CITY OF KIRKLAND
Department of Finance & Administration
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MEMORANDUM

To: Dave Ramsay, City Manager

From: Tracey Dunlap, Director of Finance and Administration
Sri Krishnan, Senior Financial Analyst

Date: October 25, 2007

Subject: **Development Fee Update**

RECOMMENDATION:

City Council review the results of the development fee study update, including fee recommendations, and provide further direction to staff.

BACKGROUND DISCUSSION:

The City's fiscal policies call for a comprehensive review of fees every three years. This memo discusses the preliminary results and recommendations of the most recent review of development fees. A fee study evaluates both the current cost of service as well as the degree to which the fee structure is recovering costs at the target levels established by the City Council. In addition, Council asked staff to provide information and options on several other related items, including:

- Developing recommendation regarding indexing fees to inflation as a means of adjusting fees in years when a comprehensive review is not taking place;
- Accepting credit cards which City Council directed staff to implement for in-person fee payment;
- Charging fees to City General Government Projects beginning January 1, 2008;
- Adding a permit tracking system fee component that would initially fund a process review of non-residential permits and then serve as a sinking fund payment toward system replacement;
- Incorporating the results of a separate consulting study of Single Family Process Redesign/Expedited Review; and
- Evaluating Fire Prevention Bureau Fees. A separate study is underway to evaluate Bureau staffing needs and related fee recommendations. The results will be addressed through a separate process.

A brief history of the City's past development studies is provided for context in reviewing draft results. In 1998, the City Council undertook an initial comprehensive review of the cost of providing development services in order to establish fees. The first step was to determine the full cost of providing development services including direct costs, department indirect costs and citywide overhead costs. The following chart shows the various "layers" of costs considered.

FULL COST OF DEVELOPMENT SERVICES	
City-Wide Overhead	Calculated share of the cost of the internal functions of City government
Departmental Overhead	Calculated or estimated share of the cost of departmental management & administration
Indirect Functions	Hours & associated expenses spent on indirect support activities (Code Enforcement, Public Information, Policy Development, etc.)
Direct Development Services Work	Hours & associated expenses spent on permits & other development activities

The next step was development of cost recovery targets. The cost recovery targets reflect the amount of costs that should be recovered from fees and is based on the perceived public benefit versus private benefit that accrues from development services. To the extent that the service benefits an individual, costs should be borne by the individual (i.e., fee-supported). To the extent that the service provides an overall benefit to the general community, the costs should be borne by everyone (i.e., tax-supported). It is important to note the distinction between "department" costs and "activity" costs. Building permit activities include costs from all three of the departments involved in development services. Likewise, planning permit processes involve not only Planning Department staff, but also involve staff time from the Public Works Department and the Fire and Building Services Department. Each department has its own cost recovery target by cost layer based on the Council's policy guidance on public versus private benefit.

Target recovery levels (expressed as percentages) were established by Council. Finally, specific fee increases were established that achieved the desired level of cost recovery. In some cases, fee increases were phased in over time to mitigate the impact on customers.

The City's fiscal policies require that fees be evaluated every three years and updates were conducted in 2001 and 2004 using the same methodology for calculating the cost of service. During those updates, modifications to the target recovery level were made based on Council direction.

The following table shows the comparison of target cost recovery percentages between each department for the 2004 study.

Service Cost Layer	Building & Fire Prevention Services*	Planning**	Engineering	Overall
Direct Services	100%	80%	80%	90%
Code Enforcement	0%	0%	0%	0%
Public Information	50%	20%	50%	36%
Policy Development	20%	20%	20%	20%
Department & City Overhead	as others	as others	as others	as others
2004 Updated Target Recovery	**91%**	**52%**	**71%**	**72%**

* Includes only that portion of Fire Prevention related to development review.
** Costs exclude long-range planning activities.

The following is a brief summary of the rationale for the cost recovery targets by cost layer as discussed at the September 4, 2007 study session.

Cost Layer	**Building Services**	**Fire Prevention**	**Planning**	**Public Works**
Direct Development Service These costs represent the direct, hands-on work performed to provide development services. Both Planning & Public Works consider part of their regulatory responsibilities benefit the public by protecting existing City environment, character, and infrastructure; whereas, Building and Fire solely benefit the private projects they regulate.	100%	100%	80%	80%
Code Enforcement These costs are associated with ensuring compliance with City code. The cost recovery is based on not penalizing compliant development projects for those who do not follow City regulations. A portion of these costs might be recovered through fines or penalties.	0%	0%	0%	0%
Public Information Cost recovery based on department judgment of the amount of front-counter time that is attributable to the level of development active in the City.	50%	50%	20%	50%
Policy Development This level of recovery was determined because much of the City's planning and policy development focuses on maintaining a specific community "look and feel" for the public. In addition, much of the planning aspects the City performs are required regardless of the level of ongoing development.	20%	20%	20%	20%
General Administration, Training, Department & City-Wide Overhead The labor costs and expenses associated with these activities are targeted to recover in proportion to the recovery levels in the other cost layers based on a weighted average of each department's cost recovery. It is assumed the level of work is proportional to that under all others.	weighted average of all other cost layers	weighted average of all other cost layers	weighted average of all other cost layers	weighted average of all other cost layers

2007 Development Study Conclusions

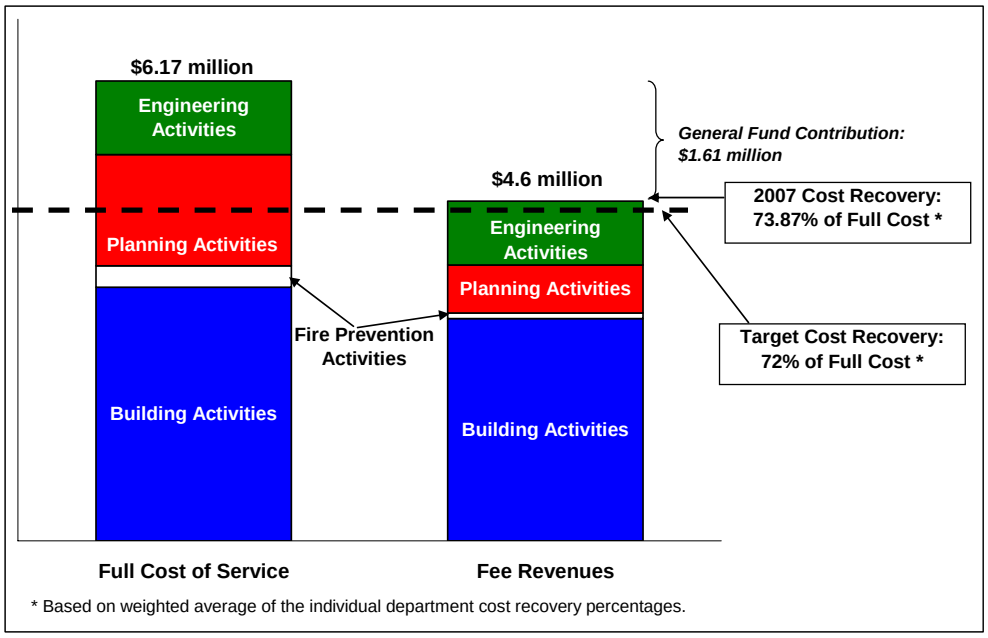
The 2007 cost of services update applies the same methodology as the 2004 update whereby current costs were determined, the current targets applied and a comparison against actual revenue made.

