



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Tuesday, May 17, 2011

DRAC Members Present:

Hermann Colas	Jeff Fish	Don Geddes
Steve Heiteen	Renee Loveland	Ed McNamara
Rick Michaelson	Keith Skille	Carrie Strickland
Greg Theisen		

City Staff Present:

Ross Caron, BDS	Lana Danaher, BES	Cindy Dietz, Water
Rebecca Esau, BDS	Mark Feters, BDS	Denise Kleim, BDS
Kurt Krueger, PBOT	Christine Leon, PBOT	Jim Nicks, BDS
Andy Peterson, BDS	Paul Scarlett, BDS	Riley Whitcomb, Parks
Sandra Wood, BPS		

Guests Present:

John Hasenberg, HBA
Dave Humber, MGH Associates
Rob Humphrey, Faster Permits
Karen Karlson, KKK Consulting

DRAC Members Absent:

Jeffrey Cole	Bonny McKnight	Michele Rudd
Simon Tomkinson		

Handouts

- DRAC Meeting Minutes 4/19/11
- Inter-Bureau Code Change Project List
- BDS Major Workload Parameters (Monthly/Cumulative)
- Non-Cumulative Cost Recovery Report
- SDC Fees 2007-2010
- Jurisdictional SDC Fee Comparison
- Parks Bureau SDC Fee Changes
- Sewer and Drainage Rates and Charges FY 2011-2012
- Public Works Permitting Data 4/19 – 5/17/11

Convene Meeting

DRAC Chair Carrie Strickland convened the meeting and welcomed DRAC members and other attendees. DRAC members approved the April 19, 2011 meeting minutes.

Director's Report

BDS Financial Update

BDS Director Paul Scarlett provided an update on the bureau's financial status and reviewed the handouts *BDS Major Workload Parameters (Monthly/Cumulative)* and *Non-Cumulative Cost Recovery Report*. The bureau's financial performance is in line with projections. Workload is still down a little, but valuations are improving.

Staffing & Service Levels

With the passage of the bureau's budget request, BDS anticipates adding staff positions as sufficient revenue becomes available. Between now and July 1, the bureau intends to make 6-7 current temporary employees permanent.

DRAC Member Greg Theisen asked if Director Scarlett's previous optimism regarding improvement in construction activity and revenues was being realized. Director Scarlett replied there are signs of improvement, but it varies from day to day; one large project can have a significant effect on overall revenues.

Other Updates

Director Scarlett noted that the BDS fee increase ordinance will go before City Council tomorrow (Wed. May 18th) at 2:00 p.m. (time certain). BDS anticipates that the increases will add \$2.5 million to the BDS budget in FY 2011-12.

Guest John Hasenberg (ORA) asked if FIR projects begun before July 1st will be charged the new hourly rate after July 1st. BDS Inspections Manager Jim Nicks said that the new hourly rate will apply to services on all FIR projects, including those that began prior to July 1st. DRAC Member Don Geddes noted that the FIR hourly rate covers the direct cost of providing the services, and that project managers should anticipate increases in personnel-related costs, particularly with projects with longer projects.

DRAC Member Steve Heiteen noted that BDS FIR Inspector Lee Hiltenbrand is retiring soon, and he expressed a desire that someone be fully ready to take Mr. Hiltenbrand's place. He also expressed concern regarding the impact of Mr. Hiltenbrand's departure on the future growth of the program. Mr. Nicks said that the process of filling the position is already underway, and it should be filled by the time of Mr. Hiltenbrand's retirement. BDS is also monitoring the program waiting list. Mr. Heiteen asked whether, while filling positions in the coming months, BDS has discretion in determining which positions to fill; Director Scarlett said he does have that discretion.

Mr. Theisen said that his organization has reacted negatively to BDS's fee increases, and he asked if DRAC members were still in approval of the increases or had had conversations with their own organizations. Mr. Theisen said that the increases are "beyond the pale" of what the industry is supportive of at this time. DRAC Member Jeff Fish said that the Home Builders' Association (HBA) met with Commissioner Randy Leonard several years ago and agreed to increasing fees gradually over multiple years, rather than all at once, in order to address the subsidizing of residential permits by commercial permits. Mr. Heiteen said that his peers were accepting of the 8% increase for this year, but were not supportive of increases anticipated

in future years. Ms. Strickland said that she is not personally supportive of the increases since the private sector cannot increase fees to meet costs. DRAC Member Ed McNamara noted that in his work, BDS permit fees make up about 2% of total project costs, and in that context an 8% increase is not that substantial. He believes the larger concern for the development industry is SDC fees, because they aren't tied to the valuation of the project. He felt that industry frustration with SDCs should not be directed at BDS for permit fee increases.

