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December 1, 2016 | Meeting Agenda

Unreinforced Masonry Building Policy Committee

Portland Development Commission | 3 - 5 PM

Committee members in attendance: Margaret Mahoney (chair), Carmen Merlo, Ken Rust, Reid Zimmerman, Peggy Moretti, Hermann Colas, Walt McMonies, Jen Sohm, Brian Emerick, Tom Carrollo.

City staff members present: Jonna Papaefthimiou, Amit Kumar, Shelly Duquette, Eric Thomas, Jessica Kinard.

Observers: Gwen Baldwin, Susan Steward, Mike Haggerty, Ken McKinney, Robin Flager, Brad Meadows, David Gwyther.

Welcome and Introductions (Margaret Mahoney, Chair)

Margaret welcomes the groups and thanks them for their attendance.

Summary of public comments received to date (Jonna Papaefthimiou, PBEM)

Jonna presents the slides as posted. [Refer to slides]

Review policy recommendations and discuss any proposed changes

Walt McMonies states that he has developed a counter proposal to the policy committee recommendation, developed when he convened an informal group that included BOMA members, masonry building association owners, and other building owners and managers. He clarifies he is not speaking for BOMA or any other “official” group. The feeling of the ad hoc group was that the costs for retrofits are simply higher than most property owners can afford to pay. Without a lot of financial support, the group would commit to parapet tiebacks and roof-wall connections, but not other interventions. The numbers the group has used, \$68/SF, is really a lot. Some of the benefits are public benefits and the public should pay for these.

Walt adds that ASCE-41 assessment standards are not available online and no one can see the ASCE-41 report unless they are a member of ASCE. But the assessment is expensive and the group had concerns around this too. Owners would like to do something else, cheaper, a determination letter that says they are or are not a URM.

Reid says that it’s important to assess buildings to a standard, otherwise the data is not at all comparable, no one can determine what class the building belongs in, and don’t know what it will take to retrofit. ASCE-41 can still have a range of details and supporting documentation. It may be a checklist with a range of deficiencies – it could be simpler than has been imagined, but still a standard that allows the information to be compared.

Walt asks, and Reid confirms, that it can be done more cheaply than \$10,000.

Tom is concerned that the report will be provided to the City and become a public document.

Peggy asks where the conversation is going – seems to be basically a debate about benefit to the public versus costs to the property owner. She asks if there are any other ideas about how the policy committee can move forward by providing more financial support?

Margaret says that the cost versus benefit is the logjam the group is facing now. She asks for highlights from the counterproposal.

Mike Haggerty presents a contrasting view to Walt's; basically, the retrofits Walt proposes will help in a small earthquake, but will not prevent the collapse of many buildings in the large earthquake we expect. He also points out that 20 years is a long time, and that not all costs have to be covered right away or even in another ten years – a great deal of time. He also says that the ASCE-41 tier 1 evaluation is not that complicated and still provides a lot of information to the owner so they can plan appropriately and have time to take the steps they may need to take. Grandfathering buildings that have been upgraded already makes sense.

Jen says that school buildings, as one example, are complex. Some long assumed to be URMs are not, and others that are not in the database are now known to be URMs. These buildings were constructed or added to in different decades and have many different construction types. She states that in her experience an elementary school costs \$7,000 - \$15,000 for an assessment for the SRGP grant program and high schools are much more.

Reid says that SRGP requires more data than just the standard ASCE-41, which is a reason it is more expensive.

Hermann asks whether a contractor who performs a seismic retrofit of a building that is still damaged in an earthquake, would potentially be responsible for the damage or harm to people. If yes, who would want to do this work?

Carmen notes that preventing loss of life within a building is a benefit to the owner as well as the public, and so if 55% of the benefit is life safety benefit, that does not mean 55% of the benefit is to the public only and not the building owner.

Tom asks whether the response to Walt's proposal is "manufactured." Carmen clarifies that David Bugney was a member of the standards committee responding to Walt's counter-proposal. The standards committee was made aware of Walt's counter-proposal by staff that received the letter. Margaret asked Carmen to make copies for the committee.

Carmen states that the historic property tax credit is unlikely to pass this year because of the state budget situation. She says that the brownfields-tax-credit-like program may have more success because it can be adopted locally. She says that the City has developed a legislative concept and the City will likely make it part of their legislative agenda next year. She gave highlights of the tax abatement program: it permits a tax exemption for URM retrofits up to the full cost of the retrofit, for up to 10 years with a 5-year extension possible. There is some discussion to clarify how the program works. There is agreement that the exemption would figure into a pro forma and could assist in acquiring bank financing for a project. There is a question whether the benefits will be capped. The stated legislative

does not require this. Javier says the county may want to cap the tax exemption when it comes to implementation at the local level; they have done this for affordable housing.

Carmen further states that the CPACE legislation that passed last year, was adopted by Multnomah County today so now can be used for seismic retrofits. Ken explains that there are some benefits to this program but that they are basically not financial savings – there are no actual cost savings to the owner. Peggy suggests that the brownfields-like tax credit seems like the best bet and it would be worthwhile to do an economic study and show the benefits in terms of job creation or other similar local economic benefits.

Brian Emerick says that a tax exemption will not help all property owners.

Walt says he owns a property that needs about \$1.2 million retrofit and pays about \$100K in taxes, so the project begins to pencil.

