

RESOLUTION NO. 014 2008

**RESOLUTION TO ESTABLISH FEE POLICIES FOR THE DEPARTMENT OF
COMMUNITY DEVELOPMENT**

WHEREAS, the 2006 Consultant Study of the Department of Community Development recommended that fiscal fee setting policies be established; and,

WHEREAS, the department has drafted fiscal fee policies to govern fees; and,

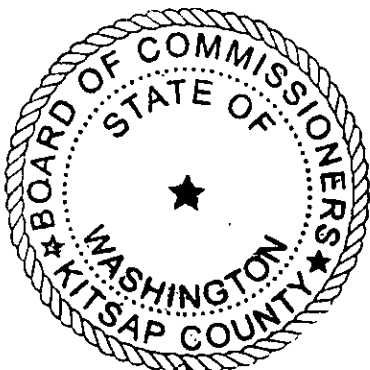
WHEREAS, the department conducted public outreach to explain the fee policies and associated fee increases on December 11, 13, and 18, 2007; and,

WHEREAS, the department relies on fees to support its operational budget; and,

WHEREAS, it is in the best interests of the public to have such policies governing the Department's fee processes;

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners in regular session assembled that the fee policies herein attached are approved.

DATED this 8th day of January, 2008.



**BOARD OF COUNTY COMMISSIONERS
KITSAP COUNTY, WASHINGTON**

Steve Bauer

STEVE BAUER, Chair

Josh Brown

JOSH BROWN, Commissioner

Jan Angel

JAN ANGEL, Commissioner

ATTEST:

Opal Robertson

Opal Robertson

Clerk of the Board

Proposed Fiscal Policy for Fees – Community Development

Action Required: The County Commissioners approves fiscal policies for the Department of Community Development that guides in the establishment and collection of various fees.

Background:

The Board of County Commissioners has instructed the department to transition from a General Fund Department to an Enterprise Type Fund Department. As such, fees currently assessed and collected would be directed to the new enterprise type fund versus the general fund.

RCW 82.02.020 authorizes the collection of fees for departmental functions related to processing applications, inspecting, reviewing plans, and preparing State Environment Policy Act documents. The department also performs functions that are not directly or indirectly related to the building/land development intent of the RCW.

A review of surrounding counties and cities demonstrate that few have any formal fiscal policy regarding the setting and recouping of fees related to building/land development. The notable exception is the City of Bellevue.

As development fees are often contentious with users and at times have been challenged in court, it would be appropriate to use recent court decisions as guidelines in establishing departmental fee policies. Thus, these proposals are based on other jurisdictions and court rulings.

Guiding Principles:

In setting fees, guiding principles should be established. These principles should establish and clarify the Board's intent on the Department's fee structure so that consistent application is implemented. The following are proposed guiding principles:

Guiding Principles:

- Fees should be regionally competitive while allowing for timely, high-quality service delivery by staff.
- Fee based services are defined as operations related to permit/application processing, inspections, plan reviews, State Environmental Policy Act documents, land use appeals, and code enforcement.
- Applicants should pay for the services received.
- Fees shall include direct and indirect costs associated with service delivery

- The funding structure should support the department's operations through economic cycles and fluctuations in workload.
- Fees should be predictable and understandable to the customer.
- The fee system should be efficient and cost-effective to manage.

(NOTE: Elements italicized are new.)

Policy 1: The Department will establish a cost recovery objectives model for service delivery to the applicant. The cost recovery objectives of the model will be approved by the Board of County Commissioners.

Policy 2: Fees will be based on the hourly rate to review/process pre-applications, engineering, environmental and land use applications. Inspections associated with these application types will also be charged an hourly rate. The hourly rate includes applicable travel time. *The Department will record the time spent on various types of applications in the Land Information System and develop an average processing time. This average processing time will become the base fee. Hours exceeding the base fee will be charged the hourly rate. If an application is able to be processed in less than the average time, the applicant will be credited/refunded the unused portion of his fee over 1 hour. No applicant will be charge additional hours or credited with hours without a review by the appropriate manager to ensure the increase/reduction is valid.*

Policy 3: Permits, plans reviews, and inspections subject to the international building code will be assessed a fee based on valuation tables and methodologies established by the International Building Code Committee. Increases in building permit fees will occur annually based on the August publication of valuation fees by the International Building Code Committee. The determination of Kitsap County's valuation factor will be consistent with the methodology established by the International Building Code Committee.

Policy 4: Permit fees associated with major component systems of a structure will be charged as follows: Commercial structures will be based on the valuation of the system being installed. For example, a plumbing system would be assessed at the value of the total system versus charging by individual components. Residential structures will be assessed on a per unit basis.

Policy 5: Applicants or individuals making appeals to the Hearing Examiner or the Board of Commissioners shall pay a flat fee of \$500 to absorb cost associated with these appeals. If the appellant(s) is the prevailing party in an appeal, then the fee shall be refunded.

Policy 6: Indirect costs associated with the permit process will be recovered. Indirect costs are defined as the following: administrative costs; personnel support costs; training and public education costs; Hearing Examiner, County Administrator, and Attorney time spent directly on a permit; technology costs; and, facilities costs. Other indirect costs may be identified in the future and may

be charge in the fee structure providing they are associated with the permit process and linkage can be shown.

Policy 7: Indirect costs will be calculated on a ratio of personnel supported. For example, if 80 percent of the Department's line staff is involved with the permitting, review, and inspection processes, then 80% of the Department's indirect costs will be charged to fees.

Policy 8: The Department will create a "surcharge" to fees to create a fund balance to support continuing operations during times of economic fluctuations and a technology capital fund to improve service delivery in the field. This "surcharge" will sunset when the department reaches a fund balance of three months operating expenses plus \$100,000 for capital technology costs. To ensure that the Department does not "grow" at the expense of its clients, the Department will create staff service levels to be approved by the Board of Commissioners. Service levels will be reviewed on a four year basis.

Policy 9: Each fee covers the cost of intake, plans review, and inspections. Fees are based on two iterations of plans review (first submittal comments and review of second submittal comments) and two iterations of inspections (initial inspection and follow up inspection). When a plan review or inspection is required a third or more times, the applicant will be required to pay the hourly rate for review and subsequent inspections.

Policy 10: When an applicant disagrees with the Department's review or inspection results, the Department will offer the applicant the option to use an outside agency to review/inspect the project. The applicant will pay the full fee for this service; however, the Department will accept the third party review as the final determination and move the project forward.

Policy 11: Other county departments who utilize the Department of Community Development will pay the appropriate fees per the fee schedule with the exception of Public Works.

Policy 12: Applicants may seek an expedited review or inspection providing they are willing to pay for the additional costs, either with an outside agency review or overtime.

Policy 13: The Department will develop, in conjunction with the Prosecutor's Office, adjudication procedures for applicants who disagree with assessed fees higher than the established base fee.

Policy 14: Department personnel who are revenue funded will be "protected" from personnel reductions as long as the revenues are sufficient to cover their costs.

Policy 15: When it is determined that it is more economical to waive a fee than process it, the Director has the authority to make such a waiver. For example, if an applicant submits a plan amendment that would take less than one hour to review, it may be feasible to waive the plan review charge as the administrative cost might exceed the fee processing time.