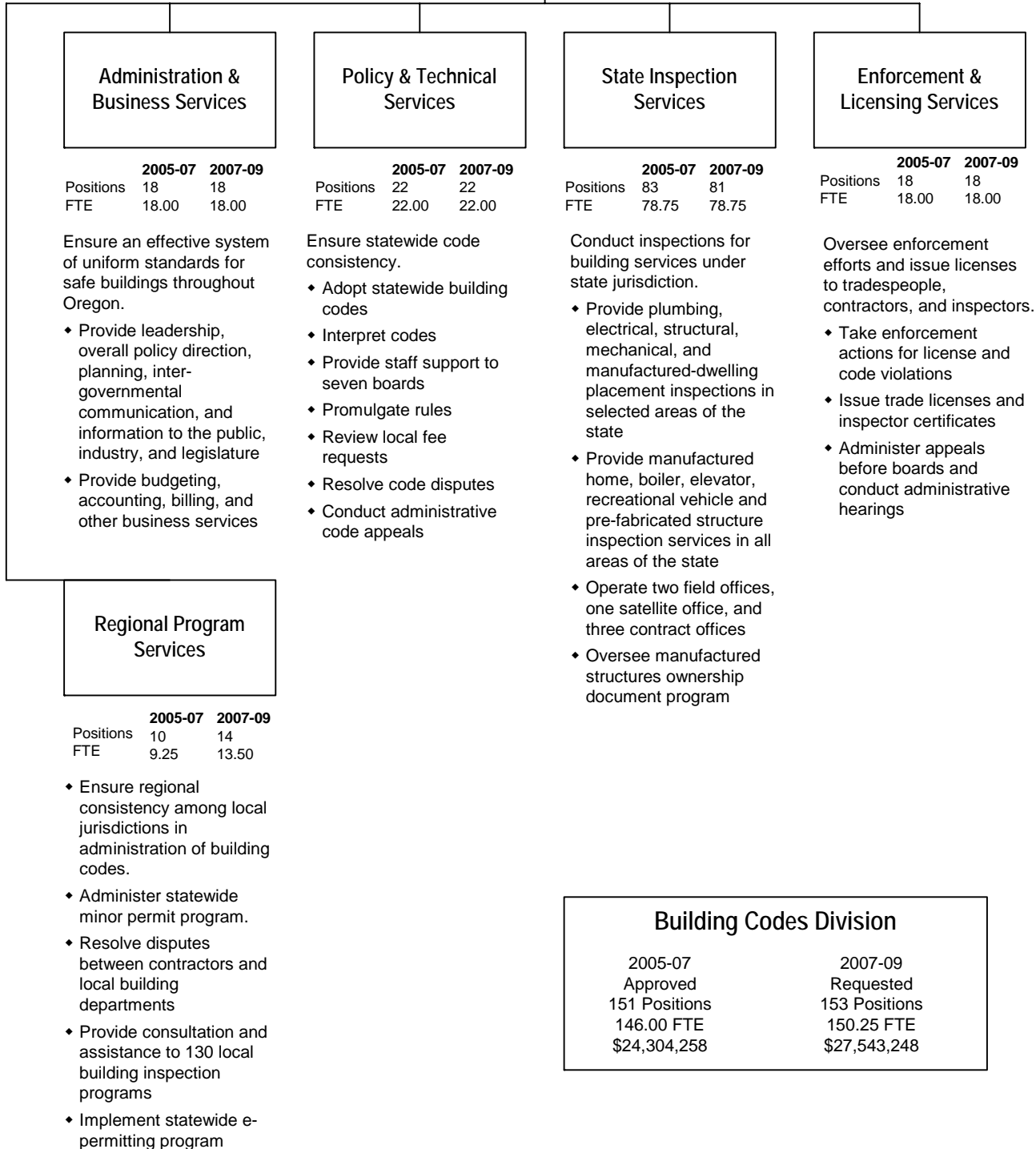


BUILDING CODES DIVISION

Administrator
 Mark Long
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BUILDING CODES DIVISION

Mission

The mission of the Building Codes Division is to work with Oregonians to ensure safe building construction while supporting a positive business climate within the state.

