



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
Meeting Minutes
Thursday, April 19, 2018

DRAC Members Present:

Jeff Bachrach	Claire Carder	Maxine Fitzpatrick
Michael Harrison	Christopher Kopca	Jennifer Marsicek
Kirk Olsen	Sarah Radelet	Joe Schneider
Martha Williamson	Justin Wood	

City Staff Present:

Jonas Biery, BES	Jenn Cairo, Urban Forestry	Dan Cote, BDS
Rebecca Esau, BDS	Rick Faber, Urban Forestry	Mark Fetters, BDS
Elshad Hajiyev, BDS	Liz Horman, PBOT	Sarah, Huggins, Parks
Cecelia Huynh, Water	Kurt Krueger, PBOT	David Kuhnhausen, BDS
Erin Mick, Water	Tim Morris, BDS	Kyle O'Brien, BDS
Yung Ouyang, Budget Office		Dora Perry, BDS
Andy Peterson, BDS	Duane Peterson, BES	Elisabeth Reese-Cadigan, BES
Marshall Runkel, Comm. Eudaly's Office		Kim Tallant, BDS
Nancy Thorington, BDS	Sandra Wood, BPS	Jody Yates, PBOT

Guests Present:

Sean Green, NECN	Paul Grove, HBA	Sam Noble
Allison Reynolds, Perkins Coie		Kelly Ross, NAIOP Oregon
Susan Steward, BOMA		

DRAC Members Absent:

Handouts

- Draft DRAC Meeting Minutes 3/15/18
- Inter-Bureau Code Change List
- Non-Cumulative Cost Recovery Report
- BDS Major Workload Parameters
- Restrictions on Political Activity
- Fast Track Pilot Update to DRAC
- Urban Forestry Dev Fee Update
- Park SDC Fee Index FY 2018-19
- Preliminary FY 18-19 BES Rate
- Ordinance Exhibit A
- SDC Fee Calculation Basis & Cycles
- BDS Fee Change Summary
- Fee Comparison FY 18-19
- Water FY 18-19 Preliminary Fees & Charges
- Residential Infill Project Summary
- TDM Discussion Draft
- Upcoming City Council Agenda Items

Convene Meeting

DRAC Chair Justin Wood convened the meeting and welcomed DRAC members, City staff, and guests.

BDS Director Rebecca Esau recognized departing DRAC Members Kirk Olsen and Joe Schneider. Esau and DRAC members expressed appreciation for their time and service as DRAC members.

Membership Update

Mark Feters (BDS) said that candidates for several of the vacant DRAC positions are under consideration. Some DRAC positions may be filled by the time of the next DRAC meeting on May 17, 2018.

3/15/18 Meeting Minutes

DRAC members reviewed and approved minutes from the March 15, 2018 DRAC meeting.

Announcements

Public Works Appeal Panel

DRAC Member Martha Williamson volunteered to be the DRAC's representative on the City's Public Works Appeal Panel, and was approved by DRAC members. No one volunteered for the alternate DRAC position on the panel.

Concurrent Plat & Permit Review

DRAC Member Sarah Radelet will be meeting soon with representatives from Multnomah County to discuss this issue. Radelet will present an update at the May 17, 2018 DRAC meeting.

Restrictions on Political Activity

Feters reviewed the handout ***Restrictions on Political Activity***. Feters stressed that the restrictions apply only when individuals are acting in their official capacity as DRAC members.

Development Services Center Wait times

David Kuhnhausen (BDS) gave an update on BDS's work to reduce wait times for customers in the Development Services Center (DSC). In mid-May customers will begin seeing structural life/safety reviewers earlier in the process, which should reduce the need to re-visit structural life/safety later in the process.

Portland Online Permitting System (POPS)

BDS Interim POPS & Inspections Manager Dan Cote said that they are getting ready to convene the POPS Customer Advisory Group, and are looking for potential members. Cote encouraged attendees to send him names of customers who would be interested in participating.

Fee Change Presentations

Parks - Urban Forestry

Jenn Cairo (Urban Forestry) reviewed the handout **Urban Forestry Dev Fee Update** and gave an overview of proposed fee changes for Fiscal Year (FY) 2018-19. Forestry has been gradually approaching cost recovery on their fees, and this proposal moves them from 44% to 84% cost recovery. The proposed increases will pay for 9 additional staff positions in Urban Forestry, which will allow the permitting function to be separated from operations.

DRAC Member Christopher Kopca questioned whether this is the right time to be adding 9 staff positions, given that most workload indicators in the handout **BDS Major Workload Parameters** are dropping. Cairo replied that 4 of the positions will be do development permitting work, with the other 5 positions in the operations group (not related to permitting). Service timelines are currently behind due to insufficient staffing. In the short term, adding staff will help get caught up with the work.

