

## Development Services Financial Management & Cost Recovery Model

### Financial Management Guiding Principles

The financial management guiding principles continue to serve as the cornerstone of how the Development Services financial structure is managed. The guiding principles are:

- Fees should be regionally competitive and provide for fast, predictable, high-quality services.
- Permit applicants should pay for the direct services that they receive, adjusted to account for broader community benefits.
- Fiscal management should be development-services wide, not department by department.
- The funding structure should support the management of development services as a line of business, through economic cycles and fluctuations in workload.
- Fees should be predictable and understandable to the customer.
- The fee system should be efficient and cost-effective to manage.

### Cost Recovery Objectives

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. This is consistent with the “One-City” philosophy of the Development Services Improvement effort. It also resulted in a model that it is simpler and easier to maintain and update. The cost recovery targets established by the Council are as follows:

Type of Service	Cost Recovery Target	
Policy Development & Public Information	0%	(100% General Fund/Utilities Fund supported)
Land Use Discretionary Review	50%	(50% General Fund supported/50% fee supported)
Engineering Review & Inspection	100%	(100% fee supported)
Technical/Administrative Support	100%	(100% fee supported)

### Fees and Service Levels

The ongoing success of the Development Services line of business is based in the ability to respond quickly to shifts in performance, workload, or permit fee revenues as Bellevue travels through development cycles. Tools have been developed allowing more comprehensive oversight of service levels and financial performance, and more accurate forecasting of changes in development cycles. These tools are also essential to sustaining service levels and maintaining revenues that are adequate to support the operation and keep fees competitive in our region. When significant changes in workload and permit fee revenues are forecast, changes in staffing and other resources are made to ensure the appropriate alignment between performance, revenue, and expenditures is maintained. Maintaining alignment between service

levels and fees ensures clients will continue to receive high quality services in a consistent and timely manner.

Adjustment to Development Services fees are made to maintain alignment with the cost recovery objectives in the financial model and sustains adequate resources to meet demand through the development cycle. The primary cost drivers for Development Services, similar to those throughout the City, are increases in personnel (salaries & benefits), maintenance and operations (M&O), and fixed costs for internal services (information technology, facilities, vehicles, fuel) which are also driven by inflation.