Development Review Process:
Progress Made, Further Improvements Needed

January 2003

Office of the City Auditor
Portland, Oregon

IN MEMORIAM: ABHAY THATTE, 1965-2002

We want to pay tribute to Abhay, our friend and colleague.

We will miss his analytical skills, enthusiasm, and great sense of humor.

CITY OF

PORTLAND, OREGON

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January 23, 2003

TO: Mayor Vera Katz
Commissioner Jim Francesconi
Commissioner Randy Leonard
Commissioner Dan Saltzman
Commisioner Erik Sten
Margaret Mahoney, Director, Bureau of Development Services

SUBJECT: Audit of the City's Development Review Process, Report #289

Attached is our audit report on the City of Portland's development review process. The audit was included in our annual audit schedule published in July 2002, and we coordinated our work with the Mayor's current effort to improve City development regulations and review processes.

While the Bureau of Development Services is the City's lead agency for development review, the Office of Transportation, the Bureau of Environmental Services, the Bureau of Water, the Bureau of Fire, Rescue and Emergency Services, and the Bureau of Parks and Recreation are also involved in the review and approval of development proposals. Our recommendations for improvement will require the cooperation of all Commissioners and bureaus involved in development review. We have incorporated the written responses we received from these offices at the back of this report.

We ask that the Commissioner in charge of the Bureau of Development Services provide us with a status report in six months on the actions taken to address our recommendations. The status report should be distributed to all members of Council and the Audit Services Division.

We appreciate the cooperation we received from managers and staff within the Mayor's Office, the Bureau of Development Services, and the five other review bureaus.

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A Report by the Audit Services Division
Report #289

Office of the City Auditor
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Summary

This report analyzes the performance of the City of Portland's development review services. These services help ensure that development within the City is consistent with state and local land use and building laws and regulations. Land use and building regulations are intended to protect the health and safety of the citizens of Portland and to ensure well-planned, livable, and economically vital communities.

In response to periodic public criticism, the City's development review services have been the target of a number of improvement efforts over the years. Following our 1997 audit and a report from the Blueprint 2000 stakeholders, the City undertook a major improvement initiative to address a variety of problems. Most recently, in June 2002, City Council authorized the Mayor to begin a new effort to streamline the City's development regulations and improve development review procedures.

This report complements the Mayor's current reform effort by providing an independent assessment of:

- the timeliness of current building permit processing
- customer satisfaction with development review services

- the reasonableness of fee setting and cost recovery practices
- performance measurement and reporting efforts
- the status of efforts to implement recommendations of our 1997 audit and Blueprint 2000

Major improvements: 1997-2002

The City has taken a number of steps over the past five years to improve the development review process. In response to the recommendations of our 1997 audit and the Blueprint 2000 Stakeholders Report, the following actions were taken:

- The City created a new development bureau that consolidated staff of the old Bureau of Buildings and the Current Planning Division of the Bureau of Planning. In addition, development review staff from the Office of Transportation, and the Bureaus of Environmental Services, Water, Fire and Rescue, and Parks and Recreation were co-located in a newly constructed, more accessible development services building at 1900 SW Fourth Avenue.
- The Office of Planning and Development Review (now called the Bureau of Development Services) implemented a new project approach for review of development applications. The approach involves preparing a plan for applicants that outlines permits and reviews required, submittal requirements, and application costs. On large projects, a process manager is assigned to facilitate the process from

early assistance through plan approvals and construction inspection.

- The Bureau of Development Services developed and implemented an automated permit and process tracking system – TRACS – that provides an automated record of the status of specific development applications from intake through inspection. TRACS provides extensive management information and will be integrated with automated geographic information in the future. In addition, applicants use an Interactive Voice Response (IVR) system to check permit status and schedule inspections.
- The Bureau developed improved public information including a newly designed web site that offers more complete information on application requirements and the building permit and land use approval processes. Customers can use the web site to access forms, brochures, fee schedules, City Code, and other related information.

Our review also determined that the City has not addressed two major recommendations of our 1997 audit and the Blueprint 2000 Stakeholder Report. City Council did not establish a formal process to streamline and clarify City development rules and regulations, and did not fully consolidate all bureau development staff within one development bureau. Although staff from several bureaus were co-located in one facility, formal written interagency agreements between BDS and other development bureaus defining roles and responsibilities were never finalized.

Ongoing problem areas

Despite the accomplishments of the past five years, we found that a number of significant problems remain, and some conditions have worsened. The major unresolved issues include:

Timeliness of building permit processing

The City is taking longer to review building plans for new residential and commercial construction than it did six years ago. While about 44 percent of all permits are issued in one day, only 18 percent of new residential construction plans and only 10 percent of new commercial construction plans receive first review within 20 days. The Bureau of Development Services has improved the timeliness of its reviews – Fire & Life Safety and Planning & Zoning – but reviews by other development bureaus have slowed. Overall, applicants we surveyed were most dissatisfied with the timeliness of the development review process.

Mixed customer satisfaction

Our survey of nearly 700 applicants for building permits and land use approvals showed mixed satisfaction. While customers who receive "over-the-counter" (i.e., same day) approvals report high satisfaction, ratings drop significantly for building and land use reviews that are taken-in for more in-depth review. Applicants are pleased with the inspection phase and some aspects of customer service, but they rate staff and bureau coordination much lower. Most applicants are also not satisfied with how early problems are identified and resolved. Compared to a similar survey in 1998, applicants are more satisfied with the amount of information available to them but much less satisfied with the consistency of code interpretations.

Inadequate performance measurement and reporting

The current mission statement of the Bureau of Development Services does not provide a strong foundation for establishing goals and reporting on its performance. Current goals are process oriented and do not relate to the results the Bureau desires to achieve, such as compliance with regulations, timely processing of applications, and more livable neighborhoods. The Bureau also needs to develop a more complete set of performance measures that are accurate and reliable, provide a better picture of performance, and improve accountability to the public.

Quantity and complexity of development regulations

Both City managers and permit applicants continue to express frustration and concern over the number and complexity of state and local regulations that guide building and land development. Customers we surveyed were very dissatisfied with various aspects of regulation, such as the lack of consistent interpretation. Dissatisfaction with regulations was also the second most frequent comment made by customers in response to open-ended questions about development review. About 40 percent of all survey respondents indicated that some of the regulations developed by various City bureaus and adopted by City Council did not support the goal of a livable city.

City fees compare favorably to neighboring jurisdictions

City procedures for establishing land use and building permit fees are in compliance with State laws and regulations, and with City policies. The Bureau of Development Services recovers 100 percent of its building program costs and about 60 percent of its land use regulation costs from

fees and charges. The City of Portland's total fees for standard commercial and residential projects are also quite comparable to fees charged on similar projects by other major cities and counties in the Portland region. While Portland's total residential fees are slightly higher than others, its total commercial fees are lower. Additionally, system development charges (SDCs) comprise the largest portion of total development fees in all jurisdictions. Portland's SDCs comprise a smaller share of total fees than other local governments, while building and discretionary fees comprise a slightly higher share.

Recommendations to support current improvement efforts

During the course of our audit, a number of actions were taken to address some of the ongoing problems with City development review services. City Council authorized an Initial Regulatory Improvement Workplan that, among other provisions, called for a priority list of potential regulatory improvements, an annual regulatory improvement workplan, pilot programs to improve permit processing, and an assessment of development review by community stakeholders. Other actions in progress, or planned, include revised interagency agreements for development bureaus, more in-depth process analysis and case studies, and a City policy on regulatory rights and responsibilities.

In order to support these efforts and to help ensure further improvements are made in the management and delivery of City development review services, we recommend:

- City Council carry-out planned regulatory improvements including review of existing regulations and on-going assessment of new regulations.
- The Bureau of Development Services and other development bureaus implement interagency agreements that clearly define roles, responsibilities, and performance expectations.
- BDS improve its performance measurement and reporting practices.
- BDS conduct annual customer surveys with assistance from our office.
- BDS develop more detailed cost of service information.

Chapter 1 Introduction

This audit is intended to provide information on the performance of the Bureau of Development Services. Specifically, we evaluated:

- progress made in implementing program improvements resulting from Blueprint 2000 and our May 1997 audit report entitled, *Development Review Process: Need to Coordinate Efforts and Clarify Policies*;
- the timeliness of building permit processing and approvals;
- customer satisfaction with aspects of building permit processing and land use case reviews;
- appropriateness of fee setting methods and comparability of fees to those in other jurisdictions in our region;
- the adequacy of performance measurement and reporting methods; and,
- the degree to which the Bureau's new permit tracking system – TRACS – has met its intended objectives.

Until August 2002, the Bureau of Development Services (BDS) was named the Office of Planning and Development Review (OPDR). OPDR was created in 1999 as a result of a previous development review reform effort. The name was changed to the Bureau of Development Services as a result of the most recent development review reform effort initiated by the Office of the Mayor. We refer at times to OPDR and other times to BDS, depending on the timeframe of the discussion.

This audit was included in the City Auditor's FY 2001-02 audit schedule and we began our work in March 2002. We coordinated our work with the administrative reform efforts currently under the Mayor's leadership. We conducted the audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the objectives, scope, and methodology section of this report.

Overview of the City's development review process

The City's development review process is intended to ensure that land in the City is used and developed appropriately, and that structures are built in a manner that protects the health and safety of the public. The process ensures that development and construction in the City complies with a variety of policies, plans, and regulations, the foremost which are:

DEVELOPMENT POLICIES, PLANS, & REGULATIONS

Statewide Land Use Laws. In 1973 the Oregon Legislature mandated comprehensive land use planning throughout the state. Local governments are required to develop comprehensive plans to address a number of goals including citizen involvement in land use development, protection of agricultural lands, open space and natural resources, provision of sufficient housing and recreational needs, and support for adequate transportation and public facilities.

City Comprehensive Plan. As required by State land use laws, Portland's Comprehensive Plan provides guidelines for the future growth and development of the City. The Plan addresses a number of goals and policies regarding housing, land use, economic vitality, transportation, and open spaces.

City Code, Title 33. The City's Planning and Zoning Code (Title 33) implements Portland's Comprehensive Plan and related land use plans in a manner which protects the health, safety, and general welfare of the citizens of Portland.

Region 2040 Plan. Metro, our regional government, is responsible for this long range planning process intended to allow people in the region to help decide how growth in the region will be managed over the next 50 years. The Plan sets policies on land use, transportation, natural areas, water, and housing.

State and Local Building Codes. To ensure safe buildings, State laws prescribe the materials, methods, and requirements for construction, improving, and repairing buildings. Oregon has adopted and amended building codes developed by national model code organizations. The City must ensure that builders follow codes covering a variety of building procedures including plumbing, electrical, mechanical, and structural work.

City Public Improvement Codes. Changes and improvements to public streets and water, sewer, and drainage systems are regulated by a variety of City regulations that set various standards. For example, City Code Title 17 regulates public improvements and City Code Title 21 regulates water services.

City Uniform Fire Code - Title 31. This code establishes requirements for fire apparatus access, water requirements for sprinklers, use of hazardous materials in buildings, and special requirements for schools and hospitals.

Stormwater Management Manual. The Bureau of Environmental Services developed this manual to provide developers and design professionals with specific requirements for reducing the impacts of stormwater runoff and pollution resulting from development within the City.

Federal and State Environmental and Safety Laws. City regulatory issues relating to storm water drainage, parking, and transit have been driven by national air and water quality mandates. Building practices are influenced by seismic safety and handicap access requirements.

Applicants come to the City's Development Services Center, located at 1900 SW Fourth Avenue, to obtain all required permits and approvals. Information on permits and land use requirements can be obtained at the Development Services Center or at the Bureau's web site (www.bds.ci.portland.or.us). The three basic kinds of reviews and approvals in the development review process are: land use approvals, building permits, and public improvement permits, as described below.

LAND USE APPROVALS

Review of land use proposals by Land Use Review staff within BDS ensures that the planned use of a property conforms with existing zoning and land use policies, or allows specific exceptions to policies. The Portland Zoning Code (Title 33) is the primary implementation tool of the City's Comprehensive Plan, and provides the procedural requirements for the use, development, and division of land. There are many different land use actions which require review and approval, including minor land divisions, environmental review, adjustments, conditional uses, comprehensive plan amendments, subdivision and planned unit developments, and design reviews. There are four major types of land use processes:

Type I: Minor changes in land use and division, which require notification of nearby property owners and a decision being rendered with 46 days of initial application

Type II: Design reviews and minor conditional uses which are considered of minor importance, but require wider public notification than Type I. Decisions are required within 34 days after an application is deemed complete, if there is no appeal, or within 77 days if an appeal is filed.

Type III: Proposals that are likely to have the most significant impact on surrounding areas, including subdivisions, comprehensive plan amendments, and major conditional uses. Public hearings and pre-application conferences are required and a decision is required within 120 days after the application is deemed complete.

Expedited Land Divisions: An abridged procedure for land division proposals only. Pre-application conferences and hearings are not required and a decision must be rendered within 63 days after an application is considered complete.

BUILDING PERMITS

Plan review staff within BDS, the Office of Transportation, BES, the Bureau of Water, the Bureau of Fire, and/or the Bureau of Parks and Recreation review residential and commercial building plans to ensure structures are planned and built according to state and local construction codes, and conform to planning and public infrastructure requirements. Most projects requiring a building permit also require other permits and approvals, such as trade permits (e.g., mechanical, plumbing, and electrical), and approval of legal lots, land feasibility studies, and fire sprinklers and alarms. While about 44% of building permit applications are reviewed and approved in one day, more complicated applications require complete building plan checks which include:

- accepting plans and calculating and receiving payment of fees;
- routing plans through building plan review (fire/life safety, structural, soils, mechanical, and plumbing);
- routing plans to other bureaus for review (usually Transportation, Environmental Services, Water, Fire, and Parks & Recreation);
- tracking the location of plans and status of the review;
- coordinating the issuance of check sheets (lists of needed corrections prepared by each bureau); and,
- issuing a permit after plans are approved by all relevant bureaus.

PUBLIC IMPROVEMENT PERMITS

Public improvements include construction of, or additions to, the public system of streets, sanitary sewers, storm drainage facilities, or water mains. Reviews of planned infrastructure improvements are made to ensure streets, water, sewers, and other public facilities meet state and local standards for quality and safety.

Budget, staffing, and workload

Review and approval of permit applications is coordinated by the Bureau of Development Services. Other City bureaus involved in reviewing permit applications include the Office of Transportation, and the Bureaus of Fire & Rescue, Environmental Services, Water, and Parks & Recreation. The Bureau of Development Services has a FY 2002-03 budget of $29.3 million and 286 full-time employees. Table 1 illustrates major spending, staffing, and workload information for the Bureau over the past five fiscal years.

Table 1 **Spending, staffing, and major workload of the Bureau of Development Services:** FY 1997-98 through FY 2001-02

	'97-'98	'98-'99	'99-'00	'00-'01	'01-'02	5-year change
Spending (in millions)	$24.6	$26.8	$28.7	$28.0	$28.4	+15%
Full-time positions	255	282	298	302	297	+16%
Building permits:						
Residential	4,153	4,128	4,390	5,304	5,676	+37%
Commercial	4,089	3,746	3,628	3,524	3,394	-17%
Inspections:						
Residential	95,773	90,000	87,894	86,255	90,917	-5%
Commercial	79,980	87,470	92,076	89,959	75,858	-5%
Trade permits*	45,153	44,594	39,973	33,529	32,878	-27%
Land use cases	1,171	1,058	894	879	935	-20%
Zoning plan checks	5,148	5,230	5,161	5,041	4,996	-3%

* Includes plumbing, mechanical, electric, and sign permits

SOURCE: City budget documents, IBIS, TRACS and other BDS records

1997 audit findings and recommendations

Our 1997 audit found a number of problems in the City's development review process. Specifically, the process was time-consuming and poorly coordinated, and applicants complained of inconsistent and unresponsive service. The City was not meeting its building plan review turnaround goals, and land use applications often required considerable time to process. We also found that management information on processing times was often unavailable or unreliable. Moreover, City staff complained about conflicting development policies and poor coordination among six City bureaus.

