



City of Yakima



Development Services and Fire Permits Fee Cost of Service Study Results

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Agenda

- **Tonight's discussion**
 - » Summary of Results
 - Cost Recovery Discussion
 - » Key Policy Issues
 - » Recommendations and Next Steps



What costs can be recovered?

Legal authority for setting fees

- Authorized within RCW 82.02.020
- City can collect fees “from an applicant for a permit or other governmental approval to cover the cost...of processing applications, inspecting and reviewing plans, or preparing detailed statements [related to SEPA reviews]”

Recoverable costs

- Direct cost of permitting services
- Reasonable portion of indirect and overhead costs

Examples of costs that cannot be recovered

- Comprehensive long-range planning
- Code enforcement



Cost Recovery Approaches

FCS GROUP recommends these approaches for the City

Overall

Development fee revenues pay for development-related eligible costs

Permit Category

Planning revenues pay for planning-related eligible costs.

Building revenues pay for building-related eligible costs.

Individual Permit Service

Fees assessed to applicants pay for average cost to provide the permit service one time.

Individual Permit

Fee assessed to an applicant pays for the actual cost to provide the permit service one time.

City Administrative Requirements Increase

Key Study Steps



Cost of Service Analysis

What does it cost the City to provide fee services?



Cost Recovery Analysis and Policy

How does the cost compare to the current fee and cost recovery policy?



Revenue Mitigation

Development activity can be highly cyclical. How can the City protect itself from revenue risk?



Policy Issues

- **Protect City from revenue risk**
 - » Risk results from highly cyclical nature of development activity
 - » Majority (80%) of planning and code administration revenues derived from about 20% of fee types
- **Mitigate risk by adjusting high volume fees to reflect cost-to-serve**
- **Adjust all other fees for historical inflation**
- **Adjust all fire permit fees to reflect cost to serve**
- **Create new surcharge for credit card transactions**



Study Methodology

- **Planning and Code Administration**

- » Determine cost-to-serve for fees that have largest volume (revenue risk)
- » Remaining fees adjusted for historical inflation (2015-2022)

- **Fire Permits**

- » Determine cost-to-serve for all fees
- » Establish new fees for current fire activities for which no permit fees are assessed
 - Examples: Request to inspect per complaint, Knox box inspection, Site inspection

