City of Bellevue

10/28/2025

CITY COUNCIL AGENDA TOPIC

Development Services Permit Fees, Issaquah and Renton School District Impact Fee Schedule Update, and Transportation Small Wireless Facility Fees

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EXECUTIVE SUMMARY

DIRECTION

Staff are seeking direction regarding Development Services proposed 2026 fees and rates following completion of an annual cost of service study. Staff will present information regarding updates to the Issaquah and Renton school impact fee schedule in Chapter 22.18 of the Bellevue City Code (BCC). Staff will also present information regarding Transportation wireless communication fees.

RECOMMENDATION

Consider directing staff to prepare Ordinances that amend the 2026 permit fees and rates, school impact fee schedule, and Transportation wireless communication fee schedule as proposed for Council consideration at a future meeting.

BACKGROUND/ANALYSIS

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 development 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 development activity decreases, it is also important to make measured reductions in costs 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 demand for office space, 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 (BDC) 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 financial policies outline the intended purposes and amounts to be set aside for the Development Services reserve funds.

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 a cost of service study is initiated using tools that assess service levels, financial performance, and forecast changes in development activity. The analysis and resulting fee adjustments are essential to sustaining service levels, maintaining revenues to support operations, and ensuring competitive fees 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 included in Attachment A – 2026 Summary of Proposed Changes to the Development Services Fees. 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, and reflect staff reallocation for continuous improvement efforts. Development Services expects to utilize reserve funds to offset cost increases in future years.

The annual fee update analyzes costs associated with 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	2025 Adopted	2026Proposed	% change in rate
Land Use review	$281	$304	8.2%
Fire review & inspection	$212	$227	7.1%
Transportation review & inspection	$243	$264	8.6%
Utilities review & inspection	$197	$216	9.6%

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 2024 to August 2025. *Values derived from the BVD tables are used to determine building permit fees.*
- Adjust the BVD table using the Washington State modifier from 1.13 to 1.11, from July 2024 to July 2025 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 (2.70 percent).

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 example below illustrates the results of the proposed fee changes on a permit subject to hourly rates and reflects the change in overall cost associated with the proposed adjustments.

Single Family Addition - Utilities Review	Hourly Rate	Review Hours	Flat Fee
2025	*$197*	*1.5*	*$296*
2026 Proposed	*$216*	*1.7*	*$367*
		Proposed Change in Fee	*$72*

In addition, there are times when fees need to be established to support changes in business process or City Codes. One such change this year is a new process for middle housing permits established through the adoption of Ordinance 6851, which amended the Land Use Code, and Ordinance 6852, which adopted corresponding amendments to the BCC. A new permit type will establish a middle housing permit process with fees set the same as a single-family permit type. Another change in Land Use business process is to add 0.5 hour quick review of programmatic vegetation permits to verify compliance with critical area requirements.

Valuation-Based Fees

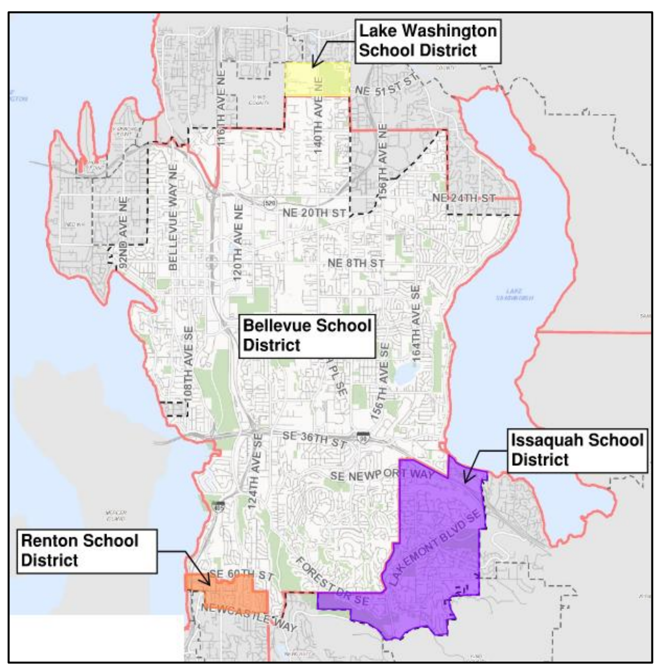
The use of construction value to set building permit fees has been the industry standard of practice for many years and has generated revenue adequate to support plan review and inspection services for these permits. The BVD, published and updated by the International Code Council (ICC) and modified 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 example below illustrates the change in valuation-based construction fees and flat fees on a tenant improvement project.

Tenant Improvement $100,000 valuation	Total Fees
2025	*$4,402*
2026 Proposed	*$4,593*
Proposed Change in Fee	*$191*

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.

Figure 1. School District Boundaries



Chapter 22.18 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:

District	Housing Type	*2025*	*2026*	*Change*	*Reason(s)*
ISD	Single Family	*$4,728*	*$0*	*($4,728)*	Impact fees are lower because of student generation rates and no plans for additional school construction.
	Multifamily	*$0*	*$0*	*($0)*	
RSD	Single Family	*$1.003*	*$0*	*($1,003)*	Impact fees are used to offset costs related to new schools and land acquisitions.
	Multifamily	*$3,268*	*$0*	*($3,268)*	

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 districts.

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 and Renton school impact fees were collected for two 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 decreased this past year due to lower student generation rates and no new facilities planned for construction.

Transportation Wireless Communication Fees

Several fees have been established under the authority of Title 6 BCC and are charged to wireless carriers who mount telecommunications equipment to city-owned assets within the public right of way, opt to occupy or utilize city-owned infrastructure within the public right of way in support of wireless facilities or otherwise install privately owned and maintained wireless communication infrastructure within the public right of way. These fees ensure consistency in the costs of leasing city-owned assets.