Factors that contributed to these problems were high workload, increasing complexity of regulatory requirements, inadequate systems and review procedures, and fragmented management. In order to address these weaknesses, we recommended that City Council:

- Consolidate existing development review staff into a single development review bureau
- Develop uniform procedures to guide the work of review staff and utilize a project management approach to review development proposals
- Establish minimum acceptance standards for applications and continue to inform applicants of City requirements
- Develop a single, comprehensive tracking and management information system
- Establish a formal, ongoing process to clarify City development policies

Blueprint 2000

Following the issuance of our 1997 report, the City developed and implemented Blueprint 2000, a major reform of the City's development review process. Under Blueprint 2000, a new development building was constructed and the Office of Planning and Development Review (OPDR) was created, combining the Bureau of Buildings and the Bureau of Planning's Current Planning Division. In addition, development review staff from other bureaus – the Bureau of Environmental Services, the Office of Transportation, the Bureau of Water, the Bureau of Fire and Rescue, and the Bureau of Parks and Recreation – were co-located in a new development building (the 1900 Building). The City's old Permit Center and review personnel from the various bureaus were previously housed in the Portland Building next to City Hall.

Also under Blueprint 2000, OPDR developed and implemented a redesign of the City's development review process. At the heart of the new design was a revamping of the intake process and a project approach to providing customer service. The approach centers on the applicant defining the project and on City staff ensuring that the City's processing of the application is well coordinated. City staff are responsible for gaining an understanding of the applicant's project and providing a road map to the applicant that outlines the permits and reviews required, submittal requirements, and costs. On large projects, a process manager is assigned to facilitate the process from early assistance through project approval and construction inspection. In addition, OPDR installed a new permit tracking system – TRACS – and instituted an Interactive Voice Response (IVR) system that allows applicants to check the status of their plans, schedule inspections, and learn inspections results over the telephone.

Mayor's Reform Initiative – 2002

In response to growing complaints, the Mayor's Office initiated a new reform effort in the Spring of 2002 to improve the City's development regulations and review processes. The Mayor's reform includes steps to streamline development regulations and to create a process for evaluating the impact of regulations prior to their adoption. In addition, the Mayor's Office is working with City staff to revise existing review procedures and improve coordination among the various review bureaus. The reform is also attempting to eliminate disproportionate fees charged to small businesses and to provide incentives to developers of large commercial projects.

As part of its reform initiative, the Mayor's Office obtained input from the public and involved a diverse group of regulatory stakeholders, including developers, environmental and land advocates, and neighborhood advocates. In August 2002, the Mayor issued a 2002-2003 Initial Regulatory Improvement Work Plan, which proclaimed it was "...a citywide, ongoing and integrated approach to regulatory improvement." In conjunction with the Work Plan, City Council adopted Resolution 36092 proposed by the Mayor which directed:

- City bureaus to work with the Mayor's Office to revise review procedures and achieve better coordination;
- City bureaus to prepare yearly Regulatory Improvement Work Plans that include a Regulatory Code Improvement List for amending existing regulations and adopting new regulations;

- the Mayor's Office to convene a Strategic Development Opportunity Team comprised of City bureau representatives to address difficult and strategic development sites and to identify major policy issues related to the sites;
- the Office of the Mayor to create a process for developing regulatory impact statements – including cost-benefit analysis – to evaluate the impact of proposed new regulations and amendments to existing regulations;
- City bureaus to examine and revise development fee thresholds that disproportionately affect small business and adopt automatic inflationary adjustments to such fee thresholds;
- the Mayor's Office to work with the Office of Management and Finance and other affected bureaus to prepare ordinances that authorize the deferral of the payment of System Development Charges for projects exceeding $100 million in value and generating 500 or more living wage jobs; and,
- the Office of Planning and Development Review to change its name to the Bureau of Development Services.

The Initial Regulatory Improvement Work Plan identified various problems, potential solutions, and implementation timeframes. Because the Audit Services Division was in the initial stages of this audit, we coordinated our work plans with those identified by the Mayor's Office. Accordingly, our office was identified in the Initial Regulatory

Improvement Work Plan as the lead agency in studying and identifying solutions in the following areas:

- help clarify goals and objectives and develop performance indicators to track bureau performance and to measure success.
- conduct a survey of a random sample of BDS customers to assess satisfaction with process, service and performance. Assist BDS to improve existing customer surveys.
- assess the TRACS system and recommend improvements to provide better management and performance information. Assess the feasibility of linking TRACS and MAPWORKS GIS system.
- compare Portland's development fees with those in the suburbs and similar sized cities, including System Development Charges.
- review processes for applying fees and fines related to the enforcement of existing building and land use regulations, to ensure compliance is achieved fairly and effectively.
- review existing full-cost recovery methodology.

Some of the ongoing accomplishments of the Mayor's reform initiative include enhanced services for small businesses, extended evening hours at the Development Services Center, and a pilot program to test money-back guarantees on selected permit applications. In addition, in October 2002, the City Council adopted the "top ten" regulatory code improvement list for FY 2002-03, recommending a number of changes to land use and building codes.

Audit scope, objectives, and methodology

This audit had several objectives. Specifically, we wanted to evaluate:

- progress made in implementing program improvements resulting from Blueprint 2000 and our May 1997 audit report entitled, *Development Review Process: Need to Coordinate Efforts and Clarify Policies*;
- the timeliness of building permit processing and approvals;
- customer satisfaction with aspects of building permit processing and land use case reviews;
- appropriateness of fee setting methods and comparability of fees to those in other jurisdictions in our region;
- the adequacy of performance measurement and reporting methods; and,
- the degree to which the Bureau's new permit tracking system – TRACS – met its intended objectives.

To gain an understanding of actions taken to improve the development review process and of the Mayor's recent reform efforts, we interviewed staff from the Mayor's Office and top managers within the Bureau of Development Services. We also interviewed staff from the Portland Development Commission, the City Ombudsman's Office, the Office of Transportation, the Bureau of Environmental Services, the Bureau of Fire, Rescue & Emergency Services, and the Bureau of Planning. In addition, we interviewed a variety of representatives from the development industry, including builders, architects and engineers, development

consultants, and the Portland Metro Homebuilders Association.

To assess the timeliness of the development review process, we analyzed turnaround time data from TRACS for building permits issued during FY 2001-02. From this data we calculated the time it took the City to complete its "first review" of building permit applications (measured from application paid date until City review staff complete initial plan review and issue a checksheet to the applicant). We also calculated turnaround time of individual review groups – Fire and Life Safety, Planning and Zoning, the Office of Transportation, the Bureau of Environmental Services, the Bureau of Parks & Recreation, the Bureau of Fire, Rescue & Emergency Services, and the Bureau of Water.

To assess customer satisfaction with the City's development review process, we conducted a telephone survey of nearly 700 customers who applied for land use approvals, building permits, and trade permits during the nine month period, January through September, 2002. We developed the survey instrument and methodology in consultation with BDS managers and hired the Gilmore Research Group to conduct the survey during October 2002.

We performed a limited review of the implementation of the TRACS permit tracking system. We compared the intended features of the system to what services the system has actually been able to produce. We reviewed RFP, contract, and related documents, and interviewed staff responsible for maintaining and operating TRACS. In addition, audit team members received training on the use of TRACS and utilized TRACS to obtain building permit turnaround

time data and to obtain information for conducting our customer survey.

We reviewed BDS's fee setting and cost recovery methodologies. We reviewed City policies and State laws pertaining to building permit and land use fee setting. To assess the reasonableness of the City's development fees, we reviewed fee comparison studies conducted by the consultant, ECO Northwest, and obtained comparative fee schedules from various neighboring jurisdictions, including Washington and Clackamas counties, and the cities of Gresham, Beaverton, and Hillsboro.

In order to evaluate the adequacy of the Bureau's performance measurement system, we reviewed the mission, goals, and performance measures included in the Bureau's annual budget, Blueprint 2000 progress reports, Bureau *Workload and Performance Reports*, and the City Auditor's *Service Efforts and Accomplishments* (SEA) reports. We interviewed Bureau personnel to determine the methodology used to measure and report performance in key areas, such as the timeliness of building plan review and customer satisfaction. We determined how well the mission, goals, and performance measures are connected to each other and address the Bureau's foremost responsibilities.

Chapter 2 Improvements in the development review process 1997-2002

In response to recommendations contained in our 1997 audit report and the Blueprint 2000 Stakeholder Report, the City has taken a number of steps to improve the development review process. Most notably, a new development bureau was created – the Office of Planning and Development Review (OPDR) – and a new development building was constructed to house development review staff in a single, accessible location. Under Blueprint 2000, the City's development review process was redesigned and a new project approach was instituted to provide better customer service to applicants. In addition, OPDR installed a new and improved permit tracking system that provides applicants and review staff with more information on the status of permit applications.

In this chapter we discuss the steps taken by the City to address our 1997 audit findings and recommendations made in the Blueprint 2000 Stakeholder Report. We also discuss some findings and recommendations that were not addressed by the City until the Mayor's recent reform effort. These include recommendations to streamline the City's complex development regulations and to improve inter-bureau coordination during the City's review and approval of development applications.

Creation of new development bureau

In response to Blueprint 2000, the Office of Planning and Development Review was created, and a new development building was constructed to house the City's development review personnel. The bureaus of Planning and Buildings were combined to form OPDR, except that Long Range Planning remained outside OPDR in the Bureau of Planning. In addition, review personnel from the Bureau of Environmental Services, the Office of Transportation, the Bureau of Water, the Bureau of Fire, Rescue & Emergency Services, and the Bureau of Parks & Recreation were co-located in the new building.

OPDR was given responsibility for review and approval of land use review proposals, as well as the review, approval, and inspection of building permit applications. OPDR also became responsible for issuing trade permits (e.g., electrical, plumbing, and mechanical), while the issuance of public works permits remained with public works bureaus (i.e., BES, Water, and Transportation). In addition, OPDR was given responsibility for enforcing the City's zoning, housing, and nuisance codes.

New project approach to development review

Under Blueprint 2000, OPDR developed and implemented a redesign of the City's development review process. At the heart of the new design was a revamping of the intake process and a project approach to providing customer service. This approach centers on the applicant defining the project and on City staff ensuring that the City's processing of the application is well coordinated.

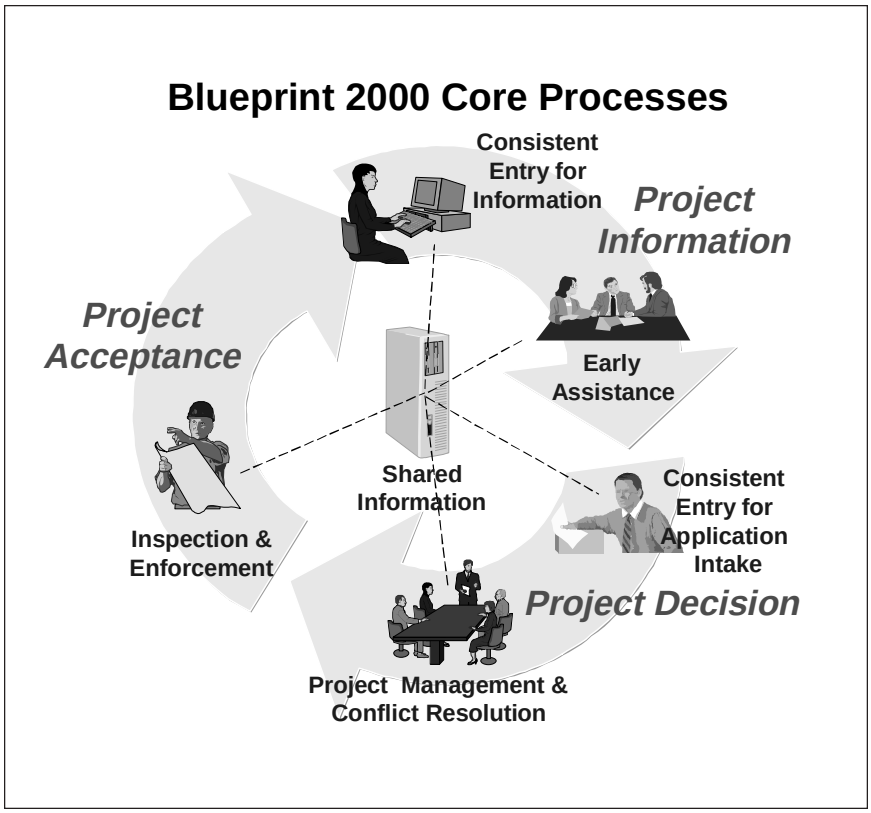
The new project approach involves City staff gaining an understanding of what the applicant is trying to accomplish and preparing a road map that outlines the permits and reviews required, submittal requirements, and costs. In addition, on large projects a process manager is assigned to facilitate the process from early assistance through project approval and construction inspection.

Under the new approach, City staff are responsible for providing the applicant with a multi-disciplinary team to assist the applicant, to ensure consistency of bureau comments, and to resolve issues as they arise. In addition, the new automated permit tracking system – TRACS – is used to track the various process phases and bridge staff communications on the project and its multiple permits.

The core processes of the new project approach include "consistent entry for information", "early assistance", "consistent entry for application intake", "process management and conflict resolution", and "inspection and enforcement". These elements are illustrated in Figure 1.

In addition to introducing the new project approach, the Bureau did a great deal to increase the availability of information to applicants. BDS's web site offers an array of information – such as brochures, fee schedules, and application forms – that can be downloaded by the user. BDS code guides are also available on line and access is provided to the City Code and other related web sites.

Figure 1 Core processes of City development review



SOURCE: *Blueprint 2000 Operational Design*, 1999, Office of Planning and Development Review

New automated permit tracking system

OPDR installed a new automated permit tracking system in 1999 called TRACS. The new system tracks building permits, and incorporates an Interactive Voice Response (IVR) program that applicants can use to check the status of their plans, schedule inspections, and learn the results of inspections over the telephone. The new system allows approximately 650 users to access land use review, building plan review, and inspection activity records relative to specific development proposals.

Our interviews with BDS personnel indicate that TRACS is a significant improvement over the old *Permit@Plan* system. TRACS provides a high level of flexibility in information entry, data retrieval, and report generation. For example, BDS personnel used TRACS to provide the Audit Services Division with extensive information on nearly 9,000 building permits issued during the past two fiscal years. By writing a query in TRACS, BDS staff obtained data on project valuation, work proposed, and fees paid, as well as review completion and permit issuance dates for these permits.

In addition, TRACS can easily be modified to reflect new business processes – the rules that BDS establishes for processing building permits. BDS managers also indicate that the first phase of customer access to TRACS via the internet is scheduled to begin in February 2003.

It appears the acquisition and implementation of TRACS has largely met the City's expectations. However, there are some areas in which TRACS could be more fully utilized. For example, the City has been unsuccessful at integrating GIS into TRACS. The lack of a stable GIS component within TRACS means that plans examiners must still rely on manual methods to determine what reviews are necessary for a particular building permit or land use application. City GIS managers told us that a functional, stable GIS component would automate tasks such as determining the distance of a property from a floodplain, thus providing reliable information to the plans examiners regarding the reviews that are required on a particular application. BDS management indicates that a new ver-

sion of TRACS to be implemented in the Spring of 2003 should help to resolve the current problems being experienced with GIS.

TRACS does not currently provide a full accounting of all revenues received by BDS and personnel must make a double entry of revenue data in both TRACS and the City's financial accounting system, IBIS. If the TRACS revenue module was integrated with IBIS, this duplicate entry of financial data could be eliminated. BDS managers could also make better use of the report generation capabilities of TRACS. For example, BDS continues to rely partly on manual methods such as hand-counts to determine the percentage of building permits that are issued within 15 working days. We believe the Bureau could rely on more automated report generation methods to extract and summarize data available in TRACS.

Formal process to streamline regulations

Although a number of significant improvements were made over the past five years, the problem of overly complex development regulations was not addressed. We recommended in our 1997 audit report that the City establish a formal, ongoing process to streamline and clarify City development policies. In addition, the Blueprint 2000 Stakeholder Report recommended a standard process be established for all City bureaus to follow to assure stakeholder notice and review and analysis prior to adoption of new rules and policies. The Stakeholders also recommended that a "Code Coordinator" position be created to identify and convene discussions to resolve conflicts between proposed and existing rules and policies. None of these recommendations were implemented by the City.

