



**Office of the Director**

**City of Portland, Oregon - Bureau of Development Services**

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**Report to Council**

**July 21, 2010**

**TO:** Mayor Sam Adams  
Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Randy Leonard  
Commissioner Dan Saltzman

**FROM:** Paul L. Scarlett, Director

**SUBJECT:** Improvements to Public Works Development Review and Permitting Services

On April 16, 2009, Council directed the bureaus of Environmental Services, Transportation, Water, Parks and Recreation, and Development Services to plan and implement a comprehensive set of improvements to Portland's development review and permitting services focusing on public works permitting.

On July 9, 2009, Council received and accepted a report of recommended improvements to public works permitting processes. The report was developed by an interagency team representing the bureaus of Environmental Services, Transportation, Water and Development Services, with the active participation of members of the Development Review Advisory Committee (DRAC).

On September 23, 2009, Council received and accepted the next installment of process improvement recommendations. The report combined the approved recommendations from July 9, 2009 with new recommendations that were scheduled for Council consideration in September.

- The July 2009 recommendations dealt with public works permitting turnaround times, predictable permitting fees, appeals procedures and the colocation of public works permitting staff at the 1900 Building.
- The September 2009 recommendations focused on procedures to resolve internal policy and regulatory conflicts and changes to provide a uniform program for financing, deferring and exempting system development charges.
- In addition, the Interagency Team proposed a new process for continuous policy and regulatory improvements, as well as guidance on the monitoring of staff performance during the current fiscal year and beyond.

On December 17, 2009, Council received and adopted recommendations and ordinances necessary to implement predictable fee schedules for public works permits, create a public works appeals process, adopt uniform policies for deferred and installment payment of system development charges, and adopt uniform policies for partial and full exemptions of system development charges for qualified affordable housing developments.

On January 13, 2010, Council received and adopted recommendations regarding the Public Works Appeals Process including the Appeals Panel and Appeals Board, the appeal decision criteria, and the aspects of what can be appealed.

On July 28, 2010, Council will be presented with an update on the status of process improvements made to date and a review and report on the status of the original April 16, 2009 Council directives.

- This information has been presented to the Planning and Development Directors, Development Review Advisory Committee Subgroup and a User Group (industry professionals) prior to the filing of this report for Council consideration.

### **Council Directives (From April 16, 2009) and Updates**

#### **1. Colocation**

All development review and development related permitting staff and public works permitting staff have been located at the 1900 Building as of December 2009. A total of 29 staff (11 PBOT, 12 BES, 6 Water) have moved to 1900 SW 4<sup>th</sup> Avenue joining 10 staff (3 PBOT and 7 BES) already located there. Accessibility for City staff and for developers regarding development and public works permitting occurs at one location. This directive is complete and successful.

#### **2. Internal Conflicts & Conflict Resolution**

The Interagency Team has:

- Established new procedures that empower development review staff, team leads, section supervisors and division managers at the 1900 Building to identify, balance and coordinate competing policy and regulatory requirements related to site-specific public works permit applications.
- Developed and implemented turnaround times for resolving conflicts that support adopted plan review timelines.
- Referred appropriate cases to new public works appeals process.

The Interagency Team will:

- Establish a system to document conflicts and appeals issues.
- Seek funding that is appropriate to address within a larger context or policy level, those conflicts and competing policies that impact development.

Additional actual data is necessary but the assessment of preliminary data indicates that developing and implementing these formal systems to resolve conflicts and address competing policies has been successful thus far.

#### **3. Public Works Permitting Turn-Around Times**

The new system of in-take and review includes (1) increased assistance at the concept stage of projects, (2) identification and resolution of appeals at the earliest stages of design, and (3) a more efficient and predictable review process that compresses total City turn-around times from 18 weeks to 11 weeks. The new public works process was implemented January 4, 2010. As of the beginning of July, there have been 23 Inquiry meeting requests and 14 public works permits submitted. (In typical prior years there are about 80 permits submitted). Overall, 95% of all meeting and established response times goals were met, and 100% of all meeting and established response time goals were met within one day of the goal. Additional actual data is necessary but the assessment of data at current work levels indicates that the timelines as established can and

should be met at a very high rate, and are internally working successfully. Continuing to monitor results and review feedback from users of the system will provide needed information from which to draw broader program related conclusions.

4. **Predictable Fees for Development Review and Public Works Permitting**

Along with the new public works process, new fees were implemented January 4, 2010. Originally, fees were proposed to have two options: fixed fees and “usual and customary” fees. Setting fixed fees requires a history of work to analyze and establish standard cost parameters. Due to lack of data on permits processed through the new system, interim fees were established which are used on a project by project basis, to establish a fixed project fee which is accompanied by a City guarantee that a refund is provided to the applicant if less than 90% of the fees are used. In May 2011, fee levels will be addressed as part of the annual fees presented to Council, assuming additional permit data is available to support the analysis. Until the new rates and fees are set, development of the online Public Works Permit fee calculator is deferred. These interim steps provide the applicant with certainty regarding fees following the ‘30% Meeting’, which is beneficial. Continuing to develop a history of project costs will support the establishment of fees that provide cost information earlier in the process, and provide recovery of Public Works Permit costs.

5. **Public Works Permitting Appeals**

The new public works appeals process was implemented June 1, 2010. Two appeals have been submitted and decisions reached by the Appeals Panel. The Interagency Team will establish a system to document appeals issues. Also, the team will ensure that development applicants are fully informed of their appeals rights and the appeals process, that appeals are fully documented, that reviews are conducted within identified turnaround times, and that policy issues are flagged for further consideration. Preliminary feedback is that the process for this directive has operated well, and should perform successfully. Establishing the tracking system, providing documentation to the customer base on the process and availability of the procedure will follow. Monitoring will occur over the course of the next year and provide the opportunity to record additional measures of success.

