



City of  
**PORTLAND, OREGON**

Development Review Advisory Committee

**Development Review Advisory Committee**  
**Meeting Minutes**  
**Thursday, April 18, 2019**

**DRAC Members Present:**

Jeff Bachrach  
Claire Carder  
Holly Huntley

Shea Flaherty Betin  
Sean Green  
Martha Williamson

Alex Boetzel  
Michael Harrison  
Justin Wood

**City Staff Present:**

Ken Bartocci, BES  
Mark Feters, BDS  
Sarah Huggins, Parks  
David Kuhnhausen, BDS  
Erin Mick, Water  
Kyle O'Brien, BDS  
Elisabeth Reese-Cadigan, BES  
Sandra Wood, BPS

Beth Benton, BDS  
Darryl Godsby, BDS  
Cecelia Huynh, Water  
Elliott Lisac, Water  
Doug Morgan, BDS  
Andy Peterson, BDS  
Corey Stanley, Fire

Rebecca Esau, BDS  
Elshad Hajiyev, BDS  
Kurt Krueger, PBOT  
Anthony Martin, BES  
Phil Nameny, BPS  
Duane Peterson, BES  
Kim Tallant, BDS

**Guests Present:**

Krista Bailey, Urban Renaissance Group / BOMA  
Ashley Fleschner, National Association of the Remodeling Industry Pacific NW  
Sam Noble  
Allison Reynolds, Stoel Rives  
Michelle Schulz, GBD Architects/BOMA

**DRAC Members Absent:**

Paul Delsman  
Mitch Powell

Lauren Jones  
Sarah Radelet

Jennifer Marsicek

**Handouts**

- Draft DRAC Meeting Minutes 03-21-19
- Inter-Bureau Code Change List
- Amendments to Title 4 Original Art Murals
- BDS Major Workload Parameters
- Non-Cumulative Cost Recovery Report
- Park SDC Fee Index FY 2019-20
- BES Development Fees Year Over Year Comparison
- Proposed Water Fees FY 2019-20
- Proposed FY 2019-20 BDS Fee Schedules
- FY 2019-20 Fee Comparison Examples
- DRAC Role & Membership Discussion
- Title 3.30.030 Development Review Advisory Committee
- Focus Issues for DRAC
- Upcoming City Council Agenda Items

## **Convene Meeting**

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

## **Announcements / Updates**

### City Code Title 4 (Original Art Murals) Amendments

Mieke Keenan (BDS) reviewed the handout **Amendments to Title 4 Original Art Murals**. The proposed changes will go to City Council next month for approval. The intent of the amendments is to provide more opportunities for muralists.

### BDS Financial Update

Elshad Hajiyev (BDS) referenced the handouts **BDS Major Workload Parameters** and **Non-Cumulative Cost Recovery Report**. Hajiyev said that BDS revenues continue to decline, though not as steeply as previously. Two large development projects (Madison High School and Block 216) were submitted in March, leading to a one-time spike in revenues. Staff continues to closely monitor revenues and workload measures.

## **Fee Change Presentations**

### Parks SDCs

Sarah Huggins (Parks) reviewed the handout **Park SDC Fee Index FY 2019-20** and summarized anticipated changes in Parks SDC fees.

### Bureau of Environmental Service (BES)

Ken Bartocci (BES) noted that BES is embarking on a rate study that will include the fees being discussed today as well as rates. They have a consultant selected and will begin in June or July 2019. There will be multiple opportunities for public input on the rate study, and BES will reach out to the DRAC.

Bartocci reviewed the handout **BES Development Fees Year Over Year Comparison**. The proposed fee changes will be presented to the Public Utility Board on May 7, 2019, and to City Council on May 15, 2019.

### Water Bureau

Cecelia Huynh (Water) reviewed the handout **Proposed Water Fees FY 2019-20**. Huynh said the fee increases reflect inflation and increased personnel costs. In addition, a study was done to determine the hours needed to do plan review, and as a result of a more accurate calculation of actual costs, some fees are increasing more than the rate of inflation. A few fees are going down based on lower costs to provide those services.

DRAC Member Sean Green asked for more information on the new \$220 hourly over-the-counter fee. Erin Mick (Water) said the fee covers key milestone meetings and developer-requested meetings on larger projects. Water hasn't had a fee to cover the costs of providing those meetings.

