LAKEWOOD CITY COUNCIL
STUDY SESSION AGENDA

Monday, July 27, 2015
7:00 P.M.
City of Lakewood
City Council Chambers
6000 Main Street SW
Lakewood, WA 98499

Page No.

CALL TO ORDER

ITEMS FOR DISCUSSION:

(3) 1. Abatement program update. – (Memorandum)

(41) 2. Review of Development Services cost recovery. – (Memorandum)

(72) 3. Review of rental housing inspection program timeline. – (Memorandum)

REPORTS BY THE CITY MANAGER

(82) Review of lodging tax funding guidelines. – (Memorandum)

ITEMS TENTATIVELY SCHEDULED FOR THE AUGUST 3, 2015 REGULAR CITY COUNCIL MEETING:

1. Appointing members to serve on the Public Safety Advisory Committee. – (Motion –Consent Agenda)

2. Appointing members to serve on the Youth Council and appointing a Youth Council member to serve on the Lakewood's Promise Advisory Board. – (Motion –Consent Agenda)

3. This is the date set for a public hearing on vacating Bridgeport Way and Lakewood Drive right-of-way. – (Public Hearing – Regular Agenda)

4. This is the date set for a public hearing on vacating a portion of 100th Street SW right-of-way. – (Public Hearing – Regular Agenda)

The City Council Chambers is accessible to persons with disabilities. Equipment is available for the hearing impaired. Persons requesting special accommodations or language interpreters should contact the City Clerk's Office, 589-2489, as soon as possible in advance of the Council meeting so that an attempt to provide the special accommodations can be made.

http://www.cityoflakewood.us

The Council Chambers will be closed 15 minutes after adjournment of the meeting.

5. Authorizing the execution of an agreement relative to the Lakewood's Promise program. - (postponed from the meeting of June 15, 2015) – (Motion – Regular Agenda)

6. Authorizing the execution of an agreement with CenturyLink relative to trenching on Lakewood Drive. – (Motion – Regular Agenda)

COUNCIL COMMENTS

ADJOURNMENT

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City of Lakewood

Dangerous & Nuisance Building Abatement Program

Program Background

- Authorized under RCW 35.80
- Lakewood Municipal Code (LMC) 15A.34 incorporates the provisions of RCW 35.80.
- RCW 35.80 authorizes local governments to adopt specific regulations and processes requiring owners to “abate” buildings/structures or conditions that are unfit for human habitation, dangerous, and/or are harmful to public health and welfare.
- “Abatement” includes such actions as vacating and securing, repairing, demolishing, and may also include emergency actions such as fencing, temporary stabilization, and closing nearby streets or buildings.

Abatement Process

Complaint/Referral (citizens/CSRT/etc.)

↓

Inspection & Report (Program Manager/Building Inspector/Official)

↓

Issue Complaint and Notice of Hearing (Legal)

↓

Hold Hearing (Building Official/Program Manager)

↓

Issue Findings and Order (Legal/ Building Official)

→ Appeal- Hearing Examiner/Superior Court

↓ → Owner compliance

Manage Abatement (Program Manager)

↓

Complete Accounting/File Lien (Finance/Program Manager)

Fund Status

Fund 105 (General Fund)

- Fund established in 2007 - $250,000
- Current fund balance - $215,033
- Liens outstanding - $94,604.10
- No program restrictions on funding
- Fund status as of 6/30/15

Fund 191 (NSP1)