6. **System Development Charges**

Uniform policies regarding the exemption, deferral and financing of system development charges have been developed. Repayment policies related to exemptions for low income housing projects have been clarified and aligned amongst the bureaus. Guidelines have been established within City Code to govern the granting of other types of SDC exemptions and adjustments. Deferral policies have been extended to cover all SDCs and consistent deferral time-periods were established based on the size of the project. Sufficient security is required to ensure payment of all deferred SDCs, and provide uniform calculations of interest and fees during the deferral period. A master financing template that facilitates the consistent financing of SDCs through the City’s special assessment loan program has been established. Monitoring and evaluation of the program over the course of the next year will be necessary to verify the success of these changes.

7. **Outreach and Stakeholders**

The Interagency Team has provided regular reports to city managers, members of the Planning Commission, DRAC, Citywide Land Use Group, and other City advisory bodies, and other development stakeholders. These groups have been involved in assessment of the new public

works process and appeals and program. Feedback from the User Group has been positive and has included acknowledgement of improved interbureau coordination in public works inquiry responses.

The attached report provides additional details about these comprehensive improvements. As has been the case since April 2009, all participants are dedicated to making lasting and meaningful improvements to development review and permitting services. The Interagency Team will continue to implement and refine the new public works process and the new public works appeals process. The Interagency Team will continue to involve stakeholders over the next year.

In July 2011, the Interagency Team will return to Council to report on the effectiveness of the initiatives in improving customer service in Portland's permitting system and with a recommendation regarding consolidation of the City's permitting functions.

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**TO THE COUNCIL**

The Commissioners of Finance and Administration, Public Safety and Public Affairs concur with the recommendations of the Director of the Bureau of Development Services and

*Handwritten signature/initials*

**RECOMMENDS:**

That the Council accepts the report as set forth in Exhibit A.

Respectfully submitted,

Sam Adams, Mayor and Commissioner of Finance and Administration

Randy Leonard, Commissioner of Public Safety

Dan Saltzman, Commissioner of Public Affairs



## Public Works Permitting Recommended Service Improvements

EXHIBIT A

Portland, Oregon | Public Works Permitting – Interagency Team | July 28, 2010

On April 16, 2009, Council directed the bureaus of Environmental Services, Transportation, Water, Parks and Recreation, and Development Services to plan and implement a comprehensive set of improvements to Portland's development review and permitting services focusing on public works permitting.

On July 9, 2009, Council received and accepted a report of recommended improvements to public works permitting processes. The report was developed by an interagency team representing the bureaus of Environmental Services, Transportation, Water and Development Services, with the active participation of members of the Development Review Advisory Committee (DRAC).

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- The July 2009 recommendations dealt with public works permitting turnaround times, predictable permitting fees, appeals procedures and the colocation of public works permitting staff at the 1900 Building.
- The September 2009 recommendations focused on procedures to resolve internal policy and regulatory conflicts and changes to provide a uniform program for financing, deferring and exempting system development charges.
- In addition, the Interagency Team proposed a new process for continuous policy and regulatory improvements, as well as guidance on the monitoring of staff performance during the current fiscal year and beyond.

On December 17, 2009, Council received and adopted recommendations and ordinances necessary to implement predictable fee schedules for public works permits, create a public works appeals process, adopt uniform policies for deferred and installment payment of system development charges, and adopt uniform policies for partial and full exemptions of system development charges for qualified affordable housing developments.

On January 13, 2010, Council received and adopted recommendations regarding the Public Works Appeals Process including the Appeals Panel and Appeals Board, the appeal decision criteria, and what can be appealed.

On July 28, 2010, Council will be presented with an update on the status of process improvements made to date and a review and report on the status of the original April 16, 2009 Council directives.

- This information has been presented to the Planning and Development Directors, Development Review Advisory Committee Subgroup and a User Group (industry professionals) prior to the filing of this report for Council consideration

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### **COUNCIL DIRECTIVES AND RECOMMENDED ACTIONS**

Review of original April 16, 2009 Council directives and status updates for each of the directives based on proposals approved by Council on July 9, 2009 and September 23, 2009. See page 9 of this report for the original directives and the proposals approved in July and September 2009. Note that the below item numbering represents the original numbering of items in the April 16, 2009 Council directive.

#### **COLOCATION, TRANSITION PLAN & COSTS OF COLOCATION**

1. Commence co-location of programs and personnel from the infrastructure bureaus necessary for the review and issuance of all development related permits in the 1900 SW 4<sup>th</sup> Avenue building on or before July 1, 2009. Co-located positions will perform their duties in a common location to enhance customer

service delivery, but will continue to serve under the authority of their respective bureaus. Co-located programs and positions shall include but not be limited to those outlined in Exhibit A. The Director of the Bureau of Development Services shall be the ultimate authority in the identification of co-located programs and positions for the 1900 SW 4<sup>th</sup> Avenue building to ensure that co-located staff have the appropriate knowledge and authority to enhance customer service in the City's permitting functions.

2. Develop an Employee Transition & Support Plan for the employees who will be impacted by the transition to ensure that new staff are welcomed to BDS and that their concerns and issues are addressed.

6. Any costs necessary to accomplish the co-location of permitting personnel at the 1900 SW 4<sup>th</sup> Avenue building shall be borne by PBOT, BES, PWB, and PPR commensurate with the proportion of staff being accommodated at the 1900 SW 4<sup>th</sup> Avenue building.