What we do

The division accomplishes its mission by:

- Adopting and administering uniform statewide building codes.
- Providing building code and rule interpretation.
- Assisting local government building departments and facilitating dispute resolution.
- Enforcing license, code, and permit requirements.
- Certifying inspectors and licensing trade professionals.
- Facilitating economic development efforts around the state.
- Conducting inspections where local entities do not.

Program delivery

The Building Codes Division supports a positive business climate through streamlined regulation, consistent application of building codes statewide, excellent service to division customers, reasonable safeguards for the safety and welfare of building users, and effective enforcement efforts. Specifically, the division seeks to:

- Ensure maximum safety and accessibility of new construction in Oregon while supporting a positive business climate, by setting and enforcing statewide standards for building construction.
- Ensure the competency and professionalism of construction inspectors, electricians, and plumbers, through testing, certification or licensing, and continuing education.
- Enforce license and code requirements.
- Provide building inspection services in areas not covered by local government.

Accomplishments, 2005-2007

1. Contractors and licensees are able to conduct business and receive information electronically, saving them time and money. The division has:

- Implemented a new interactive computer service that allows licensees to apply for and renew licenses online. Since this service started in March 2005, approximately 34 percent of customers have chosen this electronic method to renew their licenses. During this same period, the number of licenses available has grown from 29 to 75.
- Expanded its e-permitting portal beyond the Portland tri-county area to Eugene, Springfield, Lane County, Medford and Cannon Beach. Salem, Marion County, Corvallis, Redmond, Newberg, Woodburn, and Yamhill County are just a few of the jurisdictions that are in the process of joining.
- Implemented an electronic notification system to keep customers informed about division activities.

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2. Businesses have an easier time understanding and complying with BCD regulations.

The division completed the following streamlining initiatives:

- Created an expedited approval process for equipment and products using new or emerging technologies.
- Eliminated redundant inspections of used recreational vehicles.
- Restructured the building official and inspector certification requirements, recognizing a nationally accredited program.
- Eliminated unnecessary requirements for businesses to permit elevators and boilers.
- Reduced the number of state-specific code amendments.
- Simplified licensing and certification application, renewal, and testing requirements by combining application requirements across license types and allowing applicants to test more frequently.

3. Communities and consumers are better protected and contractors are held more accountable for their actions. The division:

- Developed a public notification system to alert consumers of individuals and businesses that work without licenses or permits.
- Developed additional standards of conduct for local building officials and inspectors.
- Created standards and conditions for licensees who attempt to reapply after having their license suspended or revoked.
- Worked with the Construction Claims Task Force to propose ways to improve construction and provide consumers added protection against construction defects.

4. Contractors are seeing more consistency in building codes and enforcement. The division:

- Started requiring building inspectors and plans examiners to cite the specific code sections when issuing violations.
- Worked with its advisory boards to create a uniform code interpretation and appeal process and consistent license application procedures.
- Implemented HB 2181, streamlining scores of licensing requirements in more than 80 licensing categories, to consistent standards that are easy to understand and administer.
- Updated all statewide building codes to reflect current technology and improved safety, and to bring Oregon consistent with other states and national standards.

5. All BCD customers have benefited from improved services. The division:

- Created a process to assist local officials with plan review and inspection for unique construction projects, such as those involving alternative construction methods.
- Updated the Boiler Code, the Elevator Code, the Electrical Code, the Residential Code, and the Plumbing Code.
- Expanded customer service surveys to boiler, elevator, and manufactured dwelling programs.
- Implemented a regional service delivery program to provide local liaisons to assist business and government with economic development activities.
- Provided video streamed meetings to give the public better access to the division's activities.

