



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Thursday, August 12, 2010

Attendees:

DRAC Members Present:

Jeff Fish	Don Geddes	Steve Heiteen
Ed McNamara	Rick Michaelson	Michele Rudd
Carrie Schilling	Keith Skille	Simon Tomkinson

City Staff Present:

Lana Danaher, BES	Cindy Dietz, Water	Rebecca Esau, BDS
Elshad Hajiyev, BDS	Kurt Krueger, PBOT	Mike Liefeld, BDS
Hank McDonald, BDS	Jim Nicks, BDS	Paul Scarlett, BDS
Riley Whitcomb, Parks		

Guests Present:

Andrew Coles	John Hasenberg	Karen Karlsson
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DRAC Members Absent:

Goudarz Eghtedari	Renee Loveland	Bonny McKnight
Greg Theisen		

Handouts

- DRAC Meeting Minutes 06.10.10
- Inter-Bureau Code Change Project List
- Title 18 Memo to Council 08.18.10
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Rate Report
- Memorandum: Proposed Changes to DRAC Positions
- DRAC 2010-11 Work Plan

Convene Meeting

DRAC Chair Steve Heiteen convened the meeting. The DRAC approved the minutes from the June 10, 2010 DRAC meeting.

Director's Report

BDS Director Paul Scarlett gave an update on the bureau's status and service level changes. BDS remains committed to being an active partner in development, but has had to make significant adjustments in service provisions due to the staff reductions. The bureau is closely monitoring the service changes in the DSC.

Recently Council directed that BDS's financial projections be reviewed by a third party. That review was done, and the general conclusion was that BDS's projections were about as accurate as everyone else's projections. Based on the third-party review, Council has directed BDS to form a financial advisory committee to give input on the bureau's long-range financial projections and financial planning processes.

DRAC member Rick Michaelson suggested that a cut-off time for permit applications in the DSC would be helpful for customers, so they know how late they can arrive and still submit an application. DRAC member Simon Tomkinson noted that since reviews are now being done by more senior review staff (due to staff cuts), the reviews are much more detailed and are taking 2 to 3 times as long to complete. Reducing the level of detail and scrutiny would help with the bureau's productivity levels and would help development. A recent example is a grease trap in a restaurant that took 3 days to resolve; in the past it would have taken 15 minutes. The additional time cost the client \$1,200.

DRAC member Jeff Fish added that the wait time for submitting new house projects is becoming a hindrance to development. Director Scarlett said the wait was impacted by a rush of applications in late June, before the July 1st fee increases. DRAC member Carrie Schilling asked if further research has been done in the area of self-certification. BDS manager Hank McDonald said some research has been done, but further research and discussions need to take place. Ms. Schilling said that Seattle and Chicago have self-certification in place; they still collect the fees, but don't have the workload impact. Mr. Tomkinson agreed that self-certification can work well in areas where the issues are clear-cut.

Title 18 Changes

Mike Liefeld reviewed the handout *Title 18 Memo to Council 08.18.10*, which summarizes proposed changes to Title 18 (Noise Control). The ordinance is scheduled to go before Council on September 1st, and includes maintenance items to ensure consistency between the Noise Review Board and other BDS boards. Mr. Tomkinson asked if the changes will have an impact on costs or revenues. Director Scarlett said the change allowing the bureau to serve noise citations by mail, rather than in-person, will save staff time and costs.

Financial Update

Elshad Hajiyev reviewed the handout *BDS Major Workload Parameters*. While revenues and workload are still declining from the previous year, the rate of the decline has slowed, and the bureau is hopeful that the rate of decline will continue to slow over the next few months. Mr. Michaelson suggested that the *BDS Major Workload Parameters* handout include some kind of pre-recession average to provide a baseline for comparison. Mr. Tomkinson asked that staffing numbers also be included in the handout. Mr. Hajiyev said he is viewing FY 2009-10 as a new base to which future years can be compared. Guest John Hasenberg asked if a

plan is in place to increase staffing when things pick back up again. Director Scarlett described the City's recall process for laid-off staff. Also, BDS received approval to hold 6 vacant positions in order to re-staff quickly if things pick up at all this year. Mr. Heiteen mentioned that BDS also asked for additional money in the budget in order to rehire staff, but was denied. Mr. Tomkinson mentioned that self-certification would also help in this area. DRAC member Keith Skille mentioned tenant improvement (TI) projects as a good fit for self-certification. Mr. McDonald said that work needs to be done to develop self-certification parameters, and suggested that a DRAC subcommittee be formed to work on it. Ms. Schilling suggested that self-certification be based on the type of project, rather than on the applicant.

