current Planning and Building Services programs. The assessment will be conducted during FY 2021-22, and the findings will be used to inform the FY 2022-23 budget and future budgets. The assessment would include:

- What are the appropriate services and service levels we should provide?
 - Benchmark against similar jurisdictions (apples-apples comparisons are difficult)
- Anticipated levels and types of future development in unincorporated areas
- Evaluate potential process/technology improvements to enhance service delivery, efficiency, effectiveness and reduce costs (21st century organization)
- Staffing levels and other needs to meet identified service level targets
- Sustainable service level and funding model scenarios:
 - Consider ongoing funding subsidy for community-oriented services in Current Planning
 - Consider other funding options
 - Consider other service delivery models

- Engagement with key stakeholders, including:
 - Commissioners:
 - What is the appropriate level of service for a County vs. a City?
 - Other service delivery opportunities, issues or concerns?
 - Other jurisdictions:
 - Services provided; service and staffing levels; funding sources, etc.
 - Workflow, process and technology systems improvement ideas?
 - Developer/builder representatives working on a variety of project types and sizes:
 - “Mom and pop” developers – community members with small projects
 - Small, medium and large developers and builders
 - Consultants

We welcome your thoughts about the scope elements outlined above. Do you have suggestions or see anything missing?

Next Steps

- April/May: Refine draft scope for study/assessment for sustainable funding and service delivery model
- June-November: Conduct study/assessment to assist with preparation of FY 2022-23 budget

cc: Ruth Osuna, Deputy County Administrator