



City of
PORTLAND, OREGON

Development Review Advisory Committee

**Development Review Advisory Committee
MINUTES
Tuesday, November 16, 2010**

DRAC Members Present:

Jeff Fish	Don Geddes	Steve Heiteen
Renee Loveland	Rick Michaelson	Michele Rudd
Keith Skille		

City Staff Present:

Ross Caron, BDS	Cindy Dietz, Water	Rebecca Esau, BDS
Mark Feters, BDS	Cathy Henson, BHR	Denise Kleim, BDS
Christine Leon, PBOT	Andy Peterson, BDS	Paul Scarlett, BDS
Riley Whitcomb, Parks	Sandra Wood, BPS	

Guests Present:

John Hasenberg	Karen Karlson
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DRAC Members Absent:

Bonny McKnight	Ed McNamara	Carrie Schilling
Greg Theisen	Simon Tomkinson	

Handouts

- DRAC Meeting Minutes 09.09.10
- DRAC Meeting Minutes 10.14.10
- Inter-Bureau Code Change Project List
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- BDS BAC Meeting Notes 10/28/10

Convene Meeting

DRAC Chair Steve Heiteen convened the meeting. Minutes from the September and October DRAC meetings could not be approved because a quorum was not present.

Director's Report

Financial Update

BDS Director Paul Scarlett reviewed the handouts *BDS Major Workload Parameters* and *Non-Cumulative Cost Recovery Report* and discussed current trends regarding BDS's workload and income. He noted that some indicators have moved back into positive numbers and that cost recovery remains above 100% for the current fiscal year. There has been fluctuation in the workload and revenue numbers from week to week.

DRAC Position Changes Ordinance

Director Scarlett noted that City Council approved the changes in DRAC membership categories that had been proposed by the DRAC. BDS is moving to fill the currently vacant positions. DRAC Member Keith Skille asked about the process for filling vacant positions. Likely candidates can be identified in a variety of ways; after reviewing candidates, Director Scarlett recommends individuals to Commissioner Leonard, who then takes the names to City Council for approval.

IT Project Update

City Council also approved the bureau's proposed IT project to replace the current permitting system (TRACS). BDS Program Manager Hank McDonald will continue to lead the project and has formed a project team. Most of the City Commissioners were very supportive of the project and felt that it is timely. Mr. McDonald has three meetings scheduled in the next few weeks with BDS staff, other City staff, and Accela representatives, and plans to report back to City Council in January 2011 with a statement of work for the contract. Christine Leon (PBOT) asked that the project team also meet with the interagency bureaus before going back to City Council.

DRAC Member Don Geddes asked if safeguards are in place to prevent the project coming in over budget (as has happened with other City IT projects). Director Scarlett noted that there are contingencies built into the cost of the system, as well as the ability to adjust the scope of the project should that become necessary to keep the cost down.

BDS Budget Update

BDS Administrative Services Manager Denise Kleim provided an update on the bureau's budget planning process. The Citywide Budget Kick-off meeting is scheduled for tomorrow (Nov. 17th). BDS has been told that it will be exempt from cuts that will be required from most bureaus. The BDS Budget Advisory Committee (BAC) has held one meeting, and bureau managers will be meeting with their staff in the next few weeks to get their input. By the next DRAC meeting, there should be more information to present to DRAC regarding financial projections and proposed budget decisions.

Service Level Updates

BDS Plan Review / Permitting Services Manager Andy Peterson noted that the part-time engineer who was recently called back has resigned. The bureau will evaluate whether to try to fill the position from outside or leave it vacant. All of the other engineers that were laid off last year have found other employment. DRAC Member Jeff Fish asked if contracting the work would be possible. Mr. Peterson said that BDS has contracted plan review work before,

but it was challenging to make the process work well. The bureau has had better success in recalling employees on a temporary basis.

In Life/Safety plan review, some of the backlog has been taken care of. There continue to be more customers in the DSC, though the number of customers fluctuates daily. Pre-issuance is now down to one working day (from a high of 12 working days), greatly speeding up permit issuance. Additions/alterations and trade permits have been consistent, with little variation from week to week.

Meeting Minutes

At this point in the meeting a quorum was present, and the September and October DRAC meeting minutes were approved unanimously.

Development Industry Update

Mr. Heiteen asked for comment/observations from DRAC members and guests regarding the state of the development industry and BDS. Comments included:

- There has been an increase in work, but it tends to be in public sector projects rather than private sector, because funding in the private sector is still tight. There has been more "tire-kicking"; people are looking at projects, but not taking the plunge.
- It will take a significant increase in the volume of work to persuade firms to add staff.
- The biggest hurdle to construction currently is the banks. It will be a couple years before things improve.
- SDCs remain problematic, particularly on infill projects; one recent multi-family project was canceled because the SDCs amounted to 20% of the project cost.
- Material costs are going up, which is not encouraging (copper, metals, concrete, etc.). Labor costs are stationary. Subcontractors who were bidding very low last year are now out of business.
- It will be a couple more years before real recovery happens; people who bought property at its peak a few years ago with 5-year balloon loans will have trouble in the next couple years because of the loss in property values. Banks will continue to see more value in buying properties at fire sale prices rather than loaning to developers and builders to make something new.
- Some firms are seeing better success in areas outside of Portland.
- The retrofit market will grow, along with energy efficiency/solar/renewable projects. The office market will stay slow for a few years, and residential won't come back until 2013.
- Portland Public Schools is proposing a \$500 million-plus bond that would fund renovation of several schools; if approved, a significant volume of work will be generated.
- The FIR program continues to work well for remodelers and the bureau. It costs a little more, but the value returned makes it worth the extra cost. In FIR it feels more like the City is a partner.

- The next light rail project will move forward in 2011 and will generate significant work for firms and for the City (permitting/review work). There is concern that at current staffing levels, the City may not be able to handle the volume of work in a reasonable timeframe.
- PBOT's utility permits are down from previous years, as are SDC revenues, which will impact future construction projects.
- There have been about 35 total Public Works projects go through the new process. They are still working on possibly revising the fee structure. Some changes will be made to the Inquiry process, but otherwise the process seems to be working well. A new Limited Public Works permit type has been created.

Next DRAC Meeting: Tuesday, December 21, 2010, 10:00-11:30 a.m.

Minutes prepared by Mark Feters, BDS