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Anticipated results, 2007-2009

1. Enhance consumer and community protection

- Explore, with the division's seven advisory boards, a way to expedite enforcement cases, and implement new enforcement tools such as progressive sanctions and the use of license suspension for egregious violations.
- Adopt changes to the building code to prevent moisture damage as recommended by the Construction Claims Task Force.
- Implement an enforcement database and tracking system to allow the division to better collect and share data.
- Continue to alert consumers, government, and business about local code violators.

2. Streamline regulations and regulatory processes

- Continue to make code adoption processes and training consistent across all specialty code program areas, align Oregon codes with national model codes, and further reduce Oregon amendments.
- Continue to create more streamlined permitting processes such as minor label permits to encourage contractors to comply with building regulations and to help ensure quality construction for consumers.
- Increase the numbers and types of permits that are available and transferable in any jurisdiction.
- Further refine licensing and certification regulations to eliminate burdensome processes.

3. Improve customer service

- Begin implementing a comprehensive electronic permitting program that can be used in local jurisdictions throughout the state to apply for and purchase permits, review building plans, and schedule inspections. Initially connect 20 jurisdictions by June 30, 2009.
- Use regional liaisons to provide local dispute resolution for businesses and local government, improve code consistency, and support economic development through the Economic Revitalization Team.
- Continue to expand consumers' ability to conduct business and receive information online.
- Continue to collect customer feedback through surveys, evaluations, and focus groups, and modify programs accordingly.

4. Improve consistency

- Work regionally to facilitate standard permitting processes, plan review standards, and fee methodologies.
- Create more predictable requirements for licensees and certified individuals regardless of specialty code area.
- Increase the frequency of regional code forums and educational seminars to update licensees and certified individuals on recent code changes, interpretations, and alternate method rulings.

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- Further refine the “Write it, Cite it” program to help ensure that the code is consistently applied in construction projects across the state.
- Work regionally with local building departments to provide more predictability to local builders and design professionals.
- Develop standardized inspection procedures for use in local jurisdictions.

Key performance measures and related outcomes

Oregon’s building code is intended to safeguard the public’s health and safety within buildings and other structures. Natural and human-caused catastrophes provide stark evidence that construction codes save lives. During hurricanes and earthquakes, most structures built to appropriate codes continue to provide safety and shelter to their inhabitants. Contrast this with scenes from the tragic earthquake and tsunami in South Asia where building codes do not exist. Even in the September 11 disaster, the World Trade towers withstood enormous impact and continued standing for an hour, allowing many people to escape.

Code adoption, while important, is only the first step. Consistent code administration and enforcement are vital components of an effective building code system. The National Conference of States on Building Codes and Standards (NCSBCS) cites the devastation wrought by Hurricane Andrew in 1992 as an example of the risk posed by a lack of uniformity and effective enforcement of codes. At that time, Florida had a patchwork of codes with very poor enforcement. The insurance industry estimated that between 30 percent and 40 percent of the \$15.5 billion in insured losses could have been avoided had those properties been built to code (NCSBC 2004).

Oregon is seen as a leader because of its uniform statewide building code. Contractors, engineers, and architects rely on predictable and uniform standards thereby keeping construction costs down and avoiding delays in the construction process. The division continues to identify ways to streamline processes and to ensure code consistency statewide. Furthermore, recent legislation has provided additional avenues to help businesses resolve disputes and expedite the permitting and plan review process for large, complex projects. The Building Codes Division is proud of its efforts to lower the cost of doing business in Oregon without sacrificing safety standards.

Key performance measures tracked by the division include:

- *Number of building permits building contractors can use in multi-jurisdictions for minor construction.* Purpose: Provide contractors with a quicker, cheaper, and simpler process for permit applications on minor construction activity that is consistent statewide. Target: 49,500. Status: 53,140.
- *Number of Oregon-specific building code modifications to the national codes.* Purpose: Promote national and regional consistency by reducing the number of Oregon-specific changes to the codes. Reduced costs and saved time for contractors doing business in Oregon. Target: 1,191. Status: 1,015.

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- *Percent of cases closed through use of alternative dispute resolution rather than proceeding to hearing.* Purpose: More timely compliance enhances safe construction. Target: 100 percent. Status: 98 percent.
- *Percentage of permanent rules developed with advisory committee input.* Purpose: To ensure involvement of stakeholders in rule process. Target: 100 percent. Status: 100 percent.

Revenues

Building Codes Division activities are financed by revenue it collects and manages in these categories:

- Permit, surcharge, inspection, and license fees
- U.S. Department of Housing and Urban Development cooperative agreement for administration of federal regulations covering production of manufactured homes
- Ownership document fees and trip permits for manufactured structures (SB468-2003)
- Fines
- Investment income

Policy Packages

Policy Package No. 191: Statewide E-permitting Program

Governor's Recommended Budget \$4,614,315– 9.50 FTE

Purpose

This policy package develops and implements a statewide electronic and interoperable e-permitting program with the capacity to ultimately serve all 132 local jurisdictions with construction plan review, permitting, and inspection activities. This program would allow for and enable:

- Web-based submittal, payment, and receipt of permits.
- Web-based intake and tracking of plan reviews.
- Web-based scheduling, tracking, and reporting of inspections.
- Interface with other software permit tracking systems.
- Tracking of construction and permit activity from plan review through final sign-off by jurisdiction and contractor/homeowner.
- Location of correct jurisdiction for the permitting, plan review, and inspection responsibilities.

A statewide, interoperable, e-permitting program would benefit Oregon by speeding the construction permitting process, allowing contractors to do business 24/7, making the process more predictable and consistent, and enhancing the state's competitiveness by making it easier to do business. Electronic transactions of building permits will reduce contractors' trips to building departments, which not only saves them time, but also results in reduced traffic and use of paper.

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In 2003, the Governor issued an executive order on regulatory streamlining which, among other issues, focuses on consistency in interpretation and predictability in application of regulations on a statewide basis; more timely, understandable, and fair permit and approval processes; elimination of any unnecessary paperwork, reporting, or review requirements; and “user-friendly” processes, including increased use of technology, to facilitate doing business with government. Electronic permitting supports the Governor’s economic development goals.

Also, as part of the state’s efforts to streamline regulations, the Legislature passed SB 713 (2003) and HB 3907 (2005) to allow the Department of Consumer and Business Services to assess the feasibility of developing an electronic permitting program available for use by all local jurisdictions. A pilot project was completed in 2005 with Beaverton, Hillsboro, Milwaukie, Portland, and Clackamas and Washington counties to prove the concept at a regional level. A comprehensive study was conducted by an independent consultant in 2006, which determined that a statewide electronic permitting program is feasible, and would provide numerous benefits to the citizens of Oregon.

How Achieved

As recommended in the consultant’s report, the department proposes to purchase a commercial off-the-shelf (COTS) permitting and plan review program and to phase the program in over a 10-year period. At the end of that period, the department expects almost all local jurisdictions to be connected to the system. By using an off-the-shelf system with a proven track record, the department would reduce the risk of implementation problems, save time, and rely on a product that some jurisdictions in Oregon and throughout the nation already use.

Most of the efforts in the 2007-09 biennium will be directed at detail planning and procurement steps necessary to achieve the project objectives. The requests for proposal and statement of work for consulting services and the COTS system will be carefully articulated to include specific direction of contract deliverables. In addition, the department will work closely with local jurisdictions to determine system requirements and to select a system that has proven successful in other states.

The consultant’s report identified a number of key risks for this project. The department is taking prudent steps to mitigate those risks as well as reviewing the lessons learned from other large IT initiatives. Some of the risk mitigation steps are outlined below.