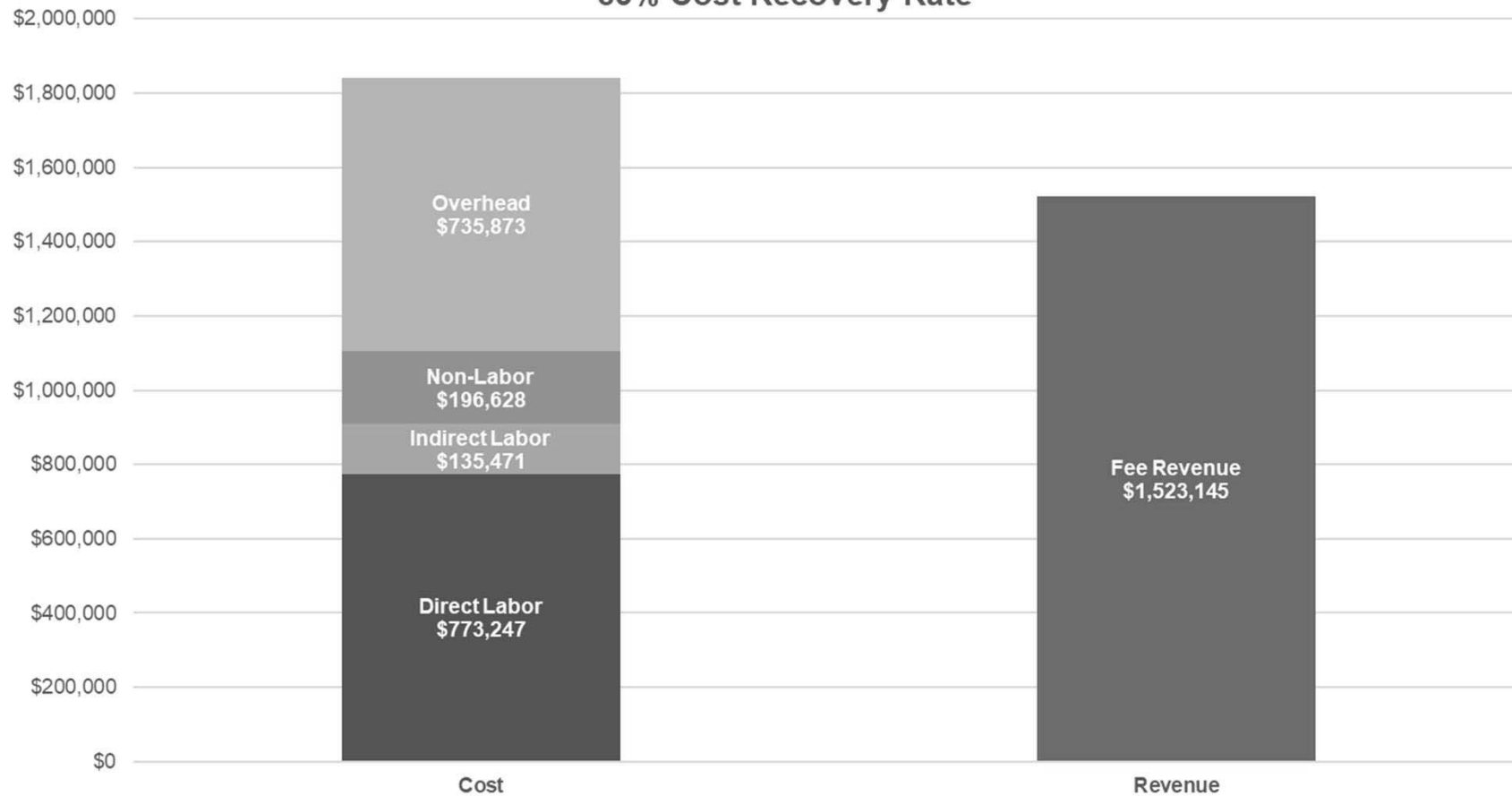


PLANNING & CODE ADMINISTRATION



2022 Cost Recovery

Cost Recovery Analysis (2022) Planning & Code Admin. 83% Cost Recovery Rate



2023 Cost Recovery Strategy

- **Establish fees based on cost-to-serve (risk mitigation - high revenue generating fees)**
- **Increase all remaining fees for historical inflation, 2015-2022**

