



DEVELOPMENT REVIEW PROCESS:
Bureau commitments to improve timeliness and efficiency have not been fully accomplished

A REPORT FROM THE CITY AUDITOR
August 2005



Office of the City Auditor
Portland, Oregon



CITY OF
PORTLAND, OREGON

OFFICE OF THE CITY AUDITOR
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August 16, 2005

TO: Mayor Tom Potter
Commissioner Sam Adams
Commissioner Randy Leonard
Commissioner Dan Saltzman
Commissioner Erik Sten
Paul Scarlett, Interim Director, Bureau of Development Services

SUBJECT: Audit of Development Review Interagency Agreements, Report #318

Attached is Report #318 containing the results of our audit of the implementation of interagency agreements between the Bureau of Development Services and other bureaus involved in the City's development review process. The audit was conducted as a follow-up to Report #289 in which we recommended that City officials monitor the implementation of interagency agreements intended to facilitate inter-bureau coordination. Written responses from the Mayor, the Commissioner in Charge, and the Interim Director of the Bureau of Development Services are attached to this report.

We ask that the Director of the Bureau of Development Services, along with the Commissioner in Charge, prepare a status report in one year detailing steps taken to address the recommendation contained in our report.

We appreciate the cooperation and assistance we received from personnel in the Bureau of Development Services, the Office of Transportation, the Bureau of Environmental Services, the Bureau of Water Works, the Bureau of Fire, Rescue, and Emergency Services, and the Bureau of Parks and Recreation.


GARY BLACKMER
City Auditor

Audit Team: Drummond Kahn
Doug Norman

Attachment

DEVELOPMENT REVIEW PROCESS:

Bureau commitments to improve timeliness and efficiency have not been fully accomplished

The City of Portland has a development review process intended to ensure that land in the City is used and developed properly, and that structures are built in a manner that protects the health and safety of the public. In an effort to speed up the review of development applications, the Bureau of Development Services entered into interagency agreements with the City's development bureaus – the Bureau of Environmental Services, the Office of Transportation, the Bureau of Water Works, the Bureau of Parks and Recreation, and the Bureau of Fire, Rescue, and Emergency Services – in February 2003. The agreements explained the roles, responsibilities, and performance standards each bureau was expected to meet in the course of performing development review. Specifically, the bureaus agreed to streamline the procedures for processing development applications, implement a shared permit tracking system, develop improved appeals processes, create a pool of cross-trained review staff, and monitor progress made in reducing development review turnaround time.

Audit scope, objectives and methodology

The objective of this audit was to determine progress made in accomplishing the interagency agreement provisions adopted in February 2003. We selected 15 key provisions in the agreements and interviewed supervisors and managers in the various development bureaus to determine actions taken.

We conducted our work in accordance with generally accepted government auditing standards.

Background The Audit Services Division issued a report on the City's development review process in 1997 and later issued a follow-up report in 2003. In response to our 1997 report, City officials established a new development review bureau – now called the Bureau of Development Services (BDS) – and implemented a number of improvements in the development review process. An important goal of the re-organization was to speed up the review of development applications by better coordinating reviews performed by the various development bureaus.

While we recommended in our 1997 report that all City review staff be consolidated in a new development bureau, review personnel remained as employees of the various development bureaus but were co-located in a new development building. In addition, interagency agreements establishing bureau responsibilities and commitments were to be adopted; however, the agreements were not finalized until February 2003, shortly after we issued our follow-up report.

We found in our 2003 follow-up that many improvements had been made in the City's development review process. However, we also found that the review of permit applications took longer in 2002 than it did in 1996 and that problems remained with inter-bureau coordination. To help ensure that this problem was addressed, we recommended in our 2003 report that City officials "monitor the implementation of recently finalized interagency agreements between BDS and other development bureaus to ensure coordination of efforts."

