



MEMORANDUM

To: Kurt Triplett, City Manager
From: Tom Phillips, Building Services Manager
Date: November 4, 2010
Subject: MyBuildingPermit.com Surcharge

RECOMMENDATION:

City Council adopts the attached ordinance implementing a 1.3% surcharge to support the City's participation in MyBuildingPermit.com and implementation of the ePlan option.

BACKGROUND:

Beginning in 2011 MyBuildingPermit.com (MBP) is changing its fee structure from a population based schedule to a surcharge that permit applicants pay on all development permits and services. At the same time MBP is enhancing its services with the addition of the new ePlan program (described below). The ePlan project will require MBP to increase the fee it charges its member jurisdictions by about one third. Kirkland's MBP fee is currently \$22,000 per year, but starting in 2011 will increase to \$33,000 per year because of ePlan. MBP has determined that a 1.3% surcharge will generate \$33,000 per year, meaning that Kirkland will no longer need to pay a membership fee to MBP. MBP will monitor the revenue generated from the surcharge from all jurisdictions and will adjust the surcharge periodically if needed.

The MBP membership bylaws now require all city members to adopt this surcharge although if a city chooses to, it could pay the surcharge fee out of its general fund. This issue was presented to the Economic Development Committee on September 27, 2010 and the Finance Committee on September 28, 2010. The Committees agreed that the issue should be presented to the full Council with the recommendation to adopt the surcharge, provided the building industry also supported it. At the November 1 City Council meeting, the City Council directed staff to bring back an ordinance adopting the surcharge. Attachment A provides sample impacts of the surcharge on a variety of permit types.

MyBuildingPermit.com

MyBuildingPermit.com (MBP) is a regional coalition of 15 jurisdictions that was created to share resources to provide online services at a low cost and create consistency in the enforcement of the building codes. The current members of MBP are Bellevue, Bothell, Burien, Duvall, Kenmore, Kirkland, Issaquah, Mercer Island, Mill Creek, Renton, Sammamish, SeaTac, Snohomish County Snoqualmie and Woodinville. The online services shared by these jurisdictions include:

Over-the-counter (OTC) permits – permits for work such as a water heater replacement or re-roof project can be obtained and paid for online without a trip to City Hall.

Online inspection requests – Builders and homeowners can request their inspections from the convenience of the internet. This applies to all building permits, not just those obtained through MBP.

Permit status check – Builders and homeowners can monitor the progress of their permit and permit application over the internet. Again this applies to all permits, not just those obtained through MBP.

While many of our customers are familiar with the above services, they are not aware of the services MBP provides to improve enforcement consistency among the jurisdictions. These services include:

Tipsheets – typically these are architectural details that show how a specific component (such as a water heater) should be installed. All MBP jurisdictions agree to follow these tip sheets.

Inspection checklists – these are created by our inspectors to let owners and builders know what items the inspectors typically look for on the various inspections.

Common interpretations – These are created so gray areas of the code are enforced consistently across the jurisdictions.

Training – MBP coordinates code related training for its members and the public at very low cost.

Common code adoption – Since 2004 the jurisdictions have worked together to adopt the same codes and amendments to those codes. Membership in MBP requires that each jurisdiction make a good faith effort to align their codes to the extent possible.

ePlan

With the improvements in computer technology, more and more developers, architects and engineers are requesting that building departments accept electronic (digital) plans and submittals documents. Electronic plan can save applicants hundreds of dollars in printing and shipping costs. Since the ideal way to receive electronic plans would be through an online portal, MBP members concluded it was only logical to upgrade the current MBP portal so it can accept electronic plans. This is an ambitious plan because it would require the MBP portal to accept all development services related permits, not just the OTC permits.

After careful consideration and feedback from a Snohomish County focus group, the MBP members agreed to pursue an ePlan program. The main reasons for initiating the ePlan project were to:

- Keep the MBP portal up to date with the industry standards expected by our customers.
- Provide an ePlan program that is affordable for all jurisdictions. Many jurisdictions could not afford to create an ePlan program by themselves.
- Keep the MBP members unified in their delivery of services. If each jurisdiction were to develop their own ePlan program they would end up with two online portals; one for OTC permits (MBP) and one for electronic plans. This would be confusing for the customer which could result in some jurisdictions leaving MBP.

Building Industry Support

The MBP members concluded that the fairest way to pay for ePlan and make it affordable for all jurisdictions is to levy a surcharge on all development services permits. A surcharge may be the only way MBP can ensure all member cities continue to participate in MBP. An MBP surcharge will create a partnership between MBP and the building industry. MBP recognizes that besides making government more affordable, its goal is to facilitate the building code enforcement process for the builders. Although the hard costs will be paid for by the builders

(through a surcharge), the cities will continue to provide the hundreds of hours of staff time by building officials, inspectors and permit technicians needed to make MBP work. Since an MBP surcharge will make it easier for new cities to join MBP, we expect more cities to join and expand our sphere of consistency, providing an even greater benefit to our customers. MBP has received the support of the building industry as shown by the letter of support from the Master Builders Association of King and Snohomish Counties (Attachment B). MBP is also committed to receiving ongoing feedback by creating an advisory board made up of MBP customers.

