



City of
PORTLAND, OREGON

Development Review Advisory Committee

**Development Review Advisory Committee
MINUTES
Thursday, February 11, 2010**

Attendees:

DRAC Members Present:

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| Kathi Futornick | Don Geddes | Steve Heiteen |
| Renee Loveland | Bonny McKnight | Ed McNamara |
| Rick Michaelson | Michele Rudd | Carrie Schilling |
| Keith Skille | Greg Theisen | |

City Staff Present:

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| Ross Caron, BDS | Lana Danaher, BES | Cindy Dietz, Water |
| Eric Engstrom, BPS | Rebecca Esau, BDS | Mark Feters, BDS |
| Denise Kleim, BDS | Kurt Krueger, PBOT | Christine Leon, PBOT |
| Hank McDonald, BDS | Jim Nicks, BDS | Andy Peterson, BDS |
| Paul Scarlett, BDS | Riley Whitcomb, Parks | |

DRAC Members Absent:

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| John Cisneros | Goudarz Eghtedari | Jeff Fish |
| Charlie Grist | Simon Tomkinson | |

Handouts

- Inter-Bureau Code Change Project List
- City Council Work Session on BDS
- BDS FY 2010-11 Requested Budget
- BDS 5-Year Financial Plan
- BDS Service Improvement Plan
- Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- Review of Fees and Charges
- Summary of Issues
- Service Level Update Document: Records Requests Fee Schedules and Processes

Convene Meeting

DRAC Chair Steve Heiteen convened the meeting and thanked the DRAC for all their good work and time spent. Meeting minutes from the last few meetings will be distributed to DRAC members via e-mail.

Director's Report

BDS Director Paul Scarlett reviewed the handouts *BDS Major Workload Parameters* and *Non-Cumulative Cost Recovery Rate Report*. Workload numbers remain down and the bureau has still not reached cost recovery. Workload has not dropped as much as the fees, so the bureau has had to cut staff beyond the level needed to keep up with the work.

Feb. 9th City Council Work Session

Director Scarlett reviewed the handout *City Council Work Session on BDS*. No decision was made by Council since it was a work session, rather than a regular Council session. The Council directed BDS to work with OMF to work out a solution for funding the technology initiative.

Not as much time was spent on the bureau's request for General Fund support for an additional 13.5 FTE in FY 2010-11. Several Council members had questions about funding for Neighborhood Inspections and Land Use Services. BDS will follow up with the Commissioners to ensure that the need for the additional support is clearly communicated.

DRAC Chair Steve Heiteen and BDS Labor Management Committee Co-Chair Curt French both appeared at the Work Session and testified on behalf of the bureau's requests. Council heard clearly that the bureau does not want funding for the Tech Initiative to impact funding for positions.

BDS Administrative Services Manager Denise Kleim added that though BDS had to put the request for 13.5 FTE in the FY 2010-11 budget, the bureau needs the funding (and the positions) now, and this was communicated to Council.

BDS Budget Request & 5-Year Financial Plan

Ms. Kleim reviewed the handouts *BDS FY 2010-11 Requested Budget* and *BDS 5-Year Financial Plan*. Decision Package 1 is a housekeeping item to remove from the books the positions that the bureau cut last year. The bureau has also proposed that 30% of LUS and 50% of Neighborhood Inspections' budgets be covered by General Fund monies. This would bring both programs to cost recovery and would rebuild their reserves over time.

Page 31 of the Financial Plan shows that the bureau reduced the rate of increase in fees over the 5 years of the Plan. The bureau believes that in years 3-5 of the Plan, increased efficiencies and the benefits of the new technology system will reduce the need to add as many staff, leading to less need to increase fees.

DRAC Member Bonny McKnight asked when the Technology Initiative will be reflected in the budget. Director Scarlett said that based on Commissioner Leonard's input, the plan is for the bureau to begin repayments in about 5 years. BDS will receive a loan for the cost of the technology, and will begin repayment once the reserves are sufficiently rebuilt. The timeframe for completing repayment is roughly 10 years. All of the parameters of the funding and repayment are still to be negotiated with OMF.

The Financial Plan reflects the addition of positions in future years that will be needed based on projections for economic recovery. The goal of the Plan is that by the end of the Plan the bureau will reach its overall reserve goal of 25-26% of annual expenses. The Plan balances economic projections, increasing internal costs (salary increases, benefits, etc.), workload/staffing needs, and fee increases.

The Financial Plan does not include repayment for the Technology Initiative because none of the details have been worked out. The Plan does reflect that some additional IT staff will be needed with the new system, but fewer other staff will be needed. Over time, that will lead to significant savings. Otherwise, the Plan projects few staff increases in the first couple years, then more in the last few years.

Ms. Kleim reviewed the handout *Summary of Issues*, which gives a broad overview of the bureau's key financial and operational issues and a proposed comprehensive solution.

Last year, OMF recommended (and Council approved) that BDS transfer \$500,000 from LUS to NIT. The bureau is asking that the funds be transferred back to NIT. This is being requested as part of the winter budget bump next Tuesday, February 16th.

Ms. Kleim encouraged DRAC Members to contact BDS staff if they have further questions about the Requested Budget or the Financial Plan.

Proposed BDS Fee Changes & Increases

Ms. Kleim and BDS Restructuring Lead Hank McDonald reviewed the handout *Review of Fees and Charges*. The bureau is doing a detailed review of its current fees to see where adjustments need to be made to approach cost recovery. BDS is also looking closely at services that are provided free of charge, to see where new fees may be appropriate. Mr. McDonald is talking with the State Building Codes Division about the proposal to limit the number of inspections allowed per permit.

BDS Site Services Manager Ross Caron reviewed the handout *Service Level Update Document: Records Requests Fee Schedules and Processes*. The fees proposed are based on the actual costs of providing the information. BDS Plan Review/Permitting Services Manager Andy Peterson noted that the bureau found that responding to records requests takes 1.25 FTE per year, for which BDS currently receives no revenue. DRAC Vice-Chair Carrie Schilling reiterated her idea that customers should pay a fee for each staff person they meet with when they come to the DSC.

Ms. McKnight asked if the bureau would consider an alternative to federal tax returns as proof of low-income status. Director Scarlett said the bureau will look at alternatives.

DRAC Member Ed McNamara stressed the importance of balancing cost recovery with not driving customers away and maintaining a good relationship with the community. Making costs too high presents a barrier that will keep some people from getting permits. DRAC Member Rick Michaelson asked the bureau to factor the cost of collecting and processing the fees; if it costs \$10 to collect a \$15 fee, it may not be worth the hassle.

The bureau intends to implement the records request fee changes by March 1, 2010.

Ms. Kleim asked members if there were other fees they had concerns about. DRAC Member Keith Skille asked if some of the fee changes and increases can be rolled back or slowed down once the economy recovers; it will be easier to sell the increases if they're more temporary in nature. Ms. Kleim said this may be possible. The bureau has historically taken a longer-term approach with fee increases; rather than increasing fees by a larger amount for a year or two and then reducing them, the bureau increases fees gradually over a longer period of time.

Mr. Michaelson suggested giving a discount to customers whose plans are fully prepared, or can be issued over the counter; or conversely, charging more for plans that need to be taken in. DRAC Member Carrie Schilling observed that the readiness of plans is also influenced by inconsistency in plan reviewers issuing checksheets.

Next DRAC Meeting: Thursday, March 11, 2010, 7:30-9:00 a.m.
Minutes prepared by Mark Feters, BDS