



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Thursday, April 8, 2010

Attendees:

DRAC Members Present:

Jeff Fish	Don Geddes	Steve Heiteen
Bonny McKnight	Ed McNamara	Keith Skille

City Staff Present:

Ross Caron, BDS	Mark Feters, BDS	Elshad Hajiyev, BDS
Rebecca Esau, BDS	Darren Kipper, Water	Denise Kleim, BDS
Christine Leon, PBOT	Hank McDonald, BDS	Jim Nicks, BDS
Andy Peterson, BDS	Paul Scarlett, BDS	Kimberly Tallant, BDS

DRAC Members Absent:

John Cisneros	Goudarz Eghtedari	Charlie Grist
Renee Loveland	Rick Michaelson	Michele Rudd
Carrie Schilling	Greg Theisen	Simon Tomkinson

Handouts

- DRAC Meeting Minutes 01.14.10, 01.28.10, & 03.11.10
- Inter-Bureau Code Change Project List
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Rate Report
- 3/22/10 BDS Memo to Portland Planning Commission & Portland Urban Forestry Commission Regarding Citywide Tree Project February 2010 Proposed Draft
- BDS Projected 2010 Fee Increases
- Proposed Building and Other Permits Fee Schedule
- Program Cost Recovery and Reserves
- State Surcharge Paid History
- 4/8/10 Private Street Administrative Rule Memo

Convene Meeting

DRAC Chair Steve Heiteen convened the meeting. A quorum was not present, so the January and March meeting minutes could not be approved. The Chair invited members to review the meeting packet materials, which included the updated *Inter-Bureau Code Change Project List*.

Mr. Heiteen noted that DRAC Member Kathi Futornick has completed her second term of service and is moving off DRAC. He recognized her many years of service on behalf of the DRAC and BDS.

Director's Report

BDS Financial Update

BDS Director Paul Scarlett updated the DRAC on the bureau's financial status. BDS continues to struggle with revenues, but remains committed to providing excellent service. Director Scarlett reviewed the handouts:

- *Non-Cumulative Cost Recovery Rate Report*
- *Program Cost Recovery and Reserves*
- *BDS Major Workload Parameters*

BDS has received a \$1.5 million loan from the City, which is helping with cash flow issues. Given the struggle to meet workload, further staff cuts would be detrimental. Enforcement workload has not dropped as much as some other areas, so the bureau is prioritizing complaints and responding only to more serious issues. BDS is having ongoing discussions with stakeholders about enforcement issues.

March 31st Budget Presentation to Council

BDS gave its formal budget presentation to Council on March 31, 2010. BDS made several budget requests for additional General Fund support to allow for staff to be added back and to provide adequate support for enforcement functions. The Office of Management and Finance (OMF) recommended against all those requests, which was surprising, especially since the bureau provided documentation of the impacts of the staff cuts and the benefits that would come from adding staff. OMF will also be arranging for a third-party review of the bureau's 5-Year Financial Plan.

DRAC Chair Steve Heiteen testified at the Council meeting in support of BDS's budget request. The Mayor will review requests from all the bureaus and issue his Proposed Budget at the end of April.

Proposed Fee Increases

Several factors have been causing additional financial pressures for BDS. The bureau's revenue forecasts have been about \$100,000 low per month, because the expected start to recovery has not occurred in the Portland area and project valuations are down. The bureau is re-working its 18-month financial projections. The \$1.5 million loan must be paid back by June 30, 2011.

As a result, BDS is proposing to raise the amount of its fee increases from 5% to 8% in order to approach cost recovery and meet reserve goals. BDS Administrative Services Manager Denise Kleim reviewed the handouts *BDS 2010 Fee Increases* and *Proposed Building and Other Permits Fee Schedule*. She highlighted that BDS is raising the minimum permit fee to

\$70. The actual cost to the bureau for issuing a simple permit and making one inspection is about \$90. Over the next few years, the bureau will incrementally increase the minimum fee up to actual cost. The increase to the minimum fee is the primary driver to the overall 8% increase in building permit fees. BDS is also proposing to limit the number of inspections per permit (based on valuation) and to charge a re-inspection fee for each inspection beyond that number.