Attachment A - Sample Surcharge Impacts

| Permit or Fee type | Type of Project | Permit Fee | 1.3% MBP fee |
|--------------------------------------------------|--------------------------------------|--------------|--------------|
| Building permit | Lake Washington High School | \$207,824.00 | \$2,701.71 |
| Building permit | Typical new single family home | \$4,000.00 | \$52.00 |
| Building permit | Typical home remodel | \$1,400.00 | \$18.20 |
| Electrical permit | Lake Washington High School | \$46,611.60 | \$605.95 |
| Electrical permit | Typical single family add/alteration | \$192.50 | \$2.50 |
| Plumbing permit | Lake Washington High School | \$3,159.00 | \$41.07 |
| Plumbing permit | Typical single family add/alteration | \$50.00 | \$0.65 |
| Plumbing permit | Typical water heater replacement | \$29.00 | \$0.38 |
| Mechanical permit | Lake Washington High School | \$66,012.00 | \$858.16 |
| Mechanical permit | Typical single family add/alteration | \$100.00 | \$1.30 |
| Mechanical permit | Furnace replacement | \$120.00 | \$1.56 |
| Demolition permit | Typical house | \$27.50 | \$0.36 |
| House move permit | Typical | \$75.00 | \$0.98 |
| Fire Sprinkler permit | Typical new single family home | \$180.00 | \$2.34 |
| Fire Alarm permit | Lake Washington High School | \$810.00 | \$10.53 |
| Sign permit | Typical | \$179.00 | \$2.33 |
| Subdivisions fee (long) | Typical 12 lot subdivision | \$16,170.00 | \$210.21 |
| Grading permit (LSM) | Typical | \$1,690.00 | \$21.97 |
| Drainage review fee | Typical single family home | \$905.00 | \$11.77 |
| Traffic concurrency review fee (not impact fees) | 51-200 trips | \$1,487.00 | \$19.33 |
| Side sewer inspection permit | Typical | \$425.00 | \$5.53 |
| Right of Way permit | Typical | \$110.00 | \$1.43 |
| SEPA Checklist fee | Typical | \$522.00 | \$6.79 |
| Rezone permit | Typical | \$300.00 | \$3.90 |
| Tree permit | Typical | \$200.00 | \$2.60 |
| Shoreline permit | Typical | \$4,500.00 | \$58.50 |
| Sensitive area assessment fee | Typical | \$2,400.00 | \$31.20 |



Master Builders Association
of King and Snohomish Counties
335 116th Avenue SE
Bellevue, Washington 98004
t (425) 451-7920 / f (425) 646-5985
www.masterbuildersinfo.com

October 20, 2010

Mayor Joan McBride
Kirkland City Council
123 5th Avenue
Kirkland, WA 98033

RE: Proposed MyBuildingPermit.com surcharge

Dear Mayor McBride,

On behalf of the nearly 3,400 member companies of the Master Builders Association of King and Snohomish Counties, I am writing to support the proposed technology surcharge on permits issued by the building department.

The business community continues to realize cost savings from technological advances, and this is another example. As you are well aware, our industry is very sensitive to increasing costs, especially at this time. However, after an in depth review, our association is pleased to support this surcharge.

The proposal would support technology improvements needed to implement electronic plan submittals, review and issuance. These modernizations will save both time and resources for the city as well as homebuilders. We believe this surcharge makes sense and look forward to working with city staff on implementation.

Thank you for the opportunity to comment and for your consideration of these changes. If you have any questions, please feel free to contact me at 206-605-3836.

Sincerely,



David Hoffman
King County Manager

ORDINANCE NO. 4268

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO ENACTING A MYBUILDINGPERMIT.COM SURCHARGE TO BE APPLIED TO CERTAIN DEVELOPMENT SERVICES FEES.

The City Council of the City of Kirkland do ordain as follows:

Section 1. A new subsection (e) is added to Section 5.74.040 of the Kirkland Municipal Code to read as follows:

(e) MyBuildingPermit.com surcharge. In addition to the fees listed in Section 5.74.040 there shall be a 1.3% surcharge collected to pay for the City's MyBuildingPermit.com membership fees.

Exception the MyBuildingPermit.com surcharge does not apply to the following:

- 1) Water Meter Installation
- 2) Water Billing
- 3) Sewer Discharge and Penalties
- 4) Sewer Billing
- 5) Street Cut Fees
- 6) City Trees or Civil Penalties

Section 2. A new subsection (c) is added to Section 5.74.070 of the Kirkland Municipal Code to read as follows:

(c) MyBuildingPermit.com surcharge. In addition to the fees listed in Section 5.74.70 there shall be a 1.3% surcharge collected to pay for the City's MyBuildingPermit.com membership fees.

Exception: The MyBuildingPermit.com surcharge does apply to the Fees for Comprehensive Plan and Zoning Text Amendment Requests.

Section 3. A new subsection (i) is added to Section 21.74.030 of the Kirkland Municipal Code to read as follows:

(i) MyBuildingPermit.com surcharge. In addition to the fees listed in Section 21.74.030 there shall be a 1.3% surcharge collected to pay for the City's MyBuildingPermit.com membership fees.

Exception the MyBuildingPermit.com surcharge does not apply to the following:

- 1) The State Building Code Council surcharge
- 2) Landlord tenant complaint fees
- 3) Table 13—Fire Prevention Review and Inspection Fees

Section 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the

ordinance, or the application of the provision to other persons or circumstances is not affected.

Section 5. This ordinance shall take effect and be in force on January 1, 2011, and after its passage by the Kirkland City Council and publication as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this _____ day of _____, 2010.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney