

## CITY COUNCIL AGENDA TOPIC

Budget Deliberations: Discussion of the Basis and Resources associated with the Preliminary 2025-2026 Operating Budget and the 2025-2030 Capital Investment Program (CIP) Plan

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## EXECUTIVE SUMMARY

### INFORMATION ONLY

Staff is seeking feedback on the foundations of, and resources associated with, the 2025-2026 Preliminary Budget, including fund structure, and the Development Services fees and rates and pass-through impact fees.

## RECOMMENDATION

N/A

## BACKGROUND/ANALYSIS

On September 17, the Acting City Manager and staff provided an overview of the Preliminary 2025-2026 Operating Budget and the 2025-2030 Capital Investment Program (CIP) Plan, which is available at: [BellevueWA.Gov/Budget](http://BellevueWA.Gov/Budget).

### Council Budget Calendar

Date	Budget Item(s)
<b>April 8</b>	Council Budget and Financial Strategy Workshop
<b>July 9</b>	Initial Public Hearing Tax Revenue Forecast and Preliminary Budget Guidance Study Session Budget Equity Toolkit
<b>September 17</b>	<b>Acting City Manager's Preliminary Budget Overview</b>
<b>Tonight</b> <b>September 24</b>	<i>Second Public Hearing</i> <i>Policies, Funds, Resources, Development Services fees</i>
<b>October 8,</b> <b>October 15, and</b> <b>October 22</b>	<i>Staff will present various components of the budget through two Strategic Target Areas per meeting</i>
<b>October 29</b>	<i>Council Questions, follow-up, and deliberation</i>
<b>November 12</b>	<i>Final Public Hearing and Council Direction for Adoption</i>
<b>November 19</b>	<i>Tentative Budget Adoption</i>

Tonight, following the second Public Hearing on the 2025-2026 Operating Budget and the 2025-2030

Capital Investment Program (CIP) Plan, staff will present on the following:

- Comprehensive Financial Policies and Fund Structure
- General Taxes and Other Revenues
- The Development Services annual cost of service study and recommended fees

### **Comprehensive Financial Policies and Fund Structure**

On a biennial basis, City staff engage with City Council before the budget process to provide an overview of economic and financial conditions of the city and highlight financial policies for discussion. In this biennium staff engaged in a review of the City's Comprehensive Financial Policies (CFP). The CFP serves as the overarching guidance for City staff and is the basis for administrative policies developed by the City.

In the 2025-2026 budget development process, staff facilitated a conversation with City Council on April 8, 2024, to refine and codify a list of guiding principles for the City's Financial Strategy and, therefore, the revised Comprehensive Financial Policies. The final, refined guiding principles were brought back to Council on July 9, 2024, and include the following which are fully defined under Chapter 2 of the CFP (Attachment A):

- Transparency
- Stewardship
- Professionalism
- Balanced Risk Profile
- Nimble

Policies regarding revenues and resources were examined and while minor adjustments were made for clarity, the core areas of policy in these areas remained consistent with best and historic practices. Importantly, the CFP reaffirms the City's commitment to maintaining a diversified system of revenues to sustain its operations, set rates and fees to recover costs where appropriate and, consideration of the strategic uses of debt within the City's financial plans.

Council also provided staff guidance on refining the City's *Investment Prioritization Waterfall* which is the basis for how the City allocates its dollars. The waterfall, while a guide, provides discretion and flexibility between prioritization levels that will be justified to Council as part of any budget or budget amendment process. It is not intended to serve as a mathematical formula for allocating the City's resources and spending. The revised waterfall allocation of resources follows these steps and are well-defined in Section 7.2 of the CFP (Attachment A).

1. Debt
2. Current Operations & Maintenance
3. Planned New Investments
4. Growth Planning
5. New Pilot and Service Delivery Demonstrations

The next step in allocating the City's resources is the proper accounting of its funds to meet requirements mandated by the Revised Code of Washington (RCW), Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB). These financial rules and guidance provide a method for the City to follow in establishing its funds, how funds should be categorized and shall be restricted.

