



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Tuesday, September 20, 2011

DRAC Members Present:

Hermann Colas	Jeffrey Cole	Jeff Fish
Don Geddes	Steve Heiteen	David Humber
Dana Krawczuk	Renee Loveland	Bonny McKnight
Ed McNamara	Rick Michaelson	Michelle Rudd
Keith Skille	Greg Theisen	

City Staff Present:

Cindy Dietz, Water	Rebecca Esau, BDS	Don Gardner, PBOT
Matt Grumm, Comm. Saltzman's Office		
Denise Kleim, BDS	Kurt Krueger, PBOT	Christine Leon, PBOT
Hank McDonald, BDS	Jim Nicks, BDS	Paul Scarlett, BDS
Riley Whitcomb, Parks		

Guests Present:

George Bruender	John Hasenberg, ORA	Karen Karlson, KLK Consulting
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DRAC Members Absent:

Carrie Strickland	Simon Tomkinson
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Handouts

- DRAC Meeting Minutes 8/16/11
- BDS Major Workload Parameters (Monthly / Cumulative)
- Non-Cumulative Cost Recovery Report
- BDS Hires Since July 2011
- Pulse of the Industry Questions
- DRAC 2011-12 Work Plan (Draft)
- Tree Code Update (Memorandum)
- Inter-Bureau Code Change Project List
- Public Works Permitting Summary Report

Convene Meeting

DRAC Vice Chair Keith Skille convened the meeting and welcomed DRAC members and other attendees. A quorum was not present, so the 8/16/11 DRAC meeting minutes could not be approved.

Director's Report

BDS Financial Update

BDS Director Paul Scarlett introduced guest attendee George Bruender, who has applied for DRAC membership. Mr. Bruender is the Co-Chair of the Concordia Neighborhood Association Land Use Committee as well as the Co-Chair of the Northeast Coalition of Neighborhoods (NECN) Land Use and Transportation Committee.

Director 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*. BDS's finances remain stable with a 110% cumulative cost recovery rate. The ongoing battle to address and manage service level goals remains a priority.

BDS finances were helped by a \$200 million project that was recently received, generating \$1.2 million in BDS plan review fees. Director Scarlett pointed out the new "Net ITAP" column added to the Non-Cumulative Cost Recovery Report, which will track money spent on ITAP (Information Technology Advancement Project).

DRAC members had further questions regarding BDS finances and operations. DRAC member Bonnie McKnight asked whether BDS has rebuilt its reserves. Director Scarlett said that the bureau's goal is to rebuild reserves to 10% of annual expenditures. Whenever the bureau's monthly cost recovery is over 100%, the additional amount goes to reserves. Director Scarlett said \$10 million will be the upper limit of BDS's reserves. The BDS operational loan will be repaid by the end of this fiscal year.

DRAC member Keith Skille asked when customers could anticipate having the DSC opened all day. Director Scarlett stressed that this is in BDS's plans, and the bureau continues to try to balance workload and staffing levels. BDS doesn't anticipate that DSC hours will change until possibly next fiscal year. He also noted that building permit valuations have increased significantly. The bureau ended fiscal year 2010-11 with \$1.5 million beyond what had been projected.

Staffing & Service Levels

Director Scarlett distributed and reviewed the handout *BDS Hires Since July 2011*. At this time the bureau has generally matched staffing levels with the incoming workload. There are four remaining vacant positions, but the bureau will wait to fill them until after the slow winter season.

Director Scarlett announced that the Residential Inspections Section Manager retired in the middle of September. Hank McDonald is temporarily filling the position while the bureau pursues a permanent hire; Mr. McDonald will also retain his management functions for ITAP.

Information Technology Advancement Project (ITAP) Update

ITAP Manager Hank McDonald provided an update on the ITAP project. Currently, the ITAP Team is working on the technical requirements for the next step of the project. BDS needs to be clear on its goals, how it will interact with the State, and how the technical requirements will be weighed. The main struggle continues to be finding a balance between price and functionality. The first meeting with the City's new Technical Oversight Committee is scheduled for Wednesday, September 26th.

The next step is to write and present an ordinance authorizing the City to issue a Request for Proposals, which should be on Council agenda by the end of October. The ITAP timeline calls for proposals to be received before the end of the year, with evaluation and selection taking place in spring 2012.

Public Works Update

Chris Weir from the Portland Bureau of Transportation (PBOT) reviewed the handout *Public Works Permitting Summary Report* that provided data showing the total number of projects started and completed for the month of August and the previous 12 months.