J. Wood asked whether permit fees will be used to support the work of non-permitting staff. Cairo said that according to the City Budget Office, permit fees don't have to be used for permitting functions, as long as they are being used for urban forestry.

DRAC Member Jeff Bachrach asked why Urban Forestry is not funded from the Parks Bureau's budget, since Urban Forestry is part of Parks. Cairo replied that Urban Forestry is the only part of Parks that has permitting/code enforcement responsibility, and is therefore funded separately.

Parks - SDC

Sarah Huggins (Parks) reviewed the handout **Park SDC Fee Index FY 2018-19** and gave an overview of Parks' Systems Development Charge (SDC) methodology and changes for FY 2018-19.

Kopca said this is an egregious proposal as far as its impact on development; double digit increases year after year are not sustainable. Duane Peterson (BES) clarified that the 12% increase indicated in the handout is over 2 years, so it's actually 6% per year.

J. Wood asked about the impact of SDC exemptions. Huggins replied that Parks SDC pays for future growth in parks capacity, so providing exemptions means they'll build fewer parks or make fewer improvements to existing parks. About 43% of SDC funds go toward land acquisition for new parks, with 57% going to development of existing parks.

Sam Noble (Guest) mentioned that yesterday City Commissioner Amanda Fritz discussed selling parts of parks land, and asked if there is a statutory mechanism to make sure that things purchased with SDCs wouldn't be sold. Huggins replied that things purchased with SDCs wouldn't be sold, since they're park improvements. The only parks resources that would be sold would be those of less value.

BES

Jonas Biery (BES) reviewed the handout **Preliminary FY 18-19 BES Rate Ordinance Exhibit A** and gave an overview of proposed fee changes for FY 2018-19. Biery said they presented this information to the Portland Utility Board (PUB) last week. The final ordinance will go to City Council on May 17, 2018. Biery said the main drivers of the fee increases are an increase in the City's overhead rate and a large Cost of Living Allowance (COLA) increase. In recent years, the rate of increase in development fees has been less than the rate of increase in overhead and COLA costs. The difference has been accounted for through efficiencies in operations.

BES's SDCs are reimbursement in nature, recovering the costs from development that has already taken place, and they recover 100% of costs. SDCs are adjusted annually to reflect anticipated costs.

Kopca asked what is driving the SDC increase. D. Peterson replied that the increase is due to \$1.4 billion in value added to the system from big pipe projects from 2000 – 2012. The impact is applied gradually to SDCs over time, rather than all at once. There is nothing in City Code or State statutes that caps SDCs.

BDS

Kyle O'Brien (BDS) reviewed the handout **BDS Fee Change Summary** and gave an overview of proposed BDS fee changes for FY 2018-19.

PBOT

Kurt Krueger (PBOT) gave an overview of proposed PBOT fee changes for FY 2018-19. They will be holding Public Works inquiries and appeals constant. City Council passed a cap on the Local Transportation Infrastructure Charge (LTIC) last week; PBOT will be working on issuing refunds to properties that have overpaid.

Jody Yates (PBOT) said that new PBOT SDC rates went into effect on January 1, 2018. They are now basing SDCs on a 20-city average construction cost index. The calculations for FY 2018-19 are still in process, but it looks like SDCs will increase by around 3%. They will have the final number soon.

Yates added that the Community Use permitting fee structure is being revamped based on input from users.

Water

Cecelia Huynh (Water) reviewed the handout **Water FY 18-19 Preliminary Fees & Charges** and gave an overview of proposed Water Bureau fee changes for FY 2018-19. They will take their fee proposal to City Council on May 17, 2018. The proposal has already been presented to Water's advisory/oversight board.

Water development fees are calculated to reflect the actual costs of providing services. Water SDCs are reimbursement based (recovering costs that have already been accrued). The proposed Water SDC increase is driven by a \$77 million increase in Water's asset base last year.

Fee Discussion

O'Brien directed DRAC members to the handout **Fee Comparison FY 18-19** for a comprehensive look at all the fee proposals and their impact on various types of development. BDS will take this information to City Council when presenting BDS's fee change ordinance in May, so the Council can see the combined impact of the various fee proposals.

Kopca said that while the handout shows the impact of the proposed increases, it doesn't get at the policy questions about cost recovery and how are decisions made about which bureaus' increases have higher priority. The process is ad hoc, without any overall direction. Esau replied that the process is very bureau-based; each bureau has unique funding arrangements and sources and faces different regulations and restrictions.