The review of the CFP allowed staff to take stock of the fund structure in place and found opportunities for improvement that will improve clarity and serve as a first step in simplifying the City's accounting structure, or chart of accounts, in advance of the City's replacement of its Enterprise Resource Planning (ERP) System. In many cases, the City broke out finances into funds that did not strictly align with the mandated rules mentioned above and would require translation by staff to develop the City's Annual Comprehensive Financial Report (ACFR) which must align with these standards. Discrepancies like these would drive administrative burden and provide a barrier to understanding the City of Bellevue's finances when comparing to other cities in Washington.

The resulting changes reduce the number of funds from 29 during the current biennium to 13 as proposed in the 2025-2026 Preliminary Budget and fall into the following categories as prescribed in Chapter 35A.34 RCW:

- Operating, Current Use, or General Fund
- Capital Funds
- Equipment Rental Funds
- Special Purpose Funds

The simplified nature of the funds streamlines financial reporting while still containing structures at the fund level, and at the next layer below, subfund, for finances that must be restricted. These restricted uses include the City's enterprise functions which are solely contained within the Utilities Department's four utilities as well as personnel-related reserves for health benefits, the Firefighters Pension Fund, General Self-Insurance, among others. A notable change is the Development Services Fund moving into the General Fund which will now contain all the City's operations outside of restricted funds such as the utilities and grant-funded dollars. The Development Services line of business will still utilize a cost recovery model that isolates its revenue from being utilized for other unrelated City activities. However, development services are widely considered a function within a city's General Fund for administrative and reporting purposes.

In addition to providing better compliance with best practices and standards, the alignment of nearly all the City's operations into the General Fund provides a clear, unified picture of operating spending and performance. Similarly, the Preliminary Budget shifts capital personnel from their operating funds into the Capital Improvement Program funds to add transparency to the true personnel costs included within the CIP. Additional information about these funds and their role can be found within Chapter 4 of the City's Comprehensive Financial Policies (Attachment A).

As a result of this streamlining of funds and policies, this Preliminary Budget also changes the appropriation basis to reflect expenditures and obligations, while leaving reserves in unappropriated and assigned fund balance. This change in practice means that the biennial appropriation is reduced to not reflect the reserves, while reflecting the assignment of these resources.

### **Revenue Forecast**

The national environment continues to drive home impacts within the Puget Sound and Bellevue. A strong labor market and more durable inflation continues to place pressure on prices and wages. The U.S. Federal Reserve has held steady on interest rates as inflation remains about its 2 percent target until September 18, 2024 when the Fed reduced interest rates by 0.5 percent. Staff expects this will have a positive impact on the Bellevue's development and construction sectors but, due to the duration between financing major developments and construction, the City may not fully realize these benefits

for more than a year or 18 months. More information will be needed to provide a clear understanding of the impact of this interest rate cut on City revenues and, staff will be monitoring the situation closely.

The Federal Reserve's fiscal policy on interest rates and changes in economic behaviors such as hybrid employment has impacted the region's economy. New projects for multifamily housing and office space have been largely limited to those projects that were already within the development review pipeline and had secured financing before this period of fiscal tightening ([Puget Sound Business Journal](#)). The City's revenues did not reflect these conditions until the latter half of 2023 as proceeds from construction-related revenues began to fall as major projects were completed and fewer new projects took their place. Fortunately, Bellevue's central business district is still seen as an attractive and amenity-rich environment for businesses to be located. A "flight to quality" has been termed as many employers are relocating to smaller, better rated office spaces with more surrounding amenities to attract new and existing employees to their workspaces. Other sections of Bellevue such as the Eastgate neighborhood are experiencing the impact of this "flight to quality" as many of the existing commercial office space is lower rated compared to downtown ([Puget Sound Business Journal](#)).

