



# FEE POLICIES

## COMMUNITY DEVELOPMENT



### Background

The Department of Community Development transitioned from a General Fund Department to a Special Revenue Fund in 2008. Fees assessed and collected beginning January 1, 2008 were maintained in an established Special Revenue Fund and adhered to the guiding principles and fee policies as established by the Department of Community Development and approved by the Kitsap County Board of County Commissioners on January 28, 2008.

### 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.

### Fee Policies

**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:** Land use and development fees are charged a flat fee based on the average processing time to review/process the application. The flat fee includes two iterations of plans review (first submittal comments and review of second submittal comments), as well as intake and closeout of the application. Any additional review beyond two iterations of plans review will be charged monthly at the approved hourly rate and must be paid in full prior to issuance. No applicant will be charged for additional hours without a review by the appropriate manager to ensure the hours are valid. Inspections may or may not be included in the flat fee. Inspections that are not included in the flat fee are identified in the Community Development Fee Schedule and will be charged monthly at the approved hourly rate and must be paid in full prior to final inspection.

**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 shall pay the fee as established in the current fee schedule.

**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 charged in the fee structure providing they are associated with the permit process and linkage can be clearly identified.

**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 of Community Development (DCD) Special Revenue Fund #00168 establishes criteria for financial liabilities and reserves financed by permit and application fees. The Department has an obligation to report the status of the DCD Fund Balance quarterly to the Board of County Commissioners. The DCD Fund Balance Report will include the following 3 components of the DCD Fund Balance:

| <b>1</b>   | <b>2</b>  | <b>3</b>   |
|--|---|--|
| Pre-Paid Permit Fee Liability  | Technology Reserve / Process Improvement                                    | Operating Reserve  |
| <ul style="list-style-type: none"> <li>○ Open Land Use &amp; Development Permits</li> <li>○ Staff Consultation Credits</li> <li>○ Open Building Permits</li> </ul> | <ul style="list-style-type: none"> <li>○ Technology Reserve Plan</li> </ul> | <ul style="list-style-type: none"> <li>○ Core Staffing</li> <li>○ Attrition</li> </ul> |

1. **Pre-Paid Fee Liability:** DCD holds cash reserves for its pre-paid fee liability, ensuring that applicant fee revenue is set aside to fund completion of work-in progress in subsequent years. Pre-paid fee liabilities will include, but not be limited to the following:

- a. Open Land Use and Development Permits
- b. Staff Consultation Credits
- c. Open Building Permits

2. **Technology Reserve / Process Improvements:** DCD holds cash reserves to fund permitting related acquisitions, ensuring that sufficient funding is in place when technology investments are required. These acquisitions will include new computers, permitting integration system hardware and software, and other miscellaneous equipment and technology. The maximum set aside for reserves will be sufficient to cover the anticipated cost of technology acquisitions as

specified in the DCD Strategic Technology Reserve Plan and shall not exceed \$1,000,000. In the event that the fund balance exceeds \$1,000,000, the technology surcharge will be decreased.

3. **Operating Reserve:** DCD holds cash reserves to fund core permitting staff, attrition and other necessary obligations, ensuring that its financial obligations are met if fee revenues decline rapidly and unexpectedly. These reserves are evaluated quarterly and triggering events, as defined below, are implemented within the next quarterly cycle. The maximum set aside balance will be sufficient to cover the anticipated gap between permit fee revenues and the cost of the minimum acceptable resource level for the duration of a downturn. This reserve allows the department to better manage its cash flow from year to year, to improve the financial stability for services that are subject to economic cycles, and to minimize the volatility of fees.
  - a. Operating reserves shall be equal to a one year rolling total of operating expenses and shall not exceed this under any circumstances.
  - b. In the event the Operating Reserves exceed a one year rolling total of operating expenses, the department may adjust the Permit Fee Multiplier (in increments of .10%) to reduce fees on building permits.
  - c. In the event the Operating Reserves is less than a one year rolling total of operating expenses, the department may adjust the Permit Fee Multiplier (in increments of .10%) to increase fees on building permits.

The Department shall report the status of the Fund and provide a recommendation to the Board of County Commissioner's quarterly. Based on the Commissioner's direction the Department will adjust the PFM within the next quarterly cycle.

**Policy 9:** Each building permit 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 plans 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 Road Fund projects.

**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 (*dependent upon staff availability*).

**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 or his/her designee 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.

**Policy 16:** Fees are due and payable at the time services are requested unless otherwise specified in the established fee schedule and policies. Failure to pay established fees may result in one or more of the following:

- No additional inspections, including final inspections, will be scheduled or performed until all outstanding fees are paid.
  - No Temporary or Final Certificate of Occupancy will be approved or issued for a project with any outstanding fees on any permit associated with the project. Exceptions may be authorized by the Building Official or Director only.
  - An approved or issued permit may be revoked for non-payment of fees.
  - Any outstanding fees or portions of fees shall be added to the required fee(s) of any future plan review or permit prior to application acceptance or permit issuance.
  - The collection of outstanding fees may be assigned to a collection agency, pursuant to RCW 19.16.500, or a civil action may be commenced to collect outstanding fees, associated interest, fines, penalties and reasonable fees associated with collection agency fees incurred. Interest will be charged at the rate of one percent per month. No debt may be assigned to a collection agency until at least 30 days have elapsed from the time the county attempts to notify the person responsible for the debt.
  - A lien may be placed on the property.
- In those cases where an applicant appeals the imposition of fees pursuant to Policies 5 and 13, such fees shall be paid prior to the appeal, but may be paid “under protest.”

**Policy 17:** Staff Consultation. Applicants may request and participate in an informal thirty-minute meeting prior to a formal pre-application meeting or application submittal. The purpose of the consultation is to discuss in general terms project permit application questions. Staff will not prepare for the consultation, nor will they produce any written or electronic documentation of the discussions. It is the applicant’s responsibility to take notes. As no project permit application has been submitted, the county will not make any binding commitments. Fees associated with a staff consultation will only be applied to a project permit application with the same Parcel which the meeting was conducted and must be applied within 12 months of the date of the staff consultation.

## Cost Recovery Model

| Service  | Cost Recovery Objectives |
|--|--------------------------|
| Code Development                               | 0%                       |
| Comprehensive Plan Development                 | 0%                       |
| Site Specifics (Changes to Comprehensive Plan) | 100%                     |
| Land Use Review                                | 100%                     |
| Environmental Review/SEPA                      | 100%                     |
| Permit Acceptance and Processing               | 100%                     |
| Public Notification for Permit Applications    | 100%                     |
| Engineering Review                             | 100%                     |
| Building Plans Review                          | 100%                     |
| Site Inspections                               | 100%                     |
| Pre-application Review                         | 100%                     |
| Fire Investigations                            | 0%                       |
| Code Enforcement (Open Permits)                | 100%                     |
| Code Enforcement (Other)                       | 100%                     |
| Hearing Examiner Costs                         | 100%                     |
| Appeals to Hearing Examiner                    | 100%                     |
| Review by Third Party Agencies                 | 100%                     |
| Administrative Support Costs                   | 85%                      |