Industry representatives and BDS managers both told us the volume and complexity of regulations have ballooned over the past several years. BDS managers believe the growth and increased complexity of regulations are to blame for continuing problems with the timeliness of the development review process.

As part of the Mayor's current reform effort, several significant actions have been taken to address these concerns. On October 16, the City Council adopted a "Top Ten Regulatory Code Improvement List" and a "Code Maintenance List" to begin the process of streamlining City development regulations. In conjunction with this effort, the Mayor has directed City bureaus to prepare yearly Regulatory Improvement Work Plans that include Regulatory Code Improvement Lists. In addition, the Office of the Mayor has been directed to create a process for developing regulatory impact statements – including cost-benefit analysis – to evaluate the impact of proposed new regulations and amendments to existing regulations. The Office of Management and Finance has contracted with a consultant to help develop a regulatory impact and analysis framework. Moreover, the Mayor's Office has established a Strategic Development Opportunity Team comprised of City bureau representatives to address difficult and strategic development sites and to identify major policy issues related to the specific sites.

Some organizational recommendations by Blueprint 2000 not implemented

One of the problems identified in our 1997 audit was the lack of good coordination among the various development review bureaus in the review and approval of development applications. To help address this problem, the Blueprint

2000 Stakeholder Report recommended the establishment of interagency agreements between OPDR and other City development bureaus to specify the assignment of responsibilities among the various review bureaus and to provide clear and objective performance standards. Although draft interagency agreements were prepared, the agreements were never formalized or signed. However, at the completion of our audit, new interagency agreements were prepared under the direction of the Mayor's Office. On December 18th, the City Council accepted five new interagency agreements between BDS and its partner bureaus.

In addition, the Blueprint 2000 Stakeholder Report recommended moving the entire Bureau of Planning to the new development bureau, including both Long Term Planning and Current Planning. As stated earlier, only Current Planning was moved to OPDR, while responsibility for writing and rewriting planning and zoning regulations in City Code Title 33 remained with the Bureau of Planning. It is difficult to know if the split between Long Range Planning and Current Planning has had a detrimental effect on the coordination between the adoption of planning and zoning requirements and the enforcement of these requirements during the development review process.

Chapter 3 Processing building permits: Timeliness remains a problem

Our analysis of building permits issued in FY 2001-02 indicates that the City is taking longer to review plans for new residential and commercial construction than six years ago. Only 18 percent of new residential construction plans and 10 percent of new commercial construction plans have first reviews completed within 20 working days. While BDS review times have generally improved, other bureaus are taking longer to complete plan checks. In addition, our analysis of building plan review times for new construction, additions, and alterations shows that only about 61 percent of building reviews are completed within the targeted number of working days, short of the established goal of 90 percent.

However, despite slower review times, many building permits are issued in one day. Specifically, building permits for facilities, fire cleanup, and demolition are usually completed over-the-counter, and virtually all residential alteration plans are completed in one day. In addition, 73 percent of commercial alteration plans have reviews completed within the target timeframes.

A number of factors contribute to the amount of time needed to complete building plan reviews and to issue

permits. Primary causes include the growth in the number and complexity of regulations, problems with inter-bureau coordination, staffing and workload problems, and the density of the built environment. Several of these conditions are currently being studied and addressed as a result of the Mayor's development review reform efforts.

Background on building plan review

A major function of BDS is the review of building plans to ensure that they comply with State and local building codes. Following the review and approval of building plans the applicant pays the appropriate fee, the permit is issued, and construction work can be initiated. In FY 2001-02, the Bureau issued a total of 9,070 building permits with valuations totaling $989 million. As shown in Table 2, 58

Table 2 **Number and valuation of building permits issued by the Bureau of Development Services:** FY 2001-02

	PERMITS ISSUED IN FY 2001-02			
		Number		**Valuation** (in millions)
Residential permits:				
New construction		1,788		$220
Additions & Alterations		2,951		$60
Other		551		$4
Subtotal	**(58%)**	**5,290**	**(29%)**	**$284**
Commercial permits:				
New construction		806		$423
Additions & Alterations		1,877		$179
Other		119		$3
Subtotal	**(31%)**	**2,802**	**(61%)**	**$605**
Specialty permits*	**(11%)**	**978**	**(10%)**	**$100**
TOTAL building permits	**(100%)**	**9,070**	**(100%)**	**$989**

* Includes permits issued for site development, zoning, manufactured dwellings, and facilities.

SOURCE: Bureau of Development Services, August 2002.

percent of the permits were for residential projects, 31 percent were for commercial projects, and 11 percent were specialty permits such as site development, zoning, and manufactured dwellings. Commercial projects represented 61 percent of the total valuation of permits issued in FY 2001-02, while residential and specialty permits represented 29 percent and 10 percent, respectively.

Building plans may be subject to as many as nine review stages involving six different City bureaus depending on the nature and complexity of the individual project. Table 3 shows the City bureaus involved in permit reviews, and the type and purpose of each review.

Table 3 Building plan review bureaus and review types

REVIEW TYPE	BUREAU	PURPOSE
Fire/Life Safety	BDS	Ensures compliance with state building codes, accessibility, and energy conservation
Planning/Zoning	BDS	Ensures compliance with City's Title 33 (Planning/Zoning Code)
Street Systems	Transp.	Reviews adequacy of street and transportation systems around proposed development
Stormwater Sewer	BES	Reviews water quality and quantity controls and adequacy of connection to drainage system
Sanitary Sewer	BES	Reviews capacity and route of service to sanitary system
Fire Safety	Fire	Reviews compliance with Fire Regulations
Water Availability	Water	Reviews availability of City water supply to proposed development
Water Backflow	Water	Reviews adequacy of water backflow prevention system(s) proposed
Urban Forestry	Parks	Reviews compliance with the minimum requirements of City street tree regulations

SOURCE: BDS and other bureaus involved in review process

Goals for reviewing plans and issuing permits

The Bureau of Development Services places a high priority on plan review turnaround time and has established goals for reviewing plans and issuing permits. The following are the major processing time goals established by the Bureau:

- Complete first review of *simple residential* plans within **15** working days, 90 percent of the time. "First review" involves checking plans for completeness of submitted material and issuing a checksheet that either allows further detailed review or asks the applicant to provide more information and supporting documentation. Simple plans are those that are defined by state law: they must have an enclosed total floor space under 4,500 square feet and the plan must not be "engineered" as prescribed by state law.
- Complete first review of *complex residential* plans within **20** working days, 90 percent of the time. Complex residential plans are those that are not simple plans, as defined by state law.
- Complete first review of *commercial* plans within **20** working days, 90 percent of the time. Commercial plans are not distinguished between complex and simple.
- Issue 70 percent of *all* building permits within **15** working days of receipt of application. The time to issue a building permit depends on a variety of factors, including the size, nature, and location of the project, applicant promptness in fee payment, and the completeness and sufficiency of building plans and application materials.

Building permit processing times

In order to determine the time needed to process building permit applications, we reviewed data obtained from the TRACS system for all permits issued in FY 2001-02 for new construction, alterations, and additions. (See a description of our methodology in Appendix A). We evaluated processing times for each of the several review processes separately (if performed), and for the total time needed to review each plan. We also compared review times in FY 2001-02 to similar data collected in our 1997 audit to assess changes in processing times. Finally, we reviewed all permits issued in June 2002 to determine how many were issued within 15 days of receipt.

First review processing time goals not met

Our analysis indicates that the time needed to complete first review of building plans varies greatly by the type of reviews needed and the nature of the project. Overall, about 61 percent of building permit first reviews for new construction, additions, and alterations are completed within targeted timeframes. On average, 19 days are required to complete all necessary first reviews for these permits. Residential projects are generally reviewed faster than commercial projects, and BDS reviews are faster than reviews performed by other bureaus. In addition, plans for new construction, both commercial and residential, require significantly more time to complete first reviews than projects for alterations and additions. Projects involving only residential alterations are processed very quickly, averaging about 1 day for all necessary first reviews.

Tables 4 and 5 summarize our analysis of the timeliness of plan review for building permits issued in FY 2001-02. Table 4 shows percent of commercial and residential plans completed within 15/20 working days, as well as the average number of working days to review three types of construction projects – new construction, additions to existing buildings, and alterations to buildings. Table 5 shows the average working days taken by the various review groups to complete first review of commercial and residential plans. The following are some of the most significant observations from Tables 4 and 5:

Residential plans processed faster – 63 percent of all residential plans reviewed were processed within 15/20 working days, compared to 55 percent of all commercial plans. On average, all reviews for residential plans required 14 days and commercial reviews required 27 days.

New construction plans slowest of all reviews – Only 18 percent of residential new construction and 10 percent of new commercial construction received all needed reviews within 20 days. On average, new residential construction required 32 days to complete reviews, while new commercial construction plans required 60 days.

Table 4 Timeliness of first review of new construction, additions, and alterations: FY 2001-02*

(BDS goal: Complete **90%** of first reviews within 15/20 working days)

TYPE OF PROJECT	TYPE OF PLAN: Commercial	TYPE OF PLAN: Residential	Commercial and residential plans
New construction			
% done in 15/20 days	10%	18%	
Average working days	60	32	
(1,378 permits)			
Additions			
% done in 15/20 days	43%	81%	
Average working days	36	6	
(887 permits)			
Alterations			
% done in 15/20 days	73%	98%	
Average working days	14	1	
(2,004 permits)			
All three project types			
% done in 15/20 days	55%	63%	**61%**
Average working days	27	14	**19**
(4,278 permits)			

* Time to complete all first reviews required on each building permit application. Each application may include all or any number of the following reviews: Fire & Life Safety, Planning & Zoning, Bureau of Environmental Services, Office of Transportation, Bureau of Water, Bureau of Fire and Rescue, and the Bureau of Parks and Recreation.

SOURCE: Audit Services Division analysis of data obtained from TRACS

Table 5 Average working days to complete first review by review group: FY 2001-02 (new construction, additions, and alterations)

REVIEW GROUP	AVERAGE WORKING DAYS	
	Commercial plans	Residential plans
BDS (Fire & Life Safety)	11	7
BDS (Planning & Zoning)	16	5
Bureau of Env. Services	31	20
Office of Transportation	42	12
Bureau of Water	20	22
Bureau of Fire	21	21
Bureau of Parks & Rec.	20	21
All required reviews *	**27**	**14**

* Permit applications may require any number of the reviews

SOURCE: Audit Services Division analysis of data obtained from TRACS

BDS reviews faster than other bureaus – Reviews under the management responsibility of BDS (fire and life safety, and planning and zoning) were generally processed faster than reviews under authority of other bureaus such as water drainage reviews (BES), street and transportation system adequacy (Office of Transportation), and water service requirements (Water Bureau).

Residential additions and alterations very timely – Almost all residential alterations were processed within 15 days (98 percent) and 81 percent of residential additions were reviewed within 15 days. However, commercial additions and alterations were not reviewed as quickly – 73 percent of alterations were processed in 20 days and 43 percent of additions were handled in 20 days.

Overall processing times have slowed

Our comparison of plan review times in FY2001-02 to processing times in 1996 shows that overall review times have slowed considerably. As shown in Table 6, the average number of days to conduct the four major reviews of new single residential plans increased from 21 days in 1996 to 28 days in FY 2001-02, a 33 percent increase. Similarly, for new commercial buildings, the average review times for all four major reviews increased from 48 days to 55 days, a 15 percent increase. However, our analysis of each component of the four reviews showed that BDS reviews (Fire and Life Safety, and Planning and Zoning) improved, while BES and Transportation reviews slowed considerably. BDS Planning and Zoning reviews took 30 percent less time on residential plans but 16 percent more time on commercial plans. Transportation reviews took 20 percent more time

Table 6 Average working days to complete first review of building plans: 1996 versus FY 2001-02

	AVERAGE DAYS TO COMPLETE PLAN REVIEW					
	New single family residences			New commercial structures		
REVIEW GROUP	1996	FY 2001-02	% change	1996	FY 2001-02	% change
BDS (Fire/Life)	18	14	-22%	36	20	-44%
BDS (Plan/Zoning)	10	7	-30%	19	22	+16%
Env. Services	10	21	+110%	20	32	+60%
Transportation	10	12	+20%	26	43	+65%
All 4 reviews	**21**	**28**	**+33%**	**48**	**55**	**+15%**

SOURCE: Audit Services analysis of data from TRACS and 1997 audit data. We included only new construction plans, to be consistent with the sampling methodology of our 1997 audit. The 1997 audit included data only on the four above reviews.

on residential plans and 65 percent more time on commercial plans. BES reviews took 110 percent more time on residential plans and 60 percent more time on commercial plans. (See discussion on the next page for an explanation of some of the reasons for the slower processing times).

Many permits issued within 15 days

Although plan review times have slowed over the past six years, and review time goals are not generally achieved, many permits are issued by the Bureau fairly quickly. About 65 percent of all building permits in FY 2001-02 were issued within 15 days, nearly accomplishing the Bureau's stated goal of 70 percent. The primary factor contributing to this performance is that BDS is able to issue some types of permits rapidly, including facilities permits and other miscellaneous permits for demolitions and fire repairs. In addition, many building permits for residential and commercial alterations can be issued fairly quickly, some within the same day of the application, as shown in Table 7.

Table 7 Timeliness of building permit issuance: FY 2001-02

Number of working days	% of all building permits
Same day	43.6%
2-10 days	18.8%
11-15 days	2.8%
Total in 15 days or less	**65.2%**
Over 15 days	**35.7%**
	100%

SOURCE: Bureau of Development Services' FY 2001-02 *Workload and Performance Report*. The Audit Services Division verified June 2002 data and found it reasonably accurate. We did not attempt to verify data for other months but believe it is reasonably accurate.

Factors contributing to slower plan reviews

A number of factors may contribute to the increased time needed to review and issue building permit applications. Although we did not specifically analyze these factors during this audit, our conversations with applicants and various bureau managers and staff indicate that several conditions appear to contribute most to the time required to process permit applications. These factors include:

- the growth in the number and complexity of City development regulations
- management and coordination of the development review process
- workload and staffing issues
- the nature and density of the City's built environment

Complexity of development regulations

BDS and other bureau managers told us they believe that a primary cause for slower plan reviews is the growth in the number and complexity of development regulations. Over the past several years considerable additions have been made to the Planning and Zoning regulations in City Code Title 33; new design districts have been designated; the *Stormwater Manual* was adopted; and new regulations for erosion control were adopted. In addition, efforts are underway to develop new regulations governing development along rivers and streams, around the City's well fields, and in specific areas of the City, such as North Macadam, Marquam Hill, St. Johns, the Northwest Area, and others.

As part of the Mayor's regulatory reform effort, a Regulatory Improvement Work Plan has been prepared that

includes the development of a "Top Ten Regulatory Code Improvement List". In addition, the Mayor's Office, through the Bureau of Planning, will be submitting proposals to the Planning Commission to adjust regulatory thresholds and triggers that impact small businesses disproportionately. Finally, new customer service training is under development tailored to the dual facilitator/regulator role performed by the Bureau of Development Services.

We recognized the problem with the complexity of development regulations in our 1997 audit and recommended that City Council "establish a formal, ongoing process to streamline and clarify City development policies." Specifically, we suggested that a standing committee of representatives from each of the City's development bureaus be established to review proposed new regulations and to evaluate existing regulations for conflicts and ambiquity. In addition, the Blueprint 2000 Stakeholder Report recommended that a Rules Coordinator position be created to establish common procedures for notice, review, and analysis of proposed development regulations and to help resolve repeated code conflicts.

Despite the recommendations in our 1997 audit report and the Blueprint 2000 Stakeholder Report, the Rules Coordinator position was not funded, and little was done to address the problem with regulations until the Mayor's Office initiated its regulatory reform effort in the Spring of 2002. As a result, the volume and complexity of regulations have continued to grow over the past several years.

Management and coordination of the review process

Another factor that contributes to the amount of time required to complete building plan reviews is the number of different staff and bureaus involved in the review process. In our 1997 audit we identified several weaknesses in the management and coordination of review staff, including:

- the lack of uniform procedures from bureau to bureau;
- different bureaus establishing their own priorities;
- the lack of consistent supervisory review;
- the lack of a shared automated management information system; and,
- breakdowns in plan circulation.