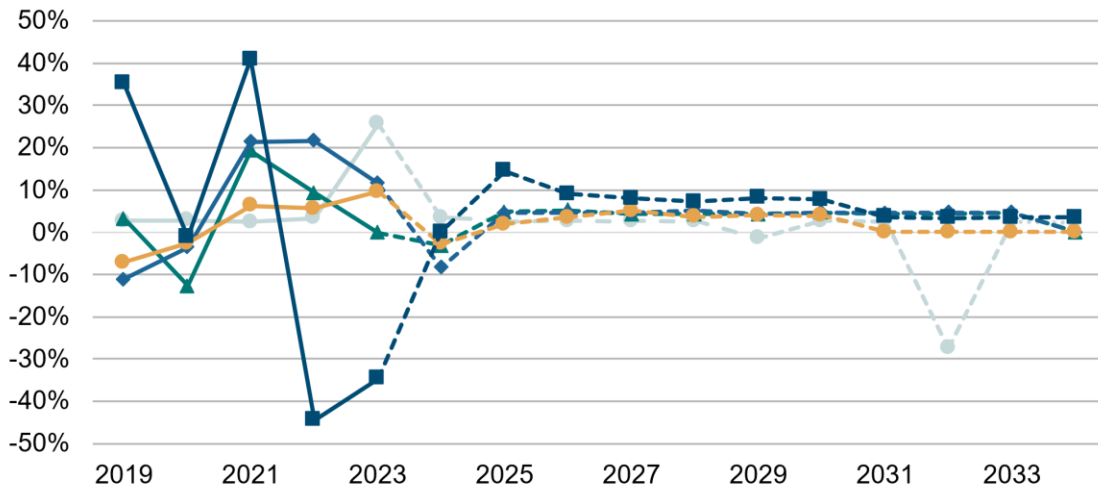
The impact of reduced construction activity on the City has been notable but mitigated with other revenues sources closing the gap as other sectors of the Bellevue economy continue slower, but steady growth. The forecast provided tonight assumes the construction sector will bounce back to a more sustainable level matching pre-COVID levels with strong but not the record-breaking numbers seen during 2020-2022. This expectation assumes that the Federal Reserve begins reducing interest rates freeing up the fiscal space for new and pending projects within the development pipeline ([The Seattle Times](#)).

In the near-term 2025-2026 period, the City expects the local economy to begin a slow and cautious recovery. Geopolitical instability at home and abroad remains a concern for economic planning with potential impacts to commodity prices and supply chains resulting from middle east conflicts, the Ukraine-Russia war and, the intensifying economic struggle between the U.S. and China ([S&P Global](#)).

As discussed in prior budget cycles, the structural deficit resulting from constricted property tax revenues and the increased costs of providing services as outlined during the 2023-2024 mid-biennium budget update ([October 16, 2023 Agenda Materials](#)) is a persistent but manageable issue for City staff. Revenue growth across various more volatile revenues, such as business & occupation (B&O) and sales taxes, have mitigated these issues and prudent financial planning allows the City to better absorb when these volatile revenues are declining or holding flat.

The chart and table below illustrate the tax revenues the City anticipates and serves as the basis for the 2025-2026 Preliminary Budget and the 2025-2030 CIP. Notably, the volatility across during COVID-19 and the subsequent economic fallout can be clearly seen as there is serious downturns in 2020 and bounce back in 2021 on net even as certain industries took until 2023 to fully recover. In 2024 and as anticipated, the City is experiencing negative growth (a reduction) in realized tax revenue for these key sources. In the medium to long term, City staff is anticipating a return to normalcy in terms of tax revenue growth rates.