The following table shows the comparison of target cost recovery percentages between each department for the 2007 study.

Service Cost Layer	Building & Fire Prevention Services*	Planning**	Engineering	Overall
Direct Services	100%	80%	80%	90%
Code Enforcement	0%	0%	0%	0%
Public Information	50%	20%	50%	36%
Policy Development	20%	20%	20%	20%
Department & City Overhead	as others	as others	as others	as others
2007 Updated Target Recovery	**88%**	**55%**	**72%**	**72%**

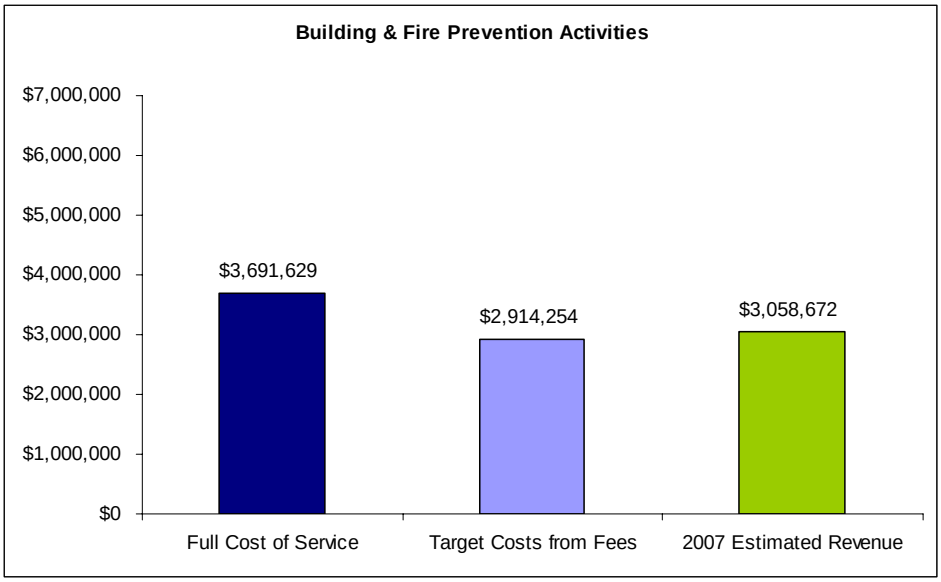
*Includes only that portion of Fire Prevention related to development review.
** Costs exclude long-range planning activities.

- **Overall, estimated fees for development activities are recovering 74% of full cost, which is very close to the target recovery in 2007 of 72%.** This means that 74% of the total cost of providing these services is paid from fees, with the remaining $1.61 million not covered by fees paid by General Fund tax revenues. It is important to recognize that this evaluation looks at a snapshot in time (calendar year 2007), while the development process can span years. Evaluating the target recovery is not a precise exercise, rather it is intended as an indicator that fees are reasonably in-line with Council policy. The chart below compares the full cost of development services to the 2007 estimated revenues.

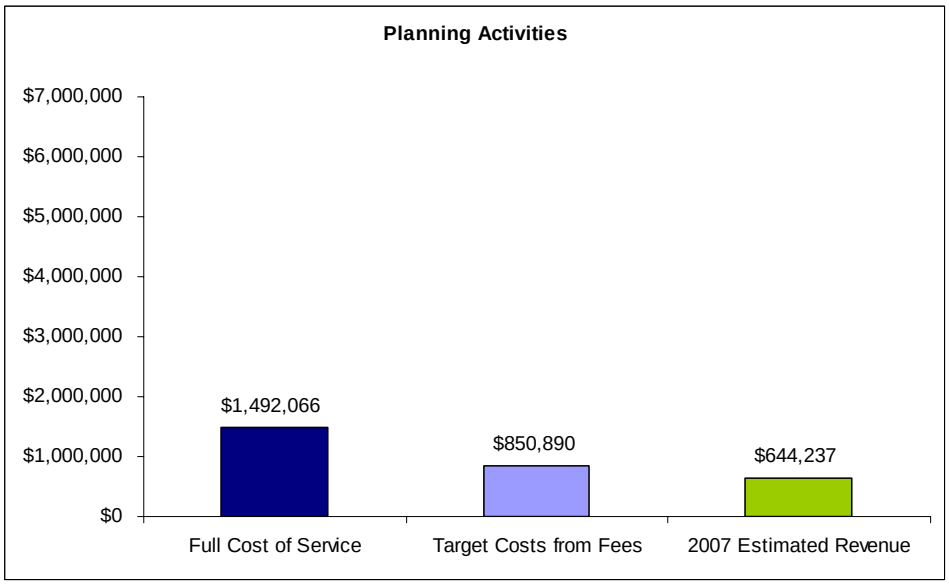


- **Building services and fire prevention activities are slightly over their target cost recovery.** While the building and fire prevention services are slightly over-recovering, they are in fact still recovering substantially less than the total cost of providing these services. Furthermore, the study looks at a point in time in regards to cost and revenue. The building and fire prevention services workload related to specific permits may extend over a long period of time and revenues that are received in one year are needed to pay for ongoing services that may cross into the following year (e.g.

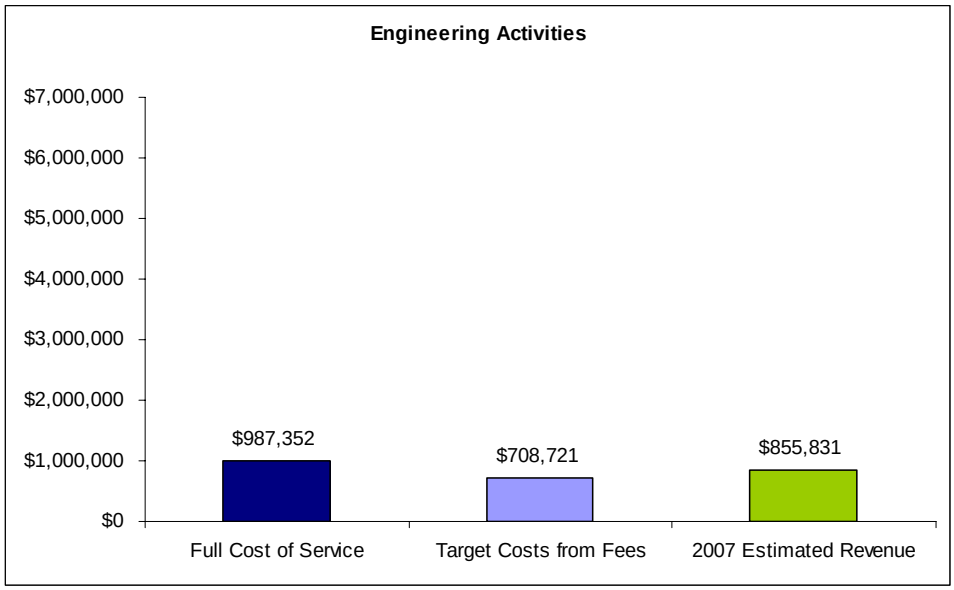
inspections). Actual revenue performance has fluctuated over the years as a result of economic cycles and their influence on the level of development activity and fee changes approved by Council. The chart below compares the full cost, target costs, and the 2007 estimated revenues of building services and fire prevention activities.



