



City Council

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

Agenda Date: 12/13/2022
Agenda Item Number: 4.K
File Number: 22-1129

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

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 and Land Use Permits, and Plan Review.

City Manager Recommendation:

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

Report

Issue:

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

Staff Contact:

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Presenter(s):

None - Consent Calendar Item

Background and Analysis:

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

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), Fire Plan Review and Permit Fees (OMC 4.38), 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.

In 2020-21 the City again conducted a Cost Recovery Study and examined the operation of the Development Fee Revenue Fund. That analysis found that the City was not recovering 85% of the cost of delivering development review services. It also recommended the City update its development fees annually to reflect increased labor costs, since those are the vast majority of the costs of providing development services to permit applicants. City staff also completed a comparison of Olympia development fees to those of neighboring cities in 2021. Based on these analyses, the City Council updated development fees by adopting Ordinance No. 7306 (December 14, 2021).

Finance Committee recommends the attached adjustments to development fees to align with increased labor costs, more closely approximate the City's target recovery rate and remain relatively aligned with development fees in neighboring cities. The City Council received a briefing on October 18, 2022.

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. Move to approve an Ordinance revising fees for Engineering, Building and Land Use Permits, and Plan Review on second reading.
2. Do not approve an Ordinance revising fees for Engineering, Building and Land Use Permits, and Plan Review.
3. Approve the Ordinance on second reading with specific.

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 2020-21 Cost Recovery Study estimated the fee adjustments adopted in Ordinance No. 7306 would increase actual cost recovery from approximately 72% to 78% while still remaining generally aligned with neighboring cities. The attached ordinance would update those fees to adjust for the City's expected 5% labor cost increases in 2023.

Attachments:

Ordinance