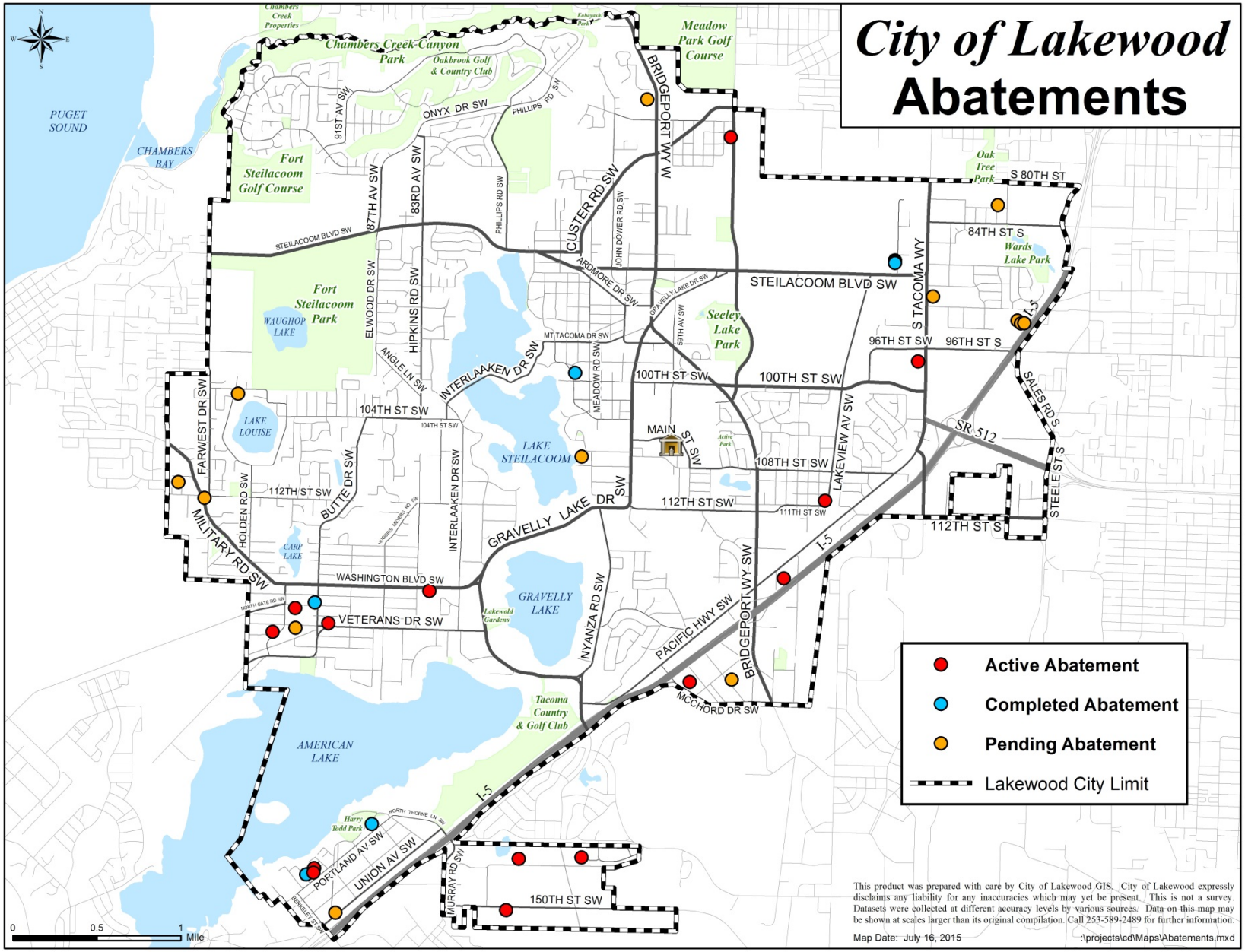
- Fund established in 2009 - $192,930
- Current fund balance - $170,450
- Liens outstanding - $27,328.82
- Program follows NSP/CDBG program rules for qualifying properties
- Fund status as of 6/30/15

Current Status

Active Abatements: 15 (3 currently under contract/ 6 pending Complaint and Notice with Legal)

Pending/Monitoring: 13

Projects Completed To Date: 11 (1 Public Nuisance/ 3 RCW 59.18.085 Rental Condemnation Relocation Assistance)