# 2019-2034 Actual & Forecasted Tax Revenues



Avg. Growth Per Year	Property Taxes	Sales Taxes	B&O Taxes	Utilities Taxes	REET
2025-26	2.7%	5%	5%	3%	12%
2027-34	2.1%*	4%	4%	2%	6%

\*Excludes 2032 Expiration of 2022 Parks Levy

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Utilities Taxes</b>	\$28.1M	\$29.8M	\$32.9M	\$32.M	\$32.7M	\$33.8M	\$35.7M	\$37.M	\$38.6M	\$40.2M
<b>Property Taxes</b>	\$32.4M	\$64.6M	\$86.8M	\$89.9M	\$92.4M	\$95.M	\$97.6M	\$100.2M	\$98.9M	\$101.6M
<b>B&amp;O Taxes</b>	\$52.8M	\$67.3M	\$76.2M	\$70.3M	\$73.7M	\$77.3M	\$81.1M	\$85.4M	\$89.1M	\$93.5M
<b>Sales Taxes</b>	\$83.2M	\$91.7M	\$91.6M	\$88.7M	\$93.2M	\$98.3M	\$102.7M	\$107.3M	\$112.M	\$117.6M
<b>Real Estate Excise Taxes</b>	\$39.2M	\$21.8M	\$14.3M	\$16.7M	\$16.7M	\$18.4M	\$20.M	\$21.5M	\$23.4M	\$25.4M
<b>Total Tax Revenues</b>	\$235.7M	\$275.2M	\$301.8M	\$297.6M	\$308.7M	\$322.8M	\$337.1M	\$351.4M	\$362.M	\$378.3M

### 2025-2026 Preliminary Budget: Revenue Adjustments

For general tax revenues such as sales, business and occupation, and excise taxes, the City is proposing no rate adjustments in the 2025-2026 Preliminary Budget. These taxes are based on the valuation of goods, revenues and/or real estate prices which are tied to growth in the economy as well as inflationary price increases on those items. While this makes them more sensitive to economic conditions and, therefore, more volatile, they provide revenues that can keep pace with the costs of providing Bellevue City services.

Property taxes are an exception to the general taxes mentioned above. Due to restrictions in state law, property taxes are only permitted to increase by new construction as well as 1 percent or the measure of inflation annual inflation growth, whichever is less. As a result, the City's most stable revenue source has not kept pace with the costs of services and, makes the City more reliant on more volatile sources for ongoing operations.

To maintain a balanced revenue profile, City Council has approved a 1 percent allowable property tax adjustment eight out of the last nine years. This additional funding has gone to support the general governmental functions of the City's operations and capital investments from parks, public safety, transportation, community services, administrative staff and, much more.

For 2025, the 1 percent property tax adjustment would approximately generate an additional \$903 thousand of which \$376 thousand or 41.2 percent would go towards additional funding for the voter-approved Fire, Transportation and 2022 Parks levies. The table below shows this adjustment by levy for each 2025 and 2026 in the Preliminary Budget.

#### Detail Table for 1 Percent Property Tax Adjustment

Levy Impact	2025	2026
2016 Fire Levy	76,495	78,625
2016 Transportation Levy	91,794	94,350
2022 Parks Levy	204,527	210,108
Regular Levy*	530,567	545,338
<b>Total 1% Property Tax Impact</b>	<b>903,384</b>	<b>928,421</b>

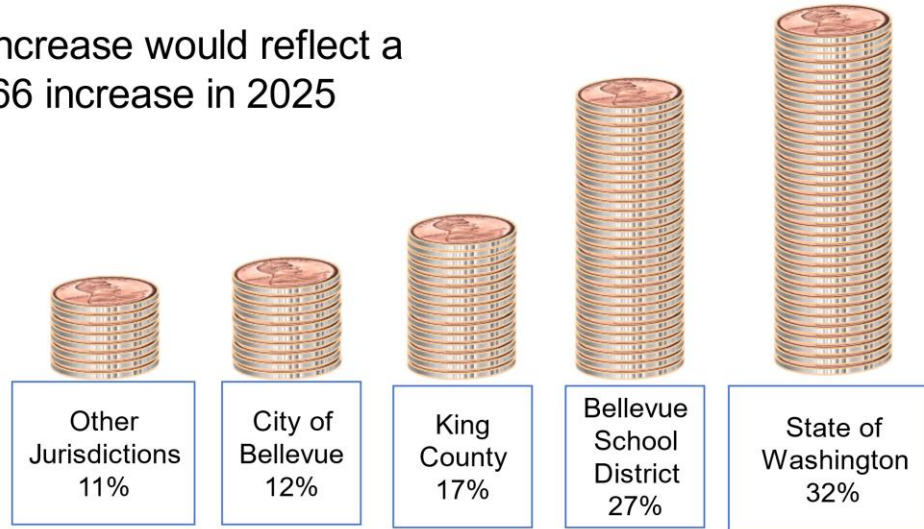
\*As defined by [RCW 84.52.043](#)

For the median home in Bellevue valued at \$1.19 million, a one percent property tax adjustment would equate to \$11.66 per year rather than a one percent increase to a property owner's total tax bill. That's because the City of Bellevue is only 12 percent of the total property tax levied in Bellevue. The graphic below shows the other jurisdictions that are represented and their relative shares of property taxes. The rates included are based on September estimates provided by King County and are subject to change.

# 2025 Property Tax Distribution

\$1.19M home pays \$0.98 per \$1000 AV to the City of Bellevue representing 12% of the total property tax bill.

1% increase would reflect a \$11.66 increase in 2025



For information on the City's revenues please visit Chapter 3 of the 2025-2026 Preliminary Budget Book.

## Development Services Recommended Fees

### Development Services Background

The ongoing success of the Development Services line of business requires quick responses to shifts in workload, performance, or revenues generated from permit fees as Bellevue travels through development cycles. When business activity is increasing, it is critical to respond quickly by adding staff and consultants to maintain timelines that ensure developers are not hindered in their ability to secure financing and move projects forward. When business activity decreases, it is also important to make measured reductions in costs and staffing to protect the financial health of the development services function. At all times it is vital to retain a basic level of skills, qualifications, and capacity needed to respond to all aspects of development services.

Development interest in Bellevue has remained strong with several major commercial and multi-family residential projects in the development review pipeline. However, economic factors such as lower rent prices, high-interest rates, and high-construction costs contributed to fewer major projects starting construction over the past year. The major project development activity forecast is expected to continue at this slower pace until economic factors reach a more desirable state for developers. While the slowdown has been somewhat buffered by a high pace of development permit applications in other sectors, it has caused Development Services to focus more attention on continuous improvement efforts such as working with the Bellevue Development Committee to identify and prioritize opportunities to streamline and improve the permitting process.

The Development Services reserve funds were established to provide the revenue and policy basis for making changes in staffing and resource levels (both up and down) and to insulate the General Fund from dramatic resource demand swings associated with development cycles. The citywide comprehensive policies introduced to the Council on September 17<sup>th</sup> outline the intended purposes and the set aside amounts for the Development Services reserve funds. The reserve funds also allow all functions to respond in advance of forecast workload changes to continue to meet performance targets. With the slowdown in major project development activity the department is forecasting the need to begin using reserves in 2025 to continue delivering on continuous improvement efforts and retain the necessary staffing to respond when demand for services increase again.

Development Services is a line of city business that must adjust to development cycles and operate within a revenue stream primarily generated by permit fees. Each year an internal cost of service study is initiated using tools that assess service levels, financial performance, and forecast changes in development activity. The internal analysis and resulting fee adjustments are essential to sustaining service levels, maintaining revenues that are adequate to support the operation, and ensure fees are competitive in our region.

The financial management guiding principles previously endorsed by the City Council for Development Services include:

- Fees should be regionally competitive and provide timely, high-quality services.
- Applicants should pay for the services they receive.
- Fiscal management should be performed on an overall development services basis.
- Funding structure should support the management of development services as a line of business through economic cycles and fluctuations in workload.