- **The Planning development activities across all three functions are recovering about three-quarters of the target level.** For these Planning activities to recover the target cost an overall fee increase of 30% would be required. The chart below compares the full cost, target costs, and the 2007 estimated revenues of planning development activities.



- **Public Works engineering fees are recovering over the target costs.** It should be noted that engineering services functions are much like building permit activities in that revenue received in one year is needed for ongoing services in the following year. In addition, the fees are based on the valuation of the improvements and are therefore subject to significant fluctuations. In fact, these activities have under-recovered in all of the past analyses. The chart below compares the full cost, target costs, and the 2007 estimated revenues of public works engineering activities.



2008 Development Study Projections

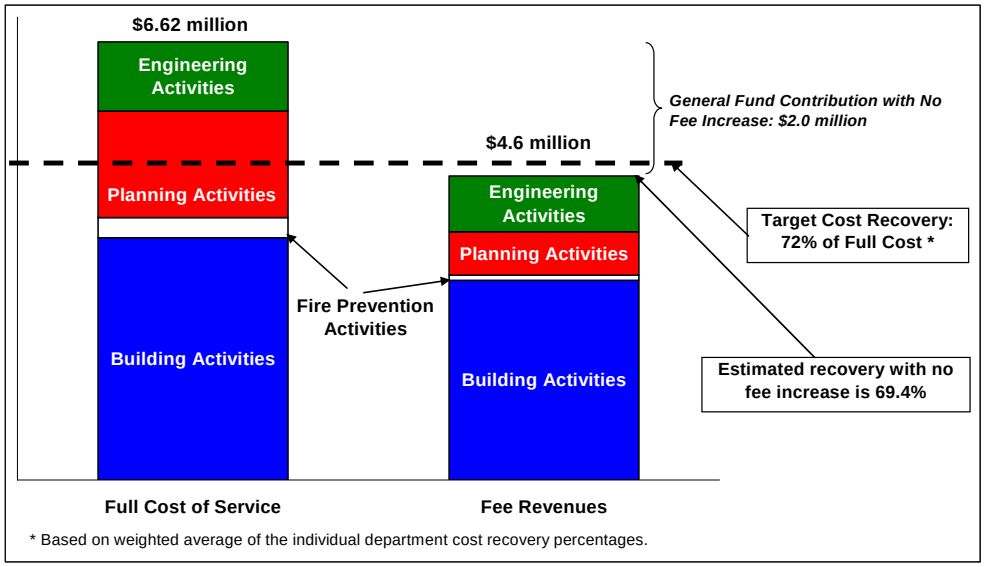
The next step of the analysis involved evaluating the impact of anticipated new costs in 2008 on the recovery rate. In order to do this, the following steps were taken:

- 2008 costs were projected by escalating 2007 costs by 3.31% (June 2007 CPI), and
- Anticipated new costs for service improvements were included:
  - Credit card acceptance fees – $50,000
  - Permit tracking system fee component – $70,000
  - Resources to support wireless in the field ($35,000) and additional office technician support for the Building Division ($68,000) – $103,000

Each of these new costs is expected to improve customer service and processing. In addition, additional professional services for development review services in Planning ($64,000) to reflect higher short-plat costs were also added to the 2008 costs.

The projected 2008 costs were then compared to the 2008 estimated revenues submitted by the departments during the mid-biennial review process. Under this scenario, the total cost increases to $6.62 million from $6.17 million in 2007 while the projected revenues are $4.6 million and therefore, the estimated cost recovery drops to 69.4% of full costs, and less than the 72% target. Thus requiring a fee increase or an increase in General Fund support of $392,089.

The chart below compares the 2008 full cost (with new costs for service improvements) of development services to the 2008 estimated revenues with no fee increases assumed.



Staff used these findings and developed specific fee recommendations. The Fire and Building Department did not recommend any changes to their current fees. The fee structure for building activities currently in place is recovering close to the identified target costs because the valuation table update helps keep pace with inflation. A memo from the Building Division regarding staff recommendations based on the Single Family Review study conducted by Latimore and Associates is included as Attachment A. The Fire Prevention fees will be evaluated separately based on a pending staffing analysis.

The analysis showed that we have been significantly under-recovering fees for Transportation Concurrency Analysis and the transportation component of SEPA (State Environmental Policy Act) review. Public Works Department (Engineering) recommended the following increases that would apply to 10-lot short plat or larger developments only:

- **Transportation Concurrency Analysis fee** – The current fee schedule has a base fee ($220) and an additional fee per hour of staff review in excess of four hours. The base fee is paid when the application is submitted. Any additional fee must be collected after the staff review is complete and the total review time can be determined. We believe that the under recovery has occurred because we have not been routinely collecting for the extra review time. To correct this problem, the new fee schedule eliminates the additional per hour fee and replaces it with a tiered fee schedule based on the estimated number of gross PM peak trips generated by the proposed development. With this approach, the entire fee can be calculated and collected at the time an application is submitted. The table below presents the proposed fee structure:

Estimated Number of Gross PM Peak Trips	Concurrency Review Fee
Less than 20 trips	$500
21 – 50 trips	$700
51 – 200 trips	$1,400
Greater than 201 trips	$1,800

The table below provides a comparison of the proposed fees with fees charged by other jurisdictions.