DRAC Member Jeff Fish observed that the increase may impact the lower-end residential market more than other sectors. BDS Plan Review/Permitting Services Manager Andy Peterson added that commercial is impacted as well; investors are finding it less risky to buy existing vacant space than to build.

Discussion

DRAC members discussed the bureau's economic position – valuations are down 67% from 2 years ago; only about 50% of staff has been cut; and workload has not dropped as much as revenues. More General Fund support looks doubtful, and BDS wants to avoid further staff cuts.

Also, members observed that the Parks SDC fee increase is hurting BDS because it's hindering work from being done. Members asked if outsourcing would be a possibility for BDS; this would be problematic because of City rules and labor agreements, and because BDS still has staff on layoff recall lists. BDS is in conversation with the unions about being able to bring back staff for brief periods as needed when work picks up.

Jeff Fish has had conversations with Commissioner Fish about delaying or reducing the Parks SDC increase, but it has been rejected by the Commissioner and the Mayor. The Parks SDC is used to build new parks, rather than for maintenance of existing resources, and it is unclear to DRAC members why other City bureaus have not been in favor of delaying the increase.

Private Street Administrative Rule

BDS Land Division/Environmental Section Manager Kimberly Tallant distributed and reviewed the handout *4/8/10 Private Street Administrative Rule Memo*. The draft rule is available on the BDS website (<http://www.portlandonline.com/bds/index.cfm?a=295303&c=44740>) and the bureau is accepting written comments on the changes until May 18th, when a public hearing is scheduled for 7:30-9:30 a.m. on the 7th floor of the 1900 Building. The bureau's goal is to adopt an interim rule prior to July 1st, then adopt the final version later this year or in 2011.

DRAC Chair Steve Heiteen asked that Ms. Tallant or Eric Engstrom (BPS) be present at the May 13th DRAC meeting to discuss the revisions further with DRAC members.

Citywide Tree Project Regulatory Improvement Discussion

DRAC Chair Steve Heiteen introduced a discussion on the Tree Project and highlighted the handout *3/22/10 BDS Memo to Portland Planning Commission & Portland Urban Forestry Commission Regarding Citywide Tree Project February 2010 Proposed Draft*. BDS Land Use Services Manager Rebecca Esau discussed the highlights of the memo and mentioned that the next public hearing on the Tree Project will be Tuesday, April 13th at 6:00 p.m. in Room 2500A of the 1900 Building (more information is available at <http://www.portlandonline.com/bps/index.cfm?c=46921>).

BDS is in support of increasing the tree canopy, but feels that there needs to be a simpler, more readily understandable way to reach that goal than what's been proposed. BDS does not anticipate that any General Fund money will be available to support BDS's role in implementation of the Tree Project as proposed, and it is unclear how the Project would be funded. To Ms. Esau's knowledge, there have been no estimates of what the proposed regulations would cost to applicants.

Ms. Esau noted that at the public hearing on March 23rd much support was expressed for the preservation of "large" trees, and she asked for ideas from DRAC members for incentives for developers to preserve larger trees. Mr. Heiteen said balance is important; some older trees may be near the end of their lives and not worth preserving. There needs to be flexibility for developers, particularly on small lots. Ms. McKnight argued that the rules need to account for the value of trees that can't be measured directly. She said that the overall tree canopy is decreasing, but it's concentrated in areas that are under active development. Mr. Fish observed that the zoning regulations encourage greater density in Portland, which leads to more trees being removed. Also, stormwater and other requirements lead to new trees being planted.

DRAC members generally expressed concerns regarding the costs, complexity, and impacts of the proposal for customers, BDS, and other bureaus. It was also observed that the added costs will have an impact on development, which would impact City bureaus and density requirements. Mr. Heiteen encouraged DRAC members to attend the April 13th hearing and make their concerns and opinions known.

Next DRAC Meeting: Thursday, May 13, 2010, 7:30-9:00 a.m.

Minutes prepared by Mark Feters, BDS