## STAFF REPORT

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| **Agenda Item:** | 24 | **Name:** | Jenny Ngo |
| **Proposed No.:** | 2020-0310 | **Date:** | November 10, 2020 |

**SUBJECT**

Proposed Ordinance 2020-0310 would modify development permit fees for services provided by the Department of Local Services, Permitting and Road Services Divisions and the Department of Natural Resources and Parks.

**SUMMARY**

Proposed Ordinance 2020-0310 would modify development permit fees in Title 27 of the King County Code (K.C.C.), which governs fees charged by Department of Local Services, Permitting and Road Services Divisions and the Department of Natural Resources and Parks for development permits and approvals. The Executive proposes to increase permit fees by 2.4%, and to modify and clarify several permit fee categories.

**BACKGROUND**

The Permitting Division of the Department of Local Services is primarily funded through permitting fee revenues. The Division has experienced significant declines in permitting activity and fee revenues in 2019 and 2020 and this decline is anticipated to continue through the 2021-2022 biennium. According to Executive staff, permit fee revenues are forecasted to be 20% ($6.08 million) lower compared to the 2019-2020 biennium, with projected baseline fee revenues of $23.47 million. The Executive is proposing a 2.4% increase in permit fees to align with increased labor costs for 2021-2022, generating approximately $560,000 in revenues. The total projected fee revenue is $24.03 million for the biennium.

The Executive is proposing resource reductions in the 2021-2022 biennial budget,[[1]](#footnote-1) including a 16.6 FTE position reduction. After adjustments to match financial plan spending and interfund reimbursements, operating expenditures funded through fee revenues total $23.97 million.

Table 1 was provided by Executive staff and identifies the calculation of fee revenue requirement to support the proposed expenditure budget ($23.97 million), and the calculation of projected fee revenue with the proposed fee increase ($24.03 million).

**Table 1. Proposed Fee Revenues**



**ANALYSIS**

Proposed Ordinance 2020-0310 would raise permitting fees by 2.4%, eliminate obsolete fees and add fees resulting from legislation adopted in 2020. According to Executive staff, the 2.4% increase does not replace revenue lost related to the COVID-19 recession and instead is necessary to align with the cost to process applications in the next two years. Table 2 below summarizes the permit fee changes.

**Table 2. Permitting Fee Summary**

| **Fee Item** | **Change** | **Explanation** |
| --- | --- | --- |
| All fee categories | 2.4% escalation, excluding permit fee types that are limited by state law. Some categories include rounding adjustments.  | Fee increase to align with 2021-2022 labor costs |
| Pre-submittal Conference, Other Project, per Staff Participant | Consolidate costs of Permitting Division and non-Permitting Division staff into one category | Eliminate cost differences related to travel time |
| Portable Classrooms | Review cost includes review of up to 3 classrooms | Reflect cost  |
| Buildings with valuation over $5 million | Add fee categories for projects valued at over $5 millionBuilding review fee is $19,245 + $3 for every $1,000 above $5,000,000Inspection fee is $28,760 + $4 for every $1,000 above $5,000,000 | Added to reflect actual cost – net effect is lower fees compared to existing fees |
| Surface Water Design Manual Adjustment - Experimental | Remove fee category | Not used or infrequently used |
| Clearing or Grading Plan Review Site Plan Review | Add significant tree retention, street tree and critical areas mitigation to fee category ($501)Reduce recreation facility or landscape installation fee from $1,367 to $501 | Consolidate into one fee |
| Floodplain Development (various) | Add fee categories related to hazard certification reviews, inspection, floodway and channel migration zone review, mapped floodplain screening, and unmapped floodplain study. Fees vary between $125 and $750 depending on complexityAdd fee categories related to FEMA floodplain letter-of-map-amendment, and floodplain and sea level rise risk area variances or nonresidential elevation and dry floodproofing. Fees are charged at actual cost | Changes related to FEMA floodplain update |
| Separate Lot Recognition | Combine Platted Lots fee category with Nonplatted Lots fee categories | Consolidate fees |
| Application Screening of Thirdor Subsequent Submittal | Add fee category for application screening after the second submittal | Added to reflect cost of online re-screening |

Permit fee increases have coincided with the County's biennial budgets. Fees were increased 4% in both 2013 and 2015, 14% in 2017 and 6.2% in 2019. These fee increases have supported general wage inflation, and in 2017 and 2019 included costs such as onboarding of mybuildingpermit.com, credit card acceptance, staff separation costs and DLS support.

If the proposed fee increases in the ordinance are not approved, either in whole or in part, then the proposed 2021-2022 Planning and Permitting appropriation unit budget expenditures would need to be adjusted.

**AMENDMENTS**

Amendment 1 makes technical corrections to conform underlying language to adopted ordinances and standardizes terminology.

**ATTACHMENTS**

1. Proposed Ordinance 2020-0310
2. Amendment 1
3. Fiscal Note
1. Proposed Ordinance 2020-0306 [↑](#footnote-ref-1)