Some improvements in coordination have been made through the establishment of the new development bureau and the co-location of review staff in the same development building. In addition, as discussed in Chapter 2, the installation of TRACS has greatly improved the tracking and coordination of plan review, both for City staff and the applicant. However, the lack of uniform procedures, inconsistent supervisory review, and conflicting bureau priorities have not been adequately resolved. Although drafted, interagency agreements between BDS and the other development bureaus stipulating roles, responsibilities, and performance standards were never finalized or implemented. As a result, there has been a lack of accountability and inadequate management control over the various review groups.

The Mayor's Office has addressed this problem by establishing new and updated interagency agreements. Meetings between the Mayor's staff and managers of the various bureaus helped develop new agreements between BDS and the various development bureaus. These agreements, were approved by Council in December 2002, and will:

- require co-location of staff from the various bureaus at the City development building;
- specify the roles and responsibilities of BDS and the various bureaus;
- require data collection necessary to determine appropriate staffing levels;
- establish goals and expectations regarding the timeliness of plan review; and
- require an appeals process for resolving conflicts between applicants and City staff.

Workload and staffing issues

Bureau managers we talked to indicated that while development workload increased since our last audit report, both in complexity and quantity, staffing levels have not kept pace. Our analysis shows that while workload increased in several areas, staffing appears to have kept pace. As shown in Table 8, while residential and commercial building permits issued increased by 42 percent and 11 percent respectively from FY 1995-96 to FY 2001-02, BDS staff in plan review and permit issuance work increased by about 47 percent. However, such an analysis cannot fully address the issue of staffing increases that were necessitated by more complex regulations. In addition, it cannot fully

Table 8 Changes in workload and staffing, City of Portland plan review function: FY 1995-96 versus FY 2001-02

	FY 1995-96	FY 2001-02	% change
WORKLOAD			
Building permits:			
Commercial	3,069	3,394	+11%
Residential	4,011	5,676	+42%
TOTAL	7,080	9,070	+28%
Trade permits:*			
Electrical	12,857	13,661	+6%
Plumbing	11,084	9,473	-15%
Mechanical	7,228	8,776	+21%
Sign	1,615	968	-40%
TOTAL	32,784	32,878	0%
Land use cases	981	935	-5%
Zoning plan checks	4,353	4,996	+15%
STAFFING (FTEs)			
BDS: Buildings**	47.0	66.0	+40%
BDS: Planning**	39.5	61.0	+54%
All other bureaus***	27.8	41.6	+50%

* These are the main categories of trade permits; a few minor categories excluded to allow consistent reporting.

** Full-time equivalents of land use review, plan review and permit issuance/ Development Services Center (DSC) personnel only.

*** Total of FTEs in Land Use/Zoning approvals, Building Permits and Public Works permit areas.

describe the varying levels of complexity involved in permitting specific building permit or land use applications.

Total staffing in the non-BDS bureaus involved in development review increased by about 50 percent between FY 1995-96 and FY 2001-02. However, for these other bureaus, it is difficult to say with certainty whether staffing growth has actually outstripped workload growth. For instance, Parks told us that they were required to evaluate only commercial applications in FY 1995-96. The Office of Transportation told us that there was no SDC (System Development Charge) program in FY 1995-96 like there is today. And BES told us that the number and complexity of stormwater management regulations has increased greatly since FY 1995-96, as evidenced by the adoption of the stormwater manual. For these reasons, the workload and staffing numbers shown in Table 8 should be interpreted with caution.

Nature and density of City's built environment

Finally, City officials and development industry representatives we talked to believe that building and development activities in a built-up urban environment can be difficult and more time-consuming than in areas where land is more open and available. Much of the remaining land in the City of Portland is irregular or otherwise hard-to-develop because the properties require more difficult decisions on drainage, mechanical and structural soundness, aesthetics, and other criteria. In addition, remaining open spaces may also be located near wetlands and drainage areas that require more complex review to protect the natural environment.

Chapter 4 Customer satisfaction survey: Results are mixed

In order to more objectively assess the pervasiveness of customer dissatisfaction with development services, we surveyed almost 700 applicants for building permits and land-use approvals. We found mixed satisfaction with City development services. Applicants who received review and approval within one day were very satisfied, but when approvals required more than "over-the-counter" approval, satisfaction with many aspects of the process declined significantly. Overall, respondents reported satisfaction with the inspection phase and some aspects of customer service, and reported dissatisfaction with the timeliness and predictability of the process, and with the coordination among staff and between City bureaus.

Compared to the results of a similar survey in 1998, applicants for permits and land-use approvals appear more pleased with the helpfulness of City development services staff. About 75 percent of respondents said they received the right amount of information on the process, fees, and application status. Despite continued dissatisfaction with timeliness, customers also believe development staff are doing a slightly better job of providing and meeting estimates of processing and approval times than in 1998. However, applicants now are less satisfied with City staff

coordination and the consistency of interpretation of building and planning regulations. For over 40 percent of the projects included in the survey, respondents said some regulations they were required to meet did not further the goal of making Portland a livable community, versus only 24 percent in 1998.

The sections that follow provide further detail on the makeup of our survey respondents (owner, contractor, or architect) and the types of approvals they were applying for (building permit, land use approval, or building trade permit). In addition, the sections provide comparisons of satisfaction of the different stages of the development review process such as intake, plan review, pre-application conference, and inspections. A more complete comparison of the 2002 survey results to the 1998 survey is also provided. Appendix B explains the survey methodology, and offers the complete survey questions and responses.

A description of the survey respondents

With the assistance of Gilmore Research, we conducted a survey in October 2002 of applicants for permits and land use approvals during the period from January through September 2002. We received 692 valid responses from applicants for permits or land use approvals for projects at randomly selected addresses. As shown in Table 9, our survey methodology ensured that respondents were composed of various types of projects, customers, and approvals. Sixty-two percent of the respondents were applying for permits to do commercial or residential remodeling, while 22 percent were seeking various land-use approvals, and 16 percent were for projects for new construction. Contrac-

tors composed the largest percentage of our survey respondents (39 percent), followed by owners (26 percent), architects (20 percent), permit processors (8 percent), and other professionals such as engineers (7 percent).

Table 9 Composition of survey respondents

Customer type		Type of work		Permit/approval type	
Contractor	39%	Remodel:		Building permit:	
		Alterations	36%	Commercial	30%
Owner	26%	Additions	26%	Residential	30%
Architect	20%	Land use review	22%	Land use	22%
Permit processor	8%	New construction	16%	Trade permit	18%
Other	7%				

The critical satisfaction factor: "Over the counter" versus "taken-in"

We found that one overriding factor affected the satisfaction of respondents – whether the application was reviewed and approved within one day ("over-the-counter"), or was "taken-in" for additional staff review and analysis requiring more than one day. As shown in Table 10, the percent of respondents rating various aspects of the review process "good" or "very good" was significantly higher when the application was reviewed in one day or less. But if an application required more time for document submittals and review by development staff necessitating "taking-in" the application, satisfaction ratings were much lower.

Approximately 45 percent of our survey respondents (311 of 692) were handled over-the-counter. This corresponds closely with the percent of total applications handled over-the-counter during the year. As described in the previous chapter on processing timeliness, approximately 44 percent of building permits issued in FY2001-02 were processed and approved over-the-counter. Most of these applications are for permits for simple residential and commercial alterations and additions. However, land-use reviews, new construction, and more complex additions and alterations almost always require more detailed review and public notification requirements and generally cannot be completed within one day.

Table 10 "Over the counter" versus "taken-in" projects:
% of respondents rating aspects "good or very good"

	OVER THE COUNTER	TAKEN IN	
		Permits	Land Use
Coordination	82%	56%	54%
Predictability	79%	49%	51%
Timeliness	79%	36%	46%
Overall customer service	72%	45%	54%
Information provided			
Regulations	84%	68%	67%
Process	92%	82%	88%

Because the over-the-counter customers account for almost half of all applications, their relatively high level of satisfaction contributes strongly to general satisfaction with development review. To understand what contributes to dissatisfaction with the development review process, we focused our analysis on the more complex projects that were taken-in for review. Consequently, the tables that follow reflect applications that were taken-in and exclude over-the-counter applications, in order to ensure fair and consistent comparisons.

Satisfaction varies by phase: intake, pre-application, reviews, and inspections

Customers that have applications taken-in for review must complete various steps in the development process. For building permits, these steps include three main phases: intake, review, and inspections. For land use approvals, the basic steps include intake, pre-application conference (when needed), and review.[1] To determine how applicants rate each of these phases in the development review process, we asked separate questions on each phase they experienced.

We found that applicants' satisfaction varied depending on the phase of the process. Table 11 presents ratings on various aspects of each phase in the building permit and land use application process. Some of the most interesting observations from the table follow.

Inspection phase rated highest.

Over 80 percent of all respondents rated the inspection phase of the building permit process "good" or "very good".

[1] Survey did not assess customer attitudes about public hearings or appeal processes

Respondents were much more satisfied with inspections than any other part of the process, with only 8 percent rating it “bad” or “very bad”. All aspects of the inspection phase including inspector helpfulness, fairness, timeliness, and problem resolution were rated highly by all types of applicants.

Permit plan review phase rated lowest.

Of the six phases surveyed, building plan review was rated lowest; only 56 percent rated it “good” or “very good” and 30 percent believed it was “bad” or “very bad”. In comparison, the land use review phase was rated “good” or “very good” by 72 percent of survey respondents.

Staff customer service generally well received.

Overall, applicants were generally satisfied with staff customer service in each phase of the permit and land use approval process. Staff availability, knowledge, helpfulness, and fairness received ratings of “good” or “very good” ranging from a low of 61 percent to 88 percent. The phase with the lowest customer service ratings was again the permit plan review phase.

Respondents most dissatisfied with timeliness.

Survey respondents were most unhappy with the timeliness of permit and land use reviews. Only 32 percent of respondents were satisfied with the timeliness of building permit reviews and only 47 percent were satisfied with land use review timeliness. More than half (56 percent) of all the respondents whose projects were taken in for review were either “dissatisfied” or “very dissatisfied” with the timeliness of the review phase.

Respondents somewhat dissatisfied with problem-solving efforts.

Respondents also expressed lower satisfaction with how early problems were identified and how clearly steps for resolution were identified in some phases. While much more dissatisfied with timeliness, only 54 percent of respondents were satisfied with problem-solving during building permit review, and 57 percent were satisfied with information on problem-solving during the pre-application conference phase of land use approvals. In contrast, about 82 percent were satisfied with problem-solving during the inspection phase.

Table 11 Comparison of phases in development review process:
% of applicants rating aspects "good or very good"

	BUILDING PERMIT			LAND USE REVIEW		
	Intake	Review	Insp.	Intake	Pre-app	Review
Overall quality	69%	56%	82%	72%	71%	72%
Customer service:						
Availability	81%	61%	87%	80%	80%	76%
Knowledge	77%	73%	88%	76%	86%	82%
Helpfulness	73%	67%	87%	74%	70%	74%
Fairness	79%	75%	88%	77%	79%	75%
Issues/problems identified early	65%	54%	82%	61%	69%	69%
Clear steps given to resolve problems	66%	62%	83%	63%	57%	68%
Time estimate was accurate	-	50%	-	-	-	70%
Timeliness of phase	-	32%	-	-	-	47%

NOTE: Excludes all over-the-counter applications

Contractors and owners less satisfied than others

Overall satisfaction also varies depending on the type of applicant. As shown in the following table, contractors are the least satisfied participants in the process followed closely by owners, regardless of the type of project, remodeling or new construction. Architects give the highest ratings, particularly when involved in land use approval phases.

Frequency of applications or experience with the development review process does not seem to influence the degree of satisfaction with the various review phases individually or taken as a whole. That is, satisfaction ratings are generally the same for those respondents who frequently submit permit or land use applications and for those who are first-time applicants.

Table 12 **Ratings by type of applicant:**
% of applicants rating aspects “good” or “very good”

	Contractor	Owner	Architect	Other
Overall INTAKE	60%	62%	81%	80%
Overall REVIEW	55%	56%	68%	72%
Overall TIMELINESS	33%	39%	42%	48%
Overall PREDICTABILITY	47%	41%	53%	62%
FAIRNESS (review phase)*	68%	69%	80%	84%

* % “satisfied” or “very satisfied”

NOTE: Excludes all over-the-counter applications

Overall customer satisfaction

We also asked applicants some general questions about how they would rate the process as a whole, taking into consideration all the phases and steps taken together.

As shown in the table below, respondents were relatively satisfied with the amount of information they receive on requirements, the process, fees, and status of applications. Between 71 percent and 88 percent said they got the information they needed. Over half of the respondents believed staff coordination was good, but over one quarter believed it was bad. Almost one-third of our survey respon-

Table 13 Customer satisfaction ratings on process as a whole

	BUILDING PERMITS	LAND USE REVIEWS
Enough information provided on (% "enough" or "more than enough")		
approval status	87%	77%
process	82%	88%
what approvals required	72%	74%
fees	71%	81%
regulations	68%	67%
Staff coordination (% "good" or "very good")	56%	54%
Regulations interpreted consistently (% "all" or "most" of the time)	60%	54%
Regulations support City livability goals (% "yes")	63%	56%
Process was predictable (% "good" or "very good")	49%	51%
Process was timely (% "good" or "very good")	36%	46%

NOTE: Excludes all over-the-counter applications

dents felt that regulations were not interpreted consistently by staff. Between 37 and 44 percent of the respondents said they believed there were some regulations that they were required to meet that did not support the goal of making Portland a more livable community. Clearly, the lowest rated aspect of the process as a whole was timeliness. Only 36 percent of building permit applicants rated timeliness "good" or "very good" and 46 percent of land use review applicants rated timeliness "good" or "very good".

Customer survey compared to 1998 *Blueprint 2000* survey

We compared our survey responses to some questions that were also asked in a survey conducted in 1998 as a part the Blueprint 2000 improvement effort. We employed the same research firm to help us design the survey instrument and questions to optimize the number of questions that could be compared fairly. Although the composition of the survey respondents in 1998 was not exactly the same as our survey, the total respondents were similar enough in size and composition to permit reasonable conclusions about changes in satisfaction levels.

As shown in Table 14, respondents are more satisfied with some aspects of development services now than they were four years ago, but are less satisfied in other areas. With regard to staff providing time estimates and accurately meeting the estimate, respondents rated development services higher than they did in 1998. In addition, various aspects of customer service appear to be improved since the 1998 survey. Respondents in 2002 felt they received more sufficient information on required permits

Table 14 Comparison of satisfaction ratings: 2002 versus 1998

	2002	1998	change
Adequacy of information (“enough” or “more than enough”)			
approval status	83%	69%	+14%
process	85%	71%	+14%
what approvals required	72%	63%	+9%
regulations	68%	61%	+7%
fees	75%	70%	+5%
Given time estimate of review phase (% “yes”)	71%	65%	+6%
Time estimate accurate (% “yes”)	60%	54%	+6%
Staff coordination (“good” or “very good”)	56%	60%	-4%
Consistent interpretation of regulations (“all” or “most” of the time)	58%	67%	-9%
Regulations support goal of City livability (% “yes”)	60%	70%	-10%

NOTE: Excludes all over-the-counter applications from 2002 survey; no over-the-counter customers were surveyed in 1998

and approvals, regulation requirements, application process and fees, and the status of application than applicants did four years ago.

However, respondents were not as satisfied with how consistently staff interpreted regulations and coordinated the process. While about 67 percent of respondents rated regulation interpretation consistent all or most of the time in 1998, only 58 percent rated it this way in 2002. Additionally, staff coordination was not viewed as highly in our

survey compared to the last survey. Finally, 40 percent of our survey respondents believed that some City regulations they were required to meet did not support the goal of making Portland a livable community, compared to only 30 percent in 1998.

Customer comments

Additionally we asked respondents to comment on various aspects of their experience in order to get some specific feedback on certain topics. We have summarized some of the most frequently mentioned comments from open-ended questions in Appendix B.

We received over 1,000 specific responses to our open-ended questions. Some of the most frequently received responses we received include the following:

If needed more information on regulations that applied to your project, what more did you need?