### **Proposed Hourly Rates and Fee Adjustments**

The proposed fee changes reflect the results of the cost of services study. A summary of proposed changes is in Attachment D – Development Services Packet. Rates are adjusted annually to ensure that fees keep pace with the cost of providing services, and to sustain adequate resources to meet demand through the development cycles.

Permit fees collected to support development services follow two primary approaches: hourly rates based on the staff time needed to complete permit review and inspections, and fees based on the calculated value of the permitted work. The hourly rate adjustments for land use, fire, transportation, and utilities plan review and inspection reflect cost increases above inflation and include the total cost such as staffing, city-wide overhead, facilities, technology services, and administrative services. The proposed increases also include the implementation of a new salary structure and pay plan for non-represented staff.

The annual fee update analyzes costs associated with delivering development review and inspection services and maintaining alignment with fees charged for those services and the established cost recovery policies. Hourly rates are charged for land use, transportation, utilities, and fire review and inspection services. Building permit fees supporting building review and inspection services are based on the estimated project value. The proposed adjustments to hourly and building permit fees are provided below.



Function	2024 Adopted	2025 Proposed	Proposed Revenue Increase	% change in rate
Land Use review	\$272	\$281	\$42,000	3.31%
Fire review & inspection	\$200	\$212	\$124,000	6.00%
Transportation review & inspection	\$225	\$243	\$401,000	8.00%
Utilities review & inspection	\$187	\$197	\$68,000	5.35%
Estimated Revenue Increase			\$635,000	

Permit fees supporting building review and inspection services are based on the estimated construction value. The following adjustments are proposed for building permit fees:

- Adopt the updated building valuation data (BVD) table published by the International Code Council (ICC) to reflect the change in construction valuation from August 2023 to August 2024. *Values derived from the BVD tables are used to determine building permit fees.*
- No change to the BVD table using the Washington State modifier of 1.13, from July 2023 to July 2024 as published by Marshall and Swift to align with Washington State construction costs.
- Adjust building review and inspection fees, including permits for electrical, mechanical, and plumbing systems, by CPI-W (3.49%).

**Flat Fees**

In addition to the adjustments in fees as part of the annual fee analysis process, staff review the consolidated fee ordinance and make adjustments to ensure there is alignment with changes in business practices that can increase or decrease the fees charged for specific permit types. The proposed fee adjustments also reflect the results of the fee analysis for permits where a flat fee is charged based on the average number of review and inspection hours needed to complete the permit.

The examples below illustrate the results of the proposed fee changes on two permits subject to hourly rates and reflect the change in overall cost associated with the proposed adjustments.

Single Family Addition - Utilities Review	Hourly Rate	Review Hours	Flat Fee
2024	\$187	1.5	\$281
2025 Proposed	\$197	1.7	\$335
<i>Proposed Change in Fee</i>			\$54

Tenant Improvement – Transportation Review	Hourly Rate	Review Hours	Flat Fee
2024	\$225	2.5	\$563
2025 Proposed	\$243	2.8	\$680
<i>Proposed Change in Fee</i>			\$118

In addition, there are times when new flat fees need to be established to support changes in business process or city codes. One such change this year is a new flat fee for a simple tree removal permit type that was established through the adoption of Ordinance 6795 amending Chapter 23.76 BCC to reflect updated tree code regulations earlier this year. This new permit type and resulting flat fees establish a more streamlined tree removal permit process and thus a lower fee to reflect the cost of service.