Transportation Concurrency Analysis Fee Comparison

PM Pk Trips	Bothell	Bellevue	Redmond	Federal Way	Kirkland
< 10				$315	
3 < x < 20	$750	$1,840	$900		
20 < x < 50	$1,500	$1,840	$900		
10 < x < 50		$1,840		$1,448	
50 < x < 500	$2,500	$1,840	$900	$3,084	
>500	$2,500	$1,840	$900	$5,096	
<= 20					$500
<=50					$700
<=200					$1,400
>200					$1,800

- **SEPA (State Environmental Policy Act) review (transportation component only)** – A portion of the SEPA fee is to pay for the review of traffic impact analysis reports. The current fee schedule has a base fee and an additional fee per new residential unit or per square foot of new non-residential gross floor area (GFA). Both Public Works and Planning departments feel that the current fee structure is not representative of the workload generated by this activity and have recommended changes to facilitate cost recovery. The fee changes recommended by the Public Works Department to address the transportation component of SEPA review is discussed here while the Planning Department recommendation is presented later in this memo. The current fee structure uses residential units and the size of non-residential units to approximate time needed to do transportation analysis, but experience shows that this is an inaccurate predictor of workload. Additionally, the fee structure does not include the option of billing the applicant for any additional review time. To correct this problem, the new fee schedule eliminates the fee per new residential unit and the fee per sq. ft. new non-residential GFA and replaces it with fees based on the estimated number of gross PM peak trips generated by the proposed development. With this approach, the entire fee can be calculated and collected at the time an application is submitted. The table below presents the proposed fee structure:

SEPA Fees (Transportation Component only)	Current Fee	Proposed Fee
Applications involving traffic reports		
Fee per new residential unit	$40.00	$0.00
Fee per sq. ft. new non-residential GFA	$0.04	$0.00
Estimated Number of Gross PM Peak Trips		
Less than 20 trips		$850
21 – 50 trips		$1,700
51 – 200 trips		$3,400
Greater than 201 trips		$6,800

A memo from the Public Works Department is included as Attachment B that explains the basis for their proposed fee changes.

For Planning activities, the current fees for many land use permits are structured in a progressive fashion, so that fees for more complicated permits involving higher level decisions are greater than for the lower level, less complicated permits. The proposed fee revisions maintain this progressive structure even though the fee study showed that the cost recovery varies from one type of permit to another.

The comparison of 2008 costs (with new costs for service improvements) and 2008 estimated revenues without fee increases for Planning activities indicated the fees under-recover by approximately 30%. In order to maintain the graduated fee structure, the increases range from 25-35% for most Planning permits except for:

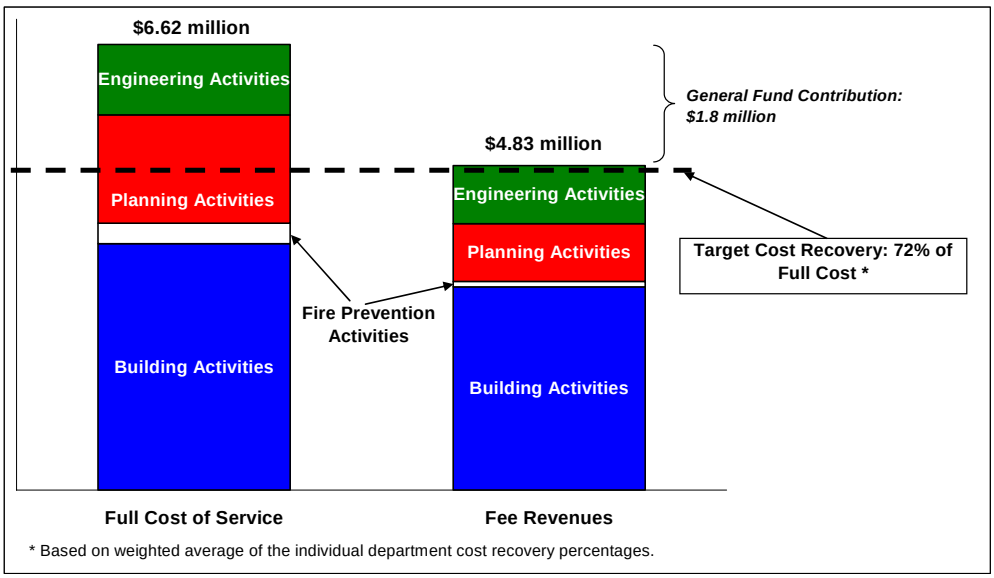
- Environmental Review base fee for the Planning portion of SEPA review – from $260 to $520 – an increase of 100%
- Design review base fee – from $3,920 to $4,116 – an increase of 5%
- Sidewalk Café permits (fixed fee) – from $560 to $616 – an increase of 10%
- Rooftop Appurtenance Modification – new fee – $780

A memo from the Planning Department is included as Attachment C that explains the basis for their proposed fee changes. The proposed fee schedule for the Planning Department land use permits is included as Attachment D.

Finally, although the fee study did not address the fee for private Comprehensive Plan and Zoning Text Amendment Requests involving property specific Comprehensive Plan and Zoning Map changes, staff recommends that the fees be studied in the future to better reflect their actual processing cost. We do not recommend changing the modest fee ($300) for the initial threshold decision, but if a proposal is selected for further consideration, a new higher fee may be warranted. Since this process is already underway this cycle, staff recommends that the raising of this fee be brought as a policy question for the Council to discuss prior to the next budget cycle.

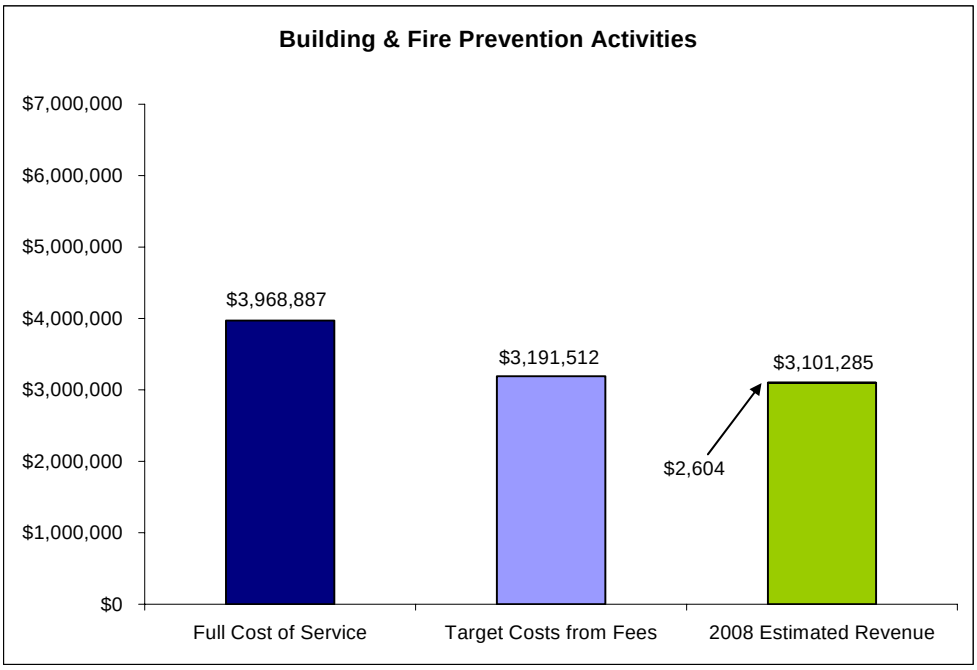
The recommended increase in all fees is projected to generate $230,040 in additional revenue, which equates to a 5% increase in total development services revenue. With the inclusion of the recommended fee adjustments, the General Fund contribution to development services will be $1.8 million, an increase of $184,925 from 2007.

