



CITY OF BEND

# MEMO

**To: Bend City Council**

**Bend Economic Development Advisory Board (BEDAB)**

**From: Colin Stephens, Community Development Department Director**

**Re: Private Development Fee updates effective 1/1/2026**

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This memo is intended to provide an update on the current CDD revenue stabilization and proposed fee increases planned to be approved at the December 17<sup>th</sup> Council meeting. Due to the increases recommended by BEDAB and approved by Council over the past couple years, CDD revenue has stabilized and the proposed increases for January 1, 2026 are lower than what was originally proposed. Because of the small increase being proposed, staff are not planning a formal presentation to BEDAB or City Council at this time. Please reach out to me if you have any questions or would like additional information.

## **Background**

In 2023, during the 2024–2025 biennial budgeting process, the Community Development Department (CDD) faced declining revenue and rising costs. To address this, the department began phasing in fee increases for the Building Safety, Planning, and Private Development Engineering (PDE) funds. Phasing steps, timing, and percentage increases for each fund were developed collaboratively by the City and a focus group that included representatives from COBA, BEDAB, the Chamber, local development partners, and the Oregon Building Codes Division.

Since then, each division has raised fees according to the schedule with several exceptions that are explained below.

## **Building Safety**

Due to higher-than-expected revenues in Fiscal Year (FY) 2024 and FY 2026, the Building Safety Fund applied a 15% increase instead of the scheduled 20% on July 1, 2024, and will not implement the planned 10% increase on January 1, 2026.

## **Planning**

The original schedule called for a 10% increase on July 1, 2025, and a 5% increase on January 1, 2026. However, continued revenue declines driven by a new mix of application types resulting from changes to state law prompted an internal fee recalibration during preparation of the

2026–2027 biennial budget. This recalibration led to some fees increasing more than 10%, while others increased less, for an overall cumulative increase of approximately 10%. The recalibration has stabilized the Planning Fund sufficiently, eliminating the need for the planned 5% increase on January 1, 2026.

### **Private Development Engineering (PDE)**

In fall 2025, PDE Division conducted a fee recalibration analysis using a methodology similar to Planning's. Staff reviewed 25 of the highest volume Tier 1 and Tier 2 permits and identified nine that were underpriced, resulting in significant projected shortfalls in the five-year financial model.

To address this gap, PDE is implementing a one-time fee adjustment that includes:

- A 3% across-the-board increase tied to expenditure growth on most fees
- Targeted adjustments to correct underpriced fees

The average PDE fee increase will be approximately 5%, consistent with the planned January 1, 2026, agreed-upon increase as outlined in the adopted 2025–2027 budget. Potential recalibration of Tier 3 permits will be evaluated for the July 1, 2026, fee resolution to ensure proper pricing, considering process changes related to Bend's implementation of Senate Bill 974. This bill, effective July 1, 2026, was enacted by the 2025 Legislature and requires jurisdictions to process engineering permits within 120 days.

### **Next Steps**

Thanks to collaboration between the City and partners in the development community, the three CDD fee-supported funds are approaching sustainable levels. Other than adopting the January 1, 2026 PDE fees and recalibrating Tier 3 PDE fees on July 1, 2026, the City intends to end the phased fee increase program. Going forward, Building Safety, Planning, and Engineering fees will be adjusted annually on July 1 to reflect cost escalation.