City of Lakewood
Abatements
Active Abatement
Completed Abatement
Pending Abatement
Lakewood City Limit
PUGET SOUND
CHAMBERS BAY
Chambers Creek Properties
Chambers Creek Canyon Park
Oakbrook Golf & Country Club
Meadow Park Golf Course
Fort Steilacoom Golf Course
Fort Steilacoom Park
WAUGHOP LAKE
LAKE LOUISE
LAKE STEILACOOM
CARP LAKE
GRAVELLY LAKE
AMERICAN LAKE
Seeley Lake Park
Oak Tree Park
Wards Lake Park
Tacoma Country & Golf Club
Harry Todd Park
Lakewold Gardens
ONYX DR SW
PHILLIPS RD SW
91ST AV SW
87TH AV SW
83RD AV SW
STEILACOOM BLVD SW
ELWOOD DR SW
HIPKINS RD SW
ANGLE LN SW
INTERLAAKEN DR SW
CUSTER RD SW
JOHN DOWER RD SW
BRIDGEPORT WY W
ARDMORE DR SW
GRAVELLY LAKE DR SW
MT TACOMA DR SW
MEADOW RD SW
59TH AV SW
100TH ST SW
104TH ST SW
MAIN ST SW
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SALES RD S
STEELE ST S
112TH ST S
FARWEST DR SW
HOLDEN RD SW
BUTTE DR SW
MILITARY RD SW
WASHINGTON BLVD SW
VETERANS DR SW
NYANZA RD SW
PACIFIC HWY SW
BRIDGEPORT WY SW
MCCHORD DR SW
NORTH THORNE LN SW
PORTLAND AV SW
UNION AV SW
BERKELEY ST SW
MURRAY RD SW
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This product was prepared with care by City of Lakewood GIS. City of Lakewood expressly disclaims any liability for any inaccuracies which may yet be present. This is not a survey. Datasets were collected at different accuracy levels by various sources. Data on this map may be shown at scales larger than its original compilation. Call 253-589-2489 for further information.
Map Date: July 16, 2015
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RCW 59.18.085: Rental Condemnation Relocation Assistance

- RCW 59.18.085 authorizes local governments to enforce relocation assistance requirements upon a landlord if a building is condemned or unlawfully occupied due to the existence of conditions that violate applicable codes, ordinances or regulations.
- Rental relocation assistance up to the greater of $2,000 or three times the monthly rent.
- Civil penalties accrue to landlord in the amount of $50 per day/ per tenant assisted, plus attorney's fees and costs.

15121 Boat St. SW

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15123 – 15127 88th Ave. Ct. SW

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15123 – 15127 88th Ave. Ct. SW

15123 – 15127 88th Ave. Ct. SW

9625 Newgrove Ave. SW

7604 Lakeview Dr. SW

7604 Lakeview Dr. SW

7604 & 7610 Lakeview Dr. SW

7610 Lakeview Dr. SW

7610 Lakeview Dr. SW

9406 Winona St. SW

9406 Winona St. SW

8118 Washington Blvd. SW

8118 Washington Blvd. SW

11014 Lakeview Ave. SW

5618 Boston Ave. SW, #11 & #13

5618 Boston Ave. SW, #11 & #13

7305 146th St. SW

7305 146th St. SW

7324 150th St. SW

8811 Forest Rd. SW

8811 Forest Rd. SW

ACTIVE ABATEMENTS

Date Opened	Location	Owner Name	Parcel #	DB	PN	NSP	Condition	Status	Estimate / Contract	
2012	*15121 Boat St. SW Boat St. MHP	Bella Vita Investments	0219212116 0219212056	X	X	X	11 dilapidated & vandalized buildings and structures (mobile homes, carports, and garage). Attracting vagrants & drug activity.	Abatement order issued 6/27/14. Phase 1 abatement completed 3/3/15. Sent reimbursement request to owner; will file lien on 6/3/15 if not reimbursed. Phase 2 abatement awarded to Fidalgo Bay Const. on 6/10/15. Asbestos abatement underway 7/9/15.	$8,927.70	
2012	*15123-27 88th Ave. Ct. SW	Bella Vita Investments	0219212017	X	X	X	Dilapidated/vandalized house and duplex. Attracting vagrants & drug activity.	See above - 15121 Boat St. SW	$15,409.98	
10/25/13	9625 Newgrove Ave. SW	Schafer / B of A	6385100190	X	X	X	Vacant house with various unpermitted modifications and some dilapidation. Unpermitted, improperly-built, sheds.	Abatement order issued 6/18/14 and recorded against parcel. Project abatement awarded to Fidalgo Bay Const. on 6/10/15. Asbestos abatement underway 7/9/15.	$13,967.10	
Reopen-6/1/15	7610 Lakewood Dr. SW	Melvin Templeman	3905000652	X	X		Trailer lacks water, proper sanitation, and building code violations. Illegal modifications to unit. Junk and some old cars on lot.	Owner elderly (86) and in failing health. Meet with owner, Matt Santelli (PC Aging & Long Term Care), and Dana B. (owner's friend) on-site 6/4/15. Forwarded abatement checklist to Legal on 7/13/15 to complete Complaint and Notice of Hearing. Owner amenable to demolishing.	$6,000	
Reopen-6/1/15	7604 Lakewood Dr. SW	Melvin Templeman	390500651	X	X		Dilapidated home boarded up and vacant. Structure shows areas of failure and various building and code violations. Junk and some old cars on lot.	See above – 7610 Lakewood. Dr. SW	$13,000	