Results **Less than half of 15 key provisions fully accomplished**
We found that as of June 2005, less than half of the 15 key provisions we examined in the interagency agreements had been fully accomplished. As shown in Figure 1, only seven provisions had been fully accomplished, four had been partially accomplished, and four had not been addressed at all. Although the agreements stipulated that they were to be reviewed and re-adopted in February 2004, we found that they had not been re-adopted. Nevertheless, some key provisions in the agreements have been, or continue to be, implemented.

**Figure 1 Interagency Agreement provisions selected for testing:
Number accomplished as of June 2005**

Number	Provision Summary	Accomplished?
I.	Bureau directors will meet a minimum of once quarterly with the Commissioner-in-charge of BDS to monitor development review.	No
II.A.	BDS will assign Process Managers to coordinate designated development projects.	Yes
II.B.	BDS will provide a tracking system and install it on the desk tops of all review staff, supervisors, and managers, and provide training.	Yes
II.C.	BDS will provide standard reports for turnaround goals and assist bureaus with tailored reports. Reports will be provided to Council.	Reports produced, but not submitted to Council
II.F.	BDS through SWAT will develop a LUR submittal checksheet that includes information required by all participating bureaus.	Yes
III.A.	Development bureaus will do analysis to determine appropriate staffing levels. A joint report will be submitted to Council.	Some analysis, but no joint report to Council
III.E.	BDS, Water, BES, and PDOT will develop and implement a commonly shared tracking system for public works permits.	No
IV.A.1.	Meet building permit turnaround goals (various).	No
IV.A.2.d.	SWAT will do analysis of process of distributing plans and other documents to review staff in an effort to reduce distribution time.	Yes
IV.B.1.	Meet LUR turnaround goals (various).	Yes
IV.B.2.f./g.	BDS will analyze the method for notifying bureaus regarding LUR cases in an effort to allow bureaus more time to respond.	Yes
IV.C.1.	Meet LUR pre-application conference performance goal – written response to applicant’s proposal within 10 business days.	Some bureaus: Yes Some bureaus: No
IV.D.	The Supervisor of each bureau’s review section will monitor turnaround performance and provide monthly written reports to SWAT, and SWAT will send quarterly reports to City Council.	Monitor: Yes Monthly reports: Yes Reports to Council: No
V.A.	Development bureaus will develop appeals processes for building permits and BDS will prepare a document with all appeals processes.	Yes
VII.A.	BES, PDOT, and Water will implement a program to cross-train plan reviewers with the goal of creating a pool of staff who can perform consolidated utility plan reviews for selected permits.	No

Yes 7 (46%)
 No 4 (27%)
 Partially 4 (27%)
 TOTAL 15 (100%)

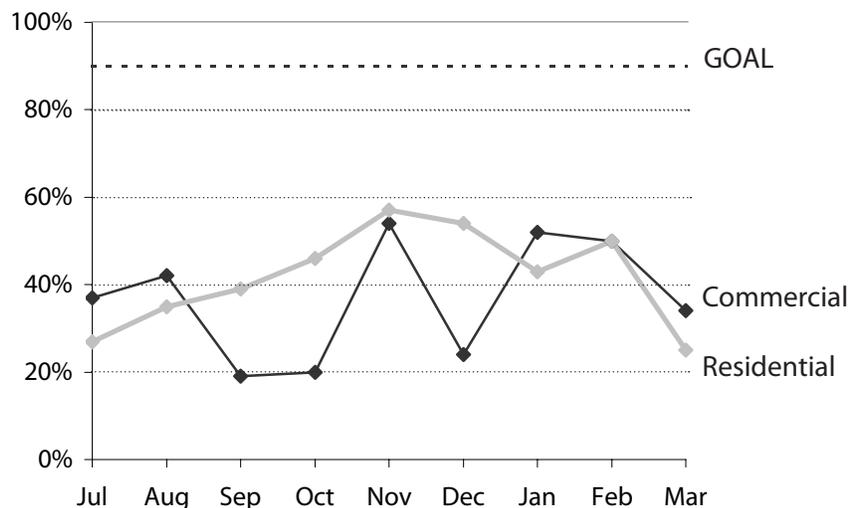
Key to abbreviations in Figure 1:

BDS = Bureau of Development Services
 BES = Bureau of Environmental Services
 SWAT = Inter-bureau coordinating team

PDOT = Portland Office of Transportation
 Water = Bureau of Water Works
 LUR = Land Use Review

Turnaround goals for the review of building permit applications – included as provision IV.A.1. of the interagency agreements – represent a critical measure of performance of the City's development review process. BDS has successfully increased the percentage of permits that it issues over-the-counter (i.e., within 24 hours), from 46 percent in FY 1999-00 to 64 percent in FY 2003-04. However, the City still falls far short of meeting its turnaround goals on applications that are more complex and require the review and coordination of multiple development bureaus. During FY 2004-05, the percentage of new commercial construction applications that met the City's turnaround target of 20 working days ranged from a low of 19 percent in September 2004 to a high of 54 percent in November 2004. The percentage of new single family residence applications that met the City's turnaround target of 15 working days ranged from a low of 25 percent in March 2005 to a high of 57 percent in November 2004. All of these percentages are significantly lower than the City's goal of meeting the 20/15 day turnaround, 90 percent of the time. See Figure 2.

Figure 2 Percentage of first reviews on new commercial construction and new single-family residences that met the established turnaround goal*: July 2004 through March 2005



Source: Reports from TRACS provided by the Bureau of Development Services.

* For new commercial construction, the goal is to complete first reviews within 20 working days, 90 percent of the time. For new single family residences, the goal is to complete first reviews within 15 working days, 90% of the time.

Conclusion

While many positive steps have been taken to improve the City's development review process, City officials have been indecisive in their handling of the issue of inter-bureau coordination. Since we issued our initial report in 1997, City officials were slow to establish interagency agreements, and, when agreements were finally established in 2003, they were only partially implemented. More recently, the Mayor made the following proposal in the Bureau Innovations Project: "Centralize City permitting functions and identify inter-bureau problem solving teams to improve service to citizens and the construction industry" (see Goal 19). In June 2005, the Mayor reiterated this proposal in a memorandum in which he communicated his re-distribution of bureau assignments to City Commissioners. The Mayor's proposal may stem in part from a study that was conducted in 2004 by the Citywide Efficiencies Team which evaluated the potential efficiencies and budget savings from full consolidation of all permitting functions in a single bureau.

Consolidating all permitting functions within BDS could be a positive step; however, it could also prove to have the same vulnerabilities as past efforts to achieve inter-bureau coordination. Problems in assigning insufficient personnel to development review, a lack in training of assigned personnel, and the lack of monitoring of progress in inter-bureau coordination will still require attention after consolidation. There will still be personnel in large infrastructure bureaus, such as the Bureau of Environmental Services and the Office of Transportation, who need some involvement in the review of development applications. These bureaus will continue to have a stake in development review because they will own and maintain new infrastructure that is approved by BDS. Without sufficient input from these infrastructure bureaus, the City faces the risk of having to maintain facilities that were not designed to minimize long-term costs.

Recommendation Improve inter-bureau coordination and the timeliness of development review by ensuring that key commitments established in the 2003 interagency agreements are accomplished.

We believe that a more concerted effort is needed to ensure that inter-bureau coordination and cooperation is achieved in the City's development review process, regardless of the organizational structure in place. Achieving this cooperation will require consistent leadership and a firm commitment to mutual goals and objectives by City Council and Bureau directors. We believe that the Bureau of Development Services, with assistance from the Mayor and the Commissioner-in-charge of BDS, should ensure that key commitments established in the 2003 interagency agreements are accomplished. Moreover, many recommendations we made in our 1997 and 2003 reports on development review are still pertinent today and should continue to receive attention from BDS, City Council, and Bureau directors.

