

## IMPACT STATEMENT

**Legislation title:** Amend permit fee schedules for building, electrical, land use services, mechanical, enforcement, plumbing, signs, site development, and land use services fee schedule for the Hearings Office (Ordinance)

**Contact name:** Elshad Hajiyevev, BDS Deputy Director  
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**Purpose of proposed legislation and background information:**

The Bureau of Development Services (BDS) collects fees under various fee schedules to fund inspections, plan review, permit issuance, land use review, customer assistance, and other functions. Most bureau programs have the goal to be self-supporting, while one program receives General Fund support.

BDS maintains a strong commitment to provide excellent programs and services while operating in a fiscally responsible manner. This commitment, coupled with recent decreases in demand for services, is resulting in proposed increases for most fees in FY 2021-22. BDS continues to strive to use its resources efficiently and keep costs as low as possible.

While the bureau recognizes the impact of increased fees on its customers, fee increases will be necessary to improve service levels, respond to current and future service level demands, and to operate closer to cost recovery. BDS is therefore proposing fee schedule changes to increase estimated collections to most programs by approximately 5%.

**Financial and budgetary impacts:**

Proposed fee increases are expected to result in the following estimated changes to annual program collections:

Program	Estimated Collection Increases	
	Percent	Dollar
Building/Mechanical Program	5%	\$ 850,755
Electrical Program	5%	\$ 160,676
Facility Permit Program	5%	\$ 104,032
Field Issuance Remodel Program	5%	\$ 104,734
Land Use Services Program	5%	\$ 494,189
Neighborhood Inspections Program	5%	\$ 103,290
Plumbing Program	5%	\$ 136,906
Sign Program	5%	\$ 12,547
Site Development Program	5%	\$ 94,760
<b>Total</b>	<b>5%</b>	<b>\$ 2,086,235</b>

Estimated collection increases are aggregated, however percentage change to individual fees may vary. The bureau’s FY 2021-22 budget includes revenue from the fee increases proposed in this ordinance. As such this ordinance does not amend the BDS budget.

This legislation does not create, eliminate, or re-classify positions now or in the future. Additional staff time required is limited to performing outreach, preparing the revised fee schedules, and this subsequent legislation. Existing BDS staff will implement and administer the revised fee schedule as part of the existing workload. There is no change to demographic impacts or changes in staffing. The legislation does not result in a new or modified financial obligation or benefit, including IAs, IGAs, MOUs, grants, contracts or contract amendments.

**Community impacts and community involvement:**

BDS has been proactive in keeping customers and stakeholders informed regarding these proposed fee changes. The bureau has published information about the proposed fee increases on its website. Additionally, division managers have reached out to appropriate industry organizations and committees.

The bureau knows these changes affect its customers’ work and their willingness to do business in this area. BDS’s interests are in delivering excellent levels of service and increasing its effectiveness on both its customers’ and the community’s behalf.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount



**City of Portland, Oregon**  
**Bureau of Development Services**  
**Office of the Director**  
**FROM CONCEPT TO CONSTRUCTION**

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**May 12, 2021**

**To:** Mayor Ted Wheeler  
 Commissioner Jo Ann Hardesty  
 Commissioner Mingus Mapps  
 Commissioner Carmen Rubio  
 Commissioner Dan Ryan

**From:** Rebecca Esau, Director *Rebecca Esau*  
 Bureau of Development Services

**Regarding: Bureau of Development Services 2021 Fee Change Ordinance**

The Bureau of Development Services (BDS) has prepared an ordinance proposing changes to several fee schedules. The ordinance is scheduled to be heard by the City Council on the regular agenda on Wednesday, May 12, 2021 at 10:15 TC.

**Background**

As the agency responsible for the traditional building department functions of architectural and engineering plan review, permit issuance, and inspections, nearly all services provided by the Bureau of Development Services (BDS) are funded solely through permit fees and charges for service. This funding model is true for the local code enforcement programs as well.

Because BDS is funded 98% through fees and charges for service, the bureau must operate like any other business and set fees at a level which cover the costs of providing services. The revenue generated from these fees are intended to balance the bureau's expenditures. For several years between FY 2013-14 through FY 2018-19 BDS chose not to propose fee increases for most programs and even decreased fees in FY 2016-17, despite ongoing cost inflation; however, the bureau is now implementing gradual fee increases to keep up with the rising costs.

BDS has implemented a hiring freeze, eliminated all non-essential expenditures, and participated in Safety Net Ordinance options. Despite these measures, the bureau experiences rising costs of providing services due to COLA and step pay increases for represented employees, mandatory PERS contribution increases, and costs associated with implementing necessary technology and process improvement work.

Fee changes are kept as low and gradual as possible. BDS is proposing a 5% fee increase across most programs, with some fees being raised by higher amounts in circumstances where the cost of providing services is significantly higher than the fee amount or where necessary to ensure continuity of service provisions. Even with these changes BDS is expecting to operate below cost recovery.

BDS maintains a strong commitment to provide excellent programs and services while operating in a fiscally responsible manner. In the absence of General Fund support for nearly all programs, the bureau needs to recover its costs through fees and charges for service, with the goal of achieving 100% cost recovery. However, the bureau is projecting to operate below cost recovery through FY 2024-25. Fee increases are necessary to bring the bureau closer to cost recovery and to obtain sufficient revenue to ensure an adequate level of service is provided to its customers. BDS continues to strive to use its resources efficiently and keep costs as low as possible.

The Development Review Advisory Committee (DRAC) recommended development bureaus address fee changes in a more collaborative fashion. In response to this recommendation BDS engaged partner bureaus to develop fee comparison examples (Exhibit L), to be presented alongside the proposed fee change ordinance. Exhibit L examines major development related fees for seven projects, illustrating the cumulative effect of major fee changes across all development bureaus. Exhibit L is meant for informational purposes. Other development bureaus' fees are not included in this ordinance.

This ordinance proposes fee increases expected to result in the following estimated changes to annual program collections:

Program	Estimated Collection Increases	
	Percent	Dollar (Full-Year)
Building/Mechanical Program	5%	\$ 850,755
Electrical Program	5%	\$ 160,676
Facility Permit Program	5%	\$ 104,032
Field Issuance Remodel Program	5%	\$ 104,734
Land Use Services Program	5%	\$ 494,189
Neighborhood Inspections Program	5%	\$ 103,290
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Sign Program	5%	\$ 12,547
Site Development Program	5%	\$ 94,760
<b>Total</b>	<b>5%</b>	<b>\$ 2,086,235</b>

Estimated collection increases are aggregated, however percentage change to individual fees may vary. The bureau's FY 2021-22 budget includes revenue from the fee increases proposed in this ordinance.

These proposed changes would take effect on July 1, 2021.

For further information, please contact me at x3-7338 or at [Elshad.Hajiyev@portlandoregon.gov](mailto:Elshad.Hajiyev@portlandoregon.gov).