6/12/14	9406 Winona St. SW	Beady Bankston	5005005340	X	X		Badly deteriorated, excavation done, collapsed cottage	Demo permits expired with work incomplete. Owner demolished house with expired City demo permit. Sent owner courtesy letter of intent to abate on 6/5/15. Owner to fenced property on 6/12; no demo permit obtained. Forwarded abatement checklist to Legal on 6/19/15 to complete Complaint and Notice of Hearing.	$14,000	
7/2/12	8118 Washington Blvd. SW Kinkade's Auto Repair	Metropolitan Development Council	4310000010	X	X		Multiple attached buildings. Dilapidated & attract vagrants & vandals. Fire to building in late 2014.	City cleaned and secured. Donated to MDC by former owner. 5/18/15 conversation w/Cynda Mack, MDC-building is listed for sale with Ric Teasley. 7/10/15- Bldg. Official has completed abatement checklist to forward on to Legal.	$20,000	
3/10/15	11014 Lakeview Ave. SW	Bank of America	5080001931	?	X		Building was occupied by squatters; much of interior dirty or damaged, wiring and plumbing code issues; nuisance property.	Police evicted squatters on 3/10; City boarded unit up on 3/10/15. City billed property management company $1,474.69 for staff time and contractor expenses. 7/15/15- Still waiting on reimbursement. Follow up and monitor for likely abatement.	$13,000	
4/23/15	5618 Boston Ave. SW #11 & #13	Hao Lee	0219114052	X			Tagged both units unsafe 4/23/15. Relocated tenants pursuant to RCW 59.18.085. Owner reimbursed City for all relocation expenses totaling $5,175.00.	Both units remain unsafe to occupy. Owner agreed to have engineer's report conducted for entire building to address large-scale dry rot, electrical repairs, and structural issues. Bldg Dept working with private engineer to complete repairs.	TBD	
4/13/15	6629 146th St. SW	Yuan Zhang	0219232069	X			Building tagged unsafe to occupy on 4/13/15 due to insufficient plumbing systems and sewage contamination in home. . Relocated tenants pursuant to RCW 59.18.085. Owner reimbursed City for all relocation expenses totaling $4,500.00.	Unit remains tagged unsafe to occupy by City and Health Dept. due to septic failure and unpermitted modifications to septic system. Cannot occupy unless properly repaired and certified. Monitor property to ensure owner does not move new tenant in without making proper repairs.	TBD	

7/13/15	7305 146th St. SW, #3	Bernie & Juanita Barrett	0219221002 0219221042	X	X		Trailer #3 completely stripped of all siding. Building is a dangerous building and a public nuisance. Misc. debris/garbage surrounding unit. Trailer #2 has partially collapsed roof, porch, and numerous building and code violations. Garage structure near front of property partially collapsed with roof structure completely collapsed.	Inspected 7/14/15. Tagged unsafe to occupy on 7/15/15. Forwarded abatement checklist on to Legal on 7/15/15 to complete Complaint and Notice of Hearing.	$15,000	
	11725 Pacific Hwy. SW Sunrise Village MHP	Lakewood Hospitality, LLC	0219122018 0219122112	X			Closed mobile home park. 6 or 7 buildings and 1 mobile home. Attracting vandals.	Inspected. Draft abatement order to Building Official for review. Owner developing in to Marriott; has abatement bid. Dave B. following up w/owner who will abate property.	$30,000	
8/21/12	9704 South Tacoma Way	B & A Property Mgmt, LLC (William Chung)	0219011127	X	X		Commercial building with multiple unsafe additions and modifications. Two heavily damaged mobile homes. Heavily overgrown property, filled with junk, scrap building materials, old equipment. Attracts vagrants.	Building posted Unsafe. Abatement order issued 6/16/14. Litigation pending- Matt Kaser working. Mobile homes removed, but no appeal or permit applications within deadlines. Waiting for access to building/property to begin abatement.	$35,000+	
04/25/13	9103 Veterans Dr. SW	Lakewood's Finest, Inc.	5005006990	X	X	X	Dilapidated house and metal building. Unpermitted modifications. Abandoned.	Bldg. Official to inspect. Likely only to require securing from illegal access. Abandoned.	$20,000+	