**STATUS:** As of December 2009, all staff in the following areas have been located at 1900 SW 4<sup>th</sup> Avenue:

- Public Works Permitting Review
- Building Permit Review
- Land Use Review

A total of 29 staff (11 from PBOT, 12 from BES and 6 from Water) have located at the 1900 building joining the 10 staff already located here (3 PBOT, 7 BES). These staff are located on the 4<sup>th</sup> floor with the Land Use Services Division staff of the Bureau of Development Services.

All staff have transitioned and the costs have been borne by PBOT, BES, PWB and PPR. Customers have expressed benefits with the change. Staff report efficiencies in coordinating with other collocated staff. Although coordination and communication have improved among staff located in the 1900 building, Staff have noted that it is becoming more difficult to maintain connections with infrastructure bureau staff located in the Portland Building. The staff connections between the Portland Building and the 1900 Building necessary for project review will need to be supported and maintained to ensure the best customer service for applicants. This directive is completed.

## CONFLICT RESOLUTION

3. Create an effective conflict resolution process to address policy and code conflicts between bureaus, including the Development Review Advisory Committee (DRAC) and Planning Commission.

### STATUS:

Appeals Process - The appeals process was implemented on June 1, 2010. Two appeals were heard by the Appeals Panel on July 6, 2010. The Interagency Team will continue to refine the appeals process as more appeals are processed and feedback is provided by stakeholders. The next step is for staff to develop processes and procedures for tracking issues that arise in the public works appeals process. The system to record issues will be developed by the end of October 2010. In order to truly address fundamental conflicts between codes or competing policies, the conflicting codes or policies need to be reviewed comprehensively. Funding is necessary to develop a work plan, with direction by City Council and Bureau Directors, to make code changes that address code conflicts between bureaus.

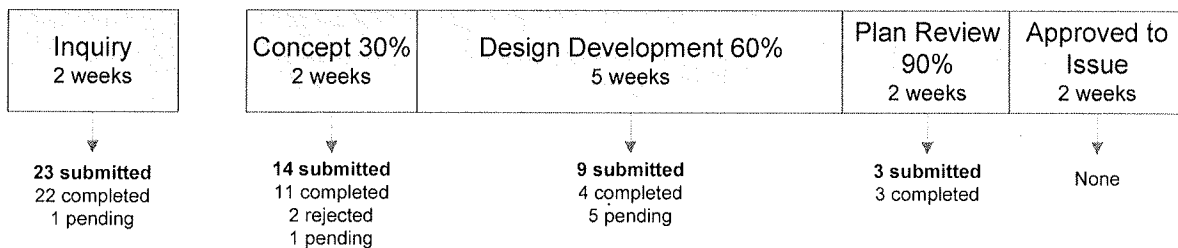
Internal Policy Balancing - Internal policy-balancing is typically handled by first level managers in one of two weekly meetings: Public Works Technical Team for public works specific issues and Land Use Coordination for projects with land use components. Issues may be referred to higher managers and to the Appeals Board or to Directors (for broader policy issues). Typically, project issues are resolved quickly at the lowest management level. As noted above, to address code conflicts between bureaus, funding will need to be directed to a work plan to address the issues.

TURNAROUND TIMES

4. By no later than July 1, 2009, the Interagency Team defined in Exhibit D shall work with DRAC to:
  - a. Establish standard turnaround times for permit application reviews, code appeals, and other associated services provided by the Portland Bureau of Transportation (PBOT), the Bureau of Environmental Services (BES), the Portland Water Bureau (PWB) and Portland Parks and Recreation (PPR) in a manner that is consistent with established BDS turnaround times outlined in Exhibit B and present them to the City Council for approval.

**STATUS:** The new Public Works Permitting process was initiated January 4, 2010. This includes early assistance, in the form of the Inquiry Meetings and the public works permit review. Under the new process, the turnaround times for public works permits have been reduced from a typical 18 weeks of City review time to 11 weeks of City review time (does not include applicant/engineer preparation time). An additional two weeks are allowed for complex projects. All bureaus participating in public works permit review (Transportation, BES and Water) have committed to these turnaround times.

In addition, staff are reviewing the public works permit much earlier in the process – during the design phase and working with the applicant during design rather than delaying public works permit review until the applicant has fully designed the project and gone through other City processes (such as land use review or building permit review).



The inquiry meetings are the first step in the public works process, prior to the formal submittal of the public works permit. In a typical year, there are about 80 public works permits. For the first half of 2010, 14 new public works projects have been submitted – down 65% from a typical year (at this time). As of July 7, 2010:

- 23 inquiry meetings submitted – 95% met goal to meet within 2 weeks of request
  - 22 completed: 19 meetings were held within 2 weeks, 1 was held one day later, 2 were held a week later (at the applicant’s request\*)
  - 1 is in process
  - *Two have submitted for permit, Concept Development*

\*Delays at an applicant’s request are included in statistics as having met the goal.

Staff is continuing to analyze and modify the procedure for more effective inquiry meetings. Currently there are two types of public works early meetings with two fees depending on the number of City staff at the meeting (\$150 and \$3,000). A full analysis and report on the early meetings will be addressed in July 2011. After 6 months, no applicants have submitted for the \$3,000 meeting and 23 have submitted for the \$150 meeting. The \$150 meeting is heavily subsidized by the reviewing infrastructure bureaus.

Following the inquiry meeting, the permit may be submitted.