The chart below compares the 2008 full cost (with new costs for service improvements) of development services to the 2008 estimated revenues with staff-recommended fee adjustments.

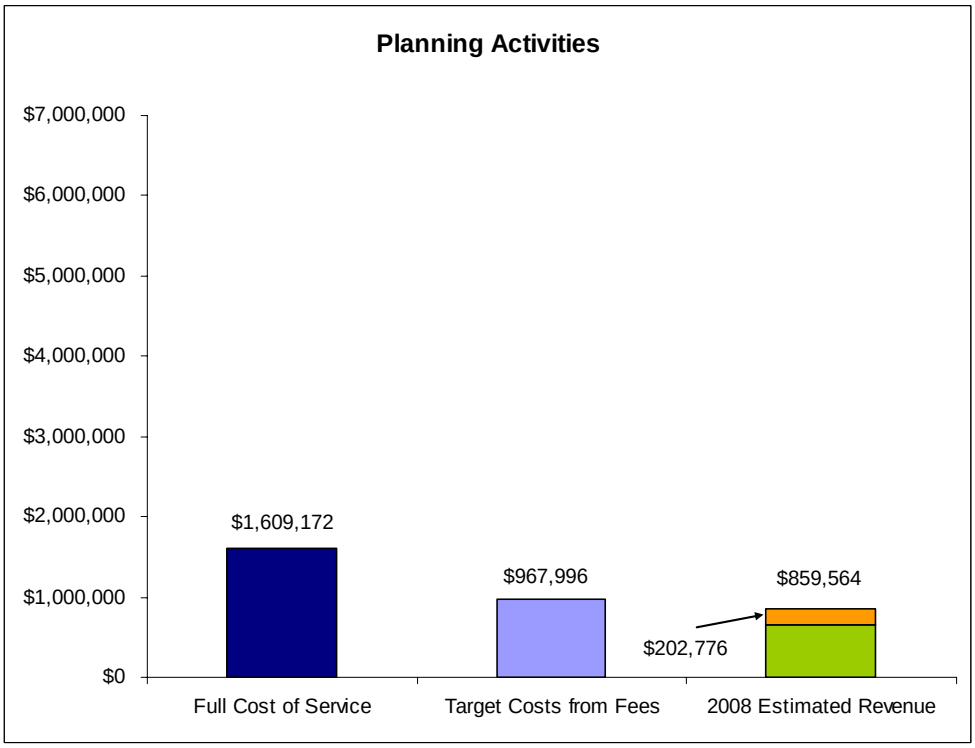


In the following charts, the estimated new revenue from fees is identified by the value between the light blue and green bar below and represented by the orange colored section of the bar representing the 2008 estimated revenue.

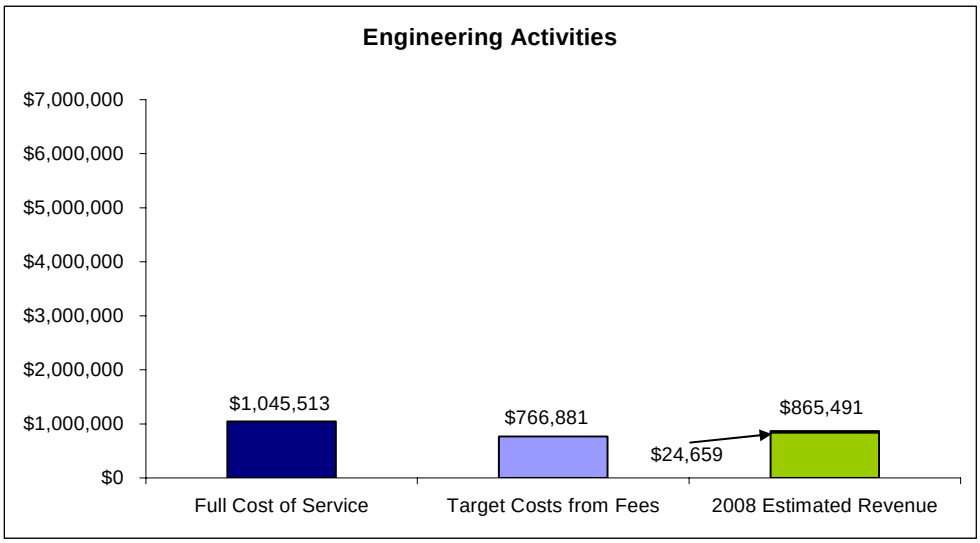
The chart below compares the full cost, target costs, and the 2008 estimated revenues of building services and fire prevention activities.



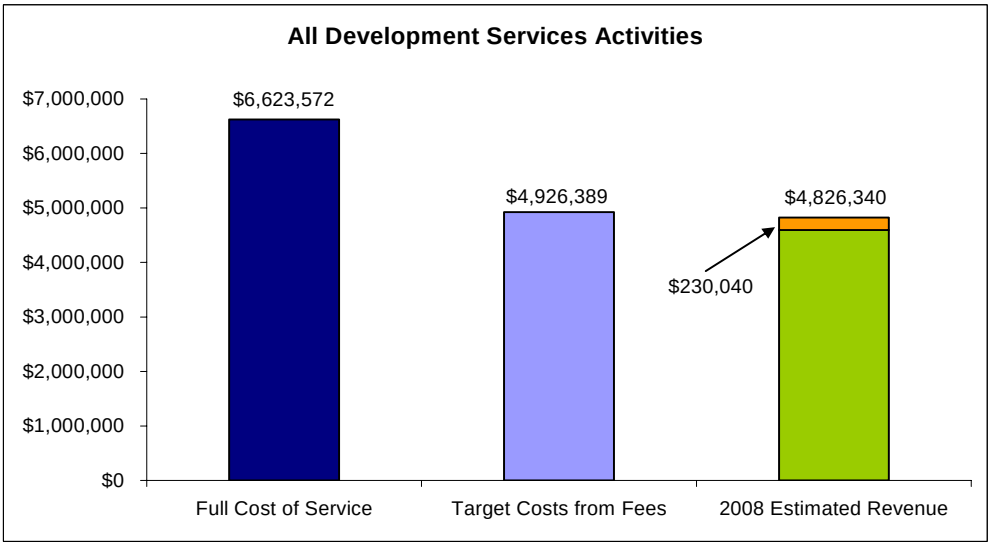
The chart below compares the full cost, target costs, and the 2008 estimated revenues of planning development activities.



The chart below compares the full cost, target costs, and the 2008 estimated revenues of public works engineering activities.



While the individual recovery of each activity to target continues to vary due to the imprecise nature of the estimates, the overall result keeps the development services cost recovery in the target range as shown in the chart below. Each category is still receiving a significant General Fund subsidy. The fee revenues increase $230,040 and the General Fund contribution increases $184,925 in 2008 compared to 2007.



