



**TO:** Elizabeth A. Pauli, City Manager  
**FROM:** Peter Huffman, Director, Planning and Development Services  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution to update the Planning and Development Services Permit Fee Schedule  
November 20, 2018  
**DATE:** November 1, 2018

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**SUMMARY:**

A resolution modifying the Planning and Development Services Fee Schedule to include fee adjustments related to residential phase two, site development and work orders, pre-applications, and land use; effective January 1, 2019.

**STRATEGIC POLICY PRIORITY:**

Updating the permit fees will support the City's Council's strategic policy to encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents, by allowing the department to focus on providing fiscally sustainable permitting services.

**BACKGROUND:**

The Planning and Development Services Department (PDS) transitioned from a General Fund Department to an Enterprise Fund in 2010, and with that transition, the department has focused on establishing fiscally sustainable permit services. In 2015, PDS conducted a fee study that developed fees for full cost of service, and in 2016 switched to a new permitting software system that enabled staff to capture the work effort associated with permits. Also, a parallel effort started in 2016 with the Master Builders Association of Pierce County (MBA) to improve permit services related to single-family and duplex construction. In addition, the City Council established the Permit Advisory Task Force to work on efficiencies to improve services and develop sustainable fees to support these services.

Phase one of the new fees were adopted by Resolution No. 39987 on April 17, 2018. The fees were effective in June 2018, and phase two is proposed to be effective January 1, 2019. In addition to the residential fees, PDS is proposing to implement new fees for other permits and services identified in the fee study that were below full cost recovery or where there were no charges for services. PDS presented the proposed changes at the Government Performance and Finance Committee meetings on September 18 and October 16, 2018. In addition, PDS reached out to development customers via email to notify them of the changes. The City's Permit Advisory Task Force also recommended approval of the proposed changes on October 11, 2018.

**ISSUE:**

Adjustments to the fees are necessary for PDS to provide sustainable permit services. Careful monitoring of cost of services, along with continued work to improve efficiencies in these services, has been implemented as part of the work to adjust permit fees and ensure PDS meets its level of service commitments.

**ALTERNATIVES:**

The City Council could choose not to modify the permit fees; however, this will continue to create a larger gap between the cost of service and revenues to pay for those services. In order to maintain those services, the General Fund or other revenue sources would need to cover the gap in revenues; or, alternatively, staffing would be reduced and consequently, the level of service for permit services would decline.

**RECOMMENDATION:**

PDS recommends modifying the PDS Fee Schedule with the proposed adjustments to enable PDS to meet its level of service commitments and to ensure a fiscally sustainable permitting system.

**FISCAL IMPACT:**

The increase of funds from the permit fee adjustments is estimated to be \$2,422,000 in 2019-2020.

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4110-PERMIT			\$2,422,000
<b>TOTAL</b>			<b>\$2,422,000</b>

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$0**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes, in proposed 2019-2020 Budget.

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.** N/A