Staffing for the project will include project management resources dedicated to the project to ensure schedule, cost, and scope targets are met. This detailed oversight will ensure complete analyses and evaluation of all deliverables. Relevant costs will be thoroughly reviewed and monitored to make certain that the state receives fair value for completion of the contract requirements. In addition, an outside independent quality assurance contractor will be used to identify project risks or contractual problems so actions can be taken to mitigate them before there are negative impacts to meeting the project objectives.

To further assist the department with managing the project costs, schedule, and scope, the project was split into a number of distinct phases. The phases are based on the biennial budget cycle, giving department management and the Legislature natural checkpoints to ensure project

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deliverables and budgets are being met. At the conclusion of each phase, the department will have delivered new services to additional jurisdictions.

Connecting to the program will be on a voluntary basis and project management will include working onsite with local jurisdictions to make any desired improvements to their business practices, and to install and test the system to determine that it meets their business needs.

The department plans to connect local jurisdictions at a variety of levels, depending on the needs of the jurisdiction, and customize its approach using a menu of options. The department anticipates connecting 20 local jurisdictions during the first two years, and an additional 30 jurisdictions during the 2009-11 biennium. The 80-plus remaining jurisdictions will be connected during the next three biennia.

Staffing Impact

Phase in 13 positions, 9.50 FTE

Revenue Source

Other Funds. The budget for this project is based on a 4 percent surcharge on all building permits sold in Oregon effective Jan. 1, 2008. Through a separate policy bill, the department will request authority to assess up to a 5 percent surcharge on all permits. The bill also provides flexibility to set a lower surcharge amount as necessary to support the program. In this budget, the department proposes a 4 percent surcharge over the next 10 years. Any change from that amount will occur with stakeholder discussion, participation, and support.

In addition, the department will contribute up to \$5 million as necessary to fund the program from its ending fund balance over the 10-year period for this initiative. These funds are from the same programs as the permit surcharge revenue in the bill.

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Governor's Recommended Budget

	Request	FTE
2005-07 Legislatively Adopted Budget	\$ 25,271,411	146.00
Base Budget Adjustments		
Net Cost of 2005-07 Position Actions:		
Administrative, Biennialized E-Board, Phase-outs	\$ 1,629,513	0.75
Estimated Cost of 2007-09 Merit Increase	\$ 204,359	-
Base Nonlimited Adjustment	\$ (167,153)	-
Subtotal: 2007-09 Base Budget	\$ 26,938,130	146.75
Essential Package 010 - Non-PICS Adjustments		
Vacancy factor adjustment.	\$ (16,712)	-
Non-PICS adjustments for unemployment, overtime, temporaries, and mass transit taxes calculated as .006 of base salaries and wages.	\$ 50,034	-
Essential Package 021/022 - Phase in/out	\$ (5,896)	-
Essential Package 030—Cost Adjustment for Inflation and Price List		
Cost of Goods & Services Increase/(Decrease)	\$ 164,080	-
Increase/shift in State Government Service Charges.	\$ 485,546	-
Essential Package 060 - Technical Adjustments	\$ -	-
Subtotal: 2007-09 Essential Budget Level	\$ 27,615,182	146.75
Policy Packages		
Policy Package 191 - Statewide E-permitting Systems	\$ 728,066	3.50
Total: 2007-09 Governor's Recommended Budget	\$ 28,343,248	150.25

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Revenues and Disbursements

2007-09 Beginning Balance			\$ 17,781,901
Revenues			
Business Licenses & Fees	\$ 42,510,500		
Federal Revenues	\$ 264,618		
Fines & Forfeitures	\$ 943,062		
Interest Income	\$ 2,103,531		
Other Revenues	\$ 224,000		
Subtotal Revenues			\$ 63,827,612
Transfers			
Transfer Out - General Fund	\$ (100,000)		
Transfer Out - Intrafund	\$ (5,122,645)		
Transfer Out - Counties	\$ (663,668)		
Subtotal Transfers			\$ (5,886,313)
Available Funds			\$ 54,041,172
Budget			\$ 28,343,248
2007-09 Ending Balance			\$ 25,697,924