

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. 6387.

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Development Services Department

EXECUTIVE SUMMARY

As directed by Council on October 22, this Ordinance provides updates to fees charged for development services applications requiring construction, land use, fire, survey, sign, transportation, utility, and clearing & grading review and inspection services; and repeals Ordinance No. 6387.

RECOMMENDATION

Move to adopt Ordinance No. 6439

If approved, effective date: 01/01/2019

BACKGROUND/ANALYSIS

On October 22, 2018, staff presented to Council the results of the annual internal cost of service study to 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 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 aligns the fees charged for those services with 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	Proposed Hourly Rate Adjustments			
	2018 Rate	2019 Rate	Proposed Revenue Increase	% Change in Rate
Land Use review	\$173	\$179	\$80,000	3.5%
Transportation review & inspection	183	188	113,000	2.7%
Fire review & inspection	164	169	51,000	3.0%
Utilities review & inspection	157	161	58,000	2.5%
Estimated Revenue Increase			\$302,000	

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 2017 to August 2018. *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 1.15 to 1.16, from July 2017 to July 2018 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 (3.6 percent).

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 alignment with changes in business practices or processes that may have occurred over the past year. 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 scope of work covered by the permit.

As part of the Paperless Permitting Initiative that started in 2017, staff propose to streamline and simplify the fee structure for utility permits. Side sewer and storm connection permits will be consolidated from seven to three categories. A new fee category is proposed for small repair work side sewer permits, and the review and inspection categories will be reduced from three to one for Developer Extension Agreements. Water meter installation permit fees will be adjusted to reflect full cost recovery, and fees for water pipe sizes that are no longer used will be eliminated.

POLICY & FISCAL IMPACTS

Policy Impacts

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 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	50%	50% General Fund supported/50% fee supported
Engineering Review & Inspection	100%	100% fee supported
Technical/Administrative Support	100%	100% fee supported

Section 2 of the consolidated fee Ordinance (Ordinance No. 6387) 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 in order to maintain the cost recovery objectives established by the City Council.

Fiscal Impacts

The proposed fees reflect the results of the annual fee analysis which sets the hourly rates and flat fees, and a recommended adjustment to building permit fees of CPI-W (3.6 percent). Staff also propose modifications to utility permits to streamline the process. In total, the proposed changes would generate an estimated increase in Development Services fee revenue of \$715,000, which is included in the 2019 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. 6387.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

Proposed Ordinance No. 6439

AVAILABLE IN COUNCIL LIBRARY

N/A