



City of
PORTLAND, OREGON

Development Review Advisory Committee

**Development Review Advisory Committee
MINUTES
Thursday, January 16, 2014**

DRAC Members Present:

Claire Carder	Hermann Colas	Jeff Fish
Dan Gilkison	Steve Heiteen	Dave Humber
Maryhelen Kincaid	Chris Kopca	Dana Krawczuk
Michelle Rudd		

City Staff Present:

Rebecca Esau, BDS	Mark Feters, BDS	Elshad Hajiyev, BDS
Kurt Krueger, PBOT	Phil Nameny, BPS	
Dora Perry, Comm. Fritz's Office	Andy Peterson, BDS	
Elizabeth Reese Cadigan, BES	Paul Scarlett, BDS	
Deborah Sievert Morris, BDS	Nancy Thorington, BDS	Riley Whitcomb, Parks
Christopher Wier, PBOT	Sue Williams, BES	Sandra Wood, BPS

Guests Present:

John Hasenberg, ORA

DRAC Members Absent:

Phil Damiano	Rob Humphrey	Keith Jones
Kirk Olsen	Joe Schneider	Keith Skille

Handouts

- DRAC Meeting Minutes 12/19/13
- Inter-Bureau Code Change List
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- Program Growth Rates
- Impact of Large Projects
- Draft Requested Positions FY 2014-15
- RICAP 6 Summary of Workplan Items and Proposed Amendments
- Public Works Annual Report FY 2012-13

Convene Meeting

DRAC Vice Chair Jeff Fish convened the meeting and welcomed DRAC members and guests.

DRAC members discussed need to appoint Chair and Vice Chair positions for 2014. The Committee also discussed the possibility of changing the DRAC meeting day and/or time, but many members had schedule conflicts that would make changing the day or time challenging.

DRAC members also discussed the DRAC's role, work, and the content of DRAC meetings. Members felt that meetings are more focused on the presentation of information than on policy direction and decisions. Chris Kopca said that when issues are brought to the DRAC, frequently decisions have already been made and a direction has already been set. Dana Krawczuk asked if budget information could be condensed or addressed in a subcommittee, so not so much time would be devoted to it.

BDS Director Paul Scarlett said that the focus on budget the last few years was driven by the bureau's financial situation, and because of staff cuts the bureau has not been able to support as many committee and subcommittee activities as in the past (with the DRAC and other advisory committees). The bureau is taking a closer look at its various standing and ad hoc advisory committees (including the DRAC) to make sure they are staffed and supported in such a way so they can be effective in advising and giving direction.

The Committee expressed interest in using the DRAC Workplan more fully as a tool for planning and working on specific policy issues. Steve Heiteen suggested that it would be helpful for newer members to provide an updated history on the DRAC's activities. He also said that he sees his role on the DRAC as acting as an information conduit between his industry and the bureau. He said that other DRAC members have asked him why the DRAC spends so much time on BDS's financials; in the past it was justified, but now it may be time to move on to other issues.

Rebecca Esau suggested that a standing agenda item be added to highlight one of the code changes from the Code Change document that is distributed at DRAC meetings.

DRAC members reviewed and approved the December minutes.

Director's Report

Mr. Scarlett briefly updated the bureau's financial and workload status and noted the handouts *Major Workload Parameters* and *Non-Cumulative Cost Recovery Report*. Maryhelen Kincaid asked if the bureau could highlight areas of concern in those documents. Mr. Scarlett said that a current area of concern is the challenge of quickly hiring staff to address workload issues. He said that BDS will begin providing a summary that highlights trends and issues to watch.

Ms. Kincaid asked about the correlation between workload and staffing decisions. Mr. Scarlett noted the close tie between the two, since the bureau is mostly fee-supported and has State mandates to operate its building code program.

Ms. Krawczuk asked for updates on administrative rules that are under consideration by the development bureaus. Nancy Thorington (BDS) said she is working on an ordinance that sets out how BDS develops administrative rules.

Mr. Scarlett said that he is excited about 2014 for BDS. Relationships with partners such as the DRAC are important and he wants to make sure they're working well. BDS will continue to staff up to meet workload and will make sure that the workforce is trained and equipped to be effective. He wants the same for the DRAC – productive, relevant meetings that members look forward to attending. The input on how to improve the DRAC is appreciated and will be worked on.

Mr. Kopca asked if the timeline for opening the Development Services Center (DSC) on Mondays has changed. Mr. Scarlett said they're looking at moving the schedule up a couple months (from June 2014), but it also depends on the other development bureaus being able to staff up. 70% of BDS's revenues come through the DSC, so adding Mondays sooner would be good for customers and the bureau. Staffing is the issue. Kurt Krueger (PBOT) said that PBOT has an even greater struggle to add staff due to the nature of their revenue streams. They want to be responsive, but being able to add staff quickly will be difficult. Mr. Scarlett said that this issue should be elevated to a City-wide issue, rather than each bureau responding on its own. He spoke with Mayor Hales last year about this issue, but it hasn't been resolved. Perhaps the DRAC could play a role in advocating for this.

