



TO: Elizabeth Pauli, City Manager
FROM: Peter Huffman, Director, Planning and Development Services Department
COPY: Government Performance and Finance Committee; Warren Bucoda (GPFC Liaison)
PRESENTER: Peter Huffman
SUBJECT: Proposed Fee Adjustments
DATE: October 16, 2018

PRESENTATION TYPE:

Informational Briefing

SUMMARY:

Planning and Development Services is proposing changes to the Permit Fee Schedule and the Tacoma Municipal Code for the following:

- Residential Phase II Fee Adjustments
- Site Development and Work Order Fee Adjustments
- Pre-Application Fee Adjustments
- Land Use Fee Adjustments

PDS proposes to adjust permit fees to allow for improvements to permit review levels of service and to cover the cost of service to achieve a financially sustainable enhanced permitting system. These fee changes are proposed to be adopted by City Council Resolution and incorporated as part of the 2019-2020 Biennium Budget.

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 improved permitting services that are fiscally sustainable. In 2015, PDS conducted a fee study and in 2016 switched to a new permitting software system that enabled staff to capture and track detailed costs associated with the review, issuance and inspection of 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, in collaboration with the MBA, established a task force to work on efficiencies to improve services and develop sustainable fees to support these services. Phase I of these new fees were adopted in April 2018 and went into effect in June 2018. Based on this council action, PDS consolidated seven residential permits into one permit and updated our business process. This improvement resulted in a 26% increase in the percentage of new single family building permits that met the agreed level of service.

PDS is proposing to adopt Phase II of this process to go into effect on January 1, 2019. In addition to the residential fees, PDS is proposing to implement fee adjustments for other permits identified in the fee study. Fee adjustments for sited development, pre-application and land use fees will enable PDS to better align the costs of these services with the revenue necessary to support them. In addition, fee adjustments will allow PDS to implement new service delivery models that have proven to be effective in reducing permit review times and enhancing customer service.

ISSUE:

Adjustments to the fees are necessary for PDS to implement improvements to the level of service as requested by permit customers and stakeholders and to provide enhanced and sustainable permitting services. 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 2019-20 to ensure PDS meets its level of service commitments. With adoption, PDS will implement similar changes that occurred as part of Phase I fee adjustments that resulted in an increase in PDS' ability to meet customers desired level of service.

ALTERNATIVES:

The City could choose not to modify the permit fees; however, this will potentially result in a longer permit review timeline and continue to create a larger gap between the cost of service and revenues to pay for those services. In order to maintain those services, other revenue sources would need to be identified 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 the proposed fee adjustment to Residential Building, Site Development, Work Order, Pre-Application Services, and Land Use permits is estimated to be \$2,422,000.00 in 2019-2020.

RECOMMENDATION:

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