The status of the submitted permits are:

- 14 submitted for Concept Development (30%) – 90% met goal to meet within 2 weeks of request
  - 11 completed: 10 meetings were held within two weeks, 1 was held one day later
  - 2 were rejected due to insufficient submittal (a 3<sup>rd</sup> also rejected, but was successfully resubmitted)

- 1 is in process
- 9 submitted for Design Development (60%) – 100% met goal to meet within 5 weeks of request
  - 4 completed: 4 meetings were held within 5 weeks
  - 5 are in process
  - *One of these has repeated the 60% phase*
- 3 submitted for Plan Review (90%) – 100% met goal to meet within 2 weeks of request
  - 3 completed: 3 meetings were held within 2 weeks
- No Final Plans have been submitted and no permits have been issued

Of the 40 deadlines generated for the completed process steps listed above, in total, 38 met their set turnaround times, and the 2 remaining were within 1 day of the set turnaround times. To summarize, 95% met the timeline goal and 100% were within 1 day of the goal. Currently, a total of 13 staff (7.5 PBOT, 3.5 BES, 2 Water) are dedicated to reviewing public works permits, these staff numbers have ensured success in meeting the expected timelines. However, Staff and industry partners have expressed concern about meeting the timelines when workloads increase. Monitoring of the achievement rate will continue over the course of the next year and information will be included in the July 2011 report to Council.

The public works bureaus, in collaboration with DRAC, Citywide Land Use Group, other community stakeholders and City Commissioners, will develop 3 to 5 key indicators of the success of public works program improvements. These key indicators will be reported to DRAC and other interested advisory bodies, bureau directors and City Commissioners on an ongoing basis, and will provide direction for future process improvements.

TRACs and Online Information - The public can now view all public works projects online on a map within a ½ mile of an address by using portlandmaps.com (Type in address, look under “Projects” for “Public Works”). The new Public Works processes have not yet been integrated with the existing TRACS program. The projects are listed on TRACS (and in portlandmaps.com) but the programming for the new process has not yet occurred. By October 2010, when TRACs programming is completed on the early Inquiry Meetings, these meetings will also be posted online, viewable through portlandmaps.

As of the Council hearing date (July 28, 2010), a new website for public works permitting is expected to be live and includes Public Works Permitting information and necessary forms for all the steps in the public works process, including appeals.

Staff is continuing to analyze and assess the process. Due to the limited number of public works permits submitted, this analysis will continue over the next year (with input from stakeholders) and a full reporting will occur in July 2011.

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#### PREDICTABLE FEES

4. By no later than July 1, 2009, the Interagency Team defined in Exhibit D shall work with DRAC to:
  - b. Establish predictable fee schedules for all permits and associated services provided by PBOT, BES, PWB, and PPR and present them to the City Council for approval. An example of this type of fee schedule is outlined in Exhibit C.

**STATUS:** On December 17, 2009, Council approved new public works process and fees that were implemented on January 4, 2010. In June 2010, Council approved to extend these interim fees through the fiscal year 2010/2011. The interim fees currently are structured as follows:

- A set fee for the Inquiry Meeting (either \$150 [subsidized] or \$3,000)
- At concept development, a deposit of \$2,500 is required. Staff provides the applicant with an outline of permit fees based on the proposed project and a schedule of fees that will be due.
- If actual review costs are less than 90% of the estimated cost provided to the applicant, a refund is provided.



Fee information has been and will continue to be incorporated into permitting brochures and guides. A handout showing permit fees will be created by October 2010. Until permanent fees are adopted, development of an online calculator for estimating public works fees will be delayed.

As part of the evaluation over the next year, the Interagency Team will look at options for providing both a fixed fee schedule and an hourly "usual and actual costs" rate. In addition, the Interagency Team will assess creating a tiered system of fixed public works fees. In May 2011, fees will be addressed as part of the annual fees presented at Council. No changes are proposed for construction management and inspections services; current practices will be continued for these.

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**APPEALS PROCESS**

4. By no later than July 1, 2009, the Interagency Team defined in Exhibit D shall work with DRAC to:
  - c. Establish formal appeals processes for PBOT, BES, PWB, and PPR consistent with the existing appeals processes provided by the Bureau of Development Services as outlined in Exhibit E.

**STATUS:** The new appeals process began implementation on June 1, 2010. As of July 7, 2010, two appeals have been submitted and decisions reached by the Appeals Panel.

The process includes two potential levels of appeal: the first level is an Administrative Review Appeals Panel which includes two citizen members representing development and community interests. The second level is an Appeals Board comprised of the Chief Engineers of the three infrastructure bureaus. This process does not include Parks Bureau appeals. The Public Works Permitting Section provides a single point of contact for intake, assistance, tracking, recordkeeping and reporting of all appeals. An appeal fee of \$200 has been adopted. This fee covers some of the administrative work associated with the appeals, but the appeals are also subsidized by the infrastructure bureaus. This may be revisited in the future if greater cost recovery is necessary.

Set turnaround times have been adopted for the appeals process. All appeals to the Appeals Panel will be decided 14 business days (3 weeks) from the request; the appellant will be notified within 10 business days of the decision (2 weeks). Appeals to the second level, the Appeals Board, will be heard and decided within 24 business days (5 weeks) from submittal request. Appellants will attend the Appeals Board hearing.

The new appeals process is designed for specific projects on specific sites. General challenges to policies and requirements will be directed to an annual inter-bureau process to review and consider policy and program improvements; the specific system to record issues will be developed by end of October 2010. In order to truly address fundamental conflicts between codes or competing policies, a work plan must be developed with direction by City Council and Bureau Directors to fund code changes and address fundamental policy and code conflicts between bureaus. Also, by the end of September, Staff will have set up a system for tracking all appeals requests, findings and determinations.

The appeals process has been published on the internet (<http://www.portlandonline.com/index.cfm?c=43826&a=303207>). By end of October 2010, staff will have developed a brochure on appeals procedures and decision criteria. A matrix of submitted and decided appeals has been posted online. Exploration of online appeal submittal will occur over the next year.

Quarterly reports will be prepared on appeal activities to Planning and Development Directors, Planning Commission, Development Review Advisory Committee, Citywide Land Use Group. The first quarterly report will be in October 2010 and thereafter in January 2011, April 2011, July 2011, and October 2011.

