

CITY COUNCIL AGENDA TOPIC

Ordinance regarding development services under the Bellevue City Code; fees for applications requiring construction, land use, fire, survey, sign, transportation, utility, and clearing & grading review and inspection services; providing for severability; and repealing Ordinance No. 6692.

Rebecca Horner, Director, 452-6045

Jake Hesselgesser, Assistant Director, 452-6964

Teri Jones, Fiscal Manager, 452-5293

Development Services Department

EXECUTIVE SUMMARY**ACTION**

This Ordinance provides updates to fees charged for development services applications requiring construction, land use, fire, survey, transportation, utility and clearing & grading review and inspection services; provides for severability; and repeals Ordinance No. 6692. On November 13, after discussion following the public hearing on the 2023-2024 Budget and the 2023-2029 CIP Plan Mid Biennium Update, Council directed staff to finalize this Ordinance for approval.

RECOMMENDATION

Move to adopt Ordinance No. 6762.

BACKGROUND/ANALYSIS

On October 23, staff presented to the City Council an update on the current development cycle which is at a ten-year high plateau. Staff also presented the results of the annual internal cost of service study that evaluates service levels, financial performance, and forecast changes in development activity. The internal analysis and resulting fee adjustments are essential to sustaining service levels, maintaining revenue adequate to support the operation of development services, and keeping fees 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 for timely, high-quality services;
- Applicants should pay for the services they receive;
- Fiscal management should be performed on an overall development services basis; and
- Funding structure should support the management of development services as a line of business through economic cycles and fluctuations in workload.

Proposed Fee Adjustments

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 the total cost impacts for variable and fixed costs such as City-wide overhead, facilities, technology services, and administrative services.

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	2023 Rate	2024 Rate	Proposed Revenue Increase	% change in rate
Land Use review	\$264	\$272	\$158,000	3.03%
Transportation review & inspection	\$217	\$225	\$213,000	3.69%
Fire review & inspection	\$193	\$200	\$72,000	3.63%
Utilities review & inspection	\$180	\$187	\$93,000	3.89%
Estimated Revenue Increase			\$536,000	

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 2022 to August 2023. *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 2022 to July 2023 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 (4.51%).

In addition to the adjustments in fees as part of the annual fee analysis process, staff review the consolidated fee ordinance and make adjustments that reflect changes in business practices or processes 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. As part of the ongoing fee analysis, proposed changes to flat fees are for single family, tenant improvement, commercial projects, fire sprinkler systems, and water services.

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 to setting fees, with common objectives across departments and functions. The cost recovery targets established by the Council are as follows:

Type of Service	Cost Recovery Target	Funding Source
Policy Development & Public Information	0%	100% General Fund/Utilities Fund supported
Land Use Discretionary Review	100%	100% fee supported
Engineering Review & Inspection	100%	100% fee supported
Technical/Administrative Support	100%	100% fee supported

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 proposed changes would generate an estimated total increase in Development Services fee revenue of \$1.2M in 2024, which is included in the 2024 budget.

OPTIONS

1. Move to adopt the Ordinance regarding development services under the Bellevue City Code; fees for applications requiring construction, land use, fire, survey, sign, transportation, utility, and clearing & grading review and inspection services; providing for severability; and repealing Ordinance No. 6692.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

Proposed Ordinance No. 6762

AVAILABLE IN COUNCIL LIBRARY

N/A