



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Tuesday, February 15, 2011

DRAC Members Present:

Hermann Colas	Jeffrey Cole	Jeff Fish
Don Geddes	Steve Heiteen	Renee Loveland
Bonny McKnight	Ed McNamara	Rick Michaelson
Michele Rudd	Greg Theisen	Simon Tomkinson

City Staff Present:

Ross Caron, BDS	Lana Danaher, BES	Rebecca Esau, BDS
Mark Fetters, BDS	Jim Hagerman, BES	Dave Hasson, Water
Ken Kinoshita, PBOT	Denise Kleim, BDS	Kurt Krueger, PBOT
Christine Leon, PBOT	Hank McDonald, BDS	Jim Nicks, BDS
Paul Scarlett, BDS	Kim Tallant, BDS	Morgan Tracy, BPS
Riley Whitcomb, Parks	Joe Zender, BPS	

Guests Present:

John Hasenberg, JHA	Susan Steward, BOMA
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DRAC Members Absent:

Keith Skille	Carrie Strickland
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Handouts

- DRAC Meeting Minutes 1/18/11
- Inter-Bureau Code Change Project List
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- BDS Budget Update 2/14/11
- Preliminary Impact Estimates of Proposed BDS Fee Increases
- BES FY 2011-12 Requested Budget Highlights
- Water Bureau Budget Presentation to DRAC
- BES Program Summary Template
- BPS Budget

Convene Meeting

DRAC Chair Steve Heiteen convened the meeting. The January 2011 meeting minutes were approved.

BDS Director Paul Scarlett introduced two newly-appointed DRAC members:

- Hermann Colas has been appointed to the Minority Construction Contractors & Development Professionals position. He is the CEO of Colas Construction, Inc. and has 20 years of experience in real estate development, management, and construction.
- Jeffrey Cole has been appointed to the Environmental Conservation & Green Building position. He has been the president of Konstrukt since 1993 and has extensive experience with green building, energy efficiency, and renewable energy.

BDS is conducting outreach for the three remaining vacant positions on the DRAC and hopes to fill those slots soon.

Director's Report

Director Scarlett gave an update on the bureau's financial status and budget. He reviewed the handouts *BDS Major Workload Parameters*, *Non-Cumulative Cost Recovery Report*, and *BDS Budget Update 2/14/11*. BDS submitted its Requested Budget and Financial Plan on January 31st. The City will be holding two Community Budget Forums - on February 26th at David Douglas High School and on March 1st at Wilson High School. BDS's budget presentation to City Council is scheduled for Tuesday, April 5th, from 10:30 – 11:00 a.m.

BDS is anticipating an increase in permit activity as spring approaches, and will continue to monitor activity closely.

Bureau of Environmental Services (BES) Budget Update

Lana Danaher and Jim Hagerman (BES) gave an overview of the BES Requested Budget and reviewed the handouts *BES FY 2011-12 Requested Budget Highlights* and *Program Summary Template - BES*.

Susan Steward (BOMA) asked about the source of funds for repairing and maintaining assets over the five years; Mr. Hagerman said the funds would come from sewer rates. DRAC Member Bonnie McKnight asked what the average monthly utility bill will be, and whether it is getting to the point where it will be unsustainable for many people. Mr. Hagerman replied that the tradeoff is letting the sewer and water infrastructure decay. Ms. Danaher added that BES is concerned and takes this into account; they do all they can to protect ratepayers. Ms. McKnight asked if any bureau is raising this issue with City Council. Ms. Danaher replied that BES is not bringing this issue to Council; they're trying to maintain the infrastructure and contain costs as much as possible. The third page of *BES FY 2011-12 Requested Budget Highlights* demonstrates that this issue is faced by many cities, not just Portland. There is no federal assistance available to meet the regulatory requirements.

In response to a question from DRAC Member Jeff Fish, Mr. Hagerman noted that over half of the CIP budget is spent on federally-mandated work, with the rest spent on infrastructure repair. Ms. Danaher said there will be no changes in her staff (development division) in the next fiscal year.