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**STANDARDIZED SDCs**

5. By no later than September 1, 2009 the Interagency Team shall work with DRAC to:

- a. Develop and present for City Council approval a standardized Systems Development Charge (SDC) program which offers customers a uniform approach to SDC low income waivers, SDC deferrals, and SDC financing.

**STATUS:** The Interagency Team has completed the work to implement the full and partial exemption of SDCs for Affordable Housing. The program transferred to the Portland Housing Bureau and the system has been streamlined to ensure more direct communication from the Housing Bureau to the reviewing bureau charging the SDCs. The Housing Bureau exempts projects from SDCs based upon criteria defined in City Code.

A Deferral Contract has been established which offers uniform approaches to deferrals for 6, 9 or 12 months based on project valuation and includes a consistent processing fee. Interest shall accrue at the City's current interim interest rate during the deferral period and be due and payable, along with the deferred amount by the end of the deferral period.

A Loan Contract template has been established that provides for 5, 10, and 20 loan term options. This contract template will be used by all the SDC bureaus.

More work was identified to be done including clarifying current policies regarding adjustments for transit-oriented and green building developments and increasing public access to information about SDCs, their purpose, revenues raised and programs/projects funded.

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#### **EFFECTIVENESS OF COLOCATION**

7. The Director of the Bureau of Development Services shall report to the City Council on the effectiveness of these initiatives in improving customer service in Portland's permitting system by July 1, 2010, and make a recommendation on whether the City Council should pursue full consolidation of the City's permitting functions. This recommendation should be informed by DRAC, CityWide Land Use Group, organized labor and community stakeholders.

**STATUS:** On September 23, 2009, Council approved to delay this report until July 1, 2011 to allow incorporation of more meaningful levels of permitting activity into the evaluation.

Staff will return to Council in July 2011 with a report on the effectiveness of these initiatives in improving customer service and with a recommendation regarding consolidation of the City's permitting functions.

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#### **STAKEHOLDERS AND OUTREACH**

Staff is continuing to meet with stakeholders and development professionals to obtain feedback on the new process and make changes as necessary. Most recently on June 17, 2010 and July 15, 2010, staff met with DRAC Subcommittee and the User Group (industry partners) to present program improvements to date and hear comments and feedback. Feedback was given at that meeting that among other things they suggested reevaluating the period of time that a customer is allowed to appeal a public works decision; the timeline was identified as being too short to allow consultants to evaluate and discuss the decision with their clients. Meetings with stakeholders will continue over the next year with the next meeting to occur on or around January 2011. In addition, in October 2010, Staff will present to Citywide Land Use Group.

Also, in October 2010 Staff will provide first quarterly report on policy and program decisions as well as appeals activities, issues and determinations to Planning and Development Directors, Development Review Advisory Committee, Planning commission, Citywide Land Use Group, and other community stakeholders.

## EXHIBIT A

A meeting with Planning and Development Directors was held July 8, 2010 and with DRAC Subcommittee (and User group) on June 17, 2010 and July 15, 2010. Then next semi-annual meetings with the Directors and DRAC will be in January 2011. These semi-annual meetings of the Planning and Development Directors and DRAC are to identify and prioritize refinements to public works permitting policies, programs and procedures based on reports of appeals and balancing decisions, surveys, written requests and staff recommendations.

This July 2010 report is the annual report on public works permitting to Council for this year. The next annual report will be presented to Council in July 2011.

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## Public Works Permitting – Tasks to Accomplish

### 1) One-time tasks

- a. October 2010
  1. Create handout on appeals process and decision criteria
  2. Create handout showing permit fees
  3. Develop a recording system for all appeals and inter-bureau balancing decisions.
  4. Present to Citywide Land Use Group
- b. January 2011
  1. Post Inquiry folders online and viewable on portlandmaps within ½ mile radius
  2. Survey engineers submitting public works permits.
  3. Develop program outline and work plan to fund code changes and address fundamental policy and code conflicts between bureaus
- c. May 2011
  1. Report back on creating a tiered system for fees and explore two types of fees: “usual and actual” and “fixed”
- d. July 2011
  1. Report back on evaluation of different types of inquiry meetings
  2. Report back on timeline and process steps for Public Works review, including staffing levels.
  3. Report back on integration of Public Works processes with existing TRACS.
  4. Report back on work plan to fund code changes and address fundamental policy and code conflicts between bureaus.
  5. Report back on developing an online fee calculator for public works
  6. Report back on developing programming (and funding) to submit public works appeals online.
  7. Report back on 3-5 key indicators to measure the effectiveness and efficiency of public works permitting services.
  8. Report back on SDCs including: clarifying current policies regarding adjustments for transit-oriented and green building developments and increasing public access to information about SDCs, their purpose, revenues raised and programs/projects funded.

### 2) Ongoing Tasks

- a. Quarterly report of policy and program decisions, 3 to 5 key indicators of the effectiveness and efficiency of public works permitting services, and appeals activities, issues and determinations. The report will be distributed to Planning and Development Directors, Development Review Advisory Committee, Planning Commission, Citywide Land Use Group, and other interested development and community stakeholders.
  1. In October 2010, will provide first quarterly report
  2. In 2011: January, April, July & October
  3. and ongoing every quarter
- b. Annual report to Council on Public Works Permitting. The public works bureaus will collect workload data including demand for staff services at each step in the new public works permitting process, staffing levels, applicant and City turnaround times, the percentage of successful intakes occurring without the need for additional intake meetings and reviews, and the number of process complaints filed with City Commissioners. Include appeals reports in the annual process of evaluating and considering improvements to permitting policies, procedures and programs.
  1. July 2011 and ongoing every July
- c. Ongoing semi-annual meetings with Planning and Development Directors and DRAC to identify and prioritize refinements to public works permitting policies, programs and procedures based on reports of appeals and balancing decisions, surveys, written requests and staff recommendations.
  1. Then next semi-annual meetings with the Directors and DRAC will be on or before January 2011, then July 2011, Ongoing every 6 months