On October 23, 2007, the Finance Committee received the recommended fees as presented by the Planning and Public Works departments and recommends the following next steps:

- **Review recommendation with full Council for adoption effective February 1, 2008.**

- **Continue stakeholder outreach** – on August 27th, staff met with the Kirkland Chamber of Commerce's Public Policy Committee to introduce the development fee update process. Then followed up with them on October 22nd with data on the 2007 costs for development services. Aside from the meetings with the Chamber, stakeholders have also had the opportunity to gather information at the Council Study Session on September 4th and the Council meeting on October 16th. The table below lists the various opportunities stakeholders have had, and will have, to gather information and provide input during the current update process.

August 27	Chamber Public Policy (Introduction)
September 4	Study Session – Introduction/Background
October 16	City Council Update
October 22	Chamber Public Policy
November 7	Draft Recommendations to City Council
November (TBD)	Kirkland Developers Forum (Tentative)
November (TBD)	Kirkland Alliance of Neighborhoods
November 26	Chamber Public Policy
December 11	Tentative Fee Resolution Adoption

- **Sidewalk café permits** – the permit review portion should be increased from $560 to $616 but the small component charged for use of the right-of-way should be further analyzed and brought back to the Economic Development Committee. Staff will add this item to the Economic Development Committee's future agenda items list.

- **Comprehensive Plan and Zoning Text Amendment Requests fee** – raising this fee to better reflect their actual processing cost is a key policy question for the Council to discuss prior to the next budget cycle. Staff will bring back information to the Finance Committee to facilitate a discussion prior to the next round of Private Amendment Requests (PAR) scheduled for 2009.

The Finance Committee also confirmed adding a provision within the relevant code sections to allow for interim inflation adjustments to be made administratively between update cycles if necessary. This provision will be included in the proposed ordinance. Note that the provision would only apply to those categories that are not subject to valuation table changes (building plan review and inspection and engineering development review would not be subject to automatic adjustments).

Following the Council deliberations and approval of staff's fee recommendations, an ordinance amending Planning and Public Works development fees will be prepared for adoption at the Council meeting on December 11, 2007. Staff recommends that the new fees become effective on February 1, 2008.

Attachment A – Memo from Building Division regarding recommendations based on Single Family Review study
Attachment B – Memo from Public Works Department explaining proposed fee changes
Attachment C – Memo from Planning Department explaining proposed fee changes
Attachment D – Proposed Planning Fee Schedule

Cc: Eric Shields, Planning and Community Development Director
Nancy Cox, Development Review Manager
Daryl Grigsby, Public Works Director
Rob Jammerman, Development Engineering Manager
Jeff Blake, Fire and Building Director
Tom Phillips, Building Manager
Sandi Hines, Financial Planning Manager

CITY OF KIRKLAND
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MEMORANDUM

To: Dave Ramsay, Jeff Blake, Tracey Dunlap, Eric Shields, Daryl Grigsby
From: Tom Phillips, Rob Jammerman, Nancy Cox
Date: October 24, 2007
Subject: Response to Permit Process Study

The Latimore Company's assessment of our single family permitting process found that for the most part our process works very well. We are providing accurate and professional reviews and delivering a high level of customer service. According to the report, the main area needing improvement is our review times. During the period studied, we were taking eight weeks to review a new single family home while many other cities are able to complete the review in four weeks.

There are several factors for this discrepancy. First, a typical Kirkland home is more sophisticated than other homes in the regions. Second, our development standards are higher and more complex than most communities. Finally, some of our procedures need to be updated to improve efficiency. This is the factor that the Latimore Company has addressed.

The report contains the following four recommendations (in italics) to reduce our review time. According to the report, the first three items should reduce our review time from eight weeks to six weeks. Implementation of item #4 should reduce our review time to four weeks.

1. Clarify Key Design Variables Up Front
The areas requiring the most plan re-submittal by applicants are the tree plan, ABE and FAR calculations, and engineering frontage improvements. Therefore, we should strengthen the applicant's ability to arrive on the same conclusions during their design process that City staff will in the course of their reviews. Applicants emphasized uncertainty in ultimate tree plan requirements from plat to grading/land-surface-modification (LSM), demolition, and final building permits in addition to their the ABE and FAR iteration experience.

A new integrated tree plan, worksheets and a more concrete basis for ABE and FAR calculation, an engineering frontage worksheet, and ensuring lobby and online forms and references agree and are up-to-date get us there.

2. Align ABE Accuracy with the Precision of its Measurements
ABE accuracy is out of step with the precision of its measurements. Planning review of applicant ABE calculations that are normally shown somewhere in the drawing sheets is based on topography. Planning compares the reported elevation of the midpoint of each exterior wall with the adjacent grade by interpolating two-foot contours. Typical two-story Kirkland home designs closely approach the 25' upper height limit in most residential zones. 24.92 feet (1" less than 25') is common. That's 1" accuracy where the precision of the measurement is 2' delineation. Disagreement generates a correction cycle.

3. Improve Intake Procedures and Expand Parallel Review
Next, intake procedures should be strengthened so that first review is conclusive. Pre-revision intake standards should also be added to preclude third, fourth and fifth reviews. Reduced iteration

complemented by parallel review tracks for forestry and fire stand to significantly accelerate approval timelines.

Standard in-house review indicates an average performance of 8 weeks for first review and 3 weeks for the second. If we shift the capacity currently consumed by third and successive reviews forward to the first by using more robust walkabout procedures, it appears feasible to achieve 6 week first reviews, a 25% average improvement.

4. Increase Forestry and Engineering Capacity
For an even higher level of service, the Development Services should add capacity in two key areas. Leveraging the first three recommended improvements, a 4 week first review and a 2 week second review may be achievable. This would place Kirkland at the level of service most requested by regional applicants.

This would necessitate faster Forestry and Public Works reviews. Forestry today is a ¾ FTE position. Boosting it to full-time adds 33% more capacity. That could move 4-5 week reviews to 3-3.75 weeks. It is likely that Planning would need to be parallel with Forestry review based on how integrated tree plans perform in practice.

One Public Works specialist conducts all SFR reviews today. Whether standard or third-party, this in-house review consistently averages 5½ weeks (Figs. 11 and 12). Adding a second reviewer could halve these times once the learning curve is climbed.

Staff is in agreement with item #4, but is concerned with how the shorter review times will affect the third party expedited plan review program. A four week review time will most likely encourage most, if not all builders to stop using the expedited program. This will create a 60% to 70% increase to our new residential review workload. In order to maintain the four week review time without the expedited program, an additional FTE will also be needed in building and ½ an FTE in planning. The total new FTEs needed are as follows:

Engineering – 1 FTE
Building – 1 FTE
Planning – .5 FTE
Planning (forester) - .25 FTE

Other variations to the FTEs above are also possible. As we begin to reap the benefits of our more efficient procedures, we may opt not to hire all of the FTEs. We may be able to shift some duties as procedures change or the housing market may slow down, lessening our work load.