- " Had to do my own research."
- " Information I received was unclear. I was misinformed."
- " Process was confusing and too complicated."
- " Give rules all at once, don't keep adding them along the way."
- " Need more information on environmental requirements."

If rated staff coordination bad or very bad, please describe the problem.

“ Information was not passed on to other staff. Not enough communication between different staff and different City departments.”

“ Different people and different staff interpret rules differently.”

“ Too many people involved in the process. Hard to reach a single contact person.”

“ Some staff less knowledgeable than others. More training.”

What suggestions do you have for improving the City’s development review process?

“ Quicker turnaround. Too slow issuing permits.”

“ Staff need more training and knowledge. Hire more staff.”

“ More flexibility needed in approving projects. They are all different.”

“ Improve telephone response time.”

“ Clarify codes. They are too confusing.”

“ Fewer regulations and rules.”

“ More communications among staff. Need one project manager to track projects from beginning to end.”

“ Better customer service and friendlier staff.”

“ Quicker notification of problems that will cause inspection failure.”

Chapter 5 Fees follow State guidelines and compare favorably with surrounding jurisdictions

Our analysis of the City's procedures for establishing land use and building permit fees indicates that the methods employed by the City are in compliance with State laws and regulations, and with City policies. In addition, consistent with policy established by City Council, BDS is recovering 100 percent of its building programs' costs, although its land-use review program has not achieved the 65 percent recovery goal set by City Council. Moreover, the amount of fees charged by the City for standard commercial and residential projects appears to be similar to those in surrounding jurisdictions. While total residential fees are slightly higher than comparison jurisdictions, total commercial fees are generally lower.

While the fee setting and cost recovery methodologies used by the Bureau of Development Services are reasonable and appropriate, we believe the Bureau could benefit by allocating and tracking its building program costs on a more detailed level. By generating cost of service information on specific programs and activities, the Bureau could better assess the efficiency of each program or activity area, and ensure that fees charged more closely reflect the costs incurred in providing services.

Costs recovered by fees vary according to program area

In total, BDS fee revenues covered about 89 percent of the Bureau's expenditures in FY 2001-02. The remaining expenditures not recovered from fees were supported by general fund revenues and program reserves from previous years. The majority of fee revenues are generated from building permits and land use reviews, and are tracked and reserved within 12 program areas as shown in Table 15.

Table 15 Expenditures and cost recovery percentages by program area: FY 2001-02

PROGRAM AREA	Expenditures FY 2001-02 (in millions)	Expenditures recovered by fees
State building codes		
Building / Mechanical +	$10.7	105%
Electrical +	$ 2.9	90%
Plumbing +	$ 2.6	93%
Facilities +	$ 1.2	105%
Subtotal, building code programs	**$17.4**	**101%**
Local & land use development regulations		
Land use review	$ 5.8	57%
Housing	$ 2.7	77%
Site development	$ 0.9	121%
Zoning	$ 0.5	100%
HCD Block Grant*	$ 0.3	100%
Noise	$ 0.3	23%
Signs	$ 0.2	79%
Environmental soils	$ 0.2	63%
Subtotal, local programs	**$10.9**	**71%**
Total, all programs	**$28.3**	**89%**

+ indicates a State Building Code program. Where these programs' cost recovery percentages are less than 100 percent, the remaining Program costs were supplemented with fee reserves from previous years.

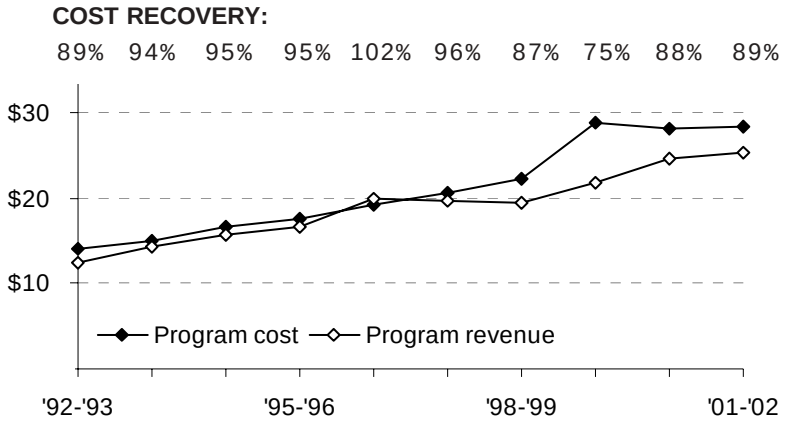
* funded by federal grant

SOURCE: BDS five-year financial plan update, December 2002

We reviewed the Bureau's chart of accounts and cost allocation methods to ensure that the methods used to track program costs and record program fees were adequate. We found that fee revenues and program costs were tracked adequately, and that methods for allocating administration, overhead and other costs that impact multiple program areas, were reasonable. We also concluded that the cost recovery percentages reported by BDS were accurate. In addition, although a direct relationship cannot be drawn between costs to provide a specific service and the fee charged for that service, we found that fees charged for services followed state laws and City guidelines.

Fees collected in excess of a program area's expenditures are carried over in reserve funds that are used to cover expenses in years when fee revenues do not meet expenses. As shown in Figure 2, the overall cost recovery rate over the past ten years ranged from 75 percent to 102 percent, and was 89 percent in FY 2001-02.

Figure 2 Total (all programs) cost, revenues and percent recovery: FY 1992-93 through FY 2001-02

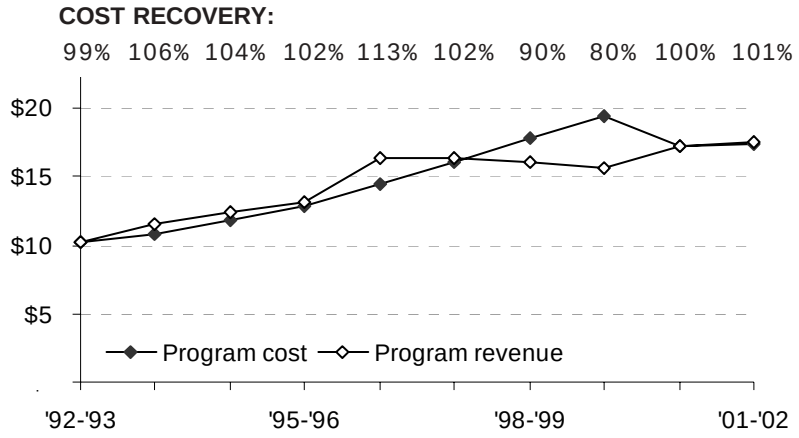


SOURCE: BDS five-year financial plan, December 2002 update

Cost recovery varies by program area. For most programs, the Bureau recovers at least 50 percent of its costs from fees. The Bureau distinguishes program areas by the type of activities performed and by the legislative body mandating the program. The Building, Electrical, Plumbing and Facilities programs, which ensure compliance with the State Building Code, and the Land Use Review program, comprise most of the Bureau's expenditures (61 percent and 20 percent respectively, in FY 2001-02). Fee revenue generated from the State Building Code programs cannot be used to support City-initiated programs such as Land Use Review and Noise abatement. The State Building Code programs are entirely supported by fee revenues, with reserves contributing to expenditures in years when cost recovery is less than 100 percent. Activities in the Land Use Review program area, which include Planning and Zoning checks and land use case reviews, recovered 57 percent of program costs from fees in FY 2001-02.

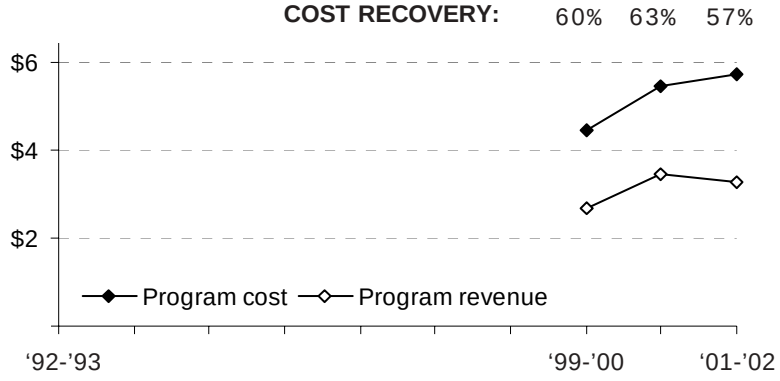
Figures 3 and 4 show historical cost recovery percentages for the State Building Code and Land Use Review program areas.

Figure 3 **State Building Code program costs, revenues, and recovery percentages:** FY 1992-93 through FY 2001-02



SOURCE: BDS five-year financial plan, December 2002 update

Figure 4 **Land Use Review costs, revenues, and recovery percentages:** FY 1999-00 through FY 2001-02



SOURCE: BDS five-year financial plan, December 2002 update

Fees are in compliance with regulations

In 1999, the State established the Tri-County Industry Service Board to develop uniform practices and procedures for building inspection programs administered by local jurisdictions within Clackamas, Multnomah and Washington counties. Oregon Administrative Rules (OAR) govern the Tri-County Service Board and outline standard methods these jurisdictions are to use when establishing fees. For example, commercial plumbing permit fees are to be calculated based on the number of fixtures and footage of piping with a set minimum fee. Because the OAR do not prescribe or set limits on the specific fees or rates charged by local jurisdictions, this standardization enables easier fee comparisons among tri-county jurisdictions. The OAR governing the State Building Code allows municipalities "to adopt fees as may be necessary and reasonable to provide for administration and enforcement [of state building codes]." A test for reasonableness is how the fee compares with that of surrounding jurisdictions. Starting in July 2002, such fee comparisons are a required submission to the State when the Bureau proposes fee increases as proof of a fee's "reasonableness."

BDS cost recovery percentages for its State Building Code Programs indicate that revenues from fees are generally equivalent to the cost of delivering the services related to those fees. In FY 2001-2002 these rates ranged from 90 percent recovery in the Electrical program area to 105 percent in the Building and Facilities program areas. However, these cost recovery rates combine a variety of activities (e.g. plan review, inspection) and customer types (e.g. residential, commercial) within each of the broad program areas. More detailed cost of service information would allow

better comparisons of cost recovery by activity and customer. For example, BDS does not segregate its commercial permitting and inspection costs and revenues from its residential permitting and inspection costs and revenues. We believe it is important for BDS to know if, and by how much, commercial revenues subsidize residential costs of service. BDS managers told us such an analysis was planned in the current fiscal year. Despite the lack of more detailed cost of service information, BDS is in compliance with State rules that regulate fees. The State does not require that BDS demonstrate that its fees are based on the actual cost of providing each specific building-related service, as has been the trend in the States of Washington and California. In addition, the State Building Codes Division reviewed the City's program compliance in 2001 and found that "the actions to be implemented or information provided meet the requirements" related to those State building programs administered and enforced by the City of Portland.

The only State requirement on land use review fees is that they shall be "at an amount no more than the actual or average cost of providing that service." The current land use review fee schedule was established in 1991 and reflects periodic adjustments for inflation. Because land use review costs and revenues are recorded and tracked by each review activity (e.g., a Greenway review or a Comprehensive Map amendment), BDS can readily evaluate the costs of each land use review activity. The Bureau's three-year cover recovery analysis conducted in March 2002 showed that the percentage of cost recovery varied greatly by type of review. Overall, cost recovery averaged 55 percent between FY 1999-00 and FY 2001-02. City Council has

directed that the overall cost recovery rate for land use review should be no more than 65 percent.

Portland's fees are similar to those in surrounding jurisdictions

It is difficult to compare the development fees of the City of Portland to those in neighboring jurisdictions because of the numerous types of fees charged and the different development review processes among jurisdictions. In addition, individual development projects are subject to various fees based on location, land features, infrastructure requirements, and intended use. In order to put fees in a meaningful context, comparisons should be based on standard project types such as an office building, light industrial building, general manufacturing facility, or a single family residence.

The following fee comparisons are based on a survey performed by EcoNorthwest Consulting in 2002 which was based on a model developed in 1993 and replicated in 1998. We tested how well the methodology was applied in Portland and five local jurisdictions – the cities of Beaverton, Gresham, and Hillsboro and Clackamas and Washington Counties. We also performed a residential project comparison using a similar approach. The comparison methodology assumes that all land use regulations are met and that the projects do not require approvals for land uses such as a variance, plan amendment, or environmental review.

Table 16 shows total of fees related to the development of four different building project types in Portland and in five neighboring jurisdictions. For the three commercial project types, Portland had some of the lowest fees of all jurisdictions surveyed. Only the City of Gresham had lower estimated fees than Portland. While the magnitude of total fees

Table 16 2002 building development fees and charges for four building types

JURISDICTION	Office building	Light industrial building	General manufact. facility	Single family residence
Portland+	$495,046	$246,989	$366,065	$14,512
Beaverton	$569,023	$306,718	$1,206,283	$12,663
Clackamas County	$524,728	$341,027	$735,072	$11,236
Gresham	$404,240	$190,674	$259,768	$11,052
Hillsboro	$615,416	$316,275	$1,323,779	$11,760
Washington County	$749,279	$298,441	$872,287	$16,446

+ Portland commercial examples were assumed to be in an area that was subject to design review. If development occurred in an area without a design review overlay, the projects totals would decrease to $477,862, $237,728 and $349,114 respectively.

SOURCE: Auditor survey of five jurisdictions. Auditor used an April 2002 fee comparison study by EcoNorthwest Consulting as the basis for its survey.

was similar among the jurisdictions for both the office and light industrial building examples, fees for general manufacturing facilities in Beaverton, Clackamas, Hillsboro, and Washington County were significantly more due to disproportionately higher water system development charges (SDCs). One explanation for the significant difference in the charge is that jurisdictions use different methods to determine the SDC. We found that jurisdictions basing water SDCs on the amount of water flowing through the proposed development had higher SDCs than those basing water SDCs on the proposed meter size (e.g. Portland and Gresham). We were unable to determine whether the resulting SDC fees differed because jurisdictions with higher SDCs have higher per unit costs because of relatively new, costly systems with comparatively fewer users, or because of the

high flow assumptions in the development scenario, or both. This large difference in water SDCs illustrate the difficulty in comparing fees when different methods of calculations are employed.

In contrast to the commercial projects types, Portland's fees for the residential project types were among the highest of the jurisdictions we surveyed. Portland's fees were about 31 percent higher than Gresham, the least expensive jurisdiction. This difference represents about $3,500.

The fees and charges presented in Table 16 include all fees typically assessed on new development projects. The charges are categorized into three general areas: system development charges, fees related to programs that implement the State Building Code, and fees that support city required reviews and programs.

As shown in Table 17, system development charges are the largest component of total fees assessed on both residential and commercial developments. SDCs are fees collected by local governments to offset the costs of public improvements made to accommodate new development. SDCs are charged for improvements to, and additional capacity for, potable water, sewer, transportation, storm water management and parks systems.

The portion of the total fees attributable to SDCs is higher for other jurisdictions than it is for the City of Portland. SDCs ranged from 73 percent to 88 percent of total fees in the other jurisdictions, while Portland's SDC portions were lower than the other jurisdiction average – ranging between 56 percent and 83 percent. Subsequently, the building program and discretionary costs in the City of

Portland comprised higher portions of total fees than they did for the five other jurisdictions.

On single family residences, Portland's SDC portion was 56 percent compared to a 73 percent average in the other jurisdictions; Portland's State Building program portion was 24 percent compared to a 19 percent average in the other jurisdictions; and Portland's discretionary program portion was 20 percent compared to an 8 percent average. Compared to residential, SDCs for commercial developments made-up a higher percentage of total fees.

Table 17 Comparison of fees by type: Portland and five neighboring jurisdictions

	AVERAGE TOTAL FEES	
	Portland	Other jurisdictions
SINGLE-FAMILY RESIDENCE	$14,512	$12,631
SDCs	56%	73%
State building programs	24%	19%
Discretionary programs	20%	8%
OFFICE BUILDING	$495,046	$572,537
SDCs	71%	80%
State building programs	21%	15%
Discretionary programs	9%	5%
LIGHT INDUSTRIAL BUILDING	$246,989	$290,627
SDCs	83%	88%
State building programs	10%	8%
Discretionary programs	7%	4%
GENERAL MANUFACTURING	$366,065	$879,438
SDCs	73%	79%
State building programs	19%	9%
Discretionary programs	8%	12%

SOURCE: Auditor survey of five jurisdictions. Auditor used an April 2002 fee comparison study performed by EcoNorthwest Consulting as the basis for its survey.