Tree Removal	Hourly Rate	Hours	Flat Fee
<i>2025 Proposed Land Use Review</i>	\$281	0.5	\$141
<i>2025 Proposed Clear &amp; Grade Inspection</i>	\$148	1.0	\$148
<i>Proposed New Fee</i>			\$289

**Valuation-Based Fees**

The use of construction value to set building permit fees has been the industry standard of practice for many years and has generated revenue adequate to support plan review and inspection services for these permits. The BVD, published and updated by the International Code Council (ICC) and modified by the Marshall & Swift construction value modifier for Washington, is used to establish the building value which is then used to calculate building permit fees; the ICC BVD table and the Washington State modifier are updated annually to ensure alignment with the general cost of construction. Valuation-based fees for building review and inspection services are based on two variables: (1) the estimated value of the proposed building, and (2) application of a fee applied to that value from the permit fee table. The examples below illustrate the change in valuation-based construction fees and flat fees on a single-family addition and tenant improvement project.

Single Family Addition \$85,000 valuation, 500 sq. ft.	Total Fees
<i>2024</i>	\$4,154
<i>2025 Proposed</i>	\$4,384
<i>Proposed Change in Fee</i>	\$229

Tenant Improvement \$100,000 valuation	Total Fees
<i>2024</i>	\$4,229
<i>2025 Proposed</i>	\$4,402
<i>Proposed Change in Fee</i>	\$173

**Streamlining Measures**

On June 11, 2024, in response to Senate Bill 5290 which amended the Local Project Review Act, Chapter 36.70B RCW, Council directed staff to move forward with recommendations to implement and adopt three permit streamlining measures. Consideration to implement the following streamlining measures has been included in the preliminary operating budget and annual cost of service study. Staff are planning to return with a resolution for Council consideration at a future meeting to formally adopt

the streamlining measures. The streamlining measures include:

- Maintaining and budgeting for on-call permitting assistance for when permit volumes or staffing levels change rapidly.
- Having new positions budgeted that are contingent on increased permit revenue.
- Imposing reasonable fees, consistent with RCW 82.02.020, on applications for permits to cover the cost to the city for processing applications, inspecting, or reviewing plans, or preparing detailed statements required by Chapter 43.21C RCW.

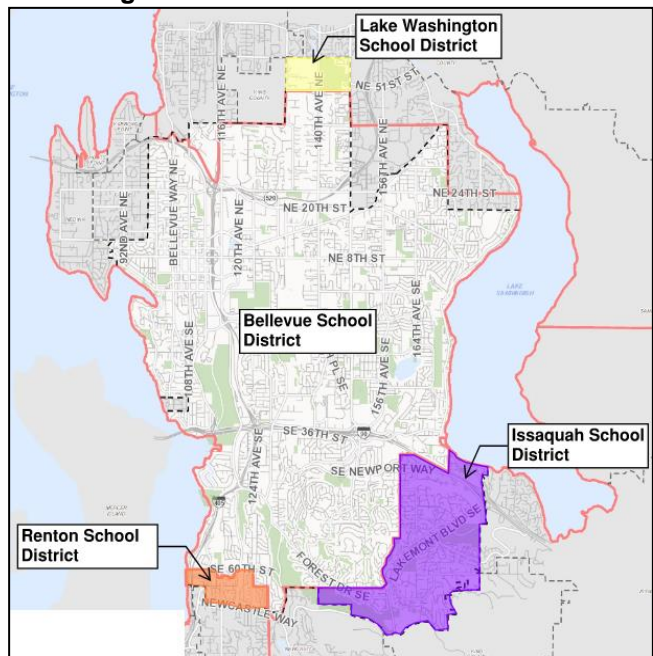
### **School Impact Fees**

Under the Growth Management Act, the City is authorized to assess and collect impact fees on behalf of the school districts to supplement the funding of additional facilities necessitated by enrollment growth from new housing. Properties in Bellevue are within four school districts: Bellevue, Lake Washington, Issaquah, and Renton (see Figure 1). The Issaquah School District (ISD) and the Renton School District (RSD) rely on school impact fees to fund portions of the planned district facilities identified in the Capital Facilities Plan (CFP).