Water Bureau Budget Update

Dave Hasson (Water Bureau) gave an overview of the Water Bureau Requested Budget and reviewed the handout *Water Bureau Budget - Presentation to DRAC*. He noted that the term "LT2" is the federal rule regarding mitigation of cryptosporidium. Treatment must be underway or a variance must be in place by 2014.

Water demand has been decreasing for at least 10 years, but due to the high fixed costs of operating a water supply system, decreased demand puts upward pressure on prices. Ms. McKnight asked about the potential impact of widespread gray water systems; Mr. Hasson said that installation would be very expensive and would add pressure to raise prices due to further decreased demand. He mentioned that the proposed rate increase for FY 2011-12 of 13.9% reflects the fact that from FY 2006-07 – FY 2008-09 rates were not increased. The Water Bureau reduced 23 FTE in FY 2010-11, and will reduce 9 additional FTE in FY 2011-12. Water has offered to make their mandated, one-time 1.5% General Fund cut permanent, in order to help keep rate increases down.

Ms. McKnight mentioned that several cities that currently contract with Portland for water are considering providing their own water services, and asked if this is factored into the Water Bureau's projections and plans. Mr. Hasson said that this is considered, but none of the cities currently contracting with Portland can withdraw before 2016. If Portland is required to cover its reservoirs by 2020, any cities that withdraw will not be responsible to share any of those costs.

Bureau of Transportation (PBOT) Budget Update

Ken Kinoshita and Christine Leon (PBOT) gave an overview of the PBOT Requested Budget. Discretionary PBOT revenue comes from two sources: an allocation from the state gas tax, which is flat (down \$1.1 million); and the utility license fee/General Fund, which is down \$1.9 million. Overall, there is a \$4.3 million shortfall in revenues for FY 2010-11.

As a result, PBOT is cutting \$3.4 million out of its capital budget. PBOT development fees will also increase up to 4.1%. PBOT does not have a methodology in place for this year's SDC fee increases; the fee usually increases between 7-9%. A methodology will be in place by April.

PBOT's Requested Budget and related information can be found at <http://www.portlandonline.com/transportation/index.cfm?c=34753&a=336810>.

Parks Bureau Budget Update

Fred Kowell (Parks) gave an overview and distributed some copies of the Parks Requested Budget. Parks is supported primarily by General Fund dollars (\$43 million) with about \$14 million in program revenue. The capital budget has been declining for several years. There was a 5% cut two years ago and a 4% cut last year (FY 2011-12), including a 1% one-time cut. Parks acquisitions are increasing based on funding from Metro local fund matching.

Riley Whitcomb (Parks) addressed SDC fee increases. Rates will be adjusted on July 1, 2011, based on the costs of construction and land. It's unclear whether there will be much of an increase this year; perhaps 1-2%. Parks will give an update in April. DRAC Member Simon Tomkinson said that the City's SDC methodology needs to be re-examined because of the negative impacts of SDCs on development in the city.

Bureau of Planning & Sustainability (BPS) Budget Update

Michael Armstrong (BPS) gave an overview of the BPS Requested Budget and reviewed the handout *Bureau of Planning and Sustainability Summary*. This budget is different from usual because of a large federal pass-through grant for home weatherization. The total BPS budget is \$29 million; of that, the federal grant is \$13 million. Priorities include finishing the Portland Plan and moving into the Comprehensive Plan, and these are reflected in BPS' budget add packages.

BDS Loan Update

Denise Kleim (BDS) gave an update on the \$1.5 million loan BDS received last year. BDS has used funds from the loan a couple times. Reserves are currently more than the \$1.5 million, which would enable the repayment of the loan, but the bureau is concerned about having a cushion for the end of the current FY and beginning of the next. BDS will therefore go to City Council tomorrow (Feb. 16th) to propose that the bureau repay the loan now, then immediately obtain a new \$1.5 million loan that will be payable at the end of FY 2011-12. That will ensure that BDS isn't caught short at the end of FY 2010-11. BDS has met with OMF and the Commissioner's office, and they're both on-board.

Public Works Permit Process Improvements Quarterly Report

There was insufficient time for this agenda item.

Industry Update

Mr. Tomkinson mentioned that banks are beginning to loosen up funding, and there are some indications that development activity is beginning to pick up.

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

Minutes prepared by Mark Fetters, BDS