



City of  
**PORTLAND, OREGON**

Development Review Advisory Committee

**Development Review Advisory Committee**  
**MINUTES**  
**Thursday, August 13, 2009**

**Attendees:**

**DRAC Members Present:**

Keith Skille	Rick Michaelson	Goudarz Eghtedari
Bonny McKnight	Don Geddes	Kathi Futornick
Greg Theisen	Steve Heiteen	Jeff Fish
Carrie Schilling	Renee Loveland	Charlie Grist

**City Staff Present:**

Commissioner Randy Leonard		Paul Scarlett, BDS
Denise Kleim, BDS	Mark Feters, BDS	Andy Peterson, BDS
Kim Talent, BDS	Jim Nicks, BDS	Hank McDonald, BDS
Ross Caron, BDS	Christine Leon, PBOT	Cindy Dietz, Water
Eric Engstrom, BPS	Alisa Kane, BPS	Kurt Krueger, PBOT
Riley Whitcomb, Parks	Lana Danaher, BES	Tom Carter, BDS

**Guests:**

Michael Sestric, Facilities Coalition	Susan Steward, BOMA
Karen Karlsson, KLK Consulting, LLC	

**DRAC Members Absent:**

John Cisneros	Michele Rudd
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**Handouts**

7.9.09 DRAC Minutes  
Inter-Bureau Code Change Project List  
BDS Major Workload Parameters FY 2008-09  
BDS Major Workload Parameters FY 2009-10 (July 2009)  
BDS Non-Cumulative Cost Recovery Rate Report  
Changes in Bureau FTE by Unit  
BDS Program Rankings 8-13-09  
Inspections Cap/Limitations

## **Convene Meeting**

DRAC Chair Steve Heiteen convened the meeting, and the DRAC adopted the July 9, 2009 meeting minutes. The Chair invited members to review the meeting packet materials, which included the updated *Inter-Bureau Code Change Project List*.

## **BDS Financial Status and Position Reductions**

BDS Director Paul Scarlett distributed and reviewed *BDS Major Workload Parameters FY 2008-09*, *BDS Major Workload Parameters FY 2009 -10*, *Changes in Bureau FTE by Unit*, and *BDS Non-Cumulative Cost Recovery Rate Report*. Due to continued low revenues, the third phase of layoffs has been moved up from December 31 to September 30. Despite the layoffs, BDS is committed to continuing a high level of customer service. The Facility Permit Program (FPP) and Field Issuance Remodel (FIR) Program will continue, and outreach efforts will continue in a less expensive way.

City Commissioner Randy Leonard explained that he met with BDS Director Paul Scarlett and BDS Administrative Services Manager Denise Kleim last fall (2008) to discuss declining revenues. BDS wisely had \$13 million in reserves at that time. Paul Scarlett and Denise Kleim recommended that layoffs commence, but Commissioner Leonard asked BDS to come up with a plan to reduce expenses and avoid layoffs. BDS then eliminated 52 positions through attrition, targeted severance, and reassignment.

Commissioner Leonard met with Paul Scarlett in May 2009, at which time the reserve was down to about \$4 million. Every spring and summer in the past, revenues have increased, but this year that increase did not occur. At that time new revenue projections were prepared based on current rather than historical data, and the decision was made to lay off 48 employees August 1, 48 more September 1, and 48 more January 1, 2010. Because revenues have deteriorated even further, the last round of layoffs has been moved up to October 1.

By the time reductions are completed at the end of September, 149 positions will have been cut. BDS Commercial Inspections Manager Hank McDonald has been re-assigned to work full-time on re-designing the bureau to ensure that high-quality services are provided in the most efficient manner possible. Commissioner Leonard stated that he wants the bureau to work as efficiently as it has in the past, in terms of what customers see, and that BDS still needs to do everything possible to facilitate development.

DRAC member Jeff Fish stated that in the 1980s he was able to get 16% FHA loans, but that now he cannot get any loans. Loans will not be released by banks, the housing stock and land inventory are high, and it will take longer for the housing industry to rebound than for other sectors of the economy. Commissioner Leonard replied that US Senator Jeff Merkley has called him six times in the past six months to pass along information on federal government actions related to the availability of loans. Senator Merkley will be assertive in assisting the City and the regional economy in this area.

DRAC member Keith Skille asked whether the bureau's financial model will be changed in order to be more nimble in responding to change. Commissioner Randy Leonard replied that the financial model will be updated, but that the bureau cannot be too focused on current numbers. BDS must look at historical trends as well. Commissioner Randy Leonard stated that he will ask that the bureau's reserve fund be increased to \$25 million.

Commissioner Leonard stated that he should have approved beginning layoffs a year ago, but that he allowed the “human side” to enter into his decision-making.