6/5/15	7324 150th St. SW	Heirs and Devisees of Micha Shelley (Tina Shelley)	0219221033	X	X	X	W Building- Building dilapidated and beginning to fall in; roof collapsing on front. Extensive unpermitted additions on rear elevation. E building (trailer)- Unable to inspect unit. Garbage and debris strewn about property. Both structures are abandoned and property is in foreclosure. Pending sale to Yuan Zhang.	Contacted real estate agent, Robert Stoeck, Gateway Real Estate, about condition. Sale pending in 30 days (mid-August). Forwarded abatement checklist on to Legal on 7/15/15 to complete Complaint and Notice of Hearing.	$5,000	

PENDING/MONITORING

Case #	Date Opened	Address	Owner Name	Parcel Number	DB	PN	NSP	Condition	Status
	1/28/15	11203 Military Rd. SW	David A. & Cornelia C. Parkhurst	0219081033				Deteriorated structure; car ran through building 1/28/15.	Building inspector/official to inspect unit for dangerous building.
0846	10/05/2012	2616 92nd St. S	Terry L. & Tangi M. Seals	0320314055	X	X		2-story duplex. Interior extensively damaged by vandalism. Stairs dilapidated.	Bank cleaned & secured exterior.
0847	10/05/2012	2622 92nd St. S	Terry L. & Tangi M. Seals	0320314076	X	X		Same as 2616. Also heavily water-damaged due to broken pipe upstairs. Stairs dangerous.	City cleaned & secured exterior.
1311	03/08/2013	2624 92nd St. S	Alan Makayev	0320314071				Water damage & unpermitted modifications. Ground unstable & sinking. Structural damage due to settling.	New owner may have abandoned.
1199	11/09/2012	Golden Lion Motor Inn 9021 South Tacoma Way	PK Golden Lion Inc (Po KI Lungrath)	0320313050	X	X		Unpermitted units and other modifications. Extensive violations of electrical, plumbing, structural, etc. Water and other damage.	Owner repairs in progress. In court re: license revocation.
		2917 83rd St. S	Ronald Dacus	0320312102		X		Public nuisance. City abated in 2012.	Judgment filed. Waiting to collect.
0019	05/18/2011	11020 Military Rd. SW	Bernard Davis	0219054038		X		Unpermitted, unconsolidated fill in a drainage path & without retention walls. No immediate risk, but no redevelopment until corrected.	Abatement order (old process) recorded. To be corrected by new owner before redevelopment.
0780	09/18/2012	9406 Kenwood Drive SW	Mark Torres	6385000090	X	X		Unpermitted, unfinished structural and other modifications. Vandalized.	Secured and cleaned up by staff & work crew.
4197	09/22/11	6715 Glen Echo Ln. SW	DL Kunnas Enterprises	9550200140	X	X		Dilapidated carport on top of failing retaining wall, only several feet from neighboring house.	Abatement order (old process). New owner demolished house; claims to be working on plan to correct the rest.
0883	11/05/12	573 Lake Louise Dr. SW	Idella Whitfield	5020000422	X	X		Owner-occupied home. Hoarder. House dilapidated & damaged by pests. Rear deck/stairs dilapidated and dangerous.	Non-responsive to regular enforcement.
		7222 Bridgeport Way SW	Pacific Northwest Holdings, LLC	0220263100	X			2 houses, detached garage, gazebo. All damaged & attract vagrants/vandals. Main house damaged by fire, water, and vandalism.	Repeatedly secured by staff. Chronic problem with break-ins.
	4/24/15	5305 Chicago Ave. SW	Seong Lee	0219114035	X	X		Apartment fire demolished multiple units over two fires and two years. Need to abate remaining building that was 80-90% fire damaged.	Owner working with insurance company. Monitor to see when City needs to step in.

	4/24/15	15302 Union Ave. SW	Kwang Hun & Jingsoo Choe	2200001250				Tagged unsafe to occupy on 4/24/15. Unfinished remodel; building left in poor condition with 2nd story unsecured.	Monitor for potential public nuisance.