Peggy says if there is a seismic incentive, then additional work will come out of it, because when the seismic work becomes possible they will also do other upgrades and remodeling. She acknowledges that low-value buildings won't see much benefit, but they are not likely to be upgraded in any scenario.

Eric Thomas of BDS presents one possibility of reconciling Walt's proposal with the previous policy committee proposed standards, by combining class 3 and class 4 buildings and adopting a modified bolts plus standard similar to the standard being applied in Seattle. [See presentation for details.]

Peggy says she supports this idea.

Margaret asks about weak story commercial buildings. There are many of these.

Eric says the owner could add a lateral element to address the weak story, then do modified bolts plus.

There is some discussion of how the standards would apply in a liquefaction zone. Reid clarifies that in the modified bolts plus standard, the liquefaction risk does not trigger additional requirements; the building needs to meet the standard, not the soil. Fundamentally, the idea of the URM standard is to address URM-specific risk. Liquefaction is a risk for all buildings in the zone.

Brian Emerick asks why the soils assessment is then required. Reid explains that this is to ensure that the owner has all the information they need to make a reasonable investment decision – whether to upgrade or demo and rebuild, and if to upgrade, to what standard.

Margaret suggests the policy committee may send something back to the standards committee.

Hermann asks how the City will pay for upgrades to its own buildings?

Ken says the City will likely sell bonds.

Hermann asks whether it would then follow that the City should acquire other URM buildings and sell bonds to retrofit them.

Margaret says that this jeopardizes the City's responsibility to provide many other public services.

Margaret says it's time to poll the group to decide on next steps:

Ken says he generally supports the new proposal but would defer to those with more expertise.

Javier says that if affordable housing has to meet the same timeline as others, they may be challenged to do that because all the financing for their many, many buildings needs to come from the same place.

Jen Sohm says she is interested in the strategies used by schools in other places, particularly California. She states Oregon has some of the worst funding for school buildings of any state in the US. She is surprised that there were not more public comments about schools.

Brian says that more financial supports are required. The tax credit seems better but that is the first plausible proposal. Brian says the simplification helps but only 233 buildings are in class 3 and would go into class 4; for the rest, there is not much benefit.

Tom echoes Brian's comments about the financing – it's really hard. He says in terms of modified bolts plus, it's going in the right direction. He says the geotech still seems hard to understand. He asks what is next in terms of the CBA – how will this be resolved. There are still many questions on this.

Reid has nothing additional to add.

Peggy says she supports what has been presented.

Hermann asks whether we are setting standards that will save lives or standards that are what we can afford. He says we should be clear in our goals. It is a waste to design standards to fit our budget if it does not accomplish our goals.

Margaret says her goal is to set standards that are do-able and will save lives. She would like to understand better how the proposed rules will apply to the body of buildings we are concerned about. She says being more clear about the ASCE-41 Assessment and what it costs to do would be helpful. And she says the group needs to look at the current language in City Code section 24-85 and how improvements to the existing code might move the ball forward. And, she says the group should come back to Tom's question about Ken's report.

Margaret says she feels it would be helpful to get a very clear and short summary on public versus private benefit. She says that Ken can also ask other specific questions; please pass them on to Carmen for Ken to work on.

Reid says he has one thought on public versus private benefit; the group needs to ask a clear question, and what he would like to know is what % of the life-safety benefit is for building occupants versus people on the street.

Margaret asks that the standards committee review, modify if needed, and state if they support the modified bolts plus proposal.

Brian asks for information on how the tax proposal would work. He also asks for data on how much taxes per SF an average URM is paying; needs to figure out what % of the cost the tax benefit would cover.

Margaret says that a separate meeting on schools may make sense. Jen indicates she will agree to that.

Public comments

David Gwyther is a lobbyist for Peterson's Convenience Store. The store is at SW 10th and Morrison, in a city parking structure. The City is spending \$25 M to upgrade the building without doing any seismic

upgrades. He describes the specific seismic vulnerability of the building. He says that the committee should recommend that the city set an example and do seismic upgrades on their own projects when they have risk, whether or not they are URMs. He provides a handout to the committee.

Gwen Baldwin says she wants to problem-solve to get the most benefit, by preserving URMs for all the benefits they provide, as well as protecting life and property. The brownfields-type legislation has promise but we need to remember that we can only go to the well so often. Also, this will only come forward if the legislature passes it, and we won't know that until June at the earliest.

Ben Kaiser apologizes for coming forward at the last minute at the previous meeting. He says that seismic retrofits are expensive and disruptive. ASCE-41 assessments are expensive and 20-30 years is not a long timeline to do such expensive work. He says the requirement just causes more guilt because we can't afford to do what we ought to do. He says building occupants need to do something to protect themselves, and his product [core first] saves 70-80% of the cost. He says that in one- and two-story buildings, just bracing the parapets and protecting the exit ways is sufficient. And that for other buildings, he has the solution.

Tom is interested in the Shake Alert system. Carmen says that this is a promising technology that works in other places, and that the City supports it as part of their federal agenda. The state of Oregon needs more seismic instrumentation, and more testing needs to be done. In her opinion this technology is at least two years out. It could give a few seconds of warning for earthquakes.

The group agrees to complete a Doodle poll to schedule their next meeting.