



**Office of the Director**

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

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May 18, 2010

TO: City Council Members

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

SUBJECT: Agenda Item #667 – May 19, 2010 – 10:15 AM Time Certain Agenda:  
Amend BDS Proposed Land Use Fees and Enforcement Fee and Penalty  
Schedule

**Ordinance Title:**

Amend fee schedules for building, electrical, mechanical, plumbing, facility permit, field issuance remodel, land use services, neighborhood inspections, noise control, signs, site development, zoning and certain construction permits (Ordinance introduced by Commissioner Leonard)

Purpose of Amendment: This amendment adds Land Use Fees and Enforcement Fees and Penalties to the list of fee schedules being amended under Agenda Item #667.

Therefore:

**Ordinance:**

1. Amend Exhibit E Plan Check Section; Commercial and Residential on page 3 of 3 – Changed fee amount to \$70 minimum.
2. Amend Exhibit E on page 2 of 3 – Planned Unit Development Amendment Type III - \$3,400 should have been underlined.
3. Amend Exhibit E Plan Review for New or Changed Wireless Facilities on page 3 of 3 – Changed the fee amount from \$750 to \$500.
4. Amend Exhibit F on page 1 of 1 – Changed the fee amount to \$50.

Exhibit A – Proposed Building and Other Permits Fee Schedule (Page 1 of 9)

No Change

Exhibit B – Electrical Permit Fee Schedule (Page 1 of 3)

No Change

Exhibit C – Mechanical Permit Fee Schedule (Page 1 of 3)

No Change

Exhibit D – Plumbing Permit Fee Schedule (Page 1 of 4)

No Change

Exhibit G – Noise Variance Fee Schedule (Page 1 of 2)

No Change

Exhibit H – Sign, Awning Permit and Registration Fee Schedule (Page 1 of 2)

No Change

Exhibit I – Site Development Fee Schedule 1 of 2 (Page 1 of 3)

No Change

Exhibit J – Site Development Fee Schedule 2 of 2 (Page 1 of 3)

No Change



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## Memorandum

**Date:** May 12, 2010

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

**From:** Paul L. Scarlett, Director *PLS*  
Bureau of Development Services

**RE:** Bureau of Development Services 2010 Fee Change Ordinance

The Bureau of Development Services (BDS) has prepared an ordinance proposing increases to fees for all permit types. The ordinance is scheduled to be heard by the Council as part of the regular agenda on Wednesday, May 19, 2010.

### Background

BDS collects fees under various fee schedules to fund inspections, plan review, permit issuance, land use review, customer assistance and other functions. The Development Services Operating Fund was established in 1988-89 with a policy that construction-related programs in the fund would be fully self-supporting. Since that time, BDS has kept these programs self-supporting by providing efficient, effective services and by periodic, moderate fee increases that allow the bureau to respond to increasing costs and to be innovative and proactive in meeting changing customer needs.

This balancing act has been decidedly more challenging over the last year and a half as BDS has weathered the economic downturn. As the construction industry declined, the bureau began experiencing a sharp decline in its primary source of income: fee and permit revenues. In 2008 and 2009 the bureau implemented a variety of cost-saving measures designed to help maintain cost recovery, safeguard the bureau's financial health, and maintain a high level of customer service. Despite these efforts, the bureau had to increasingly use its reserve fund to meet operating costs and was eventually compelled to lay off nearly ½ of its employees in order to remain financially viable.

In the succeeding months, it has become clear that permit revenues have fallen more dramatically than the workload. The economy has halted nearly all construction of large development projects, which cost more and hence yield higher permit fees. As a result of the staff cuts, BDS does not have sufficient personnel to meet its current workload, and revenues do not support either current staffing or increasing staffing. In addition, since revenues have remained low and other funding is not available, BDS will be cutting 17 additional staff positions by the end of May.

In response, BDS is engaged in a multi-pronged effort to achieve financial stability, rebuild reserves, and improve services to customers. Key elements of this effort include:

- Restructure the bureau to increase efficiency (currently underway)
- Continue to closely monitor finances
- Pursue technological improvements to improve services and increase efficiency
- Obtain a temporary loan of \$1.5 million to assist with cash flow (completed in January)
- Request one-time and ongoing support from the City's General Fund
- Review all fees to determine an appropriate level of fee increases

While the bureau recognizes the impact that fee increases have on its customers, particularly in the current economic climate, it has become evident that moderate fee increases will be necessary in order to provide financial stability and ensure an acceptable level of services to bureau customers. The fees associated with some permit reviews and inspections do not currently cover the cost of performing those functions, and building permit fees have not changed in five years.

BDS is therefore proposing to increase all fees by 8% beginning July 1, 2010. The bureau's FY 2010-11 Requested Budget includes revenue from the fee increases proposed in this ordinance. It is anticipated that the proposed fee increases will generate approximately \$1.8 million per year in additional revenues from permit fees. The fee revenues will support the ongoing expenses of the bureau. Fees proposed to be increased include:

- |                                  |                                 |
|----------------------------------|---------------------------------|
| • Building permits (8%)          | • Signs Program (8%)            |
| • Mechanical permits (8%)        | • Zoning Program (8%)           |
| • Electrical permits (8%)        | • Noise Control Program (8%)    |
| • Plumbing permits (8%)          | • Neighborhood Inspections (8%) |
| • Facilities Permit Program (8%) | • Land Use Services (8%)        |
| • Site Development permits (8%)  | • FIR Program hourly rate (8%)  |

BDS has been proactive in keeping customers informed and seeking their input regarding these proposed fee increases. BDS representatives have presented information regarding the fee increases at meetings of various customer groups, such as the Development Review Advisory Committee and including:

- Land Use Chairs
- Portland Business Alliance
- Northwest Sign Council
- Independent Electrical Contractors of Oregon
- Oregon Chapter of the Air Conditioning Contractors of America
- Plumbing-Heating-Cooling Contractors Association
- National Electrical Contractors Assoc.
- Associated Builders and Contractors
- Associated General Contractors
- Building Owners & Managers Assoc.
- Institutional Coalition
- Home Builders Association of Metro Portland
- Oregon Remodelers Association

Information about the fee increases is also being published on the bureau website and in the Plans Examiner newsletter.