



CITY OF MEDINA

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Date: May 13, 2024
To: Honorable Mayor and City Council
Via: Stephen R. Burns, City Manager
From: Steven R. Wilcox, Development Services Department Director
Subject: Development Services Department Monthly Report

Permit Activity and Financial

Please see the permits issued and permits received reports. Building permit applications have continued to be slow.

Permit valuation is one method of tracking volume of activity in Development Services. The April 2024 Permits Issued report provided shows a year to month permit value total of \$27,101,922 vs. \$12,998,126 at this same time in 2023. Accounting for permit applications we received in 2023 which were then issued in 2024, Development Services permit valuation, and revenues are actually less than might be expected. 2023 began very slow, but it became an extraordinarily busy year with an end permit valuation total of \$73,696,793. Most of the revenues associated with the YTD valuation would have been accepted in 2023, but some would have come in 2024. 2023 permit volume which started later in the year is part of the reason a slow 2024 appears to be busy.

For reference, in an average year about \$35,000,000 could be an expected total permit valuation. We are showing a year to date (through April) value of \$27,101,922 which looks high compared to the expected total year average, but in reality, permitting at the moment is currently slowed. For various reasons, permit value early in a year is skewed. Unless we have a change in permit volume trends similar to 2023, I expect that permit value and Development Services Fund financial revenue and expense numbers will change downward.

First quarter 2024 Development Services Fund revenue is on target at 27.79% of the budget. Expenses are 27.30% of 2024 budget. Because of the nature of how revenues are collected, and how expenses are incurred over the life a building permit, the first quarter financial report for Development Services is really only representative. I expect that revenue and expenses each could drop significantly in the second quarter 2024 financial report. I also expect that based on current trend that expenses will be greater than revenues in the second quarter financial report as revenues collected in 2024 for 2023 permit applications will have now been accounted for, but expenses associated with that work continues.

For about the past 3-years the expected traditional trends in permit activity have changed. In 2023 for example, permit application volume was skewed to later in the year when we traditionally would have expected the volume to begin early in the year. The first half of

2023 Development Services budget did not look good, but permitting became busy and the end result was a year far above average. 2024 may be following the same trend as 2023.

The Development Services Department has its own enterprise fund separate from the general fund. The highs and lows of development activity do not affect the general fund. A fund reserve based on saving from better revenue years is there to provide money to continue the same service level in lower revenue years. Private development costs can be better evaluated and we can more easily assure that these costs do not impact the general fund. Basically, it's easier to determine if development is really paying for itself and maintain that. Transparency is a benefit too.

Wildland Urban Interface Code

The 2021 Wildland Urban Interface Code (WUI) was adopted, then immediately repealed by Washington State. This was a mandated code that Medina adopted, then repealed following the states' action.

An Emergency Rule was issued by the State Building Code Council on March 15, 2024 to 'delete' the WUI. The WUI will be back, however, once the Department of Natural Resources completes new mapping. DNR has until June 15, 2024 to complete the mapping, but I expect an extension will be issued. Once the state again adopts the WUI Medina will need to as well.

An implication of the WUI is that it is a fire protection code written for the entire state which will impact trees and vegetation in the proximity of buildings and structures. Hazard, and risk mapping provide a degree of tailoring for individual jurisdictions. The Fire Marshal is given responsibility over the risk map and how the WUI is applied. The Bellevue Fire Marshal has control of the WUI in Medina.

I met with the Bellevue Fire Marshal recently to discuss his anticipated risk mapping and thoughts on the WUI. I would like to gain some or all control over the risk map and permit reviews. The Fire Marshal and I agreed to meet again once DNR has completed their work and the WUI topic returns.

The WUI is another pressure on removal of trees in Medina. It is possible that the result of enforcement of the WUI by Medina will mean that trees are required to be removed.

Middle Housing

We completed an agreement with the Department of Commerce (DOC) regarding a non-competitive grant to help fund our work on the Middle Housing legislation project. The total grant amount is \$35,000 with distribution based upon completion of sequenced deliverables, intermediate action steps, and the associated invoices.

Our City Attorney, Jennifer Robertson is preparing a comprehensive discussion of the Middle Housing project with Council on June 24th. In the meantime, we are working on the first two DOC deliverables which involve Medina website content, and a Public Engagement Plan. DOC gave us a sample Public Engagement Plan acceptable to them that we are using as a starting point.

A significant milestone (deliverable #3) is due on January 31, 2025 when a draft of the Middle Housing ordinance is due to DOC. The entire project is to be completed by June 10, 2025 with Council having adopted the new Middle Housing development regulations. This is the simplified version of what will happen because there is in fact significant process involved which includes the public, Council, Planning Commission, staff, city attorney, and probably professional consultants.

Essentially, the Medina Middle Housing project as a draft needs to be completed and submitted to DOC by January 31, 2025. With submittal of our draft to DOC for review, Medina may receive comments that require attention. DOC wants time after January 31, 2025 to review, comment and approve the many drafts that will be submitted to them. Medina needs the time after DOC approval to complete the process of adoption.

The last deliverable (#4) to DOC is required by June 10, 2025 and is titled “Adopted Middle Housing Ordinance and Public Engagement Summary (web stats, public meetings, other engagement.”

Reports and Questions

I will not be attending the May 13th Council meeting. If you would like to talk about anything in this report or otherwise, I will be available again starting on June 6th.