BDS Budget Discussion

BDS Finance Manager Elshad Hajiyev reviewed the handouts *Program Growth Rates, Large Projects Analysis 2014*, and *Draft Requested Positions FY 2014-15*. This information has been reviewed with the BDS Finance Committee, and will be reviewed by the BDS Budget Advisory Committee next week. The Finance Committee approved the bureau's financial methodology and scenarios, and felt the Base Case Scenario was most probable. The Finance Committee will be submitting a letter with BDS's budget supporting the financial projections. Mr. Scarlett said that City economists and the other development bureaus use BDS's projections in determining budget and staffing decisions. He noted that the projected growth rates do not include fee changes, which are determined in a separate process in the spring. He also reiterated that BDS will not be increasing fees in 2014, other than for the Environmental Soils Program.

Mr. Kopca said that fees – particularly Systems Development (SDC) fees – have a significant impact, particularly on multi-family development. Fee Increases can result in projects being canceled. Mr. Scarlett said that even if BDS fees are not increased, BDS's revenues will still increase as project valuations increase. He said that one or two fees were reduced last year due to this dynamic.

Mr. Hajiyev said that after the Base Case Scenario is developed, the bureau adds in large projects (valuation over \$3 million), as reflected in the handout *Impact of Large Projects*. While large projects amount to less than 1% of the total number of projects, they account for over 40% of BDS's total permit revenues. Mr. Heiteen said that BDS needs to watch large projects. There is pent-up demand that is being reflected in the current increase in large projects, but in a few years that may change. Mr. Hajiyev said the bureau watches this closely, and large projects are factored into the financial projections only when there is a 90% or better chance that the project will go forward. Mr. Scarlett reiterated that the bureau bases its staffing level on the workload, rather than on revenues.

Hermann Colas asked about the process for adding large projects are added to the model. Mr. Hajiyev said that any large projects announced before the budget submission in early February are included in the model, and the model is then updated throughout the year as projects are announced. The plan is also re-worked whenever the bureau looks at adding positions or expanding services or programs.

Deborah Sievert Morris (BDS) discussed BDS's plan to add staff positions in FY 2014-15, which is geared to:

- Meet service level goals
- Add Monday services in the DSC
- Create entry-level positions to bring in new staff and provide career opportunities
- Respond to projected growth

Mr. Fish asked if more positions may be added in the Spring 2014 Budget Monitoring Process (BuMP). Ms. Sievert Morris said that it is possible that some of the positions could be added in the Spring BuMP, rather than in the FY 2014-15 budget; in that case, they would be subtracted from the Requested Budget.

Ms. Sievert Morris said that historically the DRAC has submitted a letter of recommendation with BDS's Requested Budget. The budget will be submitted on February 3rd, before the next DRAC meeting, so a draft letter will be circulated to DRAC members via email for review and comment.

Regulatory Improvement Code Amendment Package (RICAP) Update

Sandra Wood and Phil Nameny (BPS) gave an update on the current RICAP process. The Planning & Sustainability Commission approved the RICAP workplan in July 2013. BPS staff has been working on identifying what the issues are and developing proposed changes to address those issues. The draft was published last week, and they're meeting with various committees and groups in the coming weeks. They will make recommendation to the Planning & Sustainability Commission in April.

Ms. Wood distributed and reviewed the handout *RICAP 6 Summary of Workplan Items and Proposed Amendments*. A draft of all the proposed code amendments is available online at <http://www.portlandoregon.gov/bps/article/476080>.

Public Works Update

Christopher Wier (PBOT) noted the handout *Public Works Annual Report FY 2012-13* and encouraged DRAC members to contact him with questions. Kurt Krueger (PBOT) said they are hoping to adopt infill rules around February 1st, after which more details will be brought to DRAC. They are looking at relaxing public works requirements for certain types of infill development where the requirements aren't effective in achieving goals. They will also be adding to the list of items that are granted administratively without having to go through the appeal process.

Mr. Fish said that the rule changes should be discussed publicly before they're adopted. Mr. Krueger said that the changes are ones that need to be made quickly, some due to court rulings, and a public process would delay the changes and cause negative consequences. Ms. Williams (BES) noted that the rule changes will be adopted temporarily, and there will be time for them to be reviewed and tweaked prior to permanent adoption. Mr. Colas expressed support for this approach, but stressed that if feedback is given that the rules aren't working, they should be changed promptly.

Claire Carder said she is interested in flexible standards, which may be impacted by court decisions. She said she would like continued updates on changes, and that perhaps there is an opportunity to deal with some of these issues through the City's Comprehensive Plan as well. Ms. Kincaid suggested that a DRAC subcommittee be created to work on this.

Mr. Wier said they will be putting out formal draft admin rules for the public works appeals process, which has been operating informally. More items will be dealt with at the administrative level, rather than going through the formal appeal process. They will return to the DRAC for input and review before any rules are adopted.

Next DRAC Meeting: Thursday, February 20, 2014, 8:00 a.m. - 9:30 a.m.

Minutes prepared by Mark Feters, BDS