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## City Council

### Approval of an Ordinance Revising Fees for Engineering, Building and Land Use Permits, and Plan Review

**Agenda Date:** 12/14/2021

**Agenda Item Number:** 4.K

**File Number:** 21-1162

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**Type:** ordinance **Version:** 2 **Status:** Passed

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#### **Title**

Approval of an Ordinance Revising Fees for Engineering, Building and Land Use Permits, and Plan Review

#### **Recommended Action**

#### **Committee Recommendation:**

The Finance Committee recommends approval of an Ordinance revising fees for Engineering, Building Land Use Permits, and Plan Review.

#### **City Manager Recommendation:**

Move to approve the Ordinance revising Ordinance revising fees for Engineering, Building Land Use Permits, and Plan Review on second reading.

#### **Report**

#### **Issue:**

Whether to approve the Ordinance revising Ordinance revising fees for Engineering, Building Land Use Permits, and Plan Review on second reading.

#### **Staff Contact:**

Leonard Bauer, Director, Community Planning and Development, 360.753.8206

#### **Presenter(s):**

None - Consent Calendar Item

#### **Background and Analysis:**

Background and Analysis did not change from first to second readings.

The City of Olympia collects fees to offset a portion of the cost of reviewing applications for new development and inspecting new construction. Fee amounts are adopted by the City Council and codified in Olympia Municipal Code Title 4. They include Engineering Fees (OMC 4.04), Building Code Review and Permit Fees (OMC 4.36), and Land Use Application Review (OMC 4.40).

In 2004, the City Council conducted a Permit Cost Recovery Study and established a goal to recover

85% of the cost of delivering development review services from permit fees.

In 2015, the City conducted an updated Cost Recovery Study and the City Council adopted Resolution No. 6983 creating a Development Fee Revenue Fund.

This year the City has contracted with Financial Consulting Services, Inc. (FCS), to again update our Cost Recovery Study, and examine the operation of the Development Fee Revenue Fund. FCS has completed the cost recovery analysis and found that the City is not currently recovering 85% of the cost of delivering development review services.

City staff also completed a comparison of Olympia development fees to those of neighboring cities.

Based on these analyses, the Finance Committee recommends the attached adjustments of development fees to more closely proximate the City's target recovery rate while remaining relatively aligned with development fees in neighboring cities.

Council's Finance Committee reviewed the proposed fee adjustments at its October 20, 2021, meeting. The City Council received a briefing on November 9, 2021.

**Neighborhood/Community Interests (if known):**

Development fees are of interest to the entire community, particularly residents and businesses interested in remodeling or new construction projects in Olympia.

**Options:**

1. Approve the attached ordinance revising development fees.
2. Do not approve the attached ordinance revising development fees.
3. Approve specific modifications to the ordinance.

**Financial Impact:**

The ordinance adjusts development fees to align with the City Council's adopted policy of recovering more closely 85% of the cost of delivering development review services. The draft analysis by FCS estimates the fee adjustments will increase actual cost recovery from approximately 72% to 78% while still remaining generally similar to neighboring cities.

**Attachments:**

Ordinance