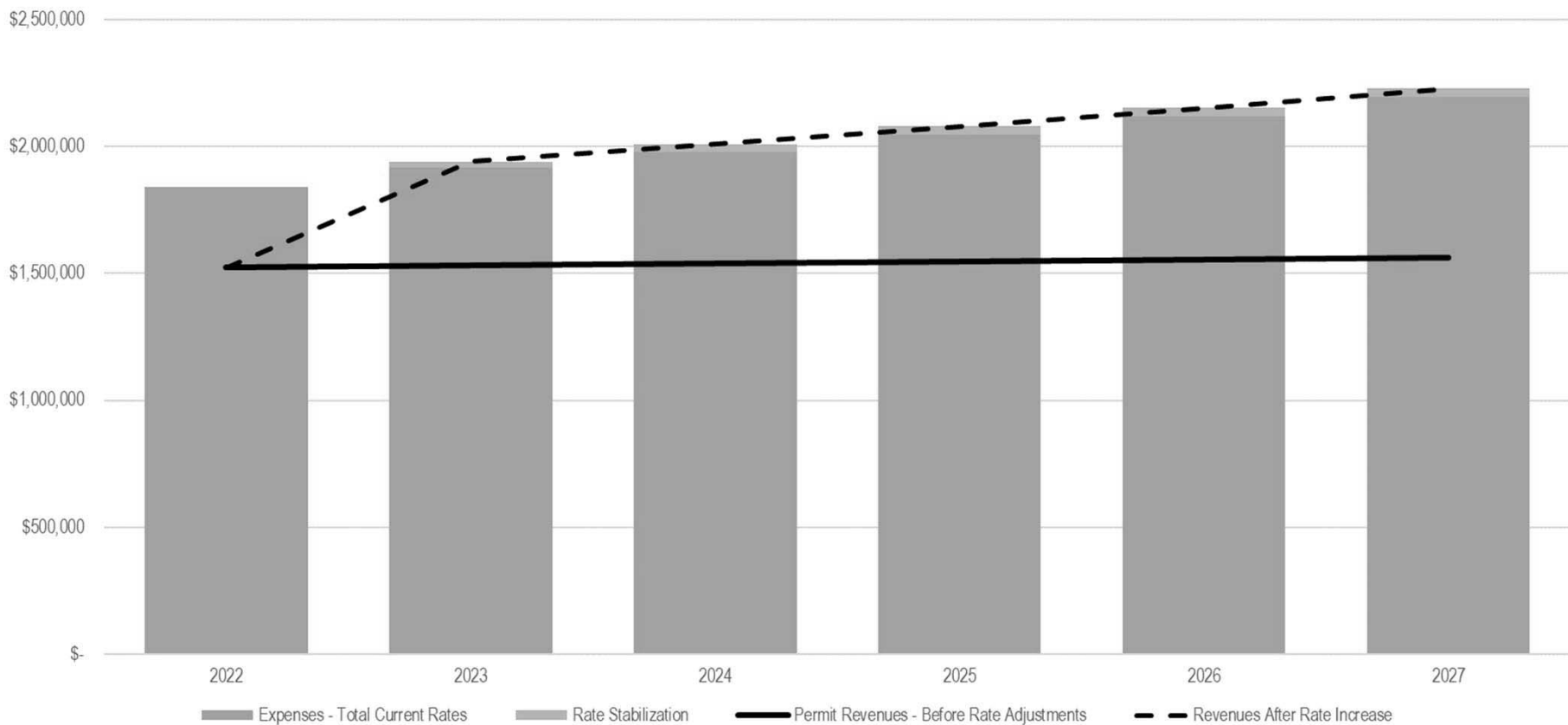
Division	2023	2024	2025	2026	2027
High Revenue Generation Fees	Establish COS Fees	3.0%	3.0%	3.0%	3.0%
All Other Fees	Adjust for Historical Inflation	3.0%	3.0%	3.0%	3.0%

