



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Tuesday, January 17, 2012

DRAC Members Present:

George Bruender
Steve Heiteen
Ed McNamara
Keith Skille

Jeffrey Cole
David Humber
Rick Michaelson
Greg Theisen

Jeff Fish
Renee Loveland
Michelle Rudd
Simon Tomkinson

City Staff Present:

Ross Caron, BDS
Denise Kleim, BDS
Jim Nicks, BDS
Christopher Wier, PBOT

Rebecca Esau, BDS
Kurt Krueger, PBOT
Andy Peterson, BDS

Mark Feters, BDS
Christine Leon, PBOT
Riley Whitcomb, Parks

Guests Present:

Lew Bowers, PDC
Karen Karlson, KLK Consulting

Dan Gilkison, Port of Portland

John Hasenberg, ORA

DRAC Members Absent:

Hermann Colas
Bonny McKnight

Don Geddes
Carrie Strickland

Dana Krawczuk

Handouts

- DRAC Meeting Minutes 12/20/11
- BDS Major Workload Parameters (Monthly / Cumulative)
- Non-Cumulative Cost Recovery Report
- BDS Executive Budget Summary
- Preliminary Summary of Financial Plan
- FY 2012-13 Requested Positions / General Fund Cuts
- Revised Draft DRAC Tree Code Letter
- Public Works Permitting Summary Report

Convene Meeting

DRAC Vice Chair Keith Skille convened the meeting and welcomed DRAC members and attendees. The December 20, 2011 DRAC meeting minutes could not be approved because a quorum was not present.

DRAC Chair & Vice Chair Positions

BDS Administrative Services Manager Denise Kleim announced that DRAC Chair Carrie Strickland is stepping down from the DRAC, and that it was time to select a new DRAC Chair and Vice Chair. Mr. Skille was the only DRAC member to indicate interest in the Chair position, but a vote to install him as Chair could not be taken because a quorum was not present.

Director's Report

BDS Administrative Services Manager Denise Kleim provided an update on BDS's financial status and reviewed the handouts *BDS Major Workload Parameters (Monthly/Cumulative)* and *Non-Cumulative Cost Recovery Report*. Bureau revenues are higher than projected; the bureau's cost recovery rate is at 118%.

Ms. Kleim then asked BDS division managers to give brief updates on their divisions. BDS Plan Review/Permitting Services Manager Andy Peterson added that the workload in the Development Services Center (DSC) is steady, though there has been the usual seasonal dip. DSC Time-Certain Appointments have been implemented, and customers can now schedule a 30 minute meeting with a BDS staff member on Wednesday mornings and Friday afternoons for a \$75 fee. If this pilot test of the service goes well, the bureau will consider expanding it. Information about the program has been distributed to stakeholders via e-mail.

BDS Inspection Services Manager Jim Nicks said that inspections have been stable through the fall and into the winter. 90-95% of inspections are being done within 24 hours. Enforcement is now able to respond to Level 3 (lower level) complaints, which they have not been able to do for the last two years. The FIR and FPP programs are at cost recovery, and there is a small waiting list for the FIR program. Inspection numbers slowed in December, but not as much as the historical seasonal norm. Staff levels seem to be matching well with the workload.

BDS Land Use Services Manager Rebecca Esau said that they are seeing increases in historic design review and design review work. Much of the increase in historic design review work is due to the expansion of the Irvington Historic District. A roundtable was held with wireless industry providers last week regarding neighborhood concerns over cell towers. Current regulations in the Zoning Code are outdated; BDS is working with stakeholders on planning a code update.

DRAC members discussed the expansion of historic districts and the impact on construction costs and regulations. Neighborhoods request the historic designation from the City; the process is extensive. The designation results in higher development costs because additional levels of review are triggered. DRAC members suggested various ways of getting more information out about the conditions and impacts of historic district designation – e-mail notices, the Plans Examiner (BDS newsletter), the BDS website, etc.

John Hasenberg (ORA) asked if there would be any consideration of the elements that trigger a design review. Ms. Esau said BDS has identified elements of the code it would like to change, but the Bureau of Planning and Sustainability (BPS) has said that their current focus is on the Portland Plan and they are not taking any code changes forward at this time.