Chapter 6 Need for better performance measurement

Government agencies are responsible for providing quality services at a reasonable cost, and reporting the results of their efforts to elected officials and the public they serve. To improve management of operations and provide accountability, government agencies need to state why they exist and what they are trying to achieve. Moreover, they need to measure and report the degree to which they are able to accomplish the goals and objectives they have established.

We reviewed the Bureau's mission, goals, and performance measures, as contained in the *Service Efforts and Accomplishments* (SEA) Report, the City Budget, Blueprint 2000 progress reports, and the Bureau's *Workload and Performance Reports*. Using criteria in professional literature and practices of other government agencies, we evaluated the Bureau's performance measurement system to see whether the Bureau's:

- mission statement succinctly identifies the reason for the Bureau's existence and identifies what it does, why, and for whom;
- goals describe the general ends toward which the Bureau directs its efforts, are in harmony with the mission, and provide the basis for measurement of results; and,

- performance measures indicate progress toward the Bureau's mission and goals, and provide complete, timely, and reliable information on Bureau efficiency and effectiveness.

We have concluded from our review that the Bureau's current mission statement, goals, and performance measures are not clearly tied to each other, and do not provide a reliable picture of the Bureau's performance. In this chapter we discuss weaknesses in the Bureaus mission, goals, and performance measures and offer suggestions for making improvements. The Director of the Bureau of Development Services has indicated her intention to improve the Bureau's performance measures and is working with her management team to make needed changes.

Need to improve bureau mission statement

An agency's mission statement is the foundation for performance measurement. A mission statement should succinctly identify the unique purpose of the agency and what the agency does and for whom. A mission statement should be developed with significant input from all levels of the organization and the public, and be in harmony with legislative intent. If well crafted, a mission statement should seldom change.

Our review of the Bureau's mission statement indicates that while it provides a broad statement of purpose ("...to preserve and shape safe, vital, and well planned urban environments."), it does not provide a clear focus on what the Bureau does and who it serves. We believe an improved mission statement could provide a better foundation for establishing goals and performance measures, and allow

employees to determine how their work ties to the Bureau's mission. Figure 5 contrasts the Bureau's current mission statement with an alternative statement we have developed for Bureau consideration. We believe our alternative mission statement provides a more complete picture of the Bureau's purpose and activities, its regulatory environment, and the customers it serves.

Figure 5 Existing and alternative bureau mission statement

BUREAU'S CURRENT MISSION STATEMENT

"The Bureau of Development Services works with the community and other bureaus to preserve and shape safe, vital, and well-planned environments."

ALTERNATIVE MISSION STATEMENT

"The mission of the Bureau of Development Services is to promote a safe, livable, and economically vital community by ensuring that building construction, land uses, and neighborhood conditions within the City comply with state and local laws and regulations. The Bureau strives to achieve this mission by providing services in a manner that is efficient, timely, and responsive to customer and citizen needs."

Although we believe our alternative statement provides a better foundation for performance measurement, the Bureau is ultimately responsible for developing a mission that identifies what the Bureau is, why it exists, and its unique contribution to citywide goals. Ideally, the Bureau should do so following a strategic planning process involving City employees and community stakeholders.

Need to develop better goals

Agency goals should be in harmony with the mission statement, address the top priorities of the organization, and be derived from an assessment of internal and external factors. Goals should provide clear direction to managers, be unrestricted by time, be relatively few in number, and provide a firm foundation for quantifiable, time-based objectives/performance measures to follow.

Our review of the Bureau's long term goals presented in the City's FY 2002-03 budget indicates they are deficient in a number of ways. First, the Bureau's goals are related to processes (e.g., improve business processes and use of technology) rather than high priority results or outcomes (e.g., public safety, livable neighborhoods, compliance with law). The goals as currently stated could more accurately be described as actions or strategies the Bureau is pursuing in order to achieve its real underlying goals and objectives.

Second, because the current goal statements are process oriented, they do not provide a basis for measuring accomplishment or reporting on performance. They do not facilitate the development of specific, quantifiable objectives that are measurable and time-based, and relate to the results the Bureau hopes to achieve.

Finally, there is not a clear tie between the goals and the Bureau's mission statement. While improving business processes, use of technology, and customer service are worthwhile objectives, there is no direct link between these goal statements and the Bureau's stated mission – which is to work ". . . with the community and other bureaus to preserve and shape safe, vital, and well-planned urban environments."

Figure 6 contrasts the Bureau's current goals with some alternative goal statements we believe more effectively capture the policy intentions and priorities of the Bureau (e.g., ensuring compliance with laws and regulations, improving neighborhood livability) and provide a better foundation for developing objectives and performance measures. In preparing our list of goals, we relied heavily on the "Blueprint 2000 Outcomes – How We Define Success", whose primary themes are: (1) implementation of city goals and policies, (2) communication of regulations, requirements, and process, (3) responsiveness and service to customers, (4) predictability of process and results, and (5) accountability for quality and consistency of decision-making.

Figure 6 Existing and alternative bureau goals

BUREAU'S EXISTING LONG-TERM GOALS

1. Continue to improve business processes throughout BDS consistent with the goals of Blueprint 2000.
2. Test new ways of using technology to improve business processes and customer service.
3. Improve customer service through continued staff training and customer education.

ALTERNATIVE GOALS

1. Ensure that building construction and land uses in the City are in harmony with state and local laws and regulations.
2. Provide a development review process that is predictable, timely, fair, and responsive to customer and citizen needs.
3. Improve the livability of Portland neighborhoods by identifying and reducing neighborhood nuisances and code violations.
4. Use resources in an efficient manner and endeavor to recover the cost of services through reasonable fees and charges.

In light of the current regulatory reform effort, the mission and goals of the new Bureau of Development Services may change or shift in focus and priorities. As a result, the Bureau's suggested mission and goals may need to be changed accordingly.

Weaknesses in bureau performance measures

Literature suggests that, in order to be successful, performance measures should:

- be based on goals and objectives that are tied to its mission or purpose;
- assess both the efficiency and effectiveness of services;
- be based on what is most useful, relevant, and valid to management and users of the information;
- be complete, but limited in number and complexity;
- be supported by data that is relevant, reliable, and timely;
- be developed by both managers and line employees to promote buy-in and use; and,
- be reported both internally and publicly, and used both for decision-making and accountability.

Although the Bureau of Development Services has reported a number of performance measures in the City Budget, the SEA Report, and its own performance reports, we

believe there are opportunities to significantly improve the consistency, completeness, and reliability of Bureau performance information. Our review of the Bureau's performance measures indicates that while the Bureau has developed 33 different measures for various aspects of its activities, they are not explicitly tied to the major goals and objectives of the organization. The measures do not allow a clear demonstration of progress toward accomplishing desired results.

In addition, the Bureau does not take a consistent approach in reporting these measures. As shown in Table 18, the Bureau provides a different set of performance measures in three different public documents. Although the underlying mission and goals of the organization are the same, the Bureau provides different measures to demonstrate achievement of its mission and goals. Consequently, the Bureau may not communicate a consistent or clear message about its performance.

Table 18 Workload and results measures, Bureau of Development Services

Workload	Bureau reports	SEA report	City budget
1. No. of commercial/residential permits issued	3	3	3
2. No. of land use reviews performed	3	3	3
3. No. of commercial/residential inspections performed	3	3	3
4. No. of land use plan checks	3	3	3
5. No. of trade permits issued	3		3
6. No. of new residential units produced	3	3	
7. No. of nuisance building inspections		3	3
8. No. of nuisance properties cleaned up		3	3
9. No. of housing/derelict building inspections performed		3	3
10. No. of enforcement cases prepared/presented to Hearings Officer			3
11. No. of Planning and Zoning violation cases			3
12. No. of home occupation permits issued			3
13. No. of properties assessed code enforcement fees			3
14. No. of noise violation inspections performed			3
15. No. of noise variances processed			3
Results			
1. Review 90% of simple residential plans within 15 working days	3	3	3
2. Review 90% of commercial plans within 20 working days	3	3	3
3. Issue 70% of all building permits within 15 working days	3	3	3
4. Customers feel land use decisions are done in expected timeframe	3	3	
5. Customers feel land use staff work is satisfactory or excellent	3	3	
6. Review 90% of complex residential plans within 20 working days	3		
7. Issue 45% of all building permits over-the-counter (in 1 day)	3		
8. Issue 20% of all building permits in 2 to 10 working days	3		
9. Issue 5% of all building permits in 11 to 15 working days	3		
10. Pre-issue 90% of building permit plans within 2 days of approval	3		
11. Citizens feel housing and nuisance inspections are good or very good		3	
12. Citizens feel neighborhood housing conditions are good or very good		3	
13. Complete building inspections within 24 hours of request		3	3
14. No. of housing units brought up to code		3	3
15. No. of combination/commercial inspections per day per inspector			3
16. No. of inspection trips reduced due to “multi-hatted” inspectors			3
17. No. of land use cases created within the legal timeframe			3
18. Percent of land use calls returned within 24 hours			3

SOURCE: BDS *Workload and Performance Reports*, City Auditor SEA Report, Adopted City Budget.

Our analysis also indicates that performance information reported by the Bureau is not always reliable, timely, and relevant. For example, our review of building permit processing times showed that actual turnaround time is slower than reported by the Bureau. The Bureau reported it generally met or exceeded its goal of completing first phase plan reviews within 15/20 working days 90 percent of the time for both commercial and residential plans during FY 2001-02. However, our analysis of data from TRACS for building permits issued the same year showed first phase plan reviews were completed within 15/20 working days only 55 percent of the time on commercial plans and 63 percent of the time on residential plans (see Table 4 on page 29).

In meeting with Bureau managers to discuss the discrepancy between our percentages and the Bureau's percentages, Bureau managers told us they had discovered that their data source was unreliable and that the figures they had been reporting were inaccurate. In addition, Bureau managers indicated they were attempting to measure review time of just Fire and Life Safety and had excluded review times of Planning and Zoning, BES, Water, Transportation, Fire, and Parks.

We also believe that customer perceptions about the timeliness and quality of building permit processing and land use decisions are currently based on a weak survey methodology. The existing customer survey of building permit applicants has an extremely low response rate and does not provide reliable information. While the Bureau's survey of land use review applicants receives a significantly greater response, it does not select respondents ran-

domly and is not representative of the entire land use applicant population. A revised survey methodology that was implemented in Fall 2002 should provide more timely and reliable information on customer satisfaction.

In order to help the Bureau of Development Services develop a new mission statement, goals, and performance measures, we have prepared a schematic to illustrate the linkages among our alternative mission, goals, and performance measures (see Figure 7). In addition, we have prepared a suggested new set of staffing and spending, workload, and results indicators for reporting in the annual *Service Effort and Accomplishments* report (see Figure 8).

Figure 7

Relationship of results indicators to alternative mission and goals

The mission of BDS is to promote a SAFE, LIVABLE and ECONOMICALLY VITAL community

by ensuring that building construction, land uses and neighborhood conditions within the City COMPLY with state and local laws and regulations

and by providing services in a manner that is EFFICIENT and TIMELY AND RESPONSIVE to customer and citizen needs

GOAL:
Compliance with regulations
Ensure that construction and land uses are in harmony with laws and regulations

- # of land use cases reviewed
- # of building plans checked
- Number and percent of unpermitted construction projects resolved
- Successful completion of the State Building Codes Division inspections review

GOAL:
Improve neighborhood conditions
Improve the livability of neighborhoods by reducing nuisances and code violations

- Number of housing units brought up to code
- Number and percent of neighborhood nuisances resolved
- Percent of citizens rating the physical condition of housing in their neighborhood good or very good
- Percent of citizens rating housing and neighborhood inspections good or very good

GOAL:
Efficient use of resources
Use resources efficiently and endeavor to recover the cost of services through reasonable fees and charges

- BDS spending per capita
- Percent of land use review costs recovered through fees and charges
- Percent of building plan review and inspection costs recovered through fees and charges

GOAL:
Timely, responsive service
Provide development review that is predictable, timely, fair and responsive

- Percent of customers that are satisfied with the availability and helpfulness staff
- Percent of customers that rate the predictability and timeliness of land use and building plan review as good or very good
- Percent of simple/complex residential building permits that receive all first review checksheets within __/__ days
- Percent of simple/complex commercial building permits that receive all first review checksheets within __/__ days
- Percent of all building permits issued over the counter
- Percent of building inspections made within 24 hours of customer request

Figure 8

Possible revisions to BDS S.E.A. indicators

MISSION: To promote a safe, livable and economically vital community by ensuring that building construction, land uses and neighborhood conditions within the City comply with state and local laws and regulations. Development Services strives to achieve this mission by providing services in a manner that is efficient, timely and responsive to customer and citizen needs.

Staffing & spending	**Workload**	**Results** (effectiveness & efficiency)
Administration ($5.7 million, 25 staff)		Spending per capita
Code compliance & neighborhood inspections ($3.7 million, 40 staff)	# of inspections: - housing/derelict buildings - noise violations # of planning & zoning violations # of enforcement cases presented to Code Hearings Office	# of housing units brought up to code % and # of neighborhood nuisances resolved % of citizens rating physical condition of neighborhood housing good/very good % of citizens rating housing and nuisance inspections good/very good
Combo and commercial inspections ($8.5 million, 99 staff)	# of inspections - commercial building - residential building	% of residential inspections within 24 hours % of commercial inspections within 24 hours % and # of unpermitted construction projects resolved Successful completion of State Building Code Division's inspections review
Plan review and development services ($6.3 million, 63 staff)	# of permits issued: - commercial building permits - residential building permits - trade permits	# of building plans checked % of building permits issued "over the counter" % of simple/complex residential building permit applications that receive all first review checksheets in __/__ working days % of simple/complex commercial building permit applications that receive all first review checksheets in __/__ working days % of customers rating building plan review predictable and timely % of customers that are satisfied with the availability and helpfulness of building plan review staff % of building plan review & inspection costs recovered through fees and charges
Land use review ($5.1 million, 60 staff)		# land use cases reviewed % of customers rating land use review predictable and timely % of customers that are satisfied with the availability and helpfulness of LUR staff % of land use review costs recovered through fees and charges

Chapter 7 Recommendations

The Bureau of Development Services and other bureaus involved in City development review services have taken a number of steps over the past five years to improve the administration of building permits and land use reviews. However, despite these efforts, significant problems remain in several aspects of development review activities. Under the leadership of the Mayor's Office, a number of recent changes have been made to improve customer service and inter-bureau coordination, and to develop a more responsive and effective regulatory environment. In addition, other improvement actions are currently underway including assessments of internal review procedures and processes.

In order to support these efforts and to address additional opportunities for improvement, we recommend the Mayor, City Council, the Bureau of Development Services, and other development bureaus take the following actions:

1. **Continue the review of existing building and land use regulations to identify and streamline existing regulations that unnecessarily contribute to complexity but fail to contribute to City livability and development goals.**

Council should continue to require City bureaus to prepare yearly Regulatory Improvement Workplans. These workplans should provide a broad and thorough assessment of current regulations and help identify policies that need to be changed or eliminated in order to better meet overall City goals and the needs of the development community and City residents.

2. **Establish and conduct an ongoing review of building and land use regulations to ensure existing and new regulations support City goals and contribute to sound development and neighborhood livability.**

   The Mayor's Office has been directed to create a process for developing regulatory impact statements, including cost-benefit analysis, to evaluate the impact of proposed new regulations and amendments to existing regulations. Additional actions for inter-bureau review of new regulations and for regulatory rights and responsibilities should ensure that feedback is solicited from affected community stakeholders as well as City staff.

3. **Monitor the implementation of recently finalized interagency agreements between BDS and other development bureaus to ensure optimal coordination of efforts.**

   Interagency agreements should help resolve problems related to inter-bureau coordination. BDS and the other development bureaus should report to Council periodically on the success of the agreements.