FOG Program Update

Matt Criblez from the Bureau of Environmental Services (BES) shared that Cut Through the FOG (fats, oil and grease) is an effort to minimize the impacts on Portland's sewer system from FOG and other food waste. In the past, BES has done outreach and spot cleaning on sewer lines to reduce the amount of grease discharge from food services. The FOG program will mirror the Oregon Plumbing Code requirements for Portland food service establishments and require a grease reduction device be installed and maintained per manufacturer's specifications. This will be inspected by City staff to ensure compliance. FOG discharge below 100 milligrams will not be required to meet the new standards. These requirements will affect commercial buildings only.

BES is developing code changes to present at City Council in October, and the new code should be effective January 1, 2012. The larger FOG dischargers will take effect first, followed by the small businesses which will go into effect in July 2012. BES staff will meet with impacted customers before the code goes into effect.

Mr. Skille asked that a handout summarizing the program be provided to DRAC members; Mr. Criblez said he would send a handout to Mark Feters (BDS) to distribute. Another DRAC member asked for an analysis on how the program will affect "Mom & Pop" shops. The BES Director is looking into possible loan options for those companies and how they can be expanded. DRAC members agreed that they would need to see more before they could feel comfortable giving their endorsement to the new code. Mr. Skille asked for an update after it has gone to City Council.

Pulse of the Industry

BDS Administrative Services Manager Denise Kleim distributed and reviewed the handout *Pulse of the Industry Questions for DRAC Members*. DRAC Member Bonnie McKnight began the discussion by noting that the "industry" is not BDS's only client, but that the community is involved, too.

DRAC Member Jeff Fish stated that there has not been a lot of change in residential construction, because it is all tied to the banks and loan officers. He is currently working with a client that is worth millions of dollars, but the client is still unable to find a loan to begin development. Mr. Fish doesn't think much change will come in the near future.

DRAC Member Greg Theisen noted that the bigger projects are finding funding because industrial loans are easier to receive. Ms. McKnight asked if traditional lenders are still hesitating to pay for SDC fees; Mr. Fish responded that SDCs are still an issue because getting money loaned upfront continues to be the challenge.

Mr. Theisen commented on the business climate and said that the Port of Portland is looking to do business outside of the city because Portland is becoming increasingly more difficult to work with. He spoke with the City of Vancouver and shared the Port's frustration with their efforts to rezone West Hayden Island. He said there are both national and global demands for the services of the Port, business is brewing for auto services, and additional changes can come into play for the Columbia River. In addition, a lot is coming in on the export side and there is interest from the Potash Corporation (mining company). The Port has had its 3rd best year ever, and their investments have paid off.

DRAC Member Hermann Colas asked what the DRAC could do to help the Port of Portland. Mr. Theisen expressed the value the Portland Development Commission (PDC) could bring to the DRAC and suggested having them attend. Director Scarlett said he would reach out to the Director of the PDC and see about having them attend as a resource member. Discussion continued about how the community views the Port of Portland, and DRAC members discussed ways for the community to help and support the Port.

Mr. Skille expressed frustration with how the development process can overtake a project and used his current Federal project as an example. Ms. McKnight agreed with Mr. Skille by saying that there is no simplification of the process and that she doesn't believe the process is benefiting anyone.

Mr. Fish described two measures related to urban renewal districts on the November 8, 2011 Clackamas County ballot:

- The *Urban Renewal District Creation Question* would require all of Clackamas County to vote when the county commission establishes a new urban renewal district or expands an existing district.
- The *Urban Renewal District Creation Local Question* would allow votes on urban renewal districts by only those citizens who live inside the districts.

Mr. Fish feels this is an important vote that could affect the entire state. Communities outside of the area may begin to have a vote on projects outside of their neighborhoods.

Director Scarlett asked DRAC members how far in advance projects can be projected. Mr. Skille said he can currently project commercial projects about 3 months out, compared to 3 years ago when they were able to forecast out long term and staff as required. His company is looking at doing work overseas and in Los Angeles because they are showing signs of work.

It was noted that an established subcontractor has gone from 30 employees to 2 full-time and 1 part-time employee. Both newer and older subcontractors are unable to pay their bills, forcing them to go out of business. Material costs continue to increase. The industry doesn't anticipate change anytime soon. The bigger projects over the past few years have been due to government stimulus money. Back when the economy was good, builders took out 5-year balloon loans, and those loans have 2 years remaining before they can be paid off. It is not anticipated that the economy will improve any time soon.

Another factor is the rental market; demand is high, but because rentals are being built at a high cost, rents are increasing. People are unable to get a loan to purchase a house, so they are forced to rent, and rent payments can be as expensive as mortgages.

Director Scarlett thanked everyone for their feedback and said the input provided is valuable in how BDS will continue to move forward.

DRAC 2011-12 Work Plan

There was insufficient time for this agenda item; it will be discussed at the October meeting.

Next DRAC Meeting: Tuesday, October 18, 2011, 10:00 a.m. -11:30 a.m.

Minutes prepared by Colleen Poole, BDS