



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Thursday, September 10, 2009

Attendees:

DRAC Members Present:

Goudarz Eghtedari	Jeff Fish	Kathi Futornick
Don Geddes	Steve Heiteen	Renee Loveland
Bonny McKnight	Ed McNamara	Rick Michaelson
Carrie Schilling	Greg Theisen	

City Staff Present:

Paul Scarlett, BDS	Ross Caron, BDS	Rebecca Esau, BDS
Denise Kleim, BDS	Hank McDonald, BDS	Jim Nicks, BDS
Andy Peterson, BDS	Charles Auch, BDS	Mark Feters, BDS
Lana Danaher, BES	Cindy Dietz, Water	Eric Engstrom, BPS
Kurt Krueger, PBOT		

Guests:

Michael Sestric, Facilities Coalition Karen Karlsson, KLK Consulting, LLC

DRAC Members Absent:

John Cisneros	Charlie Grist	Michele Rudd
Keith Skille		

Handouts

- 8.13.09 DRAC Meeting Minutes
- Inter-Bureau Code Change Project List
- BDS Major Workload Parameters (9/10/09)
- BDS Non-Cumulative Cost Recovery Rate Report (9/8/09)
- Changes in Bureau FTE by Unit (8/31/09)
- DRAC Subcommittee on BDS Reorganization Meeting Notes
- Inspections Cap/Limitations Proposal
- "Improvements to Public Works Development Review and Permitting Services" (9/9/09 Memo to City Council from BDS Director Paul Scarlett)
- Systems Development Charges – Survey of Selected Municipalities (9/9/09)
- Regulatory Improvement Package 5: Summary of Key Zoning Code Amendments

Convene Meeting

DRAC Chair Steve Heiteen convened the meeting, and the DRAC adopted the August 13, 2009 meeting minutes. The Chair invited members to review the meeting packet materials, which included the updated *Inter-Bureau Code Change Project List*.

Director's Report

BDS Director Paul Scarlett distributed and reviewed *BDS Major Workload Parameters, Non-Cumulative Cost Recovery Rate Report*, and *Changes in Bureau FTE by Unit*. The bureau has now identified all Phase 3 position reductions, scheduled for September 30, 2009. BDS is already down 100 employees after the first two phases of reductions; in October, BDS will have approximately 150 employees. The bureau is beginning to see service impacts, including the need to set over some inspection requests. The biggest challenge for BDS is to prioritize the bureau's work.

DRAC member Rick Michaelson asked that the bureau publish a new organizational chart and phone directory after all of the reductions have been completed. DRAC member Bonnie McKnight asked if an employee in a position being cut is still on the payroll during the bumping process. BDS Director Paul Scarlett replied that yes, that employee would be on the payroll during the bumping process. BDS has also had good success placing staff in other bureaus.

BDS Administrative Services Manager Denise Kleim reviewed and discussed the *Non-Cumulative Cost Recovery Rate Report*. BDS anticipates drawing bureau reserves down to zero after the beginning of 2010. DRAC member Rick Michaelson asked what would happen if the reserve goes below zero. Ms. Kleim responded that there are mechanisms in place to deal with a negative reserve balance, and that the bureau would be OK as long as the balance is positive by the end of the financial year (6/30/10).

DRAC member Bonnie McKnight stated that she thought the reserves were a mechanism to use when revenues are down, and that BDS revenues usually go down in winter, when we anticipate having zero reserves. What will the bureau do then? Ms. Kleim replied that some revenues still come in during the winter, BDS is saving money by vacating some floors in the 1900 Building, and the bureau anticipates additional lien revenues. BDS is working with the City Auditor on buying some or all of the \$8m in current outstanding liens. Ms. McKnight asked how much revenue the bureau anticipates from liens. Ms. Kleim replied that the bureau is unsure, and is still working on the financial models. Some liens won't be collectable. Director Scarlett added that generally BDS has anticipated 10-20% of all liens being paid each year, which could mean about \$1 million in revenue.