Kopca said the DRAC needs to know the COLA and overhead numbers ahead of time, since they drive development fee increases. Kopca also asked about fee exemptions and waivers, and how they are being paid for. Elisabeth Reese-Cadigan (BES) said that most of the bureaus are not exempting development fees for any projects. Marshall Runkel (Comm. Eudaly's Office) added that the Fast Track Pilot Project is about improving timelines, not waiving fees. Analysis showed that waiving development fees has little benefit because the fees are only a small part of total development costs, yet they are vital to the bureaus.

J. Wood said that the larger issue is with SDCs. Bachrach added that SDCs comprise 60-70% of the costs of development projects, and there is more discretion with SDCs than with development fees. J. Wood said the next step may be for the DRAC Fees & Regulations Subcommittee to take this up and report back at the May 17, 2018 DRAC meeting.

Krueger said that if the DRAC wants to have greater impact on development fees, SDCs, and budgets, it needs to get involved with the individual bureau advisory committees, where those discussions take place. By the time the bureaus bring fee proposals to the DRAC for review, they have already been vetted and approved by the bureaus' advisory bodies and are unlikely to change significantly.

Residential Infill Project Update

Sandra Wood (BPS) reviewed the handout **Residential Infill Project Summary** and gave an update on the project. The project proposal was published earlier this month, and Planning & Sustainability Commission hearings will be in May 2018.

DRAC Member Michael Harrison asked if the type of development correlates to the allowed footprint. S. Wood replied that it did not originally, but now it's different for tri-plexes on corner lots.

DRAC Member Sarah Radelet said the new minimum number of units in R2.5 zones may be problematic for individual property owners (as opposed to developers); they may want to build just a house, not a house with an accessory dwelling unit (ADU). S. Wood replied that R2.5 zones are in the most accessible areas of the city, so increasing occupancy in those areas makes sense. In response to a question, S. Wood clarified that the proposal will still allow a detached new single-family residence (NSFR) to be built on a narrow lot.

Kopca said that while overall the project is pretty well-conceived, the rules related to garages will lead to more on-street parking, impacting neighborhood livability. Bachrach said the Planning & Sustainability Commission is also interested in parking, but it is unclear what their position will be.

J. Wood added that some of the proposed changes will have a negative impact on home ownership, increasing rentals, and there may be some implementation concerns for BDS. J. Wood proposed the creation of a DRAC subcommittee to review the proposal further. Feters will schedule a meeting prior to the next Planning & Sustainability Commission meeting on May 8, 2018 and invite any interested DRAC members to attend.

Transportation Demand Management (TDM) Discussion Draft

Liz Horman (PBOT) reviewed the handout *TDM Discussion Draft* and gave an overview of what TDM is along with a status update on the project.

Bachrach asked how property owners spend the \$30,000 in funds that PBOT holds related to TDM. Horman said that at the time of occupancy, property owners will work with PBOT staff to distribute the funds. PBOT can also work directly with tenants if property owners prefer. Bachrach inferred that most property owners will want to recover the \$1,100 per unit cost from tenants; Horman said that's between property owners and tenants, and PBOT won't be involved in that process.

Horman said PBOT will be collecting data on the program and doing an annual survey. DRAC Member Claire Carder asked how tracking will be done after the first year; transit passes are for a year, but the buildings will be there for much longer. Horman said the City Council had similar concerns. The program's intent is to incentivize behavioral change, and that's why there is flexibility in how the money is used. PBOT wants to see the funds stretch past the first year.

J. Wood asked whether the pot of money for a given project will remain if some tenants don't use the benefit. Horman replied that the money will remain attached to the property for 4 years. After that, the funds can be used anywhere on the corridor where the property is located; after that, any remaining funds can be used citywide.

Horman clarified that appeals will go to the City's Code Hearings Officer, not City Council.

DRAC Subcommittees

J. Wood summarized that the Fees & Regulations and Residential Infill subcommittees will meet before the next full DRAC meeting on May 17, 2018.

Open Forum

Harrison asked whether proposed changes to design review will be discussed with the DRAC; S. Wood said that drafts will be out in May 2018.

Carder gave an update on efforts related to workforce developments. Carder met in the last couple weeks with parties to discuss public-private partnerships to facilitate getting people into the trades.

Kopca asked for an update on the Fast Track Pilot and its impact on other development projects and staffing. Esau said its still too early to evaluate impacts; only a few projects are involved, and there hasn't been enough time to monitor and gather meaningful data.

The next DRAC meeting is scheduled for Thursday, May 17, 2018.
Minutes prepared by Mark Feters (BDS).