We generally agree with the Latimore Company's assessments and recommendations and would like to start developing new procedures for the implementation of the first three items. This is expected to take three to six months. During this time the third party expedited plan review program would remain as is. After implementation of the first three items we will assess our progress to determine if it is cost effective to proceed with item #4. If we decide that item #4 would be cost effective and add value to our customers, we will bring a proposal forward during the planning phase of the 09/10 budget process.

The cost of implementing items #1, 2 and 3 is already accounted for in the current fee study. Item #4 (hiring 2.75 FTEs) would cost approximately $275,000 per year. This could be offset with a 12% increase to the building permit fees, since implementation of item #4 will result in the termination of the expedited review program and the fees associated with it. In other words, instead of the typical builder paying a 50% premium for an expedited review (3 weeks) everyone would receive an expedited review (4 weeks) for a 12% increase in permit fees.

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MEMORANDUM

To: Tracey Dunlap

From: Rob Jammerman, Development Engineering Manager

Date: October 12, 2007

Subject: Recommended Public Works Development Fee Adjustments

After reviewing the completed 2007 Development Services Fee Study, Public Works recommends that following fee adjustments and/or changes to help meet our target recovery amounts:

1. **Transportation Concurrency Analysis Fee:** The current fee is $220. In order to meet the estimated target recovery rate of $24,460, this fee should be adjusted as follows:

Estimated Number of Gross PM Peak Trips	Concurrency Review Fee
Less than 20 trips	$500
21 – 50 trips	$700
51 – 200 trips	$1,400
Greater than 201 trips	$1,800

2. **State Environmental Policy Act (SEPA) Fee**: A portion of the SEPA fee is to pay for the review of traffic impact analysis reports. The current fee is $40/new residential unit or $0.04 per square foot of new non-residential gross floor area (GFA). In order to meet the estimated target recovery rate of $44,000 (Public Works portion), this fee should be adjusted as follows:

Estimated Number of Gross PM Peak Trips	Environmental Review Fee
Less than 20 trips	$850
21 – 50 trips	$1,700
51 – 200 trips	$3,400
Greater than 201 trips	$6,800

Attachment C

CITY OF KIRKLAND
Planning and Community Development Department
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MEMORANDUM

Date: October 16, 2007

To: Tracey Dunlap, Finance Director

From: Eric Shields, Planning Director
Nancy Cox, Development Review Manager

Subject: **RECOMMENDED LAND USE PERMIT FEE SCHEDULE AND REVENUES FOR 2008**

Recommended Fee Schedule

The recommended fee schedule for 2008 is attached. Following is a summary of the proposed fee increases and the way they were calculated:

- Environmental Review fees have been increased with the intention of meeting the 222% target recovery increase. The method of charging ER fees has been changed to better reflect the amount of traffic generated by a project since much of the cost of ER is associated with traffic impact analysis.
- The fees for most of the Planning permits (Street Vacations, Planning Official decisions, Planning Director decisions, Process I, Process IIA, Process IIB, and Other Miscellaneous) were computed as a group, resulting in a 30% increase to each.
- Design Review fees were calculated separately because the revenue shortage was substantially lower than for other permits, resulting in a 5% increase.
- A new fee for Rooftop Appurtenance Modification was added, modeled after other modification fees.
- Fees for sidewalk café permits were increased by 10% to adjust for inflation. The fee analysis shows that café permits have been substantially over recovering. However, this is misleading since the projected revenues actually reflect two years worth of fees. An argument can be made that the City should collect substantially higher fees for café permits which are closer to the market value of the land. One approach would be to set the base fee at a level sufficient to recover permit processing costs and set the square footage fee to better reflect market value. Staff recommends that this issue be studied by the Economic Development Committee prior to the next budget cycle.
- Planning Pre-submittal and appeal fees were increased by 30% like most of the other permits. This will be a policy decision for the Council because the fees for these two items have always been set well below cost recovery. The proposed fees are still well below the actual processing costs.
- Fees for Home Occupations and Historic Residence Designations were not increased because the Council recently set these fees at a level below cost recovery.
- Finally, although the fee study did not address the fee for private Comprehensive Plan and Zoning Text Amendment Requests involving property specific Comprehensive Plan and Zoning Map changes, staff recommends that the fees be studied in the future to better reflect their actual processing cost. We do not recommend changing the modest fee ($300) for the initial threshold decision, but if a proposal is selected for further consideration, a new higher fee may be warranted. Staff estimates that the cost to process these

requests is similar to Process IIB permits which are approximately $10,000. Consequently, staff recommends raising this fee is a key policy question for the Council to discuss prior to the next budget cycle.

Revenue Changes

The attached spreadsheet shows the potential revenue increase for 2008 if the fee schedule is adopted as recommended.

