



City of
PORTLAND, OREGON
Development Review Advisory Committee

DRAC Fees & Regulations Subcommittee
MINUTES
Friday, September 9, 2016

Subcommittee Members Present:

David Humber, DRAC
Maryhelen Kincaid, DRAC Chair
Christopher Kopca, DRAC
Susan Steward, BOMA
Justin Wood, DRAC

City Staff Present:

Cindy Dietz, Water
Mark Fetters, BDS
Matt Grumm, Commissioner Saltzman's Office
Sarah Huggins, Parks
Paul Scarlett, BDS
Deborah Sievert Morris, BDS

Subcommittee Members Absent:

Jennifer Marsicek, DRAC
Joe Schneider, DRAC

Handouts

- Water Bureau Rate Ordinance
- Instructions for Completing Water Meter Sizing Worksheet
- Parks 2016-17 Fee Schedule
- Parks SDC Fee Indexing Code Excerpts
- Parks SDC FAQs

Convene Meeting

DRAC Chair Maryhelen Kincaid convened the Subcommittee meeting and welcomed attendees.

Development Bureau Fees

Water Bureau

Cindy Dietz (Water) distributed and reviewed the handouts **Water Bureau Rate Ordinance** and **Instructions for Completing Water Meter Sizing Worksheet** and gave an overview of Water's fees and Systems Development Charges (SDCs). She noted that Water uses a buy-in SDC model that is backward-looking at existing capacity. The value of Water's system is in the watershed and existing facilities.

She said that Water Bureau's SDCs are below the national average and less than most metro-area water utilities. This is a reflection of the system's age and value. The SDC fees are based on meter size. Each year, the Water Bureau looks at data from a several-year period to calculate fee changes.

David Humber (DRAC) asked whether Water's fees have ever decreased. Ms. Dietz said that there have been a few instances where fees have gone down. Justin Wood (DRAC) noted that Water SDCs did go down minimally during the recession.

Christopher Kopca (DRAC) asked whether water service can be denied or delayed for new development because of a lack of adequate supply. Ms. Dietz said that there are situations where a water main extension will be required for a specific development. Mr. Humber added that the City sometimes cost-shares if the main extension will have capacity beyond what the project will need.

Ms. Dietz said that Water used to provide a fee statement for every project that required pre-design, but in 2010 they went to fixed fees for the vast majority of work. Water can now provide a fee statement to most applicants within 24 hours. As a result, Water can support cost-sharing of water main extensions from the beginning, rather than requiring the developer to pay in full and then reimbursing them.

Mr. Kopca said that Portland has a lot of neighborhoods zoned for higher density, but public utility systems are undersized to handle that density. He said that it should be the City's responsibility to pay for the infrastructure improvements, rather than developers, since the City has made a policy decision to push for increased zoning. Sarah Huggins (Parks Bureau) said that when rates go up, everyone pays more, so we all pay for it. Mr. Kopca replied that he would like to know how revenues from rates and SDCs are used. Elisabeth Reese-Cadigan (BES) said that the Public Utility Board determines how rate and SDC revenues can be spent.

Mr. Kopca applauded the Water Bureau going to fixed fees, since it gives developers more certainty about what projects will cost.

Mr. Wood said that he was on a State task force last year looking at SDCs. Cities that had General Fund money to use for infrastructure improvements before Measure 5 passed now have to rely on SDCs.

Parks Bureau

Ms. Huggins reviewed the handouts **Parks 2016-17 Fee Schedule**, **Parks SDC Fee Indexing Code Excerpts**, and **Parks SDC FAQs**. She said that the Parks SDC is an improvement fee – it looks forward to what capacity will be needed in the future.

In May 2015, Parks' methodology changed to look at the present parks value per person; the goal for the future is now to maintain that same value per person by adding to existing capacity. There are two SDC sub-areas: Central City and Non-Central City. Fees are indexed annually, but they weren't indexed in 2016 because the new methodology had just gone into effect.

Ms. Huggins said the 12% annual increase referenced in the handout is a cap, and doesn't mean that fees will increase by that amount. The methodology is updated every 5 years. Fees can be modified annually based on the Engineering News-Record's Construction Cost Index. SDC fee planning takes into account donations of park land and other cost savings, based on historic analysis of donations that have been received in previous years.

Mr. Wood said that he is worried that if Parks' methodology were used by the other development bureaus, total SDCs would be over \$100,000 per project.

Matt Grumm (Comm. Saltzman's Office) clarified a public easement on private land is not considered parkland for Parks' calculations; they only consider land that they own. Mr. Kopca replied that the developer is then paying twice – first to create the public park and easement on their land, then paying higher SDCs because that land doesn't count as a park in Parks' calculations. Mr. Kopca asked if Parks staff could find out whether the developer in the Lloyd Center superblock got credit for making a park, and what mechanism they used to create the easement.

Ms. Kincaid said that another part of the discussion is developers paying SDCs but not seeing the direct benefit in the area around the development, since the money is used throughout the system. She wondered how developers and the public can know whether the fees are actually improving the common good. Mr. Kopca said that SDCs can't be sequestered by neighborhood or area; they're used according to Parks' master plan for improvements throughout the system. Mr. Grumm noted that it is at least split between central city and non-central city.

Mr. Grumm said that the development bureaus will likely continue to differ in how they calculate SDCs, unless Portland's system of government changes.

Next Steps / Future Meetings

Members agreed that the next Subcommittee meeting will be scheduled for 90 minutes over the lunch hour, and BES and PBOT will be on the agenda.

Next Subcommittee Meeting: TBD
Minutes prepared by Mark Fetters, BDS