DRAC member Rick Michaelson noted that BDS will be working on its budget soon, and asked if the bureau would be estimating its revenues. BDS Administrative Services Manager Denise Kleim stated that BDS will be estimating its revenues. The bureau uses various econometric models plus its own estimates, and will adjust the models based on current economic realities. DRAC member Bonnie McKnight asked whether \$2 million is the break-even point, with no re-building of reserves. BDS Director Paul Scarlett stated that this is so, and that the bureau won't start re-building reserves until October 2010.

DRAC member Jeff Fish noted that BDS has ceased using space on the 3rd floor of the 1900 Building, and asked if the bureau is on a month-to-month tenancy for its space. BDS Administrative Services Manager Denise Kleim replied that BDS is on a month-to-month tenancy, and stated that the bureau has worked to reduce its overall building maintenance costs on a temporary basis. DRAC member Bonnie McKnight asked who owns the 1900 Building; Ms. Kleim replied that the City of Portland owns the building, while Portland State University owns the land and the parking garage. Ms. McKnight asked if vacating the 3rd floor negatively impacts City revenues, and Ms. Kleim replied that it does impact City revenues.

BDS Director Paul Scarlett stated that BDS is changing its organizational chart based on the staff cuts, and is consolidating some sections. BDS is working closely with the Bureau of Human Resources on the changes, and the employee unions have some concerns.

Report from BDS Restructuring Subcommittee

BDS Inspections Manager Hank McDonald distributed and reviewed *DRAC Subcommittee on BDS Reorganization Meeting Notes*. The subcommittee is recommending that BDS move to 4 divisions by absorbing the Site Services Division into the Plan Review/Permitting Services and Inspections Divisions. The subcommittee discussed the bureau's core functions and the status of its inspections function. Two meetings have been held so far, with a third meeting planned to discuss the bureau's section-level structure.

DRAC member Rick Michaelson added that the subcommittee stressed the bureau's need to look ahead to when staff will be added back. Guest Karen Karlsson stated that the bureau should look at how collocation will impact the structure; this was not talked about in the subcommittee. BDS Plan Review/Permitting Services Manager Andy Peterson responded that BDS is looking at how collocation will impact the bureau and is trying to organize in order to make things work best. Ms. Karlsson asked whether BDS restructuring is impacting collocation. Mr. Peterson replied that the bureau has kept that in mind and looked at how collocation can help make things better by improving staff adjacencies. BDS Inspections Manager Hank McDonald added that while inspections & review function separately, consolidation won't impact BDS operations or the collocation very much.

DRAC member Rick Michaelson asked if it would be worthwhile to consider having BDS be more involved in public works. BDS Director Paul Scarlett replied that the bureau is looking at everything - operations, responsibilities - to see which organization can best perform each function. An example is the Party Sewer program, which was transferred from BDS to the Bureau of Environmental Services (BES).

DRAC member Bonny McKnight noted that the Tree Policy Committee will produce a product in spring 2010, which will entail a new level of oversight for BDS. Will BDS or another agency do this work? Bureau of Planning and Sustainability (BPS) Principal Planner Eric Engstrom noted that the work includes an estimate of what enforcement will cost. BDS Director Paul Scarlett replied that if BDS doesn't have the resources to do the work, the bureau will advocate that it wait or be given to someone else. Ms. McKnight responded that the work should not wait; the tree code is important and needs to be addressed now. Mr. Engstrom stated that it is reasonable to consider a timeline adjustment for fiscal reasons. Ms. McKnight stated that she does not want history to repeat itself; i.e., "We have a good program but we can't afford it."

BDS Director Paul Scarlett stated that the bureau wants to implement some organizational changes by the end of September, and that a proposal will be made to Commissioner Leonard next week. Some changes will be implemented now, some in October, and some later.

