



City of
PORTLAND, OREGON

Development Review Advisory Committee

**Development Review Advisory Committee
MINUTES
Thursday, January 14, 2010**

Attendees:

DRAC Members Present:

Jeff Fish	Don Geddes	Steve Heiteen
Renee Loveland	Bonny McKnight	Michele Rudd
Carrie Schilling	Keith Skille	Greg Theisen

City Staff Present:

Charles Auch, BDS	Ross Caron, BDS	Lana Danaher, BES
Cindy Dietz, Water	Eric Engstrom, BPS	Rebecca Esau, BDS
Mark Fetters, BDS	Elshad Hajiyev, BDS	Denise Kleim, BDS
Kurt Krueger, PBOT	Christine Leon, PBOT	Hank McDonald, BDS
Doug Morgan, BDS	Jim Nicks, BDS	Andy Peterson, BDS
Paul Scarlett, BDS	Riley Whitcomb, Parks	

DRAC Members Absent:

John Cisneros	Goudarz Eghtedari	Kathi Futornick
Charlie Grist	Ed McNamara	Rick Michaelson
Simon Tomkinson		

Handouts

- DRAC Meeting Minutes 11.12.09
- Inter-Bureau Code Change Project List
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Report/Scenario 4B
- Estimated Programmatic Revenue Growth Assumptions
- Proposed Site Development Fee Schedule
- BDS FY 2010-11 Budget Process
- Bureau of Environmental Services FY 2011 Budget Forecast

Convene Meeting

DRAC Chair Steve Heiteen convened the meeting, and the DRAC adopted the November 12, 2009 meeting minutes with minor changes. The Chair invited members to review the meeting packet materials, which included the updated *Inter-Bureau Code Change Project List*.

Mr. Heiteen noted that he and DRAC Vice Chair Carrie Schilling had discussed having Mr. Heiteen remain as DRAC Chair through 2010. A motion was made to that effect and approved unanimously.

Director's Report

BDS Director Paul Scarlett reviewed the handouts *BDS Major Workload Parameters* and *Non-Cumulative Cost Recovery Rate Report/Scenario 4B*. BDS is working closely with Commissioner Leonard to look at financial options and should know more over the next month

Research on the Technology Initiative continues. BDS is looking at TRACS and Accela as possible options for web-based permitting systems. Improving technological capabilities would help BDS keep pace with industry, improve internal processes, and improve access for customers. City Council is holding an informal work session on February 9th to discuss the Technology Initiative and BDS financial issues.

The bureau continues to look at cost recovery, particularly for services that have been provided for free in the past. BDS is also working on moving the Stormwater Management Program to BES and will introduce a new fee for site development reviews on commercial projects.

Stormwater Program Transfer

BES Systems Development Manager Lana Danaher gave further details regarding the proposed transfer of the Stormwater Management Program from BDS to BES. Currently review groups from BDS and BES look at stormwater facilities; transferring the program to BES will simplify the review process. The BES staff that will do stormwater facility review and inspections is now collocated adjacent to the BDS Site Development section, which will allow for better coordination. Fees won't increase for at least a year, and there will be no changes to the program for a while. Two positions (vacant) will transfer from BDS to BES.

The program transfer should be seamless for customers. Plan review timelines should improve because only one group will be doing plan review, and inspectors should be more in-tune with what's been reviewed. BDS Site Services Manager Ross Caron added that the transfer will allow BDS Site Development to focus more on its core functions. The proposed transfer is scheduled to go before City Council on February 17th, and will go into effect April 1st.

Site Development Fee Increase

Mr. Caron distributed and reviewed the handout *Proposed Site Development Fee Schedule*. The fee increase will allow the program to operate at cost recovery and align revenues with workload. The increase covers only commercial permits because a fee for residential Site Development reviews already exists. Information is available on Portland Maps that should help identify projects that will merit a Site Development review. The proposed increase will go before City Council on February 17th, and would go into effect on April 1, 2010.

BDS Budget Update

BDS's Requested Budget is due on February 1st. The bureau's Budget Advisory Committee (BAC) has been meeting and will be making recommendations to Director Scarlett and the BDS senior management team. BDS Administrative Services Manager Denise Kleim reviewed the handout *Estimated Programmatic Revenue Growth Assumptions*. The bureau is now using Portland metro area projections rather than state projections. The numbers are based on current data, but are preliminary and not yet published. The key point is that there will be very little growth in the next couple years.