Districts also rely on state funding, local bonds and capital levies to fund public facilities. Chapter 22.18 of the Bellevue City Code (BCC) is the chapter controlling the City's assessment of school impact fees for the Issaquah and Renton school districts, including the impact fee formula used by the City. The formula requires that school districts establish "student generation factors" to estimate the number of students generated by each new single or multi-family unit constructed and costs, tax credits, and state funding assistance unique to the district. Chapter 22.18 BCC also establishes development types that are exempt from the application of impact fees, including affordable housing, certain senior housing, remodels, and rehabilitations of residential units.

BCC 22.18.110 requires the school impact fee schedule to be updated by Council on an annual basis after Council's receipt of each school district's CFP. Both the ISD and RSD adopt a CFP and determine impact fees according to the established impact fee formula and based on district-wide needs. Impact fees may fluctuate from year to year based on several factors, including changes to student enrollment, district growth plans, new residential growth, changes to bond interest rates, changes to construction costs of planned capital facilities, and changes in state reimbursement levels. Changes to impact fees for ISD and RSD are as follows:

**Figure 1. School District Boundaries**



District	Housing Type	2024	2025	Change	Reason(s)
ISD	Single Family	\$15,510	\$4,728	(\$10,782)	Impact fees are lower because of student generation rates and the credits in the adopted fee formula increased due to higher property values and a significant one-time boost in state funding for school construction.
	Multifamily	\$3,514	\$0	(\$3,514)	
RSD	Single Family	\$2,161	\$1,003	(\$1,158)	Impact fees will be used to offset costs related to a recently opened elementary school and land acquisition for future replacement of Renton High School.
	Multifamily	\$4,257	\$3,268	(\$989)	

School impact fees are assessed on residential properties that are redeveloped, unless the new structure is identical in size to the previous one and completed within 12 months of the initial demolition, or if the project qualifies for an exemption as outlined above. These fees are collected at the time of building permit issuance and are then passed through to the respective school district.

Currently, approximately 4,848 parcels could be subject to school impact fees if redeveloped, with about 1,148 parcels in the RSD boundary and 3,700 parcels in the ISD boundary. Over the past year, Issaquah school impact fees were collected for six single family development projects. These projects and parcels represent a small fraction of the overall city, as the majority of properties in Bellevue fall within the Bellevue School District boundary, which does not impose school impact fees.

The City has adopted a school impact fee formula consistent with King County and other jurisdictions within the county to ensure equitable application of the fee across these districts. Staff recommend retaining the school impact fee formula outlined in Chapter 22.18 BCC to maintain this consistency and equity among the affected jurisdictions. Additionally, the area and type of development subject to this fee are relatively limited, and the fees fluctuate annually—having notably decreased this past year due to lower student generation rates and higher-than-average State assistance.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

#### RCW 19.27.100

State law allows cities to charge fees for development services provided by the City.

#### Council Policy Direction

The City Council has set cost recovery objectives for development services. Setting cost recovery objectives based on the type of service being delivered provides a more understandable and consistent approach for setting fees, with common objectives across departments and functions.

#### Chapter 22.18 BCC

The impact fee schedule for ISD and RSD in BCC 22.18.100 is required to be reviewed and updated by Council on an annual basis for consistency with each district's CFP and data.

### **Fiscal Impact**

The proposed fees reflect the results of the annual fee analysis which sets the hourly rates and flat fees based on the average number of review and inspection hours to complete the permit. The changes in revenues are reflected in the 2025-2026 Preliminary Budget.

For ISD and RSD school impact fees, the City collects the fees on behalf of these school districts and does not retain the fees or charge the school districts for this pass-through transaction. Accordingly, the City incurs minor fiscal impacts to administer the impact fee program for these school districts. The ongoing costs to administer this program will not change because of the proposed annual fee adjustments.

## **OPTIONS**

N/A

## **ATTACHMENTS**

- A. Comprehensive Financial Policies
- B. Development Services Packet

## **AVAILABLE IN COUNCIL LIBRARY**

N/A