- **Starting 2024, adjust all fees by inflation**



2022 Cost Recovery – Revenue Sufficiency

Cost Recovery Analysis (2022) Planning & Code Admin. Revenue Sufficiency

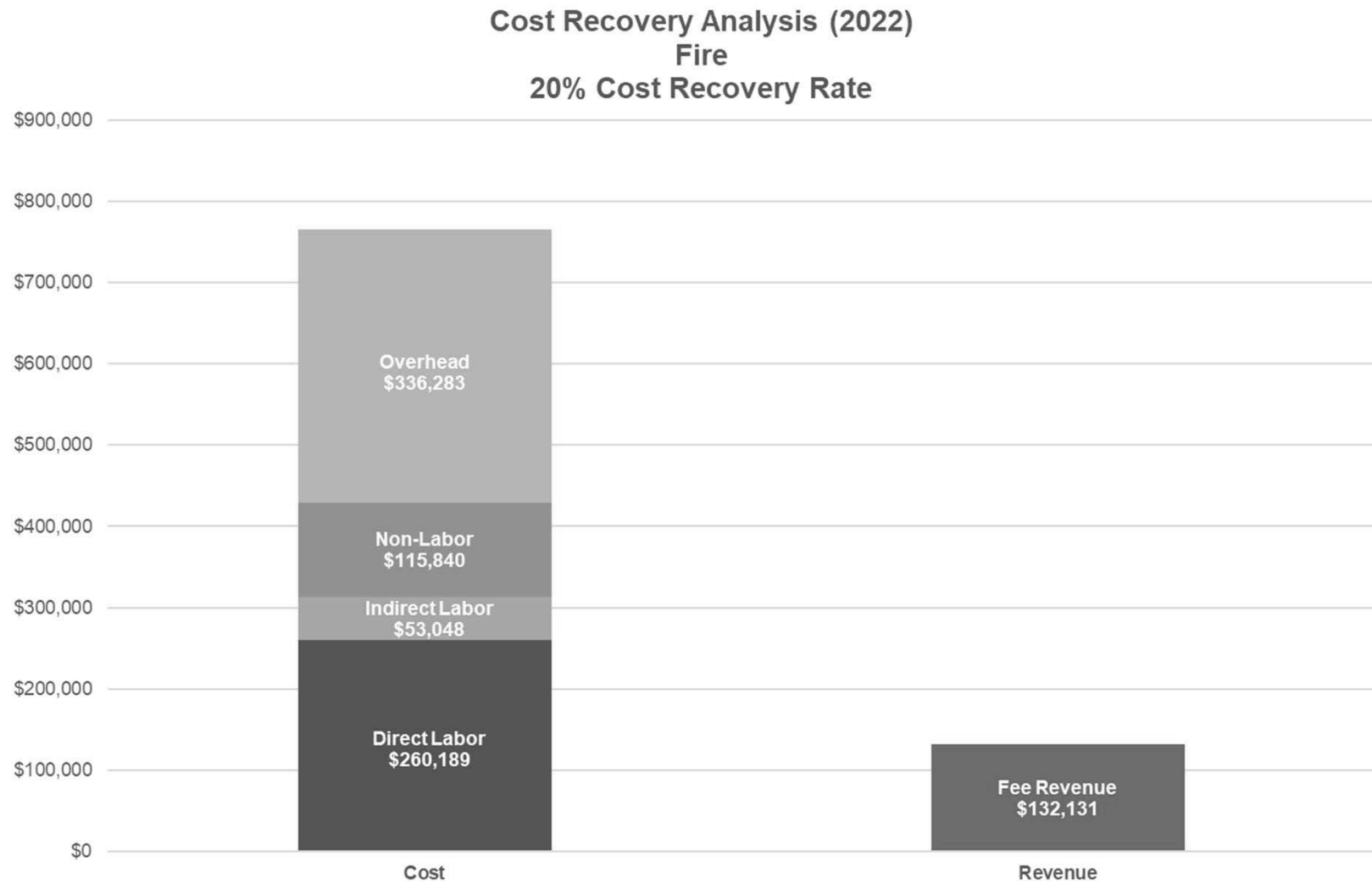




FIRE PERMITS



2022 Cost Recovery



2023 Cost Recovery

- Establish fees based on cost-to-serve
- Starting 2024, adjust fees by inflation

Division	2023	2024	2025	2026	2027
Fire	Establish COS Fee	3.0%	3.0%	3.0%	3.0%



OTHER

Credit Card Transactions

- **Credit card companies assess a fee for payments**
- **Proposal**
 - » Establish surcharge to pass through this fee
 - » Applies citywide to all transactions paid by credit card
 - » Common practice by other municipalities

	2023	2024	2025	2026	2027
Credit Card Transaction Fee	3.0%	3.0%	3.0%	3.0%	3.0%



Next Steps

- **Questions?**
- **Recommendations**
 - » Mitigate revenue risk
 - Update fees to reflect cost-to-serve or historical inflation
 - Protect organization from revenue risk resulting from development volatility
 - » Fee resolution for Council adoption (effective 1/1/2023)
 - » Annually adjust all fees by inflation starting 2024
 - » Establish credit card transaction fee

Thank you!

Questions?

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