



Development Services

Annual Fee Update

Study Session

November 14, 2016

Presenters: Mike Brennan and Teri Jones

Council Direction Requested

- Seeking Council Direction to prepare an updated Consolidated Fee Ordinance for adoption on December 5th
- Provide alternative direction

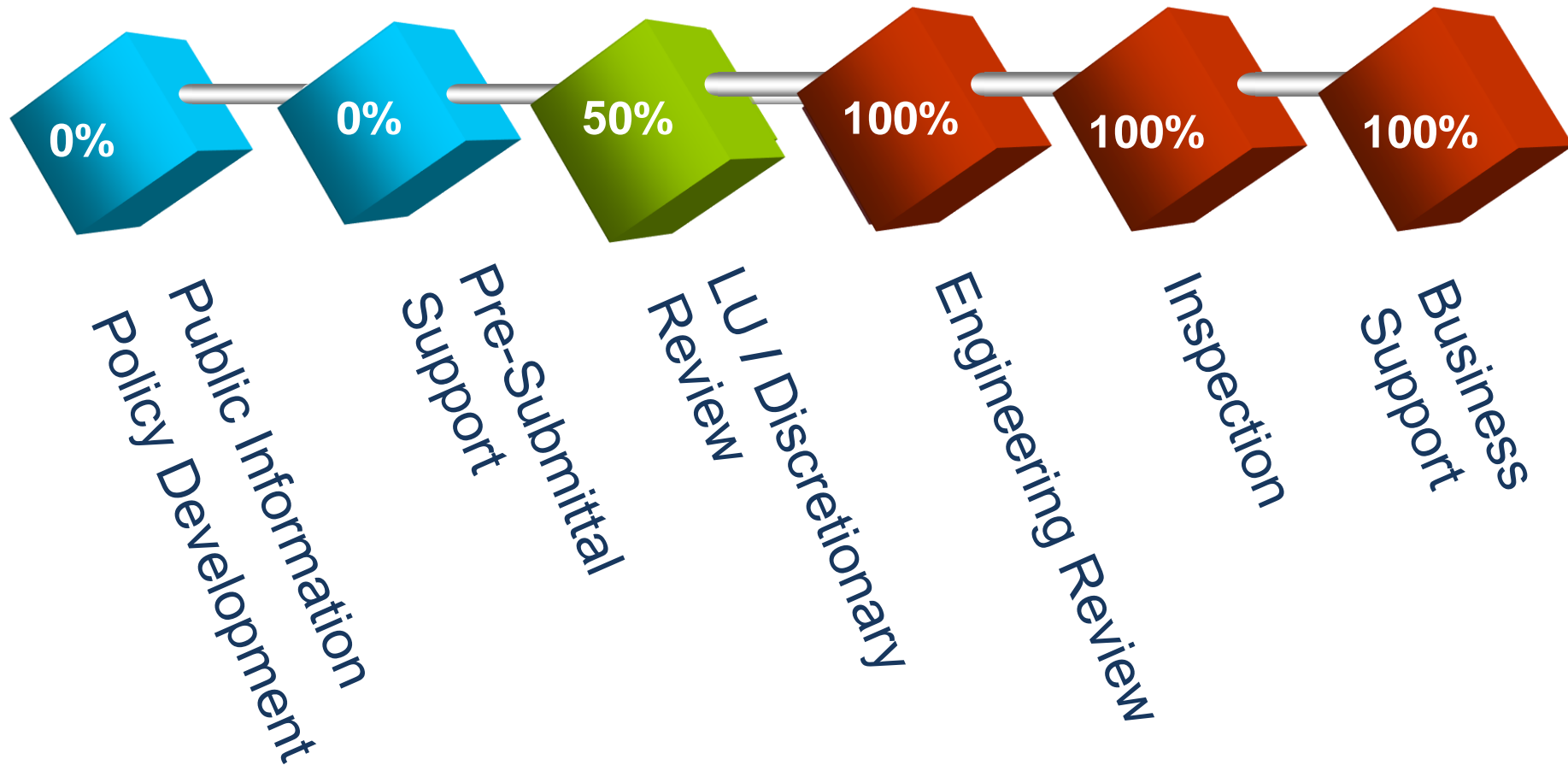
Development Services Fee Update

- Update hourly rates
- Adjust building review and inspection fees by CPI-W
- Adjust flat rate fees to reflect hourly rate changes
- Maintains alignment with financial policies

Financial Principles

- Fees should be regionally competitive.
- Permit applicants should pay for the services they receive.
- Fees should be predictable and understandable to customer.
- Funding structure should support DS line of business through economic cycles.