## BDS

Kyle O'Brien (BDS) summarized the handout **Proposed FY 2019-20 BDS Fee Schedules**. O'Brien reminded attendees that BDS is dependent on fees for 98% of its revenues, and that there are restrictions on transferring funds between programs. Fees are therefore evaluated program by program.

O'Brien said that over the last five years most BDS fees have not increased, while some have decreased. However, personnel costs have grown substantially over the last few years and some bureau programs are now underfunded. BDS is also responding to inflationary costs.

Staff looked at hourly rates first, then made changes to provide consistency across fee schedules. Staff then reviewed each bureau program, looking for services where the fees didn't cover the costs.

There are no increases to valuation-based fees, but the minimum fee is increasing to \$110. The bureau aimed for a 5% overall increase in non-valuation-based fees, though specific fees may increase more or less than 5%. Hourly rates for the Field Issuance Remodel (FIR) program and the Facility Permit Program (FPP) are increasing, along with registration and administrative fees.

The proposed fee schedules are now posted on the BDS website (see <https://www.portlandoregon.gov/bds/79065>), and BDS managers will be reaching out to industry groups.

DRAC Member Holly Huntley asked about the new Accessory Dwelling Unit (ADU) fee in the FIR program. O'Brien said that it is a consultation fee rather than a permit fee.

## Cumulative Impact of Fee Changes

O'Brien next reviewed the handout **FY 2019-20 Fee Comparison Examples**, which shows the cumulative impact of all the development bureau fee changes on seven typical permit examples.

BDS Director Rebecca Esau emphasized that costs are going up for all the development bureaus, and some of that is reflected in the fee changes. But bureaus are also working on efficiencies such as electronic plan review. If costs are reduced due to efficiencies, those reductions can be passed on to customers.

DRAC Member Jeff Bachrach recognized the work of staff to put all the information together and said that having the cumulative impact of all the fee changes is helpful.

DRAC Member Michael Harrison said that particularly for larger development projects, time delays can have a larger impact on overall costs than the fees.

DRAC Member Alex Boetzel asked if the bureaus have oversight or incentives to make sure they are keeping their costs down. Director Esau replied that oversight is provided by the DRAC, along with feedback from customer and industry groups.

### **DRAC Mission/Role/Workplan**

Director Esau referred DRAC members to the handouts **Title 3.30.030 Development Review Advisory Committee, DRAC Role & Membership Discussion**, and **Focus Issues for DRAC**, and asked DRAC members for their input.

J. Wood said that the fee presentations get to what the DRAC is about – reviewing costs and other changes and how they impact development.

Director Esau said a key question is whether the DRAC should focus on development review process improvement as indicated in Title 3, or on policy development; or both. Betin said another question is whether the DRAC will be the most effective influencing policy or processes.

Green said that a lot of other groups already work on policy, so a policy focus doesn't make sense for the DRAC. The DRAC should focus on the development bureaus, their cultures, and getting development review service levels to where they should be, making Portland a place where people want to do development.

Boetzel said the DRAC needs to have enough insight and understanding into policy to know how it impacts development processes. The DRAC is a link between policy and processes and how they influence each other, and thus should be involved in policy discussions early enough to have an impact.

Huntley said that Title 3 focuses the DRAC on the development review process, with the purpose of implementing the City's goals. Ultimately the City defines the DRAC's purpose. J. Wood said that there are currently no other groups in Portland looking at how policies impact development.

Green agreed that the DRAC should be talking about policy, but the scope of that policy needs to be defined; an example would be how policies related to energy efficiency impact sustainable development. Issues like monitoring the efficiency of development review processes are huge.

DRAC Vice Chair Claire Carder noted two major aspects to the DRAC's work; first, that DRAC members will talk with their communities about policy changes and process improvements and bring information back to BDS and the City. Second, the DRAC needs to be more effective in giving input to the City and making change. The DRAC needs to get involved earlier in policy development when it impacts development.

Director Esau said that the NAIOP/BOMA group has become to some extent what the DRAC was intended to be. NAIOP/BOMA members have been meeting with development bureau staff to discuss and resolve specific issues related to commercial development. The DRAC should get back to identifying and working on issues of concern to members. The DRAC needs a relevant, meaningful workplan to guide its work.

