



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Tuesday, January 18, 2011

DRAC Members Present:

Steve Heiteen	Renee Loveland	Ed McNamara
Rick Michaelson	Michele Rudd	Carrie Strickland
Greg Theisen		

City Staff Present:

Ross Caron, BDS	Lana Danaher, BES	Rebecca Esau, BDS
Mark Fetters, BDS	Elshad Hajiyev, BDS	Douglas Hardy, BDS
Roberta Jortner, BPS	Denise Kleim, BDS	Mike Liefeld, BDS
Jim Nicks, BDS	Andy Peterson, BDS	Sara Petrocine, Comm. Leonard's Ofc.
Paul Scarlett, BDS	Kim Tallant, BDS	Morgan Tracy, BPS
Riley Whitcomb, Parks	Joe Zender, BPS	

Guests Present:

John Hasenberg, JHA
Karen Karlson, KLK Consulting
Susan Steward, BOMA

DRAC Members Absent:

Jeff Fish	Don Geddes	Bonny McKnight
Keith Skille	Simon Tomkinson	

Handouts

- DRAC Meeting Minutes 11.16.10 and 12.21.10
- Inter-Bureau Code Change Project List
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- Preliminary Summary of Service Priorities
- BDS Budget Ideas
- BDS BAC Meeting Notes 12/16/10
- 18-month Financial Performance
- Draft Budget Decision Packages
- Draft General Fund Decision Packages
- Draft 2011 Financial Plan
- DRAC Work Plan

Convene Meeting

DRAC Chair Steve Heiteen convened the meeting. The November and December 2010 meeting minutes were approved.

Director's Report

BDS Director Paul Scarlett discussed permit valuations and the bureau's workload. The valuation of permits issued from July 1 through December 31, 2010 decreased by 11% (approximately \$44 million) from the same period in 2009, while the valuation of permit applications received is down by 19% (approximately \$72 million). The number of issued permits were down 1% and the number of submitted permit applications down 2%. Land Use Final Plat applications were up 52%, pointing to early signs of stabilization in real estate activity.

BDS's financial situation stabilized in 2010 and the bureau's preliminary financial plan shows slow, steady growth taking place over the next several years. As of December 31, 2010, the bureau-wide cost recovery rate was 99%.

BDS Budget & Financial Update

BDS Administrative Services Manager Denise Kleim briefly reviewed several of the handouts and encouraged DRAC members to go through them more thoroughly on their own.

Ms. Kleim reviewed the handout *Draft 2011 Financial Plan*, which presents base and "worst case" scenarios. The economists who reviewed the plan agreed that the base plan is very conservative, and that the worst case scenario is highly unlikely. BDS would not fill the projected additional positions until the bureau has confidence in sustained revenue flow.

Guest John Hasenberg asked how BDS would address the time lag between economic recovery and the bureau's ability to rehire staff. Director Scarlett said that laid-off staff can be quickly rehired, and that the bureau closely and frequently monitors revenues to identify and respond quickly to trends.

Ms. Kleim pointed out that the fee increases in table 3 of the handout contribute to the cost recovery and staff additions reflected in the plan. Director Scarlett noted that the bureau is cognizant of concerns about the proposed fee increases. With the fee increases, BDS will be able to add potentially 20 staff back; without the increases, the bureau will not be able to add staff and service levels will remain low. The fee increases also reflect increasing internal costs related to staff. Guest Susan Steward said that BOMA supported BDS's fee increases last year, with the understanding that fees wouldn't continue increasing yearly. Director Scarlett said that the plan had been for lower fee increases, but expected economic recovery hasn't occurred, necessitating the further increases. Fee increases are determined annually, so the increases projected for future years may change if the cost recovery picture improves.

DRAC Member Ed McNamara asked what the fee increases would be if the repayment of the IT loan was taken out of the picture or pushed out to further years. Director Scarlett said the fee increases would be different, but the bureau hasn't calculated the specific impact of the loan on the fee increases. Mr. McNamara said he is concerned that rebuilding reserves and repaying a \$5 million loan in the next 5 years will require higher fee increases at a bad time for the development industry. Director Scarlett added that the fee increases allow the addition of staff that is needed in order to keep up with the work.

