



Finance Committee

Building, Engineering and Land Use Fee Increase

Agenda Date: 10/11/2017
Agenda Item Number: 5.B
File Number: 17-0961

Type: recommendation **Version:** 2 **Status:** Filed

Title

Building, Engineering and Land Use Fee Increase

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Move to approve the recommendation to increase building, engineering and land use fees and forward to Council for consideration.

Report

Issue:

Whether to approve a recommendation to increase building, engineering and land use fees and forward to Council for consideration.

Staff Contact:

Karen Kenneson, Associate Line of Business Director, Community Planning and Development,
360.753.8277

Presenters:

Todd Cunningham, Building Official, Community Planning and Development
Karen Kenneson, Associate Line of Business Director, Community Planning and Development

Background and Analysis:

In November, 2015, Council approved the establishment of a Development Fee Revenue Fund (the Fund) for the purpose of receiving fees collected for management of development, to be used to pay costs related to the management of development at a Council-established 85 percent cost recovery rate. Establishment of this Fund was based on recommendations from a 2015 Development Services Fee Study. In January 2017, Council approved policies for managing the Fund, including establishing a target fund balance, establishing what actions will be taken when the fund balance exceeds or is less than the target fund balance, processes to identify costs to be reimbursed by the Fund and establishment of a Technology Account within the Fund to maintain, upgrade and replace technology and equipment that benefits users of development services.

The current recommendation includes a technology fee of 3.9 percent that would be assessed on permits and plan review fees to fund the Technology Account category. This includes software updates and licenses, web hosting for permitting and online plan review, credit card payment processing fees, technological equipment and services, and expected significant periodic expenditures such as technology advancements needed to maintain or improve levels of service based on industry standards. One example of such a project, is digitization of microfilm permit records and making them accessible to the public online.

The Department is proposing a 3 percent increase in building, mechanical and electrical plan review to recover costs for the increased time spent reviewing plans and conducting inspections per energy code requirements.

It will take several years to reach the target fund balance. The proposed fee increases support the policy to achieve 85 percent revenue to expenditure cost recovery ratio. Per the Fund policies, the City will update the development forecast and analyze operating costs at least once every three years, which may result in adjustments to fees.

Neighborhood/Community Interests:

Staff is developing a communication plan to communicate proposed fee increases to customers including builders, developers, and associations such as Olympia Master Builders and Washington Association of Building Officials.

Options:

1. Approve the recommendation to increase building, engineering and land use fees as presented and direct staff to forward to City Council for consideration.
2. Approve the recommendation to increase building, engineering and land use fees with changes and direct staff to forward to City Council for consideration.
3. Do not approve the recommendation to increase building, engineering and land use fees which will reduce the amount of development fee revenue available to reimburse development related costs, which could negatively impact the General Fund.

Financial Impact:

The estimate of increased revenue in 2018 resulting from the proposed building, engineering and land use fee adjustments is approximately \$163,826, or 5 percent, depending on the volume of construction activity and specific types of applications received. The technology fee will generate an additional \$119,000 for the technology fund within the Development Fee Fund.

Attachments:

Proposed Fees

Cost for New Single Family Home