Bachrach suggested the DRAC start by focusing on things that are slowing down development review. Bachrach said the DRAC takes on too much; it should review only issues that touch on development review. DRAC meeting agendas need to be managed better so that the DRAC is hearing only things that impact development review. Director

Esau suggested that at end of every DRAC meeting, members plan items for the next month's agenda.

Betin said the biggest development review issues for their constituents are access to services and the learning curve. The DRAC should focus on BDS's structure and processes and improving engagement with customers and the public, rather than weighing in on something like Inclusionary Zoning.

Boetzel said that focusing on improving development review is fine, as long as it's not limited to just incremental improvements of existing processes and systems. The DRAC should be open to innovative approaches and shaping development in certain directions.

Harrison agreed that the DRAC should spend time on things that add value. It's hard to separate policy from process; some policy significantly impacts development review processes. Harrison suggested a list of possible items to discuss be prepared for the next DRAC meeting, to help with planning future agendas.

Sandra Wood (BPS) said that BPS struggles to determine what will be relevant to the DRAC because DRAC members represent such a wide cross-section of development review stakeholders. BPS doesn't rely on the DRAC for public engagement; they come to the DRAC to cast a wide net and so members can take information back to their communities.

S. Wood noted that the Planning & Sustainability Commission's (PSC's) role is to weigh the perspectives of advocacy groups, but there is no group advocating at the PSC for streamlined, efficient development review processes, other than the DRAC.

J. Wood said the DRAC can fill the gap between development bureaus when requirements are in conflict and negatively impact development.

Boetzel said the diversity of constituencies represented on the DRAC is a benefit, and the DRAC could be expanded to represent an even broader array of stakeholders. Also, the DRAC should be concerned with making development better, not just more efficient.

Director Esau asked for observations from representatives from the City development bureaus.

- Elisabeth Reese-Cadigan (BES) said that it would be helpful if the DRAC is the only advisory group for development review.
- Kim Tallant (BDS) said that the DRAC does have a policy role, where it impacts development review. BDS Land Use Services is only group at the PSC that flags issues that will add time/costs to development review. When the DRAC does get involved in policy development, it's usually too late to influence decisions. The DRAC needs to be reviewing discussion drafts of policies earlier.
- David Kuhnhausen (BDS) agreed that by the time discussions get to the DRAC, decisions have already been made. The problem is figuring out how to identify issues that will touch on development review earlier in the process.

- Kurt Krueger (PBOT) said that the DRAC isn't relevant to decision makers; the City Council doesn't vet things with the DRAC.
- Mick (Water) said the benefit of the DRAC is that it addresses everything from large policy issues down to specific process issues. Mick would like to see more collaboration and dialogue at meetings between DRAC members and City staff. Staff shares the desire to work on improving processes with the DRAC.
- Doug Morgan (BDS) observed that the charge to the DRAC in Title 3 is quite broad. The most effective input received recently has been from the NAIOP/BOMA group, because they bring up issues of concern, giving staff the opportunity to review processes.
- Andy Peterson (BDS) said that in light of the guidance provided in Title 3, the DRAC is not hearing from staff on what the impact of policy changes will be on development. No one is monitoring changes to make sure they're delivering what was promised, and the DRAC isn't recommending code changes. Getting back to the fundamentals of what's in Title 3 would help.

J. Wood suggested two primary focuses for the DRAC moving forward:

- Problems/issues with current processes
- Anticipated policy/process changes

Members agreed to send feedback on problems/issues with current development review processes to J. Wood and Mark Feters (BDS) by Wednesday, April 24, 2019. Betin said that it would be good to include the NAIOP/BOMA group.

Huggins suggested delineating on meeting agendas whether items deal with policy, processes, or legislative actions.

### **Residential Infill Project (RIP)**

S. Wood gave a brief update. The RIP has been reviewed by the PSC and will probably go to the City Council in fall 2019. A big issue identified by the PSC is the ramifications of the RIP for displacement.

**The next DRAC meeting is scheduled for May 16, 2019.**

Minutes prepared by Mark Feters (BDS).