



TO: Elizabeth Pauli, City Manager
FROM: Peter Huffman, Director, Planning & Development Services
COPY: City Council and City Clerk
SUBJECT: Resolution to create a Planning and Development Services Permit Fee Schedule – Requested City Council date: April 17, 2018
DATE: March 16, 2018

SUMMARY:

A resolution adopting a Planning and Development Services (PDS) Fee Schedule for fees relating to development permitting. This is companion legislation to accompany the second reading of the ordinance requesting modifications to TMC Title 2.09. The proposed schedule includes the fees proposed to be removed from TMC 2.09. Additionally, the fee schedule includes the following new or changed fees:

- New fees for single family and duplex permits and yearly CPI adjustments for all other fees
- Fees for new dedicated funds, including a reserve fund
- Minimum fees for counter transactions
- Hourly fee (for additional inspections or hourly reviews/services) increase to \$138/hour
- Expedited permit review fee
- Provisions for charging metered parking fees and collecting additional taxes for barricade and overtime parking permits

The effective date of the new Fee Schedule would be June 1, 2018, to allow for staff time to make the necessary changes in the permit software system and provide customer outreach of the upcoming changes.

STRATEGIC POLICY PRIORITY:

Updating the permit fees will support City’s Council’s strategic policy to encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

BACKGROUND:

The Department of Planning & Development Services 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 work effort associated with permits. Also, a parallel effort started in 2016 with Master Builders Association of Pierce County (MBA) to improve permit services related to single-family and duplex construction. PDS met with MBA’s legislative strategy committee in November, 2015 to discuss fees and services, and then established a separate task force throughout 2016/2017 to work on efficiencies to improve services and develop sustainable fees to support these services. On February 13, 2018, PDS again met with this MBA committee and they supported the proposal to modify the fees.

On March 6, 2018, PDS presented the proposed Financial Policy and Fee Schedule, and proposed code changes to TMC 2.09, 2.19, and 3.02, to the Government Performance and Finance Committee. The final proposed code changes and associated policy and schedule will be presented at Study Session on April 3, 2018.

ISSUE:

Regular review and adjustments to fees are necessary for Planning and Development Services to provide sustainable permit services. A new fee structure for single-family/duplex construction is proposed to increase the fees collected to increase the cost recovery for these permits. The increases are proposed to be phased, with the first phase increasing of fees to recover approximately 50 percent of the gap between revenues and expenditures for these type of permits. As outlined in the PDS Financial Policy document, careful monitoring of cost of services, along with continued work to improve efficiencies in these services will be performed in 2018 to determine the remaining fee adjustments to achieve full cost recovery by the end of 2018.

An additional issue is that development permitting is subject to the economic fluctuations in the construction industry and creation of a reserve fund will provide an ability to retain critical staffing during those downturns. Additionally, removing the fees from the ordinance into a separate fee schedule will allow the PDS to evaluate these fees on an annual basis, and make adjustments as necessary to recover costs for the services provided.

ALTERNATIVES:

The City could choose not implement a fee schedule; however, this will continue to create an increasingly large financial 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 be reduced (decline).

RECOMMENDATION:

PDS recommend adopting a Resolution to create a PDS Fee Schedule that incorporates adjusted fees for single-family/duplex permits, new dedicated funds and associated fees, and other minor adjustments to recover hourly costs for additional permit services. The effective date of the new Fee Schedule would be June 1, 2018 to allow for staff time to make the necessary changes in the permit software system and provide customer outreach of the upcoming changes.

FISCAL IMPACT:

The additional revenue generated from adjusting fees for the single-family/duplex development permits is estimated to be \$450,000 in 2018.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4110-Permit			450,000
TOTAL			

POTENTIAL POSITION IMPACT:

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: The fiscal impact is positive. Additional revenues are estimated to be \$450,000 in 2018.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No, the revenues would be additional revenue not in the budget.

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

N/A – no additional expenses