4. Develop and implement improved methods for measuring and reporting on performance.

The Bureau of Development Services should consider adopting alternative mission and goal statements similar to those presented in this report, and develop more complete and relevant performance measures that tie to its revised mission and goals. The Bureau should also develop more controlled and systematic data collection methods so that performance measurement data is accurate and reliable. We also believe the Bureau should consider using improved customer satisfaction information like that produced from the survey administered as a part of this audit. The Audit Services Division is willing to assist the Bureau in administering a scaled-down version of the survey we used in this audit to track changes in customer service ratings on a year-to-year basis.

5. Utilize the results of the customer survey and other case studies to identify phases of the development review process that warrant more detailed process review to improve timeliness, coordination, and customer responsiveness.

We did not conduct a detailed analysis of review procedures followed by BDS and other bureau review personnel. More information is needed to assess these procedures and identify opportunities to improve the speed, efficiency, and reasonableness of each step in the review process. The Mayor's Office is working on a series of case studies to obtain more information on the

review procedures of City review personnel. These case studies should provide valuable information for identifying process improvement opportunities.

6. Improve cost of service methodologies in order to provide more complete information on the full costs of programs and activities of the Bureau of Development Services.

The Bureau of Development Services needs to capture more detailed cost of service information to help improve management of its programs and provide better information for fee setting decisions.

Appendices

Appendix A Methodology for measuring building plan processing times

The Bureau of Development Services has established several goals for completing the first review of building plans. First review refers to the completion of an initial check of plans and either approving the plans or issuing a checksheet to the applicant containing items that must be addressed before the permit will be approved. The Bureau's plan review goals are:

- Complete first review of simple residential plans within 15 working days, 90 percent of the time.
- Complete first review of complex residential plans within 20 working days, 90 percent of the time.
- Complete first review of all commercial plans within 20 working days, 90 percent of the time.

There are seven review groups that may be involved in the review of a specific set of plans, depending on the nature of the project and site circumstances. Any number of the following review groups may be involved in reviewing a given set of plans:

- Fire and Life Safety, Bureau of Development Services

- Planning and Zoning, Bureau of Development Services
- Office of Transportation
- Bureau of Environmental Services
- Bureau of Fire and Rescue
- Bureau of Water
- Bureau of Parks & Recreation

In order to assess the Bureau's performance in meeting its plan review goals, we obtained plan review time information for all residential and commercial building permits issued during FY 2001-02 from the Bureau's automated permit tracking system – TRACS. For purposes of evaluation, the permits were divided into three major categories: (1) new construction, (2) additions, and (3) alterations. We examined a total of 4,593 building permits with an aggregate valuation of $804 million.

From meetings we held with Bureau of Development Services' staff, we gained an understanding of the precise dates recorded in TRACS that were needed to calculate processing times. As indicated by the Bureau, the "clock starts" on the date fees are paid for the building permit application, and the "clock stops" on the date the review group either issues a checksheet or grants approval. We calculated the number of working days it took each review group to complete its first review, plus the number of working days it took for all required review groups to complete their first reviews. With a processing time for each permit, we were able to calculate the average number of working

days it took each group to review new residential construction, residential additions, residential alterations, new commercial construction, commercial additions, and commercial alterations. In addition, we calculated the percentage of permits, in each category, that were reviewed within the Bureau's targeted timeframes.

The data we received from BDS did not differentiate between simple and complex residential plans. After consulting with BDS staff, we treated all residential additions and alterations as simple, and thus having a 15 working day standard. We treated all new residential construction as complex, and thus having a 20 working day standard.

We performed a reasonableness check of the TRACS data we received from the Bureau of Development Services. We traced the detailed data we received for a sample of 40 permits to information contained in the TRACS system for the same permits. Our test showed that the data we obtained from BDS matched information in the TRACS system. As a result, we concluded that the data we received on permits issued in FY 2001-02 was accurate and reliable. In addition, there were a very small number of building permits in which the application was approved before application fees were paid, after a small amount of checking by City staff. These permits resulted in negative review times, and we excluded them from our analysis.

APPENDIX B
CUSTOMER SURVEY RESULTS

October 2002

SECTION I: PROFILE OF RESPONDENTS

N = Number of respondents

	TAKEN IN		O.T.C.		
	Land Use Review	Building Permit	Building Permit	Trade Permit	TOTAL
Which ONE of the following best describes your role in this project? Were you the:					
Contractor/subcontractor	13%	27%	47%	81%	39%
Owner	42%	22%	33%	3%	26%
Architect	22%	36%	13%	1%	20%
Permit processor	9%	11%	2%	12%	8%
Engineer	7%	1%	1%	0%	2%
Interior designer	1%	1%	2%	0%	1%
Representative	1%	1%	1%	0%	1%
Project manager	1%	0%	1%	1%	1%
Other	4%	1%	0%	2%	2%
N	156	215	195	115	681
IF OWNER: Do you own multiple properties?					
Yes	66%	63%	38%	50%	54%
No	34%	37%	62%	50%	46%
N	65	46	64	4	179
Is this the first time you or your company has requested a permit or land use approval from the City of Portland?					
Yes	24%	17%	31%	6%	21%
No	76%	83%	69%	94%	79%
N	155	215	195	115	680
Please think about any previous requests for building permits or land use reviews. On average, would you say you submit requests:					
Weekly	15%	9%	1%	49%	16%
Monthly	18%	17%	24%	30%	21%
Several times a year	44%	54%	53%	18%	44%
Once a year	8%	10%	13%	1%	8%
Less than once a year	15%	10%	9%	2%	9%
N	117	177	134	108	536

SECTION II: INTAKE PROCESS FOR BUILDING PERMIT AND LAND USE APPLICATIONS

For Land Use Review:
I want to ask you about each of the parts of the process leading up to the final decision on this project. The beginning phase was when you first talked with City staff to find out what type of review was required and what materials you would need.

For permits:
Thinking specifically about that project, we want to ask you about the separate parts of the development review process. The first part was when your application was checked to see if your permit could be issued right away or if your plans needed to be submitted for review.

	TAKEN IN		O.T.C.		
	Land Use Review	Building Permit	Building Permit	Trade Permit	TOTAL
How satisfied were you with the staff who first checked your project on . . .					
Their availability?					
Very satisfied	24%	17%	31%	35%	26%
Satisfied	56%	64%	56%	57%	59%
Dissatisfied	8%	8%	9%	4%	8%
Very dissatisfied	4%	7%	2%	0%	3%
Neither satisfied nor dissatisfied	8%	4%	2%	4%	4%
N	155	213	193	108	669
Their knowledge?					
Very satisfied	15%	15%	27%	36%	22%
Satisfied	61%	62%	57%	61%	60%
Dissatisfied	12%	13%	11%	2%	11%
Very dissatisfied	5%	6%	1%	0%	3%
Neither satisfied nor dissatisfied	7%	4%	4%	1%	4%
N	154	211	193	104	662
Their helpfulness in solving problems?					
Very satisfied	21%	18%	28%	42%	25%
Satisfied	53%	55%	54%	51%	54%
Dissatisfied	14%	15%	13%	3%	12%
Very dissatisfied	7%	4%	3%	0%	4%
Neither satisfied nor dissatisfied	5%	8%	2%	4%	5%
N	153	212	190	100	655
Their fairness?					
Very satisfied	17%	13%	26%	39%	22%
Satisfied	60%	67%	59%	56%	61%
Dissatisfied	9%	11%	13%	4%	10%
Very dissatisfied	8%	4%	1%	0%	4%
Neither satisfied nor dissatisfied	6%	5%	1%	1%	3%
N	154	211	189	102	656

	TAKEN IN		O.T.C.		
	Land Use Review	Building Permit	Building Permit	Trade Permit	TOTAL
Were you told by the staff who checked your project that there could be changes or additional information that you needed to address?					
Yes	82%	78%	65%	22%	66%
No	18%	22%	35%	78%	34%
N	139	201	174	103	617
IF YES:					
How satisfied were you with:					
…how early you learned of these issues?					
Very satisfied	16%	13%	24%	18%	17%
Satisfied	45%	52%	54%	64%	52%
Dissatisfied	24%	18%	17%	14%	19%
Very dissatisfied	8%	11%	2%	0%	7%
Neither satisfied nor dissatisfied	7%	6%	3%	4%	5%
N	111	156	108	22	397
…how clear the steps were to get the issues resolved?					
Very satisfied	14%	13%	17%	31%	15%
Satisfied	49%	53%	58%	52%	54%
Dissatisfied	26%	21%	15%	17%	20%
Very dissatisfied	9%	7%	6%	0%	7%
Neither satisfied nor dissatisfied?	2%	6%	4%	0%	4%
N	110	155	109	23	397
How would you rate the OVERALL quality of this first phase?					
Very good	17%	14%	26%	45%	23%
Good	55%	55%	53%	48%	53%
Bad	12%	14%	9%	2%	10%
Very bad	7%	7%	2%	0%	5%
Neither good nor bad	9%	10%	10%	5%	9%
N	155	214	195	114	678

SECTION III: REVIEW PROCESS FOR BUILDING PERMIT AND LAND USE APPLICATIONS

Now think about…

For Land Use Review:
…the time period AFTER you submitted your application, when you may have had interactions with City staff leading up to the decision on your project.

For Building Permits:
…the main part where you plans were taken in and reviewed by City staff before you got your permit to make sure your project was allowed under City regulations.

	TAKEN IN		
	Land Use Review	Building Permit	TOTAL
How satisfied were you with the review staff on. . .			
Their availability?			
Very satisfied	20%	14%	16%
Satisfied	56%	47%	51%
Dissatisfied	16%	20%	18%
Very dissatisfied	4%	12%	9%
Neither satisfied nor dissatisfied?	4%	7%	6%
N	152	207	359
Their knowledge?			
Very satisfied	21%	15%	18%
Satisfied	61%	58%	59%
Dissatisfied	9%	13%	11%
Very dissatisfied	3%	7%	5%
Neither satisfied nor dissatisfied?	6%	7%	7%
N	152	207	359
Their helpfulness in solving problems?			
Very satisfied	22%	17%	20%
Satisfied	52%	50%	51%
Dissatisfied	15%	18%	16%
Very dissatisfied	5%	9%	7%
Neither satisfied nor dissatisfied?	6%	6%	6%
N	151	207	358
Their fairness?			
Very satisfied	17%	16%	16%
Satisfied	58%	59%	59%
Dissatisfied	15%	11%	13%
Very dissatisfied	5%	7%	6%
Neither satisfied nor dissatisfied	5%	7%	6%
N	151	204	355

	TAKEN IN		
	Land Use Review	Building Permit	TOTAL
Were you told by the (Land Use Review/ Plan Review) staff that there could be issues that you needed to address on your proposed project?			
Yes	88%	78%	83%
No	12%	22%	17%
N	147	203	350
IF YES:			
How satisfied were you with...			
How early you learned of these issues?			
Very satisfied	17%	13%	15%
Satisfied	52%	41%	46%
Dissatisfied	20%	33%	27%
Very dissatisfied	5%	8%	7%
Neither satisfied nor dissatisfied	6%	5%	5%
N	128	157	285
How clear the steps were to get the issues resolved?			
Very satisfied	18%	16%	17%
Satisfied	50%	46%	48%
Dissatisfied	20%	23%	22%
Very dissatisfied	6%	10%	8%
Neither satisfied nor dissatisfied	6%	5%	5%
N	128	154	282

For Land Use Review: After your application was complete, you were sent a notice from the City that described your land use case and the regulations that applied to it. How would you rate the adequacy of the information in the notice…

For Building Permits: Did the City staff give you any “checksheets” describing whether you needed to provide more information for your permit? How would you rate the adequacy of the information in the checksheets…

	TAKEN IN		
	Land Use Review	Building Permit	TOTAL
Would you say the information was:			
Very good	31%	24%	27%
Good	54%	52%	53%
Bad	4%	8%	6%
Very bad	2%	5%	4%
Neither good nor bad	9%	11%	10%
N	151	170	321

	TAKEN IN		
	Land Use Review	Building Permit	TOTAL
Were you given an estimate of the time it would take from when you submitted your application to the time you got a decision on this project?			
Yes	82%	63%	71%
No	18%	37%	29%
N	149	200	349
IF YES:			
Was the time estimate accurate?			
Yes	70%	50%	60%
No	30%	50%	40%
N	114	121	235
How satisfied were you with the amount of time it took to (get your land use decision/ complete the Plan Review)?			
Very satisfied	11%	6%	8%
Satisfied	36%	26%	30%
Dissatisfied	26%	40%	34%
Very dissatisfied	21%	23%	22%
Neither satisfied nor dissatisfied?	6%	5%	6%
N	152	211	363
How would you rate the OVERALL quality of the review phase? Would you say it was. . .			
Very good	20%	10%	14%
Good	52%	46%	49%
Bad	8%	20%	15%
Very bad	7%	9%	8%
Neither good nor bad	13%	15%	14%
N	154	210	364

SECTION IV: BUILDING PERMIT INSPECTIONS

The final part is the "Inspections" phase, where an inspector visited the actual site to check on the work after construction begins.

	TAKEN IN	O.T.C.		
	Building Permit	Building Permit	Trade Permit	TOTAL
Were you involved with this phase?				
Yes	54%	70%	66%	63%
No	46%	30%	34%	37%
N	211	194	121	526
IF YES: How satisfied were you with the inspectors on...				
Their availability?				
Very satisfied	43%	44%	35%	42%
Satisfied	43%	44%	52%	45%
Dissatisfied	7%	7%	10%	8%
Very dissatisfied	3%	4%	3%	3%
Neither satisfied nor dissatisfied?	4%	1%	0%	2%
N	108	135	73	316
Their knowledge?.				
Very satisfied	37%	37%	31%	36%
Satisfied	51%	51%	54%	52%
Dissatisfied	5%	8%	8%	7%
Very dissatisfied	3%	2%	4%	3%
Neither satisfied nor dissatisfied?	4%	2%	3%	3%
N	106	134	72	312
Their helpfulness in solving problems?				
Very satisfied	39%	34%	31%	35%
Satisfied	48%	45%	52%	47%
Dissatisfied	8%	13%	10%	11%
Very dissatisfied	1%	4%	6%	4%
Neither satisfied nor dissatisfied?	4%	4%	1%	3%
N	105	132	69	306
Their fairness?				
Very satisfied	36%	36%	27%	34%
Satisfied	52%	47%	51%	50%
Dissatisfied	7%	12%	11%	10%
Very dissatisfied	3%	3%	4%	3%
Neither satisfied nor dissatisfied?	2%	2%	7%	3%
N	106	135	73	314

	TAKEN IN	O.T.C.		
	Building Permit	Building Permit	Trade Permit	TOTAL
Were you given an estimate of the time it would take to get an inspection after it was requested?				
Yes	80%	73%	65%	74%
No	20%	27%	35%	26%
N	106	134	69	309
IF YES: Was the time estimate accurate?				
Yes	94%	94%	91%	93%
No	6%	6%	9%	7%
N	84	95	43	222
How satisfied were you with the amount of time it took to get your inspections?				
Very satisfied	43%	36%	34%	38%
Satisfied	47%	54%	53%	51%
Dissatisfied	5%	8%	6%	7%
Very dissatisfied	1%	1%	7%	2%
Neither satisfied nor dissatisfied	4%	1%	0%	2%
N	108	135	73	316
Were you told by the inspectors that there could be issues that you needed to address?				
Yes	79%	73%	50%	70%
No	21%	27%	50%	30%
N	107	128	70	305
IF YES: How satisfied were you with the following:				
How early you learned of these issues?				
Very satisfied	25%	33%	23%	28%
Satisfied	57%	52%	60%	55%
Dissatisfied	11%	10%	11%	11%
Very dissatisfied	2%	3%	0%	2%
Neither satisfied nor dissatisfied	5%	2%	6%	4%
N	83	91	35	209
How clear the steps were to get the issues resolved?				
Very satisfied	27%	32%	23%	28%
Satisfied	56%	47%	57%	53%
Dissatisfied	11%	12%	14%	12%
Very dissatisfied	0%	3%	0%	1%
Neither satisfied nor dissatisfied	6%	6%	6%	6%
N	82	93	35	210

	TAKEN IN	O.T.C.		
	Building Permit	Building Permit	Trade Permit	TOTAL
How would you rate the OVERALL quality of your inspections?				
Very good	39%	39%	33%	37%
Good	43%	44%	48%	45%
Bad	6%	5%	4%	5%
Very bad	2%	2%	5%	3%
Neither good nor bad	10%	10%	10%	10%
N	109	135	73	317

SECTION V: LAND USE PRE-APPLICATION CONFERENCE

A pre-application conference is where some applicants meet with representatives from all the bureaus involved in approving your application.

