



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6179
November 15, 2022
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6179: 2023 Fee Schedule Adoption	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution
RECOMMENDED ACTION:	Pass Resolution No. 1653 establishing and adopting the 2023 Fee Schedule.	

DEPARTMENT:	Administrative Services
STAFF:	Jessi Bon, City Manager Cassidy Berlin, Management Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Resolution No. 1653, including Exhibit A - 2023 Fee Schedule
CITY COUNCIL PRIORITY:	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is for the City Council to establish a fee schedule for the City and approve the 2023 Fee Schedule.

- To date, the City has had a decentralized approach to publishing City fees. This approach required residents to inquire with individual City departments, look through the City code, or search the website to access various fee lists.
- The proposed 2023 Fee Schedule centralizes the City’s various fees in one document which will be updated at least annually as part of the biennial budget adoption or mid-biennial budget review.
- The annual review of the fee schedule ensures that departments are evaluating fees for service regularly and on the same timeline. This is an established best practice outlined in the City’s Financial Management Policies.
- This and future fee schedules will be available for residents to access on the City’s website.

BACKGROUND

Currently, the City of Mercer Island has a decentralized approach to adjusting and publishing City fees. This approach is largely due to the variety of fees for service, the ways fees are established, and the different bases in which adjustments to these fees occur. An unintended consequence of this decentralized approach is

that residents must inquire with individual City departments, look through the City code, or search the website to access various fee lists.

The proposed fee schedule attempts to bring all set and published fees into one location to make it easier for the public to locate specific fees. The fees included in the schedule are either set by Mercer Island City Code, resolutions of the City Council, administratively by departments, or by an outside agency with which the City contracts. In addition, fees are calculated and adjusted in varying ways. For example, development services fees are tied to annual inflationary factors, utility rate adjustments are derived from rate modeling and capital construction needs, and recreation fees are tied to market demands.

The publication of annual fee schedules is an established best practice for municipalities within the region. This process benefits residents by providing simple, transparent access to City fees and benefits City staff by creating a process for annual review of all fees by staff and the City Manager.

To date, the annual review, update, and publishing of City fees has been at the discretion of individual departments. Though fees for service will vary in how they are applied and adjusted year-to-year, the 2023 Fee Schedule (Exhibit 1) will be the City's first of its kind and will establish this publication as an annual practice.

Each department has reviewed and approved the proposed 2023 fees reflected in this document.

ISSUE/DISCUSSION

The 2023 Fee Schedule was compiled through outreach to individual City departments requesting their updated 2023 fees. The following fees are included in the proposed 2023 Fee Schedule: animal and business licenses, copy, parking, court, police, parks and recreation, development and construction permit, and miscellaneous fees, taxes, and utility rates. Fee determinations vary by department:

- Fees related to business licenses, parking permits, and copies are set by the City Council.
- Community Planning and Development fees are adjusted annually based on the estimated annual growth in personnel costs for CPD staff.
- Recreation fees are determined using cost recovery tiers and market- and competitor-based rates as adopted by Council in July 2021 (Reset Strategy).
- Utility rates are established annually by the City Council based on recommendations from the Utility Board.
- Third party servicers set costs for the fees related to animal licensing, boater education, and business license processing.

While the majority of the fees in the proposed fee schedule have already been established, there are a few things to note about mapping fees, development and construction permit fees, and utility rates:

- The mapping fees are being established for the first time and are consistent with surrounding jurisdictions' fees.
- Traditionally, development and construction permit fees are adjusted each year by a resolution of the City Council. Starting this year and in future years, the adjustment of these fees will occur with the annual update of the fee schedule. Also, included in the proposed fee schedule as an appendix is the Building Valuation Data Table, which is used to calculate building permit fees based on the project valuation.
- The development and construction permit fees section features a few new fees:

- a. Annual fee monitoring of affordable housing units
 - b. Mobile food truck and outdoor cooking operating permits, annual permit fees with and without regional inspection
 - c. Addition of Transportation Impact Fees for care facilities, auto service centers, banks, daycares, quick restaurant/coffee shop, recreation facilities
 - d. Fire protection permit fees for fuel cell power systems
- The utility rates section of the Fee Schedule will be updated following City Council direction on utility rates for 2023 during the November 15 Council meeting. This action will mark the final edit prior to the Fee Schedule's publication on the City's website on January 1, 2023.

NEXT STEPS

Following the adoption of the 2023 Fee Schedule by the City Council, staff will finalize the document for publication on the City's website on January 1, 2023.

RECOMMENDED ACTION

Pass Resolution No. 1653 adopting the 2023 Fee Schedule.