



TO: Elizabeth Pauli, City Manager
FROM: Peter Huffman, Director, Planning & Development Services
COPY: City Council and City Clerk
SUBJECT: Resolution to establish a Planning and Development Services Financial Policy – Requested City Council date: April 3, 2018
DATE: March 16, 2018

SUMMARY:

Planning and Development Services (PDS) is proposing adoption of a resolution to establish a Financial Policy document relating to development permitting. This is companion legislation to accompany the ordinance to modify TMC Title 2.09 – Fee Code, which references the PDS Financial Policy document.

The purpose of the Financial Policy document is to provide guidelines and goals that will influence and direct the financial management practice of PDS. More specifically, this document establishes policies for adjusting fees, monitoring expenditures, and managing the dedicated funds.

STRATEGIC POLICY PRIORITY:

Adopting a departmental financial policy 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. This is companion legislation for an ordinance to modify TMC 2.09 – Fee Code to establish a new fee structure for single-family/duplex construction to increase the cost recovery for these permits. The PDS Financial Policy document provides guidelines for monitoring of cost of services for these and other permits and making needed fee adjustments to provide sustainable permitting services.

In addition, as development permitting is subject to the economic fluctuations in the construction industry, the PDS Financial Policy will provide guidelines for managing the new dedicated funds also being proposed TMC 2.09. This legislation includes the creation of a reserve fund, which will provide an ability to retain critical staffing during economic downturns or provide funding for other unanticipated needs. Additional companion legislation is a separate PDS Fee Schedule, separating fees from TMC 2.09 ordinance. A separated fee schedule will allow PDS to evaluate these fees on an annual basis, and make adjustments as necessary, per the guidelines of the PDS Financial Policy document to recover costs for the services provided.

ALTERNATIVES:

The City could choose not to establish a Financial Policy; however, this may create inconsistencies in implementing policies and decision-making for expenditures, managing the dedicated funds, or making adjustments to fees.

RECOMMENDATION:

PDS recommends adopting a Resolution to establish a PDS Financial Policy that includes policies for adjusting fees, monitoring expenditures, and managing the dedicated funds.

FISCAL IMPACT:

There is no fiscal impact.