RESPONSES TO THE AUDIT



Office of Mayor Tom Potter
City of Portland

August 9, 2005

TO: Gary Blackmer, City Auditor

FROM: Tom Potter, Mayor 

SUBJECT: Report on Follow-up of Development Review Interagency Agreements

Thank you for your review of the implementation of interagency agreements between the Bureau of Development Services (BDS) and other bureaus involved in the City's development review process. I fully support the finding of this report illustrating the progress made by BDS to implement the interagency provisions adopted in February 2003 and the areas in need of further improvement.

Goal #19 of the Bureau Innovation Project addresses some of these concerns by working toward the centralization of City permitting functions in an effort to improve customer service to citizens and the construction industry. However, I realize the consolidation of permitting functions alone will not be enough to adequately address the concerns raised in this report. Long-term improvement requires the resolve of City Council, BDS and the City's development bureaus.

I am pleased with the progress made thus far and remain committed to seeing the inter-bureau development review process fully implemented. This report is a reminder that there is still work to be done, and I look forward to working with my colleagues to achieve our goals.



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MEMORANDUM

August 9, 2005

TO: Gary Blackmer
City Auditor

FROM: Randy Leonard, Commissioner
Office of Public Safety

SUBJECT: Audit of Development Review Interagency Agreements

Thank you for the opportunity to comment on your audit of the City's development review interagency agreements.

I appreciate your observations on the effectiveness of the existing interagency agreements among development bureaus. I agree that much improvement is needed to achieve their intended results. However, it has been my experience that the best way to develop a streamlined permitting system is to build an organizational culture around the needs of the organization's customers. Unfortunately, such a culture cannot develop without strong leadership. Therefore, it is my hope that the Council will agree upon a customer-oriented development services model to be implemented and consistently reinforced by the Commissioners-in-Charge of the development bureaus.

Interagency agreements can be made more effective when supported by a clear and consistently reinforced City policy geared toward safe buildings, livable communities, dependable infrastructure *and satisfied customers.*



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MEMORANDUM

August 9, 2005

To: Gary Blackmer
City Auditor

From: Paul Scarlett, Interim Director
Bureau of Development Services

PLS

Subject: Response to Audit on Development Review Interagency Agreements

Thank you for the opportunity to comment on the recent audit of the interagency agreements between the development review bureaus.

The interagency agreements were put into place to improve the development review process and thus improve service to customers. Any review of these agreements needs to consider that goal. Although as you have noted in the audit, it is true that not all of the provisions of the interagency agreements have been implemented, much has been accomplished since 2003.

A number of other initiatives have been completed which involved cooperation and many hours of participation from staff in all the development bureaus. Here are some of the more significant accomplishments which took the combined efforts of all the development bureaus:

- Designed and implemented the residential "Fast Track" program for experienced applicants submitting applications for one and two family new construction.
- Designed and implemented the "Batch Track" program for applicants submitting multiple applications for one and two family new construction in the same sub-division.
- Designed and implemented the FIR (Field Issuance Remodel) Program to enhance service to the residential remodeling industry.
- Designed and implemented the Major Projects Group to provide customized permit review, processing and inspection to the very largest of projects in the city.
- All bureaus participated in several SMART workshops. SMART is an initiative that brings together line staff from all the development bureaus to identify permitting process improvements.

We will continue our efforts to improve service to our customers, especially the amount of time that it takes to review plans. All bureaus need to focus on this one particular area.

In the meantime, we support the efforts of the Mayor's Bureau Innovation Program Team # 19 Cross-Bureau Permitting whose charge is to identify a process to expedite decision-making for all City permitting functions, identifying inter-bureau problem solving teams at all levels of operation. We look forward to participating and taking a proactive role in implementing the recommendations of this task force.

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Report #318, August 2005

Audit Team: Doug Norman

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Gary Blackmer, City Auditor
Drummond Kahn, Director of Audit Services

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