Cost Recovery Objectives



Proposed Rate Adjustments

- Normal Business Practice
- Proposed 3.1%-4.3% applies to hourly rates
- Building Permit Fees based on estimated valuation adjust by CPI-W 2.0%
- Total increase in revenue \$455,000

Proposed Fee Increase Hourly Rates

Function	Proposed Hourly Rate Adjustments			
	2016 Adopted	2017 Proposed	\$ variance	% Change in Rate
Land Use review	\$162	\$167	\$5	3.1%
Transportation review & inspection	169	175	\$6	3.6%
Fire review & inspection	148	153	\$5	3.4%
Utilities review and inspection	141	147	\$6	4.3%

Example valuation-based fees

Single Family Addition

\$80,000 valuation, 500 Sq Ft addition

	<u>Total Fees</u>
2016	\$2,628
2017 Proposed	<u>\$2,749</u>
Proposed Change in Fee	\$120

Tenant Improvement

\$80,000 valuation

	<u>Total Fees</u>
2016	\$2,861
2017 Proposed	<u>\$2,914</u>
Proposed Change in Fee	\$52

Development Forecast

- Regional and National Economic Data
- Bellevue Trends – office vacancy, apartment rental rates, consumer spending
- Historical Trend Data
- Development Pipeline
- Development Community

2017-2018 Forecast

Major Commercial Activity

- Several projects progressing to issuance and construction
- Potential for additional projects – office, residential
- Majority of new projects focus on residential