Mr. Skille asked that this topic be tabled until a future DRAC meeting so it can be discussed and reviewed in more detail.

Meeting Minutes Approved

By this time additional DRAC members had arrived, and a quorum was reached. The December 2011 DRAC meeting minutes were approved.

Budget Ideas from Other Advisory Groups

Ms. Kleim summarized budget input BDS has received from other advisory groups, including its Finance Committee, Budget Advisory Committee, BDS Labor Management Committee (LMC), and BDS employees.

The Finance Committee has reviewed the bureau's economic projection models and approved a model for use for BDS's budget and 5-year financial plan. The Finance Committee also approved a "worst case" forecast the bureau developed. DRAC member Rick Michaelson is a member of the Finance Committee and was at the meeting; he said that the "worst case" scenario equates to a mild recession.

The Budget Advisory Committee (BAC) reviewed budget information in more detail, including BDS's proposed cut and add packages. The BAC was very supportive of the bureau's budget and will be submitting a letter of support with the bureau's budget request.

The LMC has been supportive of the bureau's preliminary budget proposal; they will be meeting once more this month to review the final numbers.

Mr. Michaelson suggested that BDS should ask for the code-writing function to be transferred from the Bureau of Planning & Sustainability (BPS) to BDS, with General Fund support for positions.

Overview of BDS Proposed Budget (FY 2012-13)

Ms. Kleim reviewed the handouts *Preliminary Summary of Financial Plan / General Fund Cuts*, *BDS Budget Executive Summary*, and *FY 2012-13 Requested Positions*. She clarified that BDS is proposing to add 14.5 new positions; the 16.5 number includes 2 limited-term positions that are being converted to permanent.

Riley Whitcomb (Parks Bureau) asked whether there is a correlation between the projected growth rates and staff additions. Ms. Kleim replied that BDS balances workload requirements, rebuilding reserves, cost recovery, and keeping fees low, so there isn't a direct one-to-one correlation.

DRAC Member Simon Tomkinson asked if the bureau can document its return on investment for the Information Technology Advancement Project (ITAP). Ms. Kleim said the bureau has done that work, but it needs to be updated. Mr. Skille asked if the bureau could quantify the savings from the lower staff requirements due to ITAP. Ms. Kleim said it would likely be over \$1 million. Mr. Skille said that bureau should make that number available when putting out information or answering questions about ITAP.

Ms. Kleim noted that BDS's \$1.5 million loan is not shown in the handouts, because it will be paid off by the end of June 2012.

Mr. Whitcomb asked if OMF had released any more information about the City's revenue forecast. Ms. Kleim said that indications are that the 6% cut is most likely, but that City Council prefers to make cuts on a program-by-program basis rather than across the board.

Mr. Tomkinson asked why the fees for the Land Use, Enforcement, and Neighborhood Inspection programs are not increasing more, since they are in need of funds. BDS's position (supported by the DRAC in the past) is that since those programs provide a general public benefit, they should depend more heavily on the City's General Fund rather than fees. Also, at this point the Neighborhood Inspections program doesn't need higher fees.

Mr. Tomkinson asked for the rationale behind the fee increases for Environmental Soils. Mr. Peterson said that since BDS does this work for Multnomah County, the County has to approve any fee increases, and the fees have been well below cost recovery for many years because the County was unwilling to raise them sufficiently. The proposed increases will help get the program closer to cost recovery and begin to address its significant reserve deficit.

DRAC Member Jeff Fish asked about the differences in Electrical and Plumbing fee increases. Ms. Kleim said the Electrical and Plumbing programs are at different points financially; Plumbing has a deficit while Electrical does not. Mr. Nicks said that an Oregon Senate bill from a few years ago curtailed the triggers for plumbing plan reviews, meaning that far fewer permits require plan review, and plumbing revenues experienced an estimated 25% reduction after the change. Before the change, the Plumbing Program had been achieving approximate cost recovery. Plumbing staff were reduced, but revenues dropped more than costs.

Mr. Fish asked if the fee increases proposed for the General Fund supported programs are intended to move those programs off of General Fund support. Ms. Kleim said that is not the intent, but that they're based on a realistic assessment of the availability of General Fund support for those programs.

DRAC Member Greg Theisen expressed his concern over the yearly increases in most fees. He said that fees in the private sector don't increase that way, and he doesn't understand how BDS can increase its fees every year. DRAC Member Steve Heiten responded that his understanding is that up to 50% of the fee increases are based on increasing costs related to staff salary and benefits, which is determined at the Citywide level. Ms. Kleim said that if the growth rates and staff additions are removed, the cost increases and fee increases are both around \$1 million. The fee increases are based on projections regarding growth and cost increases, which change from year to year depending on the economy, labor agreements, and other factors. Mr. Theisen added that BDS fees are not the major portion of overall permit costs, but he is still concerned about the continual increases.

Mr. Hasenberg encouraged the DRAC to focus on streamlining the development review process, rather than trying to persuade BDS to reduce fees. Mr. Theisen added that costs are also affected by demands that other bureaus place on BDS for code implementation and enforcement. He suggested that DRAC and BDS should continue to push back when expectations for service are placed on BDS, such as the new Tree Code.

Ms. Esau said the majority of the costs for Land Use Services (LUS) is for personnel and printing/mailing. The staff cuts left LUS with more long term staff members who receive higher salaries. LUS has also been shifting from dependence on General Fund to greater reliance on fees, which also feeds higher fee increases. LUS (and the bureau) is continuing to find ways to cut costs, but there can be pushback when cost-cutting measures impact services.

Ms. Kleim noted that BDS's budget is due on January 30th. DRAC members voted unanimously to approve the BDS's FY 2012-13 budget request. Mr. Skille said that a letter of support will be drafted and circulated for review by DRAC members before the end of the month.

Tree Project Implementation & Funding

Ms. Esau distributed and summarized the handout *Revised Draft DRAC Tree Code Letter*. Revisions were based on input received from DRAC members. The letter generally proposes delaying the implementation of the Tree Code until sufficient General Fund support is in place. The letter expresses DRAC support for the goals of the Tree Project, but questions the funding and timing. Ms. Esau asked Mark Feters (BDS) to distribute the revised letter to DRAC members electronically for further review and comment.

Mieke Kienan (BDS Tree Project Coordinator) said that has been working on preparation for the Tree Project since last August. She has been mapping the processes required by the new code and working on TRACS programming that will be needed. She has recently started focusing on amendments to the code that will be required.

To support implementation of the Tree Code, BDS's budget request includes a request for continuation of one-time General Fund support for Ms. Kienan's position. Mr. Hasenberg asked for projected costs related to the implementation of the Tree Code. Mr. Tomkinson said that the City earlier estimated the cost at \$500,000 - \$800,000 per year. He stressed that the DRAC should be clear about its position on the Tree Project and communicate that in the letter. DRAC members discussed the issue of regulations being adopted without considering the resource needs and how they will be paid for. Karen Karllson (KLK Consulting) said the City also needs to consider what the costs will be to property owners and developers.

Ms. Esau said that at this point, the Tree Project will go into effect without an additional Council vote; the only question is whether the effective date can be delayed.

Mr. Skille expressed interest in having the DRAC review the code amendments identified by Ms. Kienan. DRAC Member Jeff Cole said that the letter should specifically state the amount of General Fund monies required, rather than just saying that General Fund support is needed. Mr. Michaelson suggested that the letter say that the Tree Project should be supported half by General Fund and half by fees, which would necessitate an ongoing General Fund commitment. Mr. Tomkinson suggested the language be stronger and more specific regarding the impact of the Tree Project on BDS, its mission and core services to the community, and fees.

Ms. Esau will further revise the letter and send it out to DRAC members for review.

Recognition of Outgoing DRAC Members

Mr. Skille recognized and presented Certificates of Appreciation to DRAC members who have completed their service and are leaving the DRAC, including:

- Don Geddes
- Renee Loveland
- Greg Theisen
- Simon Tomkinson

Bonny McKnight and Carrie Strickland have also completed their service, but were not present.

Next DRAC Meeting: Tuesday, February 21, 2012, 10:00 a.m. - 11:30 a.m.

Minutes prepared by Mark Feters, BDS