The bureau is still working on its budget recommendations. The budget will have a large cut package to reflect last year's layoffs (removing the vacant positions from the books). BDS is also working on an add package to bring the bureau's staffing level closer to matching current and projected workloads. This request will also be taken to Council on February 9th to request additional funding to add staff.

The bureau is also working on its 5-Year Financial Plan, projecting fee increases, workload, and staffing needs. Though the financial model isn't finished yet, the bureau is generally looking at 5% fee increases for all fees for each of the next 5 years.

DRAC members expressed concerns regarding potential fee increases. Director Scarlett responded that these increases are similar to what BDS has done annually in the past to keep up with inflation and approach cost recovery. In the Financial Plan, fee increases are projected over long periods of time; rather than increasing fees by a large amount for a year or two, the increases are more moderate and are spread over a number of years.

Because of the short timeframe, Director Scarlett proposed an additional DRAC meeting on Thursday January 28th to discuss the BDS budget, financial situation, and fee increases further. DRAC members agreed to meet again on January 28th from 7:30 – 9:00 a.m.

Infrastructure Bureau Budget Updates

Bureau of Environmental Services (BES)

BES Financial Business Services Manager Jim Hagerman distributed and reviewed the handout *BES FY 2011 Budget Forecast*. BES is still working on its line-item budget. DRAC members asked several questions, including:

Q: Where do the 419 acres of "high priority natural areas in the Grey to Green Initiative come from?

A: BES doesn't know for sure; this is a goal shared with other agencies.

Q: We've heard that the federal government has ordered the reservoirs to be covered. What impact will this have on water/sewer bills?

A: BES is focused on meeting the timeline that's been given to the City; it is unclear what the impact will be.

Q: Are the Party Sewer Conversions just random ones that were missed?

A: No, they just avoided conversion. Some are in 1s & 2s, some in groups.

Q: What kinds of conversations is BES having about developers alleviating the burden on the system through stormwater mitigation and how that relates to fee increases?

A: Mitigation keeps the increases from being higher than they are.

Q: Are revenue projections (like BDS's) available from BES?

A: Not yet, but they will be brought to DRAC as soon as they're available.

Q: Will there be any increases in permit fees?

A: No significant increases are anticipated (if any at all).

Q: Is progress being made toward understanding the whole development review budget, as opposed to individual bureau budgets where impacts aren't considered?

A: It's better than it was, especially now that the collocation has taken place.

Water Bureau

Water Bureau will present its budget update at the special DRAC meeting on January 28th.

Bureau of Transportation (PBOT)

PBOT Budget/Finance Manager Ken Kinoshita gave a brief update on the PBOT budget process. Fee projections are not yet available for next year. They are assuming 0-1% inflation, but still have to cover increasing labor costs - contracts, COLA (approximately 3%), step increases, additional health costs, etc. The City is currently in negotiations with the labor unions regarding these items.

PBOT's discretionary funds are the gas tax and parking revenues. The gas tax has seen a 60% decline in the last few years, but is finally starting to flatten out and stabilize, so PBOT anticipates no further cuts of positions funded by the gas tax. The state legislature approved a phased-in increase in the gas tax, from which PBOT anticipates \$14 million in additional revenue. PBOT wants to spend all that money on deferred maintenance and safety-related projects, not for restoring cut services.

PBOT has no add packages to restore staff, and anticipates revenues similar to the current fiscal year. PBOT and BES are picking up extra rent costs for collocated staff in FY 2010-11 (rent costs are higher in the 1900 Building), but they won't do that in FY 2011-12, so rates will go up to cover those costs. BDS Admin Services Manager Denise Kleim added that rents should go down in several years when the bonds for the 1900 Building will be paid off. BDS approached Council a while back about equalizing rents between the three major City buildings, but they didn't approve it because of the impact on the General Fund bureaus.

Other Business

DRAC Member Jeff Fish said that he met with Commissioner Nick Fish in December regarding the Parks SDC fee increase, and talked with his staff a couple days ago.

Next DRAC Meeting: Thursday, January 28, 2010, 7:30-9:00 a.m.

Minutes prepared by Mark Feters, BDS