DRAC Member Carrie Schilling expressed support for going to Council for further financial assistance, because the industry cannot afford the higher fees. DRAC Member Greg Theisen said that he's seeing increases in fees throughout the City, and has difficulty supporting any more. DRAC Member Rick Michaelson said that perhaps the increases reflect that the bureau's reserves weren't high enough before the recession. Mr. Heiteen again urged BDS to work on containing expenses, particularly increases in salaries, insurance, and benefits for employees. Ms. Kleim added that BDS won't really focus on rebuilding reserves for the next couple years.

Mr. McNamara suggested that the fee increase table show the actual dollar amounts of the increases, rather than just percentages, since the actual dollar amounts of many of the increases will be relatively low. He said the SDC fee increases present a more significant problem for his work. Director Scarlett said that the bureau can make that information available.

Mr. Theisen expressed concern over the cumulative effect of fee increases not only at BDS, but throughout the City. He also expressed concern about the impact on BDS (particularly Land Use) from codes enacted by other bureaus that rely on BDS for enforcement. Mr. Michaelson encouraged BDS to look at reducing regulations and finding efficiencies in order to lessen potential future fee increases. Mr. Heiteen asked that this be added to the DRAC Work Plan.

Director Scarlett said that BDS is looking for the DRAC's endorsement of the budget proposal, including the Financial Plan and projected staff adds, along with the fee increases. It was clarified (again) that this is not a guarantee that 20 positions will be added; the positions won't be added until the funds are available. A motion to endorse the budget proposal was initiated, seconded, and approved by the DRAC, with one opposed.

Citywide Tree Project Update

Joe Zender and Roberta Jortner from the Bureau of Planning & Sustainability (BPS) presented an update on the Citywide Tree Project and distributed the handouts:

- *Citywide Tree Project Products and Benefits;*
- *Summary of Development - Related Changes in the Tree Project Proposal;* and
- *Tree Requirements with Development.*

A separate budget proposal will be submitted to City Council along with the Tree Code on Feb. 2nd. Given BDS's and the City's budget constraints, BPS will propose to Council that the Tree Code be phased in, with full implementation in 2013.

The proposal focuses on preserving mature trees in order to preserve and increase the overall tree canopy. When a developer has to remove a tree for construction purposes, they will have the option of planting two new trees or paying for the cost of planting and maintaining two trees (currently \$600). Payments would go into a tree fund that would be used to plant trees elsewhere in the City, usually on public lands. For non-development property, any tree taken down would have to be replaced 1-for-1 (even if the tree falls down on its own).

Mr. Theisen also distributed a copy of an e-mail that was sent to DRAC members earlier in the day, outlining his concerns with the proposed Tree Code. He said that the proposed code will make development more challenging and costly. DRAC Member Michelle Rudd

expressed a general concern that development is more complicated and expensive than it should be. She said the Planning & Sustainability Commission looked at it closely, including concerns raised by BDS, but further input is valuable and should be provided to City Council as appropriate.

Mr. Hasenberg asked about the case of a residential addition that doesn't necessitate removing any trees. In that case, the proposed code would require a review of the tree density on the property (although additions of less than 200 square feet are exempt). The site plan would be required to show existing trees on the site.

If the code is implemented, related fees and future fee changes will need to go before City Council.

Director Scarlett reiterated that while BDS applauds the goals of streamlining regulations related to trees, the bureau has concerns over the timing and complexity of the proposed code.

Mr. McNamara said that the code relies too heavily on regulation and doesn't provide enough incentive to citizens and developers to do positive things to increase the tree canopy. He added that the code could show more faith in people to do the right thing. Ms. Jortner noted that BPS and the Planning & Sustainability Commission also heard input that the code didn't go far enough, and left too much open to chance. Mr. Michaelson said that the proposal is significantly improved since the last DRAC presentation.

DRAC Work Plan

Discussion on the DRAC Work Plan was postponed due to lack of time.

Next DRAC Meeting: Tuesday, February 15, 2011, 10:00 a.m. -11:30 a.m.

Minutes prepared by Mark Feters, BDS