Cc: Sri Krishnan; Sandi Hines

CITY OF KIRKLAND LAND USE PERMIT FEE SCHEDULE

Proposed for 2008 *Draft 10-16-07*

FEE TYPE	FEE AMOUNT	PROPOSED FEE	Change	% Change
Pre-submittal Mtg. And/Or Pre-design Conf.	$350.00	$475.00		
Note: Fee subtracted from the application if the application is submitted within six months of the pre-submittal meeting.			$125.00	35.71%
Planning Official Decisions				
Accessory Dwelling Unit *(not required if reviewed concurrently with a building permit)*	$300.00	$390.00	$90.00	30.00%
Personal Wireless Service Facility Administrative Decision	$6,050.00	$7,865.00	$1,815.00	30.00%
Personal Wireless Service Facility Subsequent or Minor Modification	$600.00	$780.00	$180.00	30.00%
Parking Modification	$380.00	$494.00	$114.00	30.00%
Sensitive Area Planning Official Decisions **or** Administrative Design Review				
If application involves new gross floor area (new buildings or additions to existing buildings)	$1,500.00	$1,950.00	$450.00	30.00%
No new gross floor area	$0.00			
Master Sign Plan Approval Modification	$600.00	$780.00	$180.00	30.00%
Off-Site Directional Sign Approval Modification	$380.00	$494.00	$114.00	30.00%
Design Review Approval Modification	$760.00	$988.00	$228.00	30.00%
Design Review Approval Extension	$300.00	$390.00	$90.00	30.00%
Historic Residence Alteration	$600.00	$780.00	$180.00	30.00%
Rooftop Appurtenance Modification	new fee	$780.00		
Planning Director Decisions				
Temporary Use Permit	$760.00	$988.00	$228.00	30.00%
Variance Exception	$760.00	$988.00	$228.00	30.00%
Off-Site Directional Sign	$760.00	$988.00	$228.00	30.00%
Master Sign Plan	$2,120.00	$2,756.00	$636.00	30.00%
Short Plat or Subdivision Approval Modification	$600.00	$780.00	$180.00	30.00%
Process I Approval Modification	$600.00	$780.00	$180.00	30.00%
Process IIA, IIB or III Approval Modification	$760.00	$988.00	$228.00	30.00%
Lot Line Alteration	$760.00	$988.00	$228.00	30.00%
Binding Site Plan	$1,510.00	$1,963.00	$453.00	30.00%
Multifamily Housing Property Tax Exemption Conditional Certificate	$760.00	$988.00	$228.00	30.00%
Multifamily Housing Property Tax Exemption Contract Amendment	$380.00	$494.00	$114.00	30.00%
Multifamily Housing Property Tax Exemption Cond. Cert. Extension	$380.00	$494.00	$114.00	30.00%
Noise Variance	$380.00	$494.00	$114.00	30.00%
Process I Review				
Short Subdivision				
Base Fee	$3,000.00	$3,900.00	$900.00	30.00%
Fee per lot	$700.00	$910.00	$210.00	30.00%
Innovative Short Subdivision				
Fixed Fee	$4,900.00	$6,370.00	$1,470.00	30.00%
Fee per lot	$700.00	$910.00	$210.00	30.00%
Substantial Development Permit				
General Moorage Facility	$7,560.00	$9,828.00	$2,268.00	30.00%
Other Shoreline Improvements	$3,240.00	$4,212.00	$972.00	30.00%
Personal Wireless Service Facility Process I Review	$7,560.00	$9,828.00	$2,268.00	30.00%
Other Process I Review				
Residential				
Base Fee	$3,000.00	$3,900.00	$900.00	30.00%
Fee per new residential unit	$350.00	$455.00	$105.00	30.00%
Non-residential				
Base Fee	$3,000.00	$3,900.00	$900.00	30.00%
Fee per square foot new GFA	$0.21	$0.27	$0.06	30.00%
Mixed Use				
Base Fee	$3,000.00	$3,900.00	$900.00	30.00%
Fee per new unit	$350.00	$455.00	$105.00	30.00%
Fee per square foot new GFA	$0.21	$0.27	$0.06	30.00%
Home Occupation	$1,000.00	$1,000.00	$0.00	0.00%
Historic Residence Designation	$1,000.00	$1,000.00	$0.00	0.00%
Process IIA Review				
Preliminary Subdivision				
Fixed Fee	$6,310.00	$8,203.00	$1,893.00	30.00%
Fee per lot	$760.00	$988.00	$228.00	30.00%
Innovative Preliminary Subdivision				
Fixed Fee	$7,820.00	$10,166.00	$2,346.00	30.00%
Fee per lot	$760.00	$988.00	$228.00	30.00%
Personal Wireless Service Facility Process IIA Review	$14,640.00	$19,032.00	$4,392.00	30.00%
Other IIA				
Base Fee	$5,290.00	$6,877.00	$1,587.00	30.00%
Fee per new residential unit	$300.00	$390.00	$90.00	30.00%
Fee per sq. ft. new non-residential GFA	$0.30	$0.39	$0.09	30.00%

CITY OF KIRKLAND LAND USE PERMIT FEE SCHEDULE

Proposed for 2008 *Draft 10-16-07*

FEE TYPE	FEE AMOUNT	PROPOSED FEE	Change	% Change
Process IIB & Process III Review				
Subdivision Vacation or Alteration	$6,480.00	$8,424.00	$1,944.00	30.00%
Historic Landmark Overlay or Equestrian Overlay	$760.00	$988.00	$228.00	30.00%
Personal Wireless Service Facility Process IIB Review	$21,120.00	$27,456.00	$6,336.00	30.00%
Other IIB or III				
Residential (including Short Subdivisions reviewed through Process IIB per KMC 22.28.050)				
Base Fee	$8,160.00	$10,608.00	$2,448.00	30.00%
Fee per new residential unit	$300.00	$390.00	$90.00	30.00%
Fee per sq. ft. new non-residential GFA	$0.30	$0.39	$0.09	30.00%
Design Board Review				
Design Board Concept Review	$1,280.00	$1,344.00	$64.00	5.00%
Design Board Design Response Review				
Base Fee	$3,920.00	$4,116.00	$196.00	5.00%
Fee per new unit	$180.00	$189.00	$9.00	5.00%
Fee per sq. ft. new GFA	$0.18	$0.19	$0.01	5.00%
State Environmental Policy Act (SEPA) Fees				
Review of Environmental Checklist				
Base Fee	$260.00	$520.00	$260.00	100.00%
Applications involving traffic reports				
Fee per new residential unit	$40.00	$0.00	-$40.00	-100.00%
Fee per sq. ft. new non-residential GFA	$0.04	$0.00	-$0.04	-100.00%
Estimated Number of Gross PM Peak Trips				
Less than 20 trips		$850.00	$850.00	
21 – 50 trips		$1,700.00	$1,700.00	
51 – 200 trips		$3,400.00	$3,400.00	
Greater than 201 trips		$6,800.00	$6,800.00	
Applications involving sensitive areas	$260.00	$520.00	$260.00	100.00%
Preparation of Environmental Impact Statement (EIS)				
*The cost of preparing an EIS is the sole responsibility of the applicant. Kirkland Ordinance #2473, as amended, establishes the procedures that the City will use to charge for preparation and distribution of a draft and final EIS. The applicant is required to deposit with the City an amount not less than $5,000 to provide for the City's cost of review and processing an EIS. If the anticipated cost exceeds $5,000, the City may require the applicant to deposit enough money to cover the anticipated cost.				
Miscellaneous				
Appeals and Challenges				
Appeals	$150.00	$195.00	$45.00	30.00%
Challenges	$150.00	$195.00	$45.00	30.00%
Note: No Fee for appeals of Notice of Civil Infraction or Order to Cease				
Sidewalk Café Permits				
Fixed Fee	$560.00	$616.00	$56.00	10.00%
Fee per sq. ft. of cafe area	$0.63	$0.69	$0.06	10.00%
Street Vacation				
Fixed Fee	$6,050.00	$7,865.00	$1,815.00	30.00%
Fee per sq. ft. of street	$0.30	$0.39	$0.09	30.00%
Final Subdivision				
Fixed Fee	$1,500.00	$1,950.00	$450.00	30.00%
Fee per lot	$150.00	$195.00	$45.00	30.00%
Review of Concurrency Application				
Fixed Fee	$210.00		-$210.00	-100.00%
Fee per hour of staff review > 3 hours	$70.00		-$70.00	-100.00%
Fees for Comprehensive Plan and Zoning Text Amendment Requests				
Request for property specific map change				
Initial request	$300.00	$300.00	$0.00	0.00%
If request is authorized by City Council for review	$300.00	$300.00	$0.00	0.00%
Request for city-wide or neighborhood-wide policy change	No charge	No charge		