

Development and Construction Permit Fee Schedule Update

AB 5781 | November 17, 2020

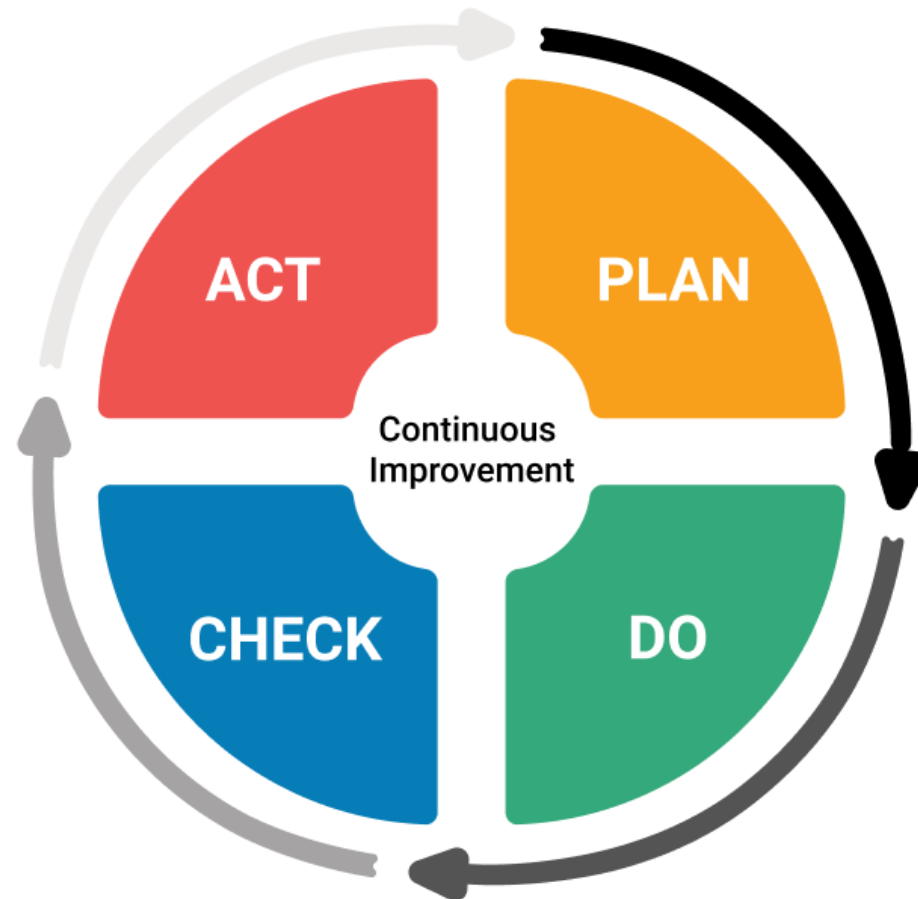


Introduction

- Since 2016, the City has studied and attempted to align cost recovery targets for development permits and services with desired policy and budgetary objectives.
- The City has relied on fee studies to estimate cost recovery; however they were not based on actual data.
- Failure to achieve cost recovery targets highlighted in 2020 with GF reductions.
- Propose moving to a new time tracking system using existing TRAKiT software.
- Significant change for planning permits in hourly tracking and charges - King County cities use different methodologies – flat, hourly and/or hybrid fees.
- Practicing the cycle of continuous improvement.



Cycle of Continuous Improvement



Source: <https://kanbanize.com>



Summary of Proposed Changes

1. Annual cost of services increase – 2.3%
2. Single hourly rate - \$145.23
3. Cost recovery targets – maintain at 95%/90%
4. Begin project- and permit-specific time tracking
5. Planning fees moving to deposit and hourly billing
6. Residential Building Valuation factors – additional classifications



1. Annual Cost of Services Increase

- The City typically raises fees each year based on the cost of providing the service
- Since this cost is based primarily on staff resources, the increase is calculated based on the real increase in salaries and wages in the coming year.
- For 2021, the costs of existing staff salaries and wages is projected to increase by 2.3%
- The 2.3% cost increase has been applied to all of the permit fees, including the fee schedule, building valuation table and the Building permit calculation table.



2. Single Hourly Rate

- Currently use a range of hourly rates
 - Planning Review - \$141.72/hr.
 - Building and Fire Review - \$139.05/hr.
 - Engineering Review - \$223.51/hr.
- Proposed hourly rate: \$145.23
 - Comparable to rates in nearby cities
 - Represents a “fully loaded” rate, including salaries, benefits, direct and indirect costs and overhead



3. Cost Recovery Targets

- Cost recovery targets – maintain at 2020 levels
 - Building permits and services 95%
 - Planning permits and services 90%
 - Engineering permits and services 90%
- Last fee study was conducted in 2018 - have not been able to evaluate the impact of changes made in 2019 and 2020 on cost recovery



4. Time Tracking

- Begin project- and permit-specific time tracking
- Utilize existing capabilities in TRAKiT permit tracking database to record time spent on individual project or permits
 - Rounded down to the nearest ¼ hour
 - Staff currently beta testing the system
- Data will inform analysis of staff time and total cost for providing various permits and services, as well as cost recovery
- Will also be used to generate hourly fees for planning services and site development permits



5. Planning Permit and Service Fees

- Moving to deposit and hourly billing fee basis
- Fee deposit collected at application submittal
 - Deposit amounts based on projected average number of hours required
 - Most are similar to the 2020 approved fee
- Actual hours recorded by staff will be used to reconcile the deposit
 - Any balance owed by the applicant will be due at permit issuance
 - If deposit no fully expended, refund issued at permit issuance



6. Residential Building Valuation Factors

- Used to estimate the cost of constructing a proposed project for the purpose of calculating building permit fees
- Currently use two residential building valuation factors
 - Average - \$139
 - Good - \$177
- Proposed changes to residential building valuation factors for 2021 include:
 - Elimination of the “average” classification
 - Adjustment of the “good” classification to \$180
 - Addition of the “very good” classification at \$230
 - Addition of the “very good – custom” classification at \$280
 - Addition of the “luxury – custom” classification at \$380
- Covers 3 plan review cycles and 2 inspection cycles



Next Steps

- **Nov 17, 2020:** Adopt 2021 Permit Fee Schedule
- **Q4 2020:** Beta testing TRAKiT time input / refining staff parameters
- **January 4, 2021:** Implement 2021 Permit Fee Schedule
- **2021:** Implement quantitative / qualitative reviews and collect / analyze data
- **Q2 / Q3 2021:** Provide progress reports to City Council
- **Q4 2021:** Recommend necessary changes for 2022 Permit Fee Schedule



Recommended Action

Approve Resolution No. 1593 adopting new development and construction permit fee schedule effective January 1, 2021.



Alternatives

Provide direction to staff to prepare for Dec 1, 2020 one of the following:

1. Current 2020 Permit Fee Schedule + 0.0%
2. Current 2020 Permit Fee Schedule + 2.3%
3. Current 2020 Permit Fee Schedule + TBD%
4. Proposed 2021 Permit Fee Schedule w/ TBD Charge Cap