	TAKEN IN Land Use Review
Did you have a pre-application conference?	
Yes	32%
No	68%
N	149
IF YES:	
For the next few questions I'm going to ask you how satisfied you were with the staff involved at your pre-application conference. Please think only of this phase when answering.	
How satisfied were you with the pre-application staff on…	
Their availability?	
Very satisfied	23%
Satisfied	57%
Dissatisfied	16%
Very dissatisfied	5%
Neither satisfied nor dissatisfied	0%
N	44
Their knowledge?	
Very satisfied	25%
Satisfied	61%
Dissatisfied	2%
Very dissatisfied	5%
Neither satisfied nor dissatisfied?	7%
N	44
Their helpfulness in solving problems?	
Very satisfied	18%
Satisfied	52%
Dissatisfied	14%
Very dissatisfied	9%
Neither satisfied nor dissatisfied?	7%
N	44
Their fairness?.	
Very satisfied	16%
Satisfied	63%
Dissatisfied	11%
Very dissatisfied	5%
Neither satisfied nor dissatisfied?	5%
N	43

	TAKEN IN Land Use Review
Were you told by the staff at the conference that there could be issues that you needed to address?	
Yes	95%
No	5%
N	44
IF YES:	
How satisfied were you with...	
How early you learned of these issues?	
Very satisfied	21%
Satisfied	48%
Dissatisfied	19%
Very dissatisfied	10%
Neither satisfied nor dissatisfied?	2%
N	42
How clear the steps were to get the issues resolved?	
Very satisfied	21%
Satisfied	36%
Dissatisfied	29%
Very dissatisfied	9%
Neither satisfied nor dissatisfied?	5%
N	42
How would you rate the OVERALL quality of the pre-application conference? Would you say it was. . .	
Very good	22%
Good	49%
Bad	13%
Very bad	2%
Neither good nor bad?	14%
N	45

SECTION VI: OVERALL DEVELOPMENT REVIEW PROCESS

For these next questions please think about the process as a whole, that is, all the steps together.

First, I would like you to rate the information you received from the City about different topics. For each please tell me if you received MORE INFORMATION THAN YOU NEEDED, JUST WHAT YOU NEEDED, or if YOU NEEDED MORE INFORMATION about the topic.

The first is...

	TAKEN IN		O.T.C.		
	Land Use Review	Building Permit	Building Permit	Trade Permit	TOTAL
Information about which permits or approvals were required for your project: Did you get...					
More information than you needed	3%	3%	6%	5%	4%
Just what you needed	71%	69%	79%	90%	76%
Needed more information	26%	28%	15%	5%	20%
N	152	214	193	111	670
Information about regulations that applied to your project:					
More information than you needed	5%	5%	4%	4%	4%
Just what you needed	62%	63%	76%	86%	71%
Needed more information?	33%	32%	20%	10%	25%
N	152	208	190	105	655

IF NEEDED MORE INFO ON REGULATIONS:

What more did you need?

Need more info; had to do research on my own	N	36
Information unclear/explain it better	N	26
Need correct information/misinformed	N	15
Confusing process/too complicated	N	11
Info on all permits needed <u>before</u> job starts	N	10
Give all rules at once, don't keep adding to them	N	10
Environmental regulations information needed	N	9
Speed up the process; too much time waiting	N	9
Zoning information needed	N	5
Need to know what regulations apply to our job	N	5
Step to step procedures from beginning to end	N	4
More information on costs and fees	N	4
One contact person to help thru the whole process	N	3
Flag for permits earlier on; alert us right away	N	2
Didn't receive anything	N	2
Staff availability/ not on vacation	N	2
Other	N	15
Don't know	N	20
Refused	N	1
		168

	TAKEN IN		O.T.C.		
	Land Use Review	Building Permit	Building Permit	Trade Permit	TOTAL
Information about the application process, such as where and how to apply, which forms you needed, and what plans to submit:					
More information than you needed	5%	6%	3%	6%	5%
Just what you needed	83%	76%	88%	89%	83%
Needed more information	12%	18%	9%	5%	12%
N	153	210	191	112	666
Information about fees:					
More information than you needed	0%	3%	3%	3%	2%
Just what you needed	81%	68%	77%	91%	78%
Needed more information	19%	29%	20%	6%	20%
N	153	210	193	112	668
How to find out about the status of your applications, after you submitted the paper work:					
More information than you needed	1%	4%	0%	4%	2%
Just what you needed	76%	83%	92%	84%	84%
Needed more information	23%	13%	8%	12%	14%
N	148	212	181	109	650
During the course of your (Land Use Review/Permit) how would you rate the coordination among the different staff that were involved? Was it...					
Very good	9%	10%	25%	26%	17%
Good	46%	46%	55%	59%	51%
Bad	17%	12%	6%	5%	10%
Very bad	11%	16%	4%	1%	9%
Neither good nor bad	17%	16%	9%	9%	13%
N	150	213	193	112	668

IF BAD OR VERY BAD:

Please describe the problem.

No coordination/failure to pass on info from one person to another	N	30
No communication between staff/departments	N	19
Slow process/time consuming	N	18
Different people/City staff interpret rules and regulations differently	N	17
Incorrect information given/have to redo what we thought was correct	N	14
Not knowledgeable/need more training/need to be more informed	N	14
Poor attitudes of personnel/don't care how long it takes to get our permits	N	13
Don't lose our drawings/plans	N	12

	TAKEN IN		O.T.C.		
	Land Use Review	Building Permit	Building Permit	Trade Permit	TOTAL
Too many people involved in the process/hard to reach contact personN				12	
Hard to understand/need better explanations				N	11
Stop changing requirements; need to have set rules				N	8
Conflict between inspectors regarding the rules and regulations required				N	6
Poor communication/doesn't return calls/poor response time				N	6
Need someone to fill in when key person on vacation				N	4
Whole process is a nightmare/very frustrating				N	4
Non-professional/do not trust the staff				N	3
Exam officers/inspectors need to all be on the same page				N	2
Staff needs to be assigned quicker/less waiting				N	2
Other				N	8
Don't know				N	3
Refused				N	3
					129
How often did you feel the regulations were interpreted consistently by different City staff? Would you say they were consistent. . .					
All of the time	19%	16%	19%	19%	18%
Most of the time	35%	44%	48%	52%	44%
Some of the time	33%	29%	24%	23%	28%
Hardly ever	13%	11%	9%	6%	10%
N	148	209	189	108	654
City regulations are intended to support the goal of making Portland a livable community. Of the regulations you were required to meet for your (Land Use Review/Permit) were there any that you feel do not support this goal?					
Yes	44%	37%	28%	10%	31%
No	56%	63%	72%	90%	69%
N	149	207	185	111	652

	TAKEN IN		O.T.C.		
	Land Use Review	Building Permit	Building Permit	Trade Permit	TOTAL
OVERALL, how would you rate the predictability of the review process you went through? By "predictable" I mean things going the way you thought they would. Would you say. . .					
Very good	13%	12%	20%	31%	17%
Good	38%	37%	56%	53%	46%
Bad	19%	21%	11%	3%	15%
Very bad	17%	13%	4%	0%	9%
Neither good nor bad	13%	17%	9%	13%	13%
N	155	213	194	110	672
OVERALL, how would you rate the timeliness of the review process you went through? By "timely" I mean the length of time being what you expected. Would you say. . .					
Very good	7%	8%	25%	30%	17%
Good	39%	28%	51%	54%	41%
Bad	24%	30%	11%	6%	19%
Very bad	15%	21%	5%	1%	12%
or was it Neither good nor bad?	15%	13%	8%	9%	11%
N	155	213	193	109	670

And what suggestions do you have for improving the City of Portland's development review process?

Nothing/Can't think of anything	N	175
Quicker turnaround /too slow issuing permits	N	77
Not knowledgable/need more training/need to be more informed	N	62
Flexibility for each project because they differ	N	41
Speed up review design process	N	40
Improve response time on returning phone calls	N	35
Clarify codes better/confusing	N	31
Hire more people/need more staff	N	28
Consistency of inspectors in terms of dealing with the same issues	N	26
Less regulations/rules	N	26
More communication among city staff	N	22
Need one project manager to track process from beginning to end	N	18
Better customer service/friendlier staff	N	20
Need accurate information	N	23
Less costly projects/keep requirements low	N	20
Lower fees / costs (general)	N	22
Better coordination/consistency from one department to another	N	22

		TOTAL
Get rid of staff/too bureaucratic	N	21
Better input between the planners/reviewers	N	18
Quicker notification of any problems that could cause failure to pass inspection	N	16
Give overall projections of building codes at once	N	15
Distrust process/more up front on procedures	N	15
Be on the same page with code interpretations	N	13
Streamline routing of project/make sure it is signed off quickly	N	11
More information needed for home owners (lectures, discussions,etc.)	N	11
Improve timeliness of inspectors arriving at site	N	14
Allow simple permits over the counter	N	10
Need someone responsible to make decisions/don't pass things on	N	10
Less paperwork/streamline permit process	N	9
More staff coordination between different departments for reviews	N	8
Codes need to be standardized	N	8
Want on line accessibility/web site	N	8
Do a good job/satisfied	N	7
Less information required/too much needed	N	7
Screening needed to eliminate unnecessary reviews	N	6
Consistency between one plan examiner to the next	N	5
Privatize	N	4
Department of Transportation is too rigid on what you can and can't do	N	4
Back up plans for people who are going on vacation so process continues	N	4
Let professionals (architects) make design decisions	N	3
Provide more checklists and/or guidelines	N	3
Lack of consistency from people behind the counter	N	3
Mail my corrections - live in Seattle	N	2
Other	N	28
Don't know	N	9
Refused	N	5
		692

		TOTAL
Did this project require other permits or approvals?		
Yes		47%
No		50%
Don't know		3%
	N	692
IF YES:		
What were they?		
Mechanical, electrical or plumbing permits	N	204
A building permit	N	129
Land use review	N	63
Driveway or sidewalk improvement permits	N	31
Sewer connection permit	N	30
Sewer, street or water construction permits	N	27
Street use permit	N	21
A sign	N	19
Sprinkler or alarm permit	N	19
Transportation permit	N	6
Structural permit	N	6
Environmental Review	N	5
Zoning/Z permit	N	4
Demolition permit	N	3
Adjustment permit	N	3
Drainage permit	N	3
HVAC	N	3
Parking lot permit	N	2
Fire permit	N	2
State Health Division	N	2
State Historic Preservation	N	2
Construction permit	N	1
Revision permit	N	1
Commercial permit	N	1
Elevator permit	N	1
Refrigeration permit	N	1
Some other type of permit or land use review	N	27
Don't know	N	3
Refused	N	1
		327

Responses to the Audit

The office of
Vera Katz
Mayor Portland Oregon The City That Works

January 14, 2003

TO: Richard Tracy, Audit Director
Office of the City Auditor

FROM: Mayor Vera Katz Vera Katz

SUBJECT: Final Draft of the Development Review Audit Report

Thank you for the hard work you and your audit team have done to analyze the performance of the City's development review services. We appreciate the opportunity to comment on both the preliminary draft and this final draft report.

We especially appreciate your willingness to focus the audit on some of the aspects of the development review process also being addressed by the Regulatory Improvement Workplan.

Many of the audit's findings confirm the need for regulatory reforms already underway or undertaken as part of the Regulatory Improvement Workplan. These reforms include requiring improvements to existing building and land use regulations on an annual basis; requiring regulatory impact analysis statements for all new and revised regulations; and the implementation of interagency agreements among the six regulatory bureaus to ensure optimal coordination and the elimination of bottlenecks.

The customer satisfaction survey illuminates the development review process in more detail than a similar survey conducted in 1997, providing valuable insights into where our customers are very satisfied, as well as where immediate improvements are needed.

The findings from the customer satisfaction survey and turnaround time analysis will allow the City to develop a customer service training program that responds to areas of greatest importance to our customers. It also helps pinpoint opportunities within the development review process for additional process reforms, such as increased speed and predictability.

We appreciate the audit team's thoughtful analysis. We agree with your recommendations and look forward to working toward their implementation.

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CITY OF

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January 15, 2003

TO: Gary Blackmer

FROM: Margaret M. Mahoney, BDS

SUBJECT: Comments on Draft Audit

Thank you for the opportunity to comment on the draft audit entitled Development Review Process. Following are my comments on the recommendations.

As noted in several places in the audit, many of the improvements noted in the various chapters are actually underway. For example enhanced services for small businesses are being tested in a pilot project being undertaken by BDS and some interagency staff. A pilot test for Money Back Guarantee is underway. Programming is being completed to measure turnaround time on first checks for every review group in each bureau involved in the Development Review process. We will be launching the web access to the TRACS system in February so that the public will have access to some permit information on line. We also have drafted ideas for a new mission statement and discussing the appropriate process for reviewing that. And based on the training that we participated in at the Boeing plant, we are undertaking additional process improvement based on the "lean manufacturing" approach used at Boeing and other large private companies.

You also noted that while Blueprint 2000 was charged with looking at "process" and not regulations, the Blueprint 2000 Stakeholders' group did make recommendations to the City Council about the need to exert discipline over the proliferation of development regulations. Those recommendations were not implemented. There is now in place through the Mayor's Office an approach to addressing the regulatory side of this equation.

I think the first two recommendations in your audit report would be strengthened by being more specific in calling out where the responsibility lies for implementation. For instance, where does the responsibility lie in addressing the regulatory issues, particularly with respect to the more than 50 projects in the "pipeline" that will most likely result in additional regulations on development in the City of Portland? Which bureaus or offices or the Council as a whole need to be focused on the regulatory improvement? What role, if any, do advisory groups like the Planning Commission and the Stormwater Advisory Committee need to play in reducing the complexity and burden of regulations?

I and the staff of the Bureau of Development Services will continue to work to address the issues within the report that relate to our area of responsibility.

Cc: Mayor Katz
Sam Adams
BDS Management Team
Dick Tracy
Doug Norman

CITY OF

PORTLAND, OREGON

BUREAU OF WATER WORKS

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Morteza Anoushiravani, P.E., Administrator
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January 13, 2003

MEMORANDUM

TO: Gary Blackmar, City Auditor

FROM: Mort Anoushiravani, Administrator, Bureau of Water Works

SUBJECT: Final Draft of Development Review Audit Report

The Bureau of Water Works continues to work with the Mayor's Office, the Bureau of Development Services and others involved in regulatory reform efforts and improving customer satisfaction as they proceed through the various development processes.

The report is an extensive review of the City's performance regarding building permit processing, customer satisfaction, fees and efforts associated with implementation of recommendations of the 1997 audit and Blueprint 2000. We appreciate this effort and will utilize the final report during Bureau of Water Works performance evaluations and goal setting.

The final draft of the audit report titled: "Development Review Process: Progress Made, Further Improvements Needed" includes six primary recommendations. The Bureau of Water Works supports these recommendations as well as other recommendations in the Summary and noted periodically throughout the report.

Recent efforts of the Mayor's Office and the Bureau of Development Services to establish Inter-Governmental Agreements with each of the Bureaus are also noted in the report. These agreements are now in place. The Summary section of the report could be modified to more directly note this fact and maintain consistency with the language presented in Chapter 3 under Management and Coordination of the Review Process.

Figure 8 appears to have been omitted from our review copy and as such did not include City Auditor's recommendations for staffing and spending, workload, and results indicators for reporting in the annual Service Effort and Accomplishments report.

Thank you for the opportunity to review and comment on the final draft prior to release.

cc: Aisling Coghlan
Stan VandeBergh

THIS REPORT IS INTENDED TO PROMOTE
BEST POSSIBLE MANAGEMENT OF PUBLIC RESOURCES

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City of Portland
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Portland, Oregon 97204

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