



## City Council

### Approval of Building, Engineering and Land Use Fee Increase

**Agenda Date:** 11/14/2017  
**Agenda Item Number:** 4.C  
**File Number:** 17-1090

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**Type:** decision **Version:** 1 **Status:** Passed

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#### **Title**

Approval of Building, Engineering and Land Use Fee Increase

#### **Recommended Action**

##### **Committee Recommendation:**

The Finance Committee recommended approval of the proposed building, engineering and land use fee increases as recommended at their October 11, 2017, meeting.

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

Move to approve the proposed building, engineering and land use fee increases.

#### **Report**

##### **Issue:**

Whether to approve increasing building, engineering and land use fees, as recommended by the Finance Committee.

##### **Staff Contact:**

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

##### **Presenter:**

None - Consent Calendar Item.

#### **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 (i.e., construction-related permit and planning activity). The fees are 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 the digitization of microfilm permit records and making them accessible to the public online.

An increase of 3 percent is proposed to building, mechanical and electrical plan review fees 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:**

Outreach has been ongoing with the Olympia Master Builders' (OMB) executive staff and to its members. Discussions of the proposed fee increases have been completed at the OMB office where each fee was discussed and questions were taken related to the recovery costs and future increases. Staff invited OMB's Director to visit the City office and take a tour of our services including the new SmartGov online portal and Blue Beam plan review tools.

**Options:**

1. Approve an increase to building, engineering and land use fees as presented and recommended by the Finance Committee.
2. Approve an increase building, engineering and land use fees with changes.
3. Do not approve an 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 Residence  
Proposed Land Use Fee Changes  
Proposed Engineering Fee Changes  
Proposed Building Fee Changes