**CITY COUNCIL DIRECTIVES ON PUBLIC WORKS PERMITTING**  
**S-438 Report to Council on the Colocation of Permitting Functions**

April 16, 2009 (includes commentary from July 9, 2009 and September 23, 2009 staff reports)

**TO THE COUNCIL:**

The Commissioner of Public Safety concurs with the recommendation of the Director of the Bureau of Development Services, and

**RECOMMENDS:**

That the City Council accept the report as complete and direct City bureaus to:

1. Commence co-location of programs and personnel from the infrastructure bureaus necessary for the review and issuance of all development related permits in the 1900 SW 4<sup>th</sup> Avenue building on or before July 1, 2009. Co-located positions will perform their duties in a common location to enhance customer service delivery, but will continue to serve under the authority of their respective bureaus. Co-located programs and positions shall include but not be limited to those outlined in Exhibit A. The Director of the Bureau of Development Services shall be the ultimate authority in the identification of co-located programs and positions for the 1900 SW 4<sup>th</sup> Avenue building to ensure that co-located staff have the appropriate knowledge and authority to enhance customer service in the City's permitting functions.
2. Develop an Employee Transition & Support Plan for the employees who will be impacted by the transition to ensure that new staff are welcomed to BDS and that their concerns and issues are addressed.
3. Create an effective conflict resolution process to address policy and code conflicts between bureaus, including the Development Review Advisory Committee (DRAC) and Planning Commission.

*Recommendations from September 23, 2009:*

**APPEALS PROCESS**

- Implement procedures to identify and resolve development review issues involving competing technical requirements, policies and regulations as they apply to specific sites and permit applications. See Appendix D [not included in July 2010 report] for a graphic representation of this proposed internal City bureau resolution process.
- Focus public works balancing and coordination decisions on the site-specific requirements of the development application. Use the process to identify citywide issues for future work as a part of a continuous improvement process for public works permitting policies, regulations and programs.
- Record decisions for future review and consideration as a part of a continuous improvement program for public works policies, standards and regulations. Post decisions to an Internet site for access by interested development and neighborhood stakeholders, and the general public.

**INTERNAL POLICY BALANCING**

- To the greatest extent possible, make balancing and coordination decisions in a timely manner to ensure compliance with posted turnaround times. Expedite the processing of development applications in the event of a potential delay caused by an inter-bureau balancing or coordination issue.
  - Empower public work permit review personnel to identify balancing issues and recommend solutions.
  - Create an inter-bureau Quick Response Team consisting of team leads, section supervisors and division managers. Empower the team to balance and coordinate competing policies, standards and regulations.
  - Refer difficult technical and policy issues to chief engineers (technical) and bureau directors (policy) with expedited turnaround times to prevent permitting backlogs.
4. By no later than July 1, 2009, the Interagency Team defined in Exhibit D shall work with DRAC to:
    - a. Establish standard turnaround times for permit application reviews, code appeals, and other associated services provided by the Portland Bureau of Transportation (PBOT), the Bureau of Environmental Services (BES), the Portland Water Bureau (PWB) and Portland Parks and

Recreation (PPR) in a manner that is consistent with established BDS turnaround times outlined in Exhibit B and present them to the City Council for approval.

**Recommendations from September 23, 2009:**

**ONLINE INFORMATION**

- Provide online access to permit processing guides, calculators for fees and charges, appeals procedures and other development review and permitting information.
- Post public works permit projects to an Internet site for early identification by development and neighborhood stakeholders, perhaps as early as the first scoping and design meeting with City public works staff. Investigate the development of an online mapping system for easy identification of pending public works permitting projects.

**EARLY ASSISTANCE**

- Offer “Public Works Inquiry” clinics and personal consultations so that potential applicants can ‘kick the tires’ before making development decisions. Include technical staff in early inquiry meetings and meetings at the initiate stages of design.
- Require applicants to attend a public works inquiry meeting, land use review or pre-application review before initiating the scoping and concept refinement phase of the public works permitting process.

**TIMELINE**

- Establish a performance standard of 10 weeks to complete the review of a public works permit application that meets all in-take requirements. Allow for no more than 1 additional week to issue a permit once the review is complete.

**PROCESS**

- Implement a new public works permitting process that emphasizes complete information and technical guidance for scoping and concept refinement or design development prior to the initial submittal of a public works permit application. This new process shall be implemented by January 2010. See Appendix B [not included in July 2010 report] for a graphic representation of these recommendations.
  - Implement strict in-take standards for public works permit applications. Reserve the right of City to determine if the alterations in design are such that it is a new project altogether.
  - Require three problem solving/discussion meetings with the applicant’s development team at fully-defined 30%, 60% and 90% stages of project design to ensure that the project is on track, in compliance with public works requirements, and the City is part of the design team’s decision-making.
  - Require applicants to repeat the review meeting for the 60% and 90% milestones if their plans do not meet City standards or have not resolved development issues raised by the reviewing staff.
  - Use the scoping and concept refinement phase to tease out and deal with most inter-bureau balancing issues and appeals.
- b. Establish predictable fee schedules for all permits and associated services provided by PBOT, BES, PWB, and PPR and present them to the City Council for approval. An example of this type of fee schedule is outlined in Exhibit C.

