



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

Dan Ryan, Commissioner  
Rebecca Esau, Director  
Phone: (503) 823-7300  
Fax: (503) 823-6983  
TTY: (503) 823-6868  
[www.portland.gov/bds](http://www.portland.gov/bds)

**May 11, 2022**

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

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

**Regarding: Bureau of Development Services 2022 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 Wednesday, May 11, 2022, at 10:15 Time Certain.

**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 reserve levels have dropped for most programs. Overall reserve levels have declined since FY 2017-18 and are projected to continue to decline as the bureau experiences lower permit activity coupled with higher expenditures.

Costs of providing services are rising due to the inflationary economic environment. Specifically, the bureau is experiencing increased personnel costs from the new DCTU labor agreement, as well as higher wages from cost-of-living adjustments, merit and step pay increases, mandatory PERS contribution increases, costs associated with implementing crucial technology and process improvement work, as well as inflation in costs of materials and services.

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 2026-27. 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%	\$ 1,368,485
Electrical Program	5%	\$ 251,879
Facility Permit Program	5%	\$ 146,933
Field Issuance Remodel Program	9%	\$ 281,198
Land Use Services Program	5%	\$ 645,285
Neighborhood Inspections Program	5%	\$ 84,353
Plumbing Program	5%	\$ 187,732
Sign Program	7%	\$ 21,160
Site Development Program	9%	\$ 208,900
<b>Total</b>	<b>5.5%</b>	<b>\$ 3,195,924</b>

Estimated collection increases are aggregated, however percentage change to individual fees may vary. The bureau's FY 2022-23 budget includes revenue from the fee increases proposed in this ordinance.

These proposed changes would take effect on July 1, 2022.

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