



CITY OF MEDINA

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Date: September 12, 2022
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 Budgeting

While local construction industry professionals remain busy, some are anticipating less work coming for them in the fourth quarter of this year. Contracts for future private design and construction work is an indicator of the permit activity that Development Services will eventually see. For the first time in several years we have heard pessimism from some local design and construction professionals about future development activity in general.

Compared to the recent past, and 2021 in particular, permit activity has been down significantly this entire year. The amount of reduced activity was unexpected and began in January 2022. The comparative reduction in permit activity and associated revenues has for the most part been consistent from January through August of this year. Building permit activity in Medina may be reduced by over 30 percent compared to 2021. Budgeting for the next year considers current permit activity as one factor.

Medina development activity is different from most other local jurisdictions. Residents in Medina who are planning to engage in (re)development of their property seem to consider broader indicators than most other local jurisdiction residents do. Because of this I believe that Medina residential development activity is an early indicator of what other local jurisdictions will eventually see in their permit activity. Past experience with a downturn in Medina permitting starting in mid-2007 is an example of how Medina has lead in predicting future residential development activity. Medina witnessed the start of a significant long-term reduction in permit activity in mid-2007 before other local jurisdictions eventually saw the same. Something similar may be happening now.

Development Services permit activity in 2022 is not correcting towards positive and has remained down all year. Budgeting for 2023 will reflect the 2022 activity.

Please see the permit activity reports provided.

Planning Commission

The Planning Commission did not meet in August. The next meeting of the Planning Commission will be scheduled in September.

2024 Comprehensive Plan Periodic Update

Last Spring the Development Services Committee had reviewed RFP responses from professional consultant for our 2024 Comprehensive Plan Update. A recommendation was to be presented to Council to contract with The Blueline Group.

On August 10th we were surprised to be notified that our primary contact staff member with Blueline who was to work with us on our Comprehensive Plan Update had suddenly resigned the day prior. Because this staff member was a primary reason for working with Blueline we became concerned. In discussions with the Blueline CEO and their staff we discovered that they did not have anyone else who was qualified to help us. Fortunately, the contract draft with Blueline was not completed and not yet sent to Council for approval consideration.

We discussed potential options with our City Attorney and with assistance we formally separated from Blueline. We do continue to work with Blueline on our Housing Action Plan, and with regular building permit zoning code compliance reviews.

Crea affiliates LLC was the second qualified Comprehensive Plan Update RFP respondent behind Blueline. We contacted Crea and found that they were still interested in working with us. We began working on a contract draft with Crea while also scheduling a meeting with the Development Services Committee (DSC). The DSC met with Crea staff on August 22nd which resulted in a recommendation to the Development Services Director that they be employed to assist with our 2024 Comprehensive Plan Update.

The contract draft with Crea is now complete with only a confirmation review of one portion needed before being submitted to Council for consideration. The Crea contract will be submitted to Council within the consent portion of the September 26, 2022 meeting agenda.

The contract costs between Crea affiliates LLC and The Blueline Group are similar. Blueline was at \$230,118 when we last spoke with them, and Crea's contract will be \$236,246. Stephanie Keyser has worked with Crea on the Scope of Services which is similar to that of Blueline and fulfills our needs through the end December 31, 2024 when the update is due. Please see the attached "Exhibit B Fee Estimate" from Crea affiliates LLC. You will note that at the bottom of the exhibit Crea lists sub-consultants that they will be working with them on our update.

You will see an agenda bill recommending your approval of a contract with Crea affiliates LLC to assist with our 2024 Comprehensive Plan Periodic Update at the September 26, 2022 meeting. This will be on Consent, but I am happy to talk with you about this.

Permit Fees

The primary revenue which supports the Development Services Fund comes from two sources. Building permit fees and Advanced Deposits. There are other sources of revenue including grants and other smaller permit fees.

Building permit fees provide the primary support for Development Services staff salaries. Building permit fees have not been reviewed or changed in many years. With Development Services able to return money to the general fund each year there was no need to consider an increase in fees. Building permit fees will need to be evaluated early next year to determine if they are adequate to continue to support the level of service expected of the Development Services Department. Construction values and costs of services have obviously changed over the past 15 years or more while our building permit fees have remained unchanged.

Costs of consulting services are increasing. We are going to need to evaluate our approach to assuring that professional services costs are balanced with associated revenue. An approach we have used since 2010 is where a fairly small fee is charged for a particular permit, then an additional deposit account ("Advanced Deposit") is also established. Basically, the permit applicant pays into a fund that is held by Medina and used when costs for consultants exceeds the permit fee that had been charged. The Advanced Deposit account allows for easy payment of the actual cost of services which exceed the permit fee. This Advanced Deposit system works fairly well for us, seems equitable, and it is needed. But the process also has flaws that should be corrected. The most important first step is to review the costs and professional services and to adjust our Advanced Deposit process to eliminate problems and make it even easier to use and manage.

Tree Management Code Enforcement

Please see the July and August development project tree removal reports provided.

In 2022 we hired a Tree Management Code consultant, and separately an Arborist. These two consultants replaced Otak and Tom Early who had been with Medina for many years. Tom Early left Otak in December 2021 and Otak was not able to replace him. We were unable to hire one consultant to replace Otak.

The cost of enforcing our Tree Management Code was expected to increase significantly this year and it has. The first half of 2022 involved a transition from Otak to the new consultants and it took time to do this. Our Advanced Deposit

process has been recovering much of the cost of services above permit fees, but not all. Our new consultants have been asked to evaluate existing development projects for compliance with issued permits and our Tree Management Code. Our new consultants are working closely with the Development Services Director in new approaches to tree code enforcement. This additional effort during the first half of 2022 has helped to cause unrecoverable cost of services above collected fees and deposits.

Overall, our tree code enforcement of development projects has improved greatly this year. We will continue to improve.

Permit Tracking and Portal

We are dissatisfied with our public permit portal. There are inherent issues which make the portal use more difficult for permit applicants and staff than needed. The software vendor has again changed ownership recently and we continue to have issues with their customer service.

We have explored replacing our portal, but to do so would mean that we also have to replace our permit tracking system. Our permit tracking system is from the same vendor as the portal. We have had the permit tracking system for over 10-years and we are satisfied with it.

The cost and effort to replace our tracking system and portal are prohibitive currently, but something to discuss at a later time when our options have been exhausted and our budget is better.

Code Enforcement

Please see the July and August 2022 Code Enforcement reports provided. The reports shows much of the monthly code enforcement activity performed by Development Services. We perform many investigations either by complaint, or because of things we notice such as construction parking in the public right of way or advertising signs.

Provided with the report is an example of a common “first warning” we issue regarding Construction Activity Permit violations.

Training

By Rob Kilmer, Deputy Building Official

On July 28th and 29th, our Deputy Building Official Rob Kilmer attended a quarterly meeting of the Washington State Association of Building Officials (WABO). This meeting had three main purposes. The first was to discuss upcoming building code changes scheduled to be adopted by Washington State in 2023. The second was to

provide continuing education regarding the construction of wood-framed homes, specifically regarding modern engineered lumber and sheeting. The third was to thank the outgoing slate of WABO board members and to welcome their elected replacements. Relationships with Building Departments around the State continue to be built with the goal of keeping Medina up to date with regional issues.

Washington State Building Code

We are preparing for the likely adoption of the 2021 Washington State Building Code. If adopted, the 2021 code will probably be implemented by Medina on July 1, 2023. More information will be provided as we receive it from the state.