### **BDS Reorganization**

BDS Inspections Manager Hank McDonald discussed the bureau’s restructuring efforts. The goal is to organize the bureau in order to provide services and meet customers’ needs in the most efficient manner possible with a smaller workforce. McDonald is facilitating a committee of BDS staff that is focusing the conversation on the bureau’s core functions: land use review, plan review, issuing permits, inspections, and complaints/enforcement.

McDonald requested the formation of a DRAC subcommittee to discuss the reorganization and help further refine the bureau’s core functions. DRAC members Rick Michaelson, Bonny McKnight, Jeff Fish, Keith Skille, Renee Loveland, Kathi Futornick, and Steve Heiteen volunteered to serve on the subcommittee, along with guests Michael Sestric (Facilities Coalition) and Karen Karlsson (KLK Consulting, LLC).

McDonald said the he will form a workgroup with the unions representing BDS employees to discuss the same issues.

### **Service Levels and Program Prioritization**

BDS Director Paul Scarlett distributed and reviewed *BDS Program Rankings 8-13-09*, describing the process used to develop the rankings. BDS will need to make choices about continuing some of the programs, and in what fashion. A few key themes have emerged: safety; functions/services required by ordinance or law; efficiency; and capturing revenues.

DRAC member Charlie Grist commented that some BDS functions aren’t development-related, and asked whether they were funded through the City’s General Fund. Commissioner Randy Leonard replied that those functions are covered by “nuisance inspectors”, and that their work does affect development because of its impact on livability and crime. A discussion has begun on adding a Neighborhood Livability Fee to permits in order to help fund “nuisance” functions. DRAC member Grist disagreed, arguing that their work affects the entire city, but that developers would be asked to pay for it. Grist stated that adding a fee to permits will hinder economic recovery.

DRAC Chair Steve Heiteen commented that *BDS Program Rankings 8-13-09* is a baseline, and that it may change over time. DRAC member Bonny McKnight stated that BDS is laying off half of its staff because it is fee-reliant, and that the Bureau of Planning would have laid off half of its staff had Mayor Adams not intervened, because they’re General Fund-reliant. McKnight called for BDS funding to be based on more than one source.

Guest Michael Sestric (Facilities Coalition) noted that Blueprint 2000 proposed 30% General Fund support for BDS in recognition of the community benefit from BDS’s work, but that months later the City Council approved a fee-based budget for BDS.

Commissioner Randy Leonard commented that he has made every effort to divorce BDS from the General Fund. The General Fund is used in areas such as police, fire, parks, and housing. These agencies all fight for General Fund dollars, and no one could effectively fight for General Fund dollars for BDS. Commissioner Leonard noted that while he supports getting more General Fund dollars for BDS, he is concerned about the vulnerability of the general fund monies and how they are allocated each year. This could have bigger impacts on BDS

during economically strained times.

DRAC member Rick Michaelson commented that the City should look at the public benefit of services when allocating General Fund monies, and that land use and nuisance should receive more General Fund support.

DRAC member Carrie Schilling asked how the reorganization will dovetail with the permitting services collocation process. BDS Inspections Manager Hank McDonald responded that the bureau is looking at the option of organizing into specialized staff teams that cross divisions, rather than the current divisional structure.

BDS Director Paul Scarlett noted that in reorganizing, BDS is also planning ahead for when things turn around economically. DRAC member Greg Theisen asked if BDS is responding to the influx of money to public development projects. Director Scarlett replied that the bureau is considering the increased workload from these projects in its planning. Lana Danaher (BES) commented that BES has hired on some BDS staff and taken on the Party Sewer program from BDS, leading to benefits from cross-training.

### **Number of Inspections per Permit**

BDS Inspections Manager Hank McDonald discussed and reviewed *Inspections Cap/Limitations*. The trend for the bureau in the last several months has been an increase in the issuance of "lower-end" permits. BDS is interested in limiting its losses on these permits. McDonald showed a page from a report listing permits where the bureau had lost money, to demonstrate the extent of the problem. BDS wants to establish the number of inspections that will be given for each permit, depending on the permit type and specifics. Customers will have the option to pay for additional inspections. This would be done manually initially, but the bureau is working with IT to integrate this function into the TRACS permitting system.

DRAC member Rick Michaelson responded that this is a good idea, but that the number of allowed inspections should not be too high. DRAC member Jeff Fish asked if this topic could be added to the DRAC subcommittee that will be looking at bureau reorganization. McDonald, DRAC Chair Steve Heiteen, and BDS Director Paul Scarlett agreed that this would be a good addition to the subcommittee.

**Next DRAC Meeting, Thursday September 10<sup>th</sup>, 2009—7:30-9:00 a.m.**

Minutes prepared by Mark Feters