Director Scarlett noted that increases for future years are projected and can be adjusted based on need and economic conditions.

Mr. Hasenberg said he would like to see DRAC spend more time on improving the efficiency and lowering cost of the development review process as a way of addressing the need for fee increases. In relation to BDS efficiency, DRAC Member Hermann Colas shared that on a recent project an inspector who was called for an electrical inspection noted that other work was ready for inspection, and he went ahead and inspected that work, even though it hadn't been requested. Ms. Strickland echoed a desire to focus meetings more on strategizing with BDS how to improve processes. Director Scarlett expressed that the bureau is very open to input from the DRAC. He also noted that he and other BDS staff visited Seattle's building bureau yesterday and made observations regarding tools and efficiencies that may be applicable to BDS.

DRAC Member Keith Skille asked that the DRAC Work Plan be included as an agenda item at the June meeting.

Information Technology Advancement Project (ITAP) Update

BDS Sr. Business Operations Manager Denise Kleim provided a brief update on ITAP. Talks with the system vendor (Accela) and the State of Oregon should be wrapped up and the agreements should go to City Council in June. BDS will also contract with a third party to review the agreements. The ITAP Customer Advisory Group should have its first meeting in mid-June. Training in Accela is taking place with staff from multiple bureaus to provide background information and show how the program works.

Public Works Appeals Process Update

Lana Danaher (BES) and Christine Leon (PBOT) distributed the handout *Public Works Permitting Data 4/19 – 5/17/11* and provided an update on the Public Works Appeals Process. A change in the Code is being made; the requirement to submit an appeal within 15 days of a decision is being removed. The right to appeal will be extended to the end of the process and this will be monitored for its effectiveness.

Staff is evaluating changes that have been made in the past year to see what needs to be tweaked. There will be a report to DRAC once the evaluation is completed. An ordinance is going to Council tomorrow (May 18th) regarding the way public works permit fees are calculated. They are working on lowering costs, particularly for lower valued projects. There was agreement that it would be good to reassemble the DRAC subcommittee to review the report and perhaps testify at Council.

Fee Change Update from Development Review Bureaus

Ms. Danaher (BES) distributed and reviewed the handout *Sewer and Drainage Rates and Charges FY 2011-2012*. It was realized that the handout was missing some pages; Ms.

Danaher said she would have it sent out to DRAC members. BES SDC fees will be increasing 4.5% - 5%.

Ms. Leon provided an update on PBOT fee increases. SDC fees will increase 7% in line with the construction costing index. Land use review fees will increase from 0% - 4%. Building plan review fees will go up an average of 5%. PBOT fees will go to City Council tomorrow (May 18th). Fee increase information is available on the PBOT website.

Cindy Dietz (Water) reviewed the Water Bureau's proposed fee increases. They are moving to a "fixed fee" approach that will allow for much quicker determination of Water SDCs, which will increase about 1% in FY 2011-12. Plan review fees for commercial will increase by \$110; residential will not increase.

Riley Whitcomb (Parks Bureau) reviewed the handout *Parks SDC Fee Changes* and noted that Parks SDC fees are going down due to decreases in the value of land. He also noted that the DRAC's work on SDCs previously did have some impact on Parks' approach to SDC fees. Parks SDC fees are based on impact, which is based on occupancy. SDCs also cannot be a tax, which precludes tying them to project valuation. Parks will re-examine its SDC methodology in 2013.

During the ensuing discussion, Mr. McNamara expressed frustration over the lack of coordination between the bureaus involved in onsite inspections involving the right-of-way and the resulting lack of efficiency. Simple, straightforward projects require too many reviewers and inspectors. Mr. Skille expressed interest in DRAC taking a closer look at the public works permitting process. Mr. Fish noted that DRAC members know City staff and whom to call to get things resolved; if DRAC members still have difficulty, how much more difficult is it for developers and others who don't know staff and have contacts to call? BDS Plan Review and Permitting Services Manager Andy Peterson expressed appreciation for the work that the public works appeal process committee has done to improve that process.

Mr. Theisen noted that it would be informative for DRAC and the City Council to see all City fee increases on the same page, in order to see the cumulative effect on development costs. BDS Land Use Services Manager Rebecca Esau offered to send a spreadsheet to DRAC members showing land use fees for all bureaus. Director Scarlett said that the bureaus could work on a spreadsheet once the fee increases are approved. Mr. Skille and Ms. Strickland said they have spreadsheets that aggregate all those costs; they will send templates to Mark Feters (BDS).

Next DRAC Meeting: Tuesday, June 21, 2011, 10:00 a.m. -11:30 a.m.

Minutes prepared by Mark Feters, BDS