



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Tuesday, March 15, 2011

DRAC Members Present:

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| Hermann Colas | Jeffrey Cole | Jeff Fish |
| Steve Heiteen | Rick Michaelson | Keith Skille |
| Carrie Strickland | Greg Theisen | Simon Tomkinson |

City Staff Present:

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| Richard Appleyard, BDS | Ross Caron, BDS | Lana Danaher, BES |
| Cindy Dietz, Water | Rebecca Esau, BDS | Mark Feters, BDS |
| Matt Grumm, Comm. Saltzman's Office | | Denise Kleim, BDS |
| Kurt Krueger, PBOT | Christine Leon, PBOT | Jim Nicks, BDS |
| Andy Peterson, BDS | Paul Scarlett, BDS | Kim Tallant, BDS |
| Riley Whitcomb, Parks | | |

Guests Present:

John Hasenberg, JHA

DRAC Members Absent:

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| Don Geddes | Renee Loveland | Bonny McKnight |
| Ed McNamara | Michele Rudd | |

Handouts

- DRAC Meeting Minutes 2/15/11
- Inter-Bureau Code Change Project List
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- ITAP Update 3/10/11
- DRAC Work Plan
- E-mail from Renee Loveland

New DRAC Chair – Carrie Strickland

DRAC Chair Steve Heiteen thanked DRAC members for allowing him to be the chair through a very difficult time for the industry. He said that he enjoyed the various input and perspectives voiced in the DRAC, and thanked the DRAC for their support of him.

He then welcomed Carrie Strickland as the new DRAC Chair.

Convene Meeting

New DRAC Chair Carrie Strickland convened the meeting. A quorum was not yet present, so the February meeting minutes could not be approved.

Director's Report

BDS Director Paul Scarlett expressed his gratefulness to Mr. Heiteen for his service as chair and to the DRAC for its service and support over the last few years.

New Commissioner for BDS

Director Scarlett noted that BDS was recently transferred from Commissioner Randy Leonard to Commissioner Dan Saltzman. He introduced Matt Grumm, who is Commissioner Saltzman's liaison to BDS. Mr. Grumm expressed support and excitement for the work of the DRAC, and said that he will be regularly attending DRAC meetings. Commissioner Saltzman was in Salem and not available to attend today's meeting.

BDS Financial Update

Director Scarlett gave an update on the bureau's financial status and budget and reviewed the handouts *BDS Major Workload Parameters* and *Non-Cumulative Cost Recovery Report*. BDS's work is somewhat slow, which is normal for this time of year, but the bureau anticipates work picking up as spring approaches. As happened last year, BDS received an advance transfer of its General Fund revenues for the year, which has helped the bureau's reserve balance in the short run. Several temporary positions have been extended through June 30th. The positions include inspectors, planners, and plan review staff (five total).

Director Scarlett mentioned that concerns have been expressed regarding the limited hours of the DSC. The bureau will be meeting with a customer to address specific concerns, and welcomes comments and ideas from the DRAC. Director Scarlett is hopeful that increased revenues later this year will allow the bureau to add staff, which should improve services throughout the bureau. BDS continues to issue 65-70% of building permits over the counter (as opposed to taking plans in for review).

Last week City Council approved the line of credit for the ITAP project.

July 1 Proposed Fee Increases

BDS will be meeting with industry groups and stakeholders in March and April regarding its proposed fee increases, and will take the increases to City Council in May.

Approve Meeting Minutes

At that point a quorum was present, and the February meeting minutes were approved.

Development Industry Update

Ms. Strickland opened the floor to input from DRAC members regarding current conditions and trends in the development industry. She noted an e-mail from DRAC member Renee Loveland that was including in the meeting handouts.

Mr. Heiteen noted that weekend attendance at the recent home show was very good, and that customers have progressed from "kicking the tires" to actually doing projects. He noted that when work increases for remodelers, it also picks up for trades people, subcontractors, etc.

DRAC member Simon Tomkinson is also seeing work picking up, but noted that bids on projects vary widely and that the system still seems "chaotic". DRAC member Jeff Fish said that the entry-level housing market won't pick up until the glut of foreclosed homes goes down, and that won't happen until the jobs market improves. Many of the subcontractors are still at only 50% of the work they had in 2007. He feels that the increase in gas prices may lead to increased development closer in to Portland, rather than further out in the suburbs.

DRAC member Rick Michaelson noted that foreclosures have slowed down because of regulatory problems, and he predicts another rush of foreclosures in 6 months or so. DRAC member Keith Skille said work is picking up on the commercial side. They've started their first multi-family housing project in four years, and they are bidding for several other projects. The projects are a mixture of private, public, and bank-funded. Ms. Strickland said their work has also picked up, and they currently have six major projects, none of which have bank funding. Customers are getting tired of waiting for the banks and are finding other ways to fund their projects.

DRAC member Greg Thiesen said that changes in healthcare laws will lead to greater conglomeration of smaller medical offices into larger groups located near hospitals; this will lead to increased development in those locations. Bulk exports at the Port of Portland are doing very well, indicating increased demand. In the same vein, the Port of Vancouver is getting permits to build a 50-acre export facility. Imports of containers are still active. The upcoming Panama Canal expansion will have minimal impact on Portland's port.