**Recommendations from September 23, 2009:**

**PROCESS**

- Present fees schedules for City Council consideration in November 2009 and implemented in January 2010.
- Institute both fixed fee schedules and hourly rates for all public works permitting services. Establish new rate schedules and methodology administrative rules for implementation by July 2010. See Appendix C [not included in July 2010 report] for a graphic representation of these recommendations.
- Offer a subsidized fee for simple public works inquiry meetings (“clinics”) and fees based on full cost recovery for more detailed public inquiry consultations.
- Establish fixed fees for meetings during the three stages of Scoping and Concept Refinement (30%, 60% and 90% of public works project design).
- Establish a tiered system of fixed public works permit fees, reflecting the average cost of reviewing a project based on three tiers of project size and complexity.

- Require a fixed deposit of \$2,500 when plans are submitted for review. Credit the deposit against the final permit fee. Require the applicant to select one of two permit fee options – a fixed fee based on the complexity of the project, or a calculated fee based on “usual and actual costs” of the permit review.
- Continue current practices for recovering the costs of construction management and inspection services.

**ONLINE INFORMATION**

- Provide an online calculator for estimating permitting and other process fees. Incorporate fee information in permitting brochures and guides.
- c. Establish formal appeals processes for PBOT, BES, PWB, and PPR consistent with the existing appeals processes provided by the Bureau of Development Services as outlined in Exhibit E.

***Recommendations from July 9, 2009:***

- Limit appeals to the interpretation of existing policies and requirements as applied to a specific development site or permit application. Redirect general challenges to policies and requirements to an annual inter-bureau process to review and consider policy and program improvements. See Appendix D [not included in July 2010 report] for a graphic representation of this process.
  - Establish uniform and consistent appeals procedures for all permitting bureaus that provides multiple opportunities for review and consideration:
    - Level 1 - Administrative Review by three development division managers and one representative each from the Development Review Advisory Committee and the Citywide Land Use Group.
    - Level 2 - Appeals Hearing and final determination by an Appeals Board consisting of the City Engineer and three Chief Engineers. Any Policy review will be incorporated as needed by consultation with the public works Bureau Directors and the Director of the Bureau of Development Services.
  - Publish details about the appeals process and include information about appeals rights in permitting brochures and guides.
  - Fully document appeals procedures and decision criteria.
  - Provide a single-point of contact for intake, assistance, tracking, recordkeeping and reporting.
  - Adopt strict turnaround times for each step in the appeals process.
  - Record all appeals requests, findings and determinations.
  - Prepare quarterly reports on appeals activities, issues and determinations. Transmit reports to the Planning and Development Directors, Planning Commission, Development Review Advisory Committee, Citywide Land Use Group and interested development and neighborhood stakeholders. Include reports in the annual process of evaluating and considering improvements to permitting policies, procedures and programs.
  - Adopt fees to recover the costs of appeals.
5. By no later than September 1, 2009 the Interagency Team shall work with DRAC to:
- a. Develop and present for City Council approval a standardized Systems Development Charge (SDC) program which offers customers a uniform approach to SDC low income waivers, SDC deferrals, and SDC financing.

***Recommendations from September 23, 2009:***

Low Income Waivers and Exemptions

- Adjust Parks process to include interest and repayment charge to align all bureaus business practices.
- Adjust repayment charges to discourage abuse of the system.
- Reduce the simple interest rate to the interim interest rate for special assessment loans.
- Adopt Code provisions to standardize the granting of SDC exemptions and adjustments.

Deferred Payments

- Extend short term deferrals to all SDCs.
- Set the length of a short term deferral based on the class of development:
  - 9 months for projects valued under \$500,000

- 12 months for project valued between \$500,000 and \$3 million
- 18 months for projects valued over \$3 million
- Secure the deferral with a recorded master financing agreement and property lien.
- Investigate and recommend alternative methods of security for SDC deferrals.
- Charge simple interest during the deferral period at the interim rate for special assessment loans.
- Charge loan origination and recording fees consistent with special assessment loans.

#### Loan Financing

- Provide a master financing contract for all SDC financing.
- Provide 5, 10 and 20-year loan term options for all SDCs.

#### Other Recommendations

- Clarify current policies regarding adjustments for transit-oriented and green building developments.
- Increase public access to information about SDCs, their purpose, revenues raised and programs/projects funded.

6. Any costs necessary to accomplish the co-location of permitting personnel at the 1900 SW 4<sup>th</sup> Avenue building shall be borne by PBOT, BES, PWB, and PPR commensurate with the proportion of staff being accommodated at the 1900 SW 4<sup>th</sup> Avenue building.

7. The Director of the Bureau of Development Services shall report to the City Council on the effectiveness of these initiatives in improving customer service in Portland's permitting system by July 1, 2010, and make a recommendation on whether the City Council should pursue full consolidation of the City's permitting functions. This recommendation should be informed by DRAC, CityWide Land Use Group, organized labor and community stakeholders.

### **ADDITIONAL RECOMMENDATIONS FROM THE INTERAGENCY TEAM**

#### **CONTINUOUS IMPROVEMENT PROCESS**

##### ***Recommendations from July 9, 2009:***

Additional improvements were recommended by the Interagency Team

The Interagency Team recommends the following process improvements to ensure that policy, program and regulatory issues that arise out of the review of public works permit applications inform a process of continuous improvement. Internal policy balancing decisions and appeals determinations may have citywide ramifications that warrant the attention of program managers, bureau directors, citizen advisory bodies, development and neighborhood stakeholders and City Council.

- Establish recording and reporting procedures for all appeals and inter-bureau balancing decisions. See Appendix D [not included in July 2010 report] for a graphic representation of this proposed process.
- Provide quarterly reports of policy and program decisions to the Planning and Development Directors, Development Review Advisory Committee, Planning Commission, Citywide Land Use Group, and other community stakeholders.
- Conduct semi-annual meetings of the Planning and Development Directors and DRAC to identify and prioritize refinements to public works permitting policies, programs and procedures based on reports of appeals and balancing decisions, surveys, written requests and staff recommendations.
- Present an annual report on public works permitting to Council.

