

CITY COUNCIL REGULAR SESSION

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; repealing Ordinance No. 6620.

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EXECUTIVE SUMMARY

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 6620. On November 14, after discussion in Study Session, Council directed staff to finalize this Ordinance for approval.

RECOMMENDATION

Move to adopt Ordinance 6692

BACKGROUND/ANALYSIS

On October 24, staff presented to the City Council an update on the current development cycle which is at a nine-year high plateau. Staff also proposed to adjust the Land Use discretionary review cost recovery to be 100 percent fee supported and eliminate the 50 percent support from the general fund.

Land Use Cost Recovery Adjustment

Staff proposed to adjust the Land Use discretionary review cost recovery objective to be 100 percent fee supported and eliminate the 50 percent support from the general fund. The change aligns the Land Use review cost recovery objective with Building, Transportation, Utilities and Fire review services.

Proposed Fee Adjustments

Staff also presented the results of the annual 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, 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.

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. The proposed adjustments to hourly rates are provided below.

Function	2022 Rate	2023 Rate	Proposed Revenue Increase	% change in rate
Land Use review (100% Fee Supported)	\$187	\$264	\$1,254,000	41.2%
Transportation review & inspection	\$206	\$217	\$292,000	5.3%
Fire review & inspection	\$184	\$193	\$93,000	4.9%
Utilities review & inspection	\$170	\$180	\$133,000	5.9%
Estimated Revenue Increase			\$1,772,000	

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 2021 to August 2022. *Values derived from the BVD tables are used to determine building permit fees for new buildings.*
- Adjust the BVD table using the Washington State modifier from 1.14 to 1.13, from July 2021 to July 2022 as published by Marshall and Swift to align with Washington State construction costs.

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, 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 principles 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 would be established by the Council 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

Section 2 of the consolidated fee Ordinance establishes that fees may be adjusted to reflect the current published annual change in the Seattle Consumer Price Index for Wage Earners and Clerical Workers as needed to maintain the cost recovery objectives established by the City Council.

Fiscal Impact

The proposed fees reflect the results of the annual fee analysis which sets the hourly rates and flat fees and recommended adjustments to building permit fees. The proposed change to adjust the Land Use discretionary review cost recovery objective from 50 percent to 100 percent fee supported would generate an estimated total annual general fund savings of \$1.14 million, which was included in the 2023-2024 preliminary budget. In total, the proposed changes would generate an estimated increase in Development Services fee revenue of \$2.08 million in 2023, which is included in the 2023-2024 budget.

OPTIONS

1. 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; repealing Ordinance No. 6620.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

Proposed Ordinance No. 6692

AVAILABLE IN COUNCIL LIBRARY

N/A