Kurt Krueger (PBOT) noted that Jantzen Beach is close to getting permits, and he mentioned a few other commercial projects that will be looking to get permits in the next 1-2 years. South Waterfront is looking to add small and large commercial retail, and is working on dealing with parking issues. Ms. Strickland noted that several of their projects are outside Portland, and they are having good experiences with plan review/permitting in other jurisdictions in regard to turnaround times.

Mr. Heiteen asked whether customers using alternative funding mechanisms (other than banks) will influence the banks to begin to lend more. DRAC members felt it would not have that affect, and that the banks' lending is more affected at this point by the federal government. Mr. Tomkinson said that for the next 18 months or so, banks will remain hesitant to make loans. Private money is rushing in to fill the void.

Information Technology Advancement Project (ITAP) Update

Kim Tallant and Richard Appleyard from BDS reviewed the handout *ITAP Update 3/10/11* and gave an update on the status of the project. Now that the line of credit has been approved, they are working on finalizing agreements with Accela (system vendor) and the State, hiring

staff, and identifying stakeholder committees to help with implementation, including internal and external user groups. They hope to have the agreements finalized by the end of May.

Ms. Tallant asked how the DRAC would want to be involved with ITAP. Mr. Heiteen said that having a few DRAC members serve on the project user committee would make the most sense now, rather than creating a DRAC subcommittee. Other DRAC members agreed. April would probably be the soonest that the user groups would meet, and they would likely meet throughout the anticipated 2-year implementation process. Director Scarlett noted the importance of this project and the need to have DRAC and other key stakeholders deeply involved. Commissioner Saltzman is very supportive of ITAP.

Ms. Tallant is looking for 10-15 members for the external user group. Mr. Skille, Mr. Michaelson, and Mr. Tomkinson volunteered to serve on the user group as DRAC representatives.

DRAC Work Plan

Ms. Strickland directed DRAC members to the handout *DRAC Work Plan*. DRAC members discussed each item on the plan and formed consensus around next steps:

BDS Staffing & Service Levels - This will continue to be a core review item at monthly DRAC meetings.

Public Works Appeals Process - There will be monthly status updates to the DRAC until the process goes back to Council in July.

Self-Certification (Building Plan Review) – Ms. Strckland and Mr. Tomkinson had previously been meeting with BDS staff, but they have not met for some time. The DRAC wants to continue work on this, and Guest John Hasenberg expressed interest in joining them. The group agreed to set up a meeting in early April.

North Reach River Plan/Brownfields River Policy & Permitting - Mr. Thiesen noted that there have been multiple delays in the process, and said that it is not to the point where the DRAC has a significant role to play. DRAC members agreed to strike this item from the Work Plan.

Tree Ordinance – Rebecca Esau (BDS) noted that the Tree Ordinance went to City Council last Wednesday and will go back to the Council on April 6th. An interagency task force is forming to look at funding and implementation and an external stakeholders group will also be established. Mr. Grumm noted that DRAC participation would be welcomed on the external stakeholders group, which will start meeting in the next few weeks. Mr. Fish volunteered to represent the DRAC.

DRAC members discussed the need for a review of the Tree Code a year after implementation that would generate a report to Council. It was suggested that the DRAC's role is to review the impact of the regulations on the development industry. The DRAC will ask Hannah Kuhn from Commissioner Fish's Office (who is responsible for implementation of the Tree Code) to come to DRAC multiple times - before implementation, 6 months after, and 1 year after. The DRAC is also interested in the metrics that will be used to gauge the new code's effectiveness, and discussed developing its own metrics relevant to the development industry.

BDS IT Replacement Project (ITAP) – This will continue as a core review item, and will be updated at monthly DRAC meetings.

Development Fees & Regulations – DRAC members remain concerned about the overall cost of development and the fact that no single agency is tasked with monitoring this. They have brought the issue to City Council a number of times without an apparent impact. Primarily the concern is on the increasing impact of SDC's on mid-rise projects that have a residential component. Proportionally, the SDC's are a significant segment of the overall cost of the entitlement process. A request was made for examples of fees for a series of project types across a 3-year period. This item will remain in the Work Plan.

Permit Co-Location – The fee calculator is still in progress; per BDS Plan Review/Permitting Services Manager Andy Peterson, it will take a minimum of 6 months to complete. BDS IT is waiting for a meeting with the agency stakeholders to get started on programming work. Mr. Peterson will call a meeting within the next 30 days so movement forward can continue.

Revenue & Budget Tracking – BDS will continue to provide monthly updates to the DRAC.

SDCs – Ms. Strickland noted that there haven't been any changes since the DRAC SDC Subcommittee report to City Council in 2009. The development industry maintains that SDCs inhibit development, but the issue has gotten little traction with City Council or elsewhere. The DRAC agreed to reconstitute the SDC subcommittee.

Other Business

Mr. Skille noted that the new Public Works Process has impacted projects that were already in the pipeline, at substantial cost to customers. Lana Danaher (BES) noted that for about a year, they let existing projects go through the old permit process, but then cut it off. They agreed to discuss further outside the meeting.

Next DRAC Meeting: Tuesday, April 19, 2011, 10:00 a.m. -11:30 a.m.
Minutes prepared by Mark Feters, BDS