#### **PUBLIC WORKS PERMITTING INITIATIVES – MEASURES OF SUCCESS**

##### ***Recommendations from July 9, 2009:***

The public works bureaus propose the following “measures of success” to monitor the effectiveness of improvements to public works permitting services. The measures are divided into two broad categories, reflecting the difference between performance during the initial implementation of process improvements, and performance once the bureaus have implemented all process improvements, including the colocation of development review and permitting staff at the 1900 Building.

##### ***Initial Implementation Period***



The public works bureaus will implement a comprehensive set of process improvements during the first six months of the current fiscal year. By the end of December 2009, the bureaus will have implemented the following reforms:

1. Colocate more than 40 employees on a single floor of the 1900 Building
2. Institute a completely new public works permitting process with an emphasis on complete information and early assistance
3. Fully integrate PW processes with existing TRACs permit process tracking, including those features available for public use.
4. Institute new procedures to reconcile and balance multiple rules, regulations and Code requirements involving three public utilities, citywide transportation infrastructure, urban forestry policies, and requirements related to fire, life and safety standards
5. Institute new public works permitting appeals procedures
6. Establish predictable turnaround times and fees for public works permitting services

These reforms will be implemented while the public works bureaus are responding to existing and new development proposals and applications, adjusting to significant changes in the operations of the Bureau of Development Services, and managing the ongoing impacts of a depressed economy on City resources.

With these obligations and circumstances in mind, the public works bureaus recommend the following simple measures of success for the initial implementation period through June 2010:

- Timely and effective implementation of all the process improvements
- Ongoing collaboration with the Development Review Advisory Committee, Citywide Land Use Group, other advisory bodies and community stakeholders
- General acceptance of the process improvements by applicants and participating development professionals
- Greatly reduced turnaround times for the issuance of public works permits
- Alignment and coordinated development review and permitting business processes of all development bureaus

In addition to these measures, the public works bureaus will collect workload data including demand for staff services at each step in the new public works permitting process, staffing levels, applicant and City turnaround times, the percentage of successful intakes occurring without the need for additional intake meetings and reviews, and the number of process complaints filed with City Commissioners.

In the spring of 2010, the public works bureaus will conduct a survey of applicants, participating development professionals and affected staff to assess the effectiveness of colocation and public works permitting reforms. The survey will be modeled on customer services satisfaction surveys conducted by BDS for building permit and land use reviews.

The primary focus of this initial assessment is to determine if the process improvements are moving in a positive direction, and are supported by DRAC, Citywide Land Use Group, other City advisory boards and community stakeholders. Such an approach represents a change in the timeline originally set by City Council in April 2009. City Commissioners will need to endorse this change and accept a longer period of time to establish a baseline of permitting experience to evaluation the long-term benefits and costs of the improvements. During this period, success will hinge on a spirit of experimentation, continuous improvement and collaboration by all participants and stakeholders.

#### ***Ongoing Performance Monitoring***

Beginning in January 2010, the public works bureaus will implement a comprehensive performance monitoring system. The system will rely on a combination of workload data, business process metrics and survey responses to assess the ongoing performance of the new public works permitting process. Data will be collected regarding each step in the process, from early assistance and public works inquiry, through the three steps of concept refinement and intake, and finally through permit review and redlines. The system will include the following measures of success:

## EXHIBIT A

- Workload – User demand, staffing levels, applicant and staff turnaround times, and number of attempts to successfully complete a process step.
- Survey – Access to useful/accurate process and appeals information, access to useful/accurate cost estimates, responsiveness to inquiries, staff knowledge and consistency, coordination and collaboration among reviewing entities, predictability of turnaround times and costs, and completeness, efficiency and quality of redline reviews.

The public works bureaus, in collaboration with DRAC, Citywide Land Use Group, other community stakeholders and City Commissioners, will use the initial work of the performance monitoring system to develop 3 to 5 key indicators of the effectiveness and efficiency of public works permitting services. These key indicators will be reported to DRAC and other interested advisory bodies, bureau directors and City Commissioners on an ongoing basis, and will provide direction for future process improvements.

Agenda No.  
**REPORT NO.**  
 Title

*Accept*  
 Proposed Improvements to Public Works Development Review and Permitting Services (Report)

INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams Commissioner Randy Leonard Commissioner Dan Saltzman	CLERK USE: DATE FILED <u>JUL 23 2010</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - Adams <i>[Signature]</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman <i>[Signature]</i> Position 4/Safety - Leonard <i>[Signature]</i>	LaVonne Griffin-Valade Auditor of the City of Portland  By: <u><i>[Signature]</i></u> Deputy
BUREAU APPROVAL Bureau: Bureau of Development Services Bureau Head: Paul L. Scarlett <i>[Signature]</i> for PAUL Prepared by: Leanne Torgerson Date Prepared: 7/21/10	ACTION TAKEN: JUL 28 2010 <b>ACCEPTED</b>
Financial Impact Statement Completed <input type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input checked="" type="checkbox"/>	
Council Meeting Date 7/28/10, 9:45 TC	
City Attorney Approval	

<b>AGENDA</b>
<b>TIME CERTAIN</b> <input checked="" type="checkbox"/> Start time: <u>9:45 TC</u>  Total amount of time needed: <u>40 minutes</u> (for presentation, testimony and discussion)
<b>CONSENT</b> <input type="checkbox"/>
<b>REGULAR</b> <input checked="" type="checkbox"/> Total amount of time needed: <u>40 minutes</u> (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	—	
4. Leonard	✓	
Adams	✓	