



Finance & IT Committee

August 24, 2020 5:30 pm

Meeting Notes

Attendees via Zoom: Mayor Jennifer Gregerson, Council Vice President Sarah Kneller, Councilmembers Bob Champion and Elisabeth Crawford, City Administrator Steve Powers, Planning Manager Lauren Balisky, and Finance Director Michelle Meyer.

1) Review Draft 2021 Fee Schedule

CM Champion asked a number of questions in advance. Many were addressed through the course of discussion. The questions and answers are attached.

Planning Manager Balisky addressed development fee changes.

- Hourly rates are based on the budgeted year's salaries and benefits. If one employee holds the role, it is based directly on their S&B; if more hold it, it is an average.
- It would make more sense to include food truck rates in the 2022 schedule, or after regulations are adopted.
- We included the International Building Code use table to help with clarity on what the city uses for different building type rates. The committee looked at an example of a single-family house that has one rate to measure the value for the actual house, one for the garage, and one for the deck. The City's SmartGov software calculates it out, but including the table provides the option for applicants to see how we get there.
- Changes in Other Building Permit Fees section just moved certain permits to other more relevant sections.
- A new fee was added to requests for permit extensions. Generally, a permit has 180 days until an extension is needed. There have been some instances of multiple extension requests, so a rate of \$110 was added for subsequent requests (which can be for up to 180 days). A new fee for those that reapply after the timeline lapsed was also added. It is 50% of the original permit fee, to capture the inspection and other costs that remain, while acknowledging that it is easier to review if no codes have changed since the original application.
- CM Champion mentioned the 5G fees and wanting to make sure they reflect actual costs which are likely higher than the "safe harbor" style fees the Council adopted previously. The City does not yet have any submitted 5G permits to assess actual costs, but do have everything in place to assess that, for a future revision.
- CM Champion discussed a proposal to reduce to the 2021 Surface Water Utility rate back to 2019 levels. Staff will be prepared to discuss during the budget process.
- CM Champion asked about recreation fees (the purpose of his question regarding the recreation guide). Recreation fees are not currently proposed to be changed in 2021.

The committee also talked about the online permit process and SmartGov, the tool that is used for permitting online.

The proposed fee schedule will be presented at the September 14, 2020 Work Session.

Next Meeting: Tentatively scheduled for September 28 at 5:30pm.

Councilmember Champion's Submitted Topics for Discussion on the 2021 Fee Schedule

- 1) Master FEE Schedule: Were all rates reviewed, by whom and why are only certain rates being adjusted?
 - a. The fee schedule is only required to be updated every two years but we have been doing it annually because there have been needed changes. All departments are asked for potential changes but not all departments need to make changes.
- 2) General Policies: Do the General Policies – i.e - *Refunds Except as may be noted otherwise, including as specifically authorized in the Mukilteo Municipal Code, fees and charges are non-refundable* align correctly with the specific rates / fees (i.e. - Recreation Facilities Fees and Charges) and do they accurately reflect the actions taken by the city during COVID?
 - a. Any refunds made due to cancellations related to building closure from the COVID-19 public health crisis are in accordance with our refund policy related to City-initiated cancellations.
- 3) Does the hourly rate schedule reflect the current CBA's?
 - a. Yes, the rates are based on the 2021 estimated salaries and benefits.
- 4) Does the City have a published G&A and/or overhead rate?
 - a. No, we do not have a set rate. We update the cost allocation plan annually and use that when needed to determine an indirect rate
- 5) Does the committee want to adjust General Business License Fees? Or add provision for Food Trucks?
 - a. This was discussed at the meeting and determined it would be better to wait until other code amendments are completed
- 6) DSHS: Did the State increase DSHS fees?
 - a. Unknown what the State is doing
- 7) Development Fees and Charges: Do the changes to Development Fees and Charges complicate or simplify the permitting process and what steps will the city take to digitize / streamline the process?
 - a. Discussed during the meeting, also refer to meeting minutes for additional detail
- 8) Right of Way Permit Fees – MMC 5.45.060 with note 22 - The FCC views these amounts as safe harbors because it believes they are low enough that no carrier would challenge them if they were imposed unilaterally in a local government's regulations. Nothing in the Order prevents a local government from charging higher fees. However, under the FCC's framework, if a carrier files a lawsuit challenging the fees imposed by a local government, the burden would be on the local government to demonstrate that the amount is a reasonable approximation of its costs and that its costs are reasonable. The FCC did not specify a methodology for calculating cost, or what expenses could be included. Finance committee should discuss the revenue-reducing effect of a cost-based methodology and if it will be much greater for usage fees than for application fees, because usage fees are recurring.
 - a. Under the Small Cell Wireless Facilities (SWF) as adopted by the City Council, the fee scheduled requires a Deposit at the time of the application. The FEE will be based on actual hours of staff time to process the applications and issue the permits. If an

application requires more hours than the deposit will cover, then the Applicant will be required to pay the overage prior to permit issuance. Staff will review this item for the 2022 Fee Schedule, if permits have been submitted, it may lead to changes in this fee structure.

- 9) Surface Water Utility Monthly Charges: What is the justification for retaining 2020 rate? Given the changes to project schedules, the Committee should discuss rolling back rates.
 - a. The 2021 proposed rate is equivalent to the 2020 rate. This is consistent with the rate analysis in 2015 adopted SW Management Plan. Staff does not recommend rolling back rates as that would reduce or eliminate funding of an already extensive capital project list. The capital projects are only one element of what the Surface Water Utility Fees fund. Surface water operations are also a needed component.
- 10) Recreation Facility Fees and Charges: Committee should discuss council approval of Seasonal Recreation Guide
 - a. The fall guide for 2020 is being distributed electronically to save money. No other changes are proposed. After the Finance Committee discussion provided additional clarity on this question, we can also add that changes in the Recreation Fees are not being requested.
- 11) Public Records Requests – Policies: What is the current request rate, does the city have historical demand data that can be reviewed and do charges reflect the demand?
 - a. Will need to be answered when the City Clerk returns from vacation.