Residential

- Continued reinvestment
- Interest rate change may have impact

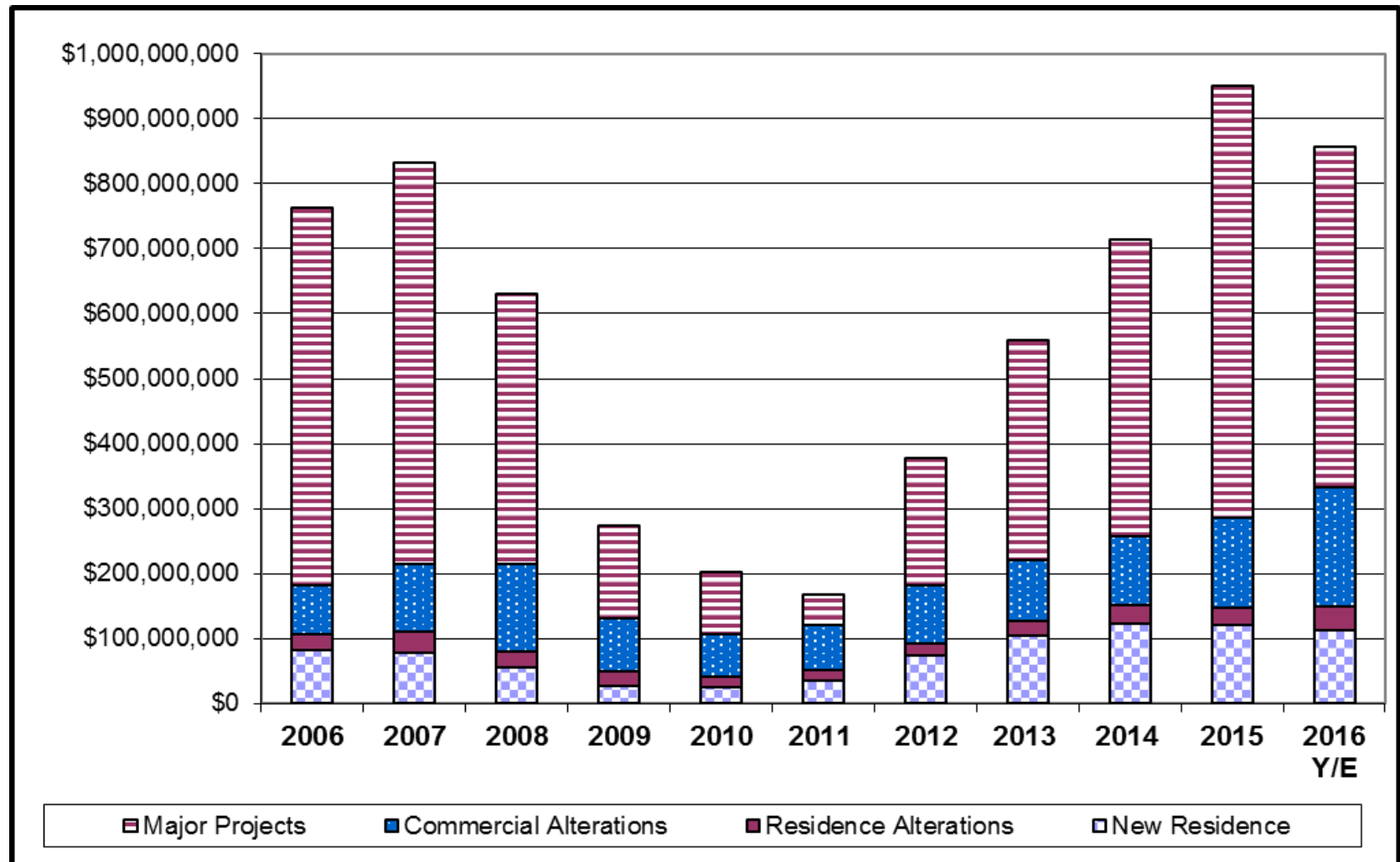
Tenant Improvement

- Business expansion creates need for space
- New tenant space availability

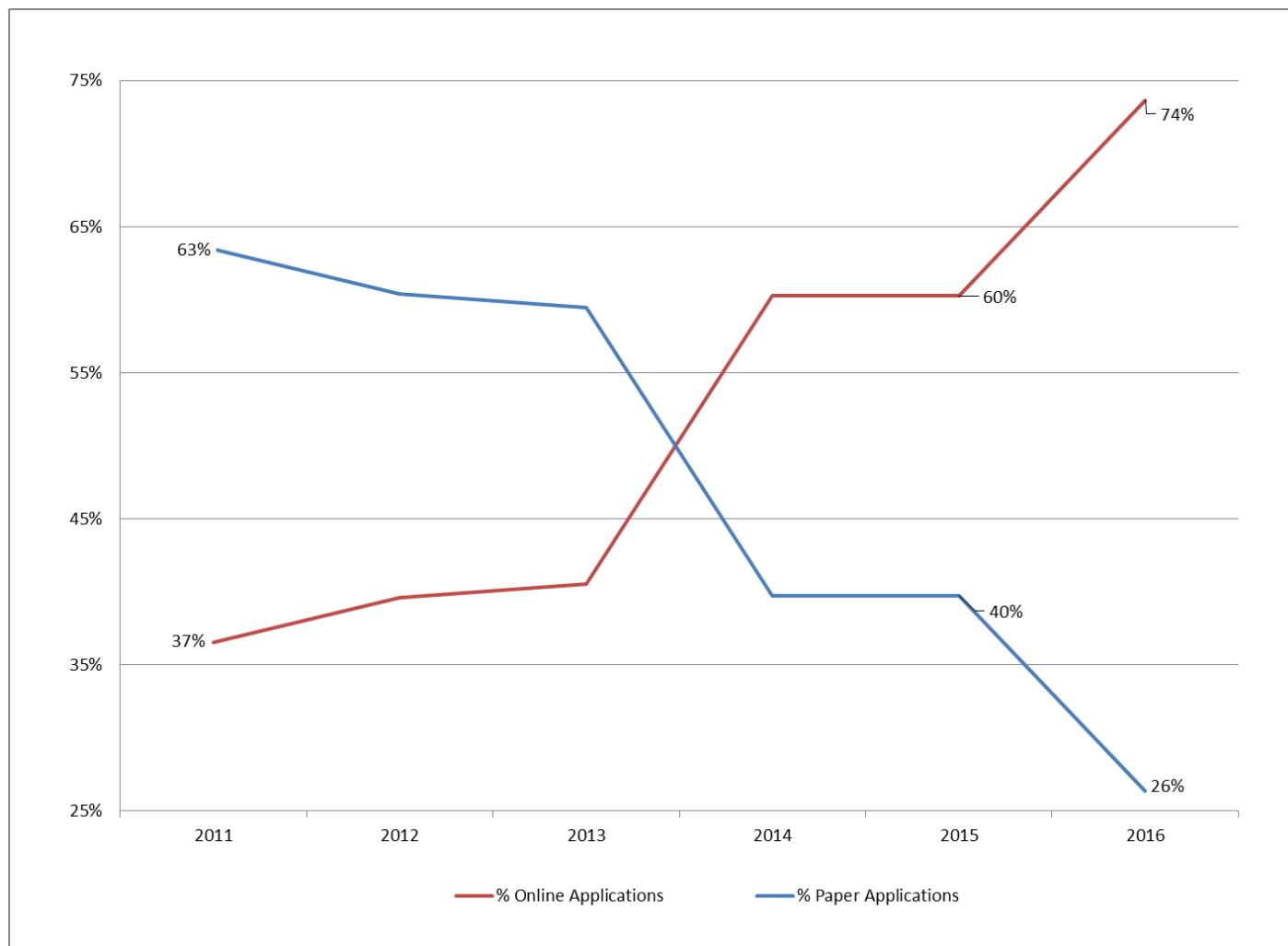
Other projects

- Eastlink
- Schools
- Transportation/Fire Levy

Construction valuation at high level



Online v. Paper Submittal Comparison



Top Management Issues

- Permit review and inspection are the priority
- Filling vacant positions
- Close monitoring of revenues & expenditures
- Responding to Customer Feedback

2017-2018 Budget Proposals

- Review and Inspection - 7.15 FTEs
- Policy & Code Development - 1.0 FTE
 - Supports Council planning code and development work
 - Responds to Council desire for agility and flexibility
 - Supports Economic Development priorities
- Paperless permitting system improvements

Next Steps

- Preparation of an updated Consolidated Fee Ordinance for adoption on December 5th - Seeking Council Direction Tonight
- Implement new fees on January 1, 2017
- Completion of a comprehensive fee and fiscal management study in 2017