While these fees are currently being applied, they are not yet formalized by ordinance. The adoption of an official fee schedule will formalize these charges and create a framework for future updates.

Small Wireless Facilities – City Electrical Facility Access Fee

The City provides the option for wireless carriers to access and utilize the City's circuit or electrical facilities to power their privately-owned and maintained Small Wireless Facility (SWF) equipment. If the carrier elects to utilize the City's circuit or facilities to power the SWF site, the carrier must enter into a Circuit Access Agreement which establishes the terms, requirements, and lease rate for splicing into the city's circuit, see BCC 6.08.070. The electrical facility access fee is charged annually to carriers, increasing annually by the average CPI increase. The electrical facility access fee is charged on a per site basis for each SWF that utilizes city electrical facilities, and the 2025 city electrical facility access fee is depicted in the table below.

Small Wireless Facility Pole Reservation Fee

Prior to submitting a formal SWF permit application and to facilitate planning and design, wireless carriers have the option to reserve a city-owned streetlight for a 180-day term. By reserving a city-owned streetlight, the carrier has acknowledged their interest in submitting a formal SWF permit application and constructing a SWF at the location in the future. During the term of a pole reservation, the City will not accept a SWF permit application from another wireless carrier at that location. The pole reservation fee accounts for the opportunity cost of leasing the pole to another carrier and prevents conflicts between carriers. The 2025 pole reservation fee is reflected in the table below.

Wireless Communication Facility Annual Lease Fee

Telecommunications companies may install ground-based or pole-mounted Wireless Communication Facility (WCF) equipment in the public ROW if they have a valid right of way use agreement (RUA) with the City. The City charges an annual lease fee for any WCF ground equipment in the public ROW. The lease terms, fees and site-specific information related to the WCF in the ROW is outlined in the site-specific addendum to the RUA, known as a site license addendum (SLA). The SLA sets the annual lease fee. The WCF annual lease fee was updated in February 2025 using a comparable analysis of WCF lease rates across the region and is outlined in the table below.

Although the above-described fees are currently in effect, they are not yet part of a formally adopted ordinance. Adopting a fee schedule will ensure transparency, provide a framework for adjusting fees over time and ensure a consistent and defensible mechanism for adopting and enforcing fees. The proposed Transportation Wireless Communication Fees are provided below. A summary and additional background information is included in Attachment B – Summary of Transportation Fees for Wireless Facilities in the Public Right of Way.

Fees Related to Small Wireless and Wireless Communication Facilities in the Public Right of Way		
Type	**Fee**	**Due At**
Small Wireless Facility – City Electrical Facility Access Fee[1,2]	*$1,151.77 for 2025*	*Annually*
Small Wireless Facility - Pole Reservation Fee[3]	*$166.75 for 2025*	*Issuance*
Wireless Communication Facility (WCF) ground equipment in the Right-of-Way Lease Fee[4]	*$13,200 for new WCF sites*	*Annually*

[1]For the first year of a Small Wireless Facility lease that begins part-way through the calendar year, the first annual payment of the City Electrical Facility Access Fee is prorated from month the carrier connects to city power to the end of the calendar year.

[2] The City Electrical Facility Access Fee is adjusted annually using the average Consumer Price Index, which is a 5-year rolling average of annual rates for all Urban Consumers (Seattle-Tacoma-Bellevue, WA) as of October of the relevant years. Subsequent years' City Electrical Facility Access Fees are calculated during the prior year after the October rates are posted. For example, the 2026 City Electrical Facility Access Fees will be calculated November of 2025.

[3] The Pole Reservation Fee is calculated by determining the $ per-day rate of the annual pole lease fee and multiplying by the 180-day term. The annual pole lease fee is adjusted annually using the average Consumer Price Index, which is a 5-year rolling average of annual rates for all Urban Consumers (Seattle-Tacoma-Bellevue, WA) as of October of the relevant years. Subsequent years' pole lease fees are calculated during the prior year after the October rates are posted. For example, the 2026 pole lease fee will be calculated November of 2025.

[4] The WCF annual lease fee increases by 3 percent annually as laid out in each site-specific SLA.

POLICY & FISCAL IMPACTS

Policy Impact

RCW 19.27.100 & RCW 82.02.020

State law allows cities to charge reasonable 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. 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
Code Compliance	0%	100% General Fund supported
Affordable Housing Fee Reduction Program	0%	100% General Fund supported
Small Business & Public Space Program	0%	100% General Fund supported
Land Use Discretionary Review	100%	100% fee supported
Engineering Review & Inspection	100%	100% fee supported
Technical/ Administrative Support	100%	100% fee supported

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 proposed changes would generate an estimated total increase in Development Services fee revenue of $1.5M in 2026, which is included in the 2026 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 as a result of the proposed annual fee adjustments.

For Transportation Wireless Communication fees, the fees are currently in effect and included in the 2026 budget; however, they are not yet part of a formally adopted ordinance. Adopting the fee schedule will ensure transparency, provide a framework for adjusting fees over time and ensure a consistent and defensible mechanism for adopting and enforcing fees.

OPTIONS

1. Direct staff to prepare Ordinances that amend the 2026 permit fees and rates, school impact fee schedule, and Transportation wireless communication fee schedule as proposed for Council consideration at a future meeting.
2. Provide alternate direction to staff.

ATTACHMENTS

A. 2026 Summary of Proposed Charges to the Development Services Fees
B. Summary of Transportation Fees for Wireless Facilities in the Public Right of Way

AVAILABLE IN COUNCIL LIBRARY

Renton School District 2025 Capital Facilities Plan
Issaquah School District 2025 Capital Facilities Plan