



TO: Elizabeth Pauli, City Manager
FROM: Peter Huffman, Director, Planning and Development Services
COPY: Government Performance and Finance Committee; Chris Bell (GPFC Liaison)
PRESENTER: Peter Huffman
SUBJECT: Modifications to TMC Title 2.09
DATE: March 6, 2018

PRESENTATION TYPE:

Request for Ordinance

SUMMARY:

Planning and Development Services is proposing changes to the Tacoma Municipal Code (TMC) 2.09 – Fee Code for the following:

- Creating new dedicated funds collected from permit fees to replace existing dedicated funds and establishing a new reserve fund
- Increasing fees for single family and duplex permits
- Restructuring Title 2.09 to remove permit fees and create a separate fee schedule outside the ordinance

Modifying TMC Title 2.19 – Site Development and TMC Title 3.02 – Fire Prevention Code to make minor changes in order to correlate with changes in Title 2.09 - Fee Code.

PDS proposes to remove permit fees from TMC 2.09 and place them in a separate PDS Fee Schedule document. This fee schedule is proposed to be adopted by City Council Resolution at the TMC 2.09 ordinance second reading. A Planning and Development Services Financial Policy document will also be referenced in TMC 2.09 to establish policies for adjusting fees, monitoring expenditures, and managing the dedicated funds.

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.

ISSUE:

Adjustments to the fee code 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 types 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.

ALTERNATIVES:

The City could choose not to modify the fee code; 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.

FISCAL IMPACT:

The increase of funds from increasing fees for the single-family/duplex development permits is estimated to be \$450,000.00 in 2018.

RECOMMENDATION:

PDS recommends modifying Title 2.09 Fee Code with proposed changes to restructure the code, create new dedicated funds including a reserve fund, reference a Financial Policy document, and create a separate PDS Fee schedule (adopted by Resolution) incorporating increased fees for single-family/duplex permits. We also recommend modifying, Title 2.19 Site Development, and Title 3.02 Fire Prevention Code with proposed changes to align these codes with the TMC 2.09 Fee Code changes; and adopting the PDS Financial Policy document by Resolution.