Number of Inspections per Permit

BDS Inspections Manager Hank McDonald distributed and reviewed *Inspections Cap/Limitations Proposal*, produced by the DRAC Subcommittee on BDS Reorganization, and asked for approval from the DRAC to move forward with implementation. The bureau will produce a monthly report for the DRAC to review how implementation is going. Mr. McDonald stated that he added a section on plan review to the report, but had not had the opportunity to discuss that section with the subcommittee.

DRAC member Carrie Schilling stated that BDS Plan Review puts a lot of pressure on applicants. Her firm sees lots of 2nd & 3rd checksheets that mention new issues not addressed in the first checksheet; some reviewers increase the depth of review at each checksheet. BDS Inspections Manager Hank McDonald replied that there is an option in the proposal for the applicant to appeal the additional fees.

BDS Inspections Manager Hank McDonald stated that BDS wants to get to issuing one checksheet that encompasses all required corrections. DRAC member Rick Michaelson suggested not charging an additional fee until the 3rd checksheet. DRAC member Carrie Schilling added that often 2nd checksheets have items they disagree with.

BPS Principal Planner Eric Engstrom inquired whether there is a provision to give more guidance on how/what inspections to call for on small jobs where homeowners are involved. BDS Inspections Manager Hank McDonald replied that BDS is working on education, and has produced some handouts that are given to applicants at the time of permit issuance. DRAC member Rick Michaelson stated that inspectors should be more proactive in educating customers.

DRAC guest Karen Karlsson noted that the ideas regarding plan review were picked up from work done for the City of Eugene, and she wondered if staff did a better job of reviewing because the plans were from out-of-town. Ms. Karlsson also stated that she would hate waiting for one consolidated checksheet given staff absences, etc. BDS Plan Review & Permitting Services Manager Andy Peterson replied that the checksheet would be comprehensive rather than consolidated, and that customers shouldn't have to wait for an extended period. BDS Inspections Manager Hank McDonald stated that the ideas are from BDS's own experience, as well as from Eugene; Eugene gave the bureau another perspective.

DRAC guest Karen Karlsson stated that it's good to encourage good plan submission and good reviews, but that the bureau should be flexible and not charge fees right away. DRAC member Rick Michaelson stated that this will change the way customers respond to checksheets. BDS Director Paul Scarlett replied that BDS understands this, and that there will be a transition time. BDS Inspections Manager Hank McDonald added that the bureau is looking for where the line is to apply the fee; he estimated that it will impact only 8-10% of plan submissions.

BDS Director Paul Scarlett stated that these steps are a cost recovery move, and that BDS is doing this in other service areas as well. DRAC member Ed McNamara responded that it would be useful to let developers know that there could be extra charges, so architects can be notified. BDS Inspections Manager Hank McDonald replied that the bureau is looking at automated notification of progress - notifying applicants whenever a process is assigned or completed and sending out notifications regarding policy changes, fee changes, etc. Mr. McNamara stated that accountability should work both ways, and that BDS shouldn't penalize an applicant who has one extra checksheet on one project, but not on all their other projects. Mr. McDonald replied that BDS is looking at a mechanism to pull information on problem permits out of the system so the bureau can proactively work with applicants and contractors.

BPS Principal Planner Eric Engstrom asked how the FIR (Field Issuance Remodel) program fits into the proposal. BDS Inspections Manager Hank McDonald replied that the bureau is considering sending all residential remodeling/alteration permits not issued over-the-counter to FIR. BDS Inspections Manager Jim Nicks added that FIR has grown 20% in last 5-6 months, and currently has 125 registered contractors, which is at capacity relative to staffing. The FIR program is strong, there is still demand, and the bureau has started a short waiting list of contractors wanting to register.

DRAC member Don Geddes asked whether BDS is considering all the inspections that will be needed for a house remodel permit, regardless of permit fees. BDS Inspections Manager Hank McDonald replied that the bureau is considering this, and wants to make sure that the minimum number of inspections required by code is covered, regardless of the fees paid. He added that some customers regularly undervalue projects, which hurts BDS. Mr. Geddes asked if this was true for all types of projects, and Mr. McDonald replied that it affects small to medium projects (\$250,000 and less).