Mr. Hajiyev then reviewed the handout *Non-Cumulative Cost Recovery Report*. The bureau's plan was to draw down the reserve to \$200,000 at the end of the fiscal year; the actual reserve at the end of June was \$500,000. This is still quite low given the bureau's overall budget. The \$500,000 does not include the \$1.5 million loan BDS received.

BDS does not expect any significant revenue growth over FY 2010-11. Assuming current staffing levels, the bureau anticipates adding another \$500,000 to the reserves and paying off the \$1.5 million loan on time. The bureau's expenditures vary from month to month, but average \$2.1 - \$2.2 million. DRAC member Ed McNamara asked if permit fees are booked as they're received; for a lot of permits, part of the fees are paid up front, and the rest later. Mr. Hajiyev responded that BDS books fees as they're received. Mr. Tomkinson asked why the bureau doesn't charge a "holding fee" on permits that are approved to issue, but the applicant lets the permit sit and leaves the fees unpaid. Mr. Hajiyev clarified that initial fees paid (65%) cover plan review services, and the remaining fees paid at issuance cover inspections. By code, BDS has the right to cancel permits that sit for 6 months or more, but isn't doing this consistently. Guest Karen Karlsson asked how closely the plan review fees are based on actual costs. Mr. Hajiyev replied that projects valued at \$150,000-\$200,000 and up meet costs; projects valued lower do not meet costs.

Mr. Heiteen then asked for a DRAC member to volunteer to serve on the bureau's new financial advisory committee; Mr. Michaelson volunteered.

Proposed Changes to DRAC Positions

Director Scarlett reviewed the handout *Memorandum: Proposed Changes to DRAC Positions* and explained the reasoning behind the proposed changes. Mr. Michaelson said that the focus of the change was on adding people who are in the DSC (permit center) on a regular basis, broadening overall representation on the DRAC, and adding someone with a background in public works projects. Mr. Heiteen encouraged DRAC members to look over the proposed changes and be prepared to discuss further at the next DRAC meeting in September. DRAC member Michelle Rudd suggested that Large Business representation continue to be included. Ms. Karlsson said that it may be difficult to recruit a participant from one of the other BDS review bodies.

Director Scarlett mentioned that 3 existing DRAC positions are currently open and the bureau is reviewing applications from interested parties.

At the request of DRAC members, Mr. Feters said that he would send the handout (Proposed Membership Changes) to DRAC members electronically.

DRAC Work Plan Discussion

Mr. Heiteen directed DRAC members to the handout *DRAC 2009-10 Work Plan*, and initiated a discussion on further additions or changes to the plan. DRAC members decided to add self-certification to the plan, and Mr. Tomkinson and Ms. Schilling agreed to work on a subcommittee with Mr. McDonald. In response to a question from BDS manager Rebecca Esau, DRAC members indicated that self-certification should be restricted to building plan review and not include design review.

Mr. McDonald said that Inspections & Plan Review Limitations has been resolved and can be removed from the plan; DRAC members agreed.

Other Business

Mr. Heiteen asked DRAC members for feedback on whether they are seeing any change in the development industry. Mr. Michaelson said that people are interested in buying buildings again. Money is still difficult to obtain from the banks; most projects are privately financed. Mr. Fish noted that for new homes, the \$400,000 price bracket is stronger than the \$200,000 bracket in the infill market. Mr. McNamara mentioned that the rental vacancy rate is decreasing.

Mr. Heiteen said he is seeing more activity in residential remodeling; there is some loosening of pent-up demand. He thinks that 2011 will be better, but financing continues to be an issue. PBOT manager Kurt Krueger said that some projects that have been sitting for a while are now becoming active again - Jantzen Beach, a couple of Safeways, a Fred Meyer - but mostly of these are privately financed.

Director Scarlett recommended adding this kind of roundtable update to the regular DRAC agenda.

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