DRAC member Don Geddes stated that some inspectors want to see every single nail before they'll approve an inspection, generating additional inspections. BDS Inspections Manager Hank McDonald replied that the bureau realizes this and wants to give inspection supervisors the ability to make exceptions based on circumstances.

DRAC member Bonnie McKnight stated that BDS should work back through the Neighborhood Associations with information on inspections and permits; many folks don't know they need permits, don't know the process, fees, etc. BDS needs to get the information out to residents. DRAC member Rick Michaelson added that if BDS starts charging for additional checksheets, people will start finding ways to go around it - they'll communicate via phone or e-mail. BDS Inspections Manager Jim Nicks replied that the bureau should continue to focus on outreach & education, but that wealth of information is already on the bureau website, and most questions can be answered there. Ms. McKnight responded that not everyone knows how to access the information or what to look for. BDS Director Paul Scarlett noted that Ross Caron is the bureau's new Public Information Officer (PIO), and that the bureau is planning on a series of information releases on the changes.

Collocation Update

BDS Plan Review/Permitting Services Manager Andy Peterson distributed and reviewed *"Improvements to Public Works Development Review and Permitting Services"* (9/9/09 Memo to City Council from BDS Director Paul Scarlett) and *Systems Development Charges – Survey of Selected Municipalities (9/9/09)*. The City Council hearing date has been moved to Wednesday September 23rd, along with the DRAC report on SDCs.

DRAC member Bonny McKnight asked if the SDCs can be compared with the actual costs of the systems they support. BES Manager Lana Danaher replied that there have been comparisons in the past, but it's often comparing apples to oranges. Kurt Krueger from PBOT noted that PBOT does forward projecting and can show what was built from SDC income; Ms. Danaher said that BES can show that as well. DRAC member Goudarz Eghtedari noted that the appropriate companion to the handouts would be a document showing what the SDCs have been spent on, which is separate from the question of whether SDCs are adequate to cover costs. Ms. Danaher replied that SDCs cover the construction of new capital, not the erosion of existing capital. Mr. Krueger described the PBOT process for identifying how/where to spend SDCs. PBOT never collects enough money for everything that's needed; they found they could have collected more money, but they capped it. Ms. McKnight said that she doesn't see the connection between SDCs and the actual impacts of development on capital.

RICAP 5 - Eric Engstrom

BPS Principal Planner Eric Engstrom distributed and reviewed *Regulatory Improvement Package 5: Summary of Key Zoning Code Amendments*. A public hearing was held by the Planning Commission on August 15th, and it was continued to October 13th. RICAP 5 includes only zoning code amendments, not building code amendments. It is generally meant as an accessory to the primary use.

DRAC member Bonny McKnight asked whether there would be a limit of one wind turbine per property. Mr. Engstrom replied that no such limit has been proposed. DRAC member Greg Thiesen asked if conversions are included. Mr. Engstrom replied that it is under consideration, and could include major remodels. Ms. McKnight asked if ADUs would be included; Mr. Engstrom replied that people at the Planning Commission hearing testified that they want size standards for ADUs changed. DRAC member Jeff Fish asked if there is a direction on ADUs, or if the topic is open; Mr. Engstrom stated that the Planning Commission was asked to remove the 1/3 of primary dwelling limitation. Ms. McKnight noted that there was also a suggestion that SDCs be adjusted for ADUs. Mr. Engstrom replied that this can't be addressed in the zoning code, but it's on the radar. DRAC member Steve Heiteen added that it's important, and that the cost should not prevent meeting additional density goals.

Next DRAC Meeting, Thursday October 8, 2009—7:30-9:00 a.m.

Minutes prepared by Mark Feters, BDS