DB = Dangerous Building
PN = Public Nuisance
NSP = Neighborhood Stabilization Program (eligible for use of NSP funds)

Status Key

Pending	May need abatement enforcement. No official action started. May have received regular enforcement and/or emergency measures.
Monitoring	Not under active abatement process. Process started, but may be on hold or owner may be responding and taking corrective action.
Posted	Posted as Unsafe.
Stop Work	Stop-work order issued.
Abatement order	Abatement order issued and recorded under old code/process. Will need to be re-started under new code/process.
City cleaned & secured	City hired a contractor to clean property and/or secure buildings as an emergency measure. Outside of abatement process. Can't recover costs. May still be pending for abatement.
Secured by staff	City staff boarded or otherwise secured vacant building.
Owner to abate	Owner or representative has made commitment to abate, but hasn't yet started. May be working on getting permits, doing asbestos survey, etc. Follow-through may be in doubt.
Owner abating	Owner or representative is actively working on abating. Follow-through may be in doubt.
Complaint	Abatement complaint issued. Waiting for informal hearing.
1st Appeal	On appeal to Hearing Examiner.
2nd Appeal	On appeal to Superior Court.
Sup. Court	City filed in Superior Court for authority to proceed with abatement.
Asbestos Survey	Waiting for asbestos survey to be completed and report received. Needs to be completed on building demolitions or repairs before putting out to bid.
Bid	Out to bid for contractor to conduct abatement.
Contract	Contractor selected. Contract being drafted and routed.
Cleanup	Contractor actively working on abatement (includes asbestos removal, waiting period, getting permits, etc.)
Complete	Abatement physically completed. Working on final administrative/legal processes (paying bills, completing accounting, retainage period, return to court, recording lien, etc.)
Closed	Abatement completed, lien recorded, and case closed. Lien may not yet be paid. Outstanding liens tracked in separate list.

- COST RECOVERY REPORT -

Community & Economic Development
Public Works Development Services
July 27, 2015

I. EXECUTIVE SUMMARY

This year, a cost recovery analysis for both the community and economic development department (CED) and the public works (PW) development services division was sought by the city manager and city council. This analysis was made a part of CED's work plan. This exercise is the first time since incorporation that the City has attempted to quantify fees in relation to the services provided.

The report consists of six parts: 1) a user fee background; 2) cost recovery approach and methodology; 3) Lakewood user fee discussion on cost recovery, 4) subsidization, and elasticity; 5) permit analysis; 6) setting in place cost recovery policy; and 7) recommendations, both short-term and long-term.

This report identifies the costs of City services as determined through evaluation of department staff job functions and time allocations. The reality of the current fee environment is that significant increases to achieve 100 percent cost recovery is not feasible, desirable, or appropriate depending on policy direction – particularly in a single year. Some fees are proposed to be increased. Other fees would be lowered and some fees would stay the same. The recommended fees which will be identified in a subsequent report are either at or less than full cost recovery.

II. USER FEE BACKGROUND

A. Background

As part of a general cost recovery strategy, local governments adopt user fees to fund programs and services that provide limited or no direct benefit to the community as a whole. As cities struggle to maintain levels of service and the variability of demand, they have become increasingly aware of subsidies provided by the General Fund and have implemented cost-recovery targets. To the extent that governments use general tax monies to provide individuals with private benefits, and not require them to pay the full cost of the service (and, therefore, receive a subsidy), the government is limiting funds that may be available to provide other community-wide benefits. In effect, the government is using community funds to pay for private benefit. Unlike most revenue sources, cities have more control over the level of user fees they charge to recover costs, or the subsidies they can institute.

B. Objectives

As Lakewood seeks to efficiently manage limited resources and adequately respond to increased service demands, it needs a variety of tools. These tools provide assurances that the City has the information and the resources available to make sound decisions, fairly and legitimately set fees, maintain compliance with local policies, and meet the needs of the City and its constituency. Given the limitations on raising revenue in local government, Lakewood recognizes that a User Fee Study is a cost effective way to understand the total cost of services and identify potential fee deficiencies.

Essentially, a User Fee is a payment for a requested service provided by a local government that primarily benefits an individual or group. The total cost of each service included in this analysis is based on the full cost of providing services, including direct salaries and benefits of staff, direct departmental costs, and indirect costs from central service support. This study determines the full cost recovery fee for the City to provide each service; however, each fee is set at the City's discretion, up to 100% of the total cost, as specified in this report.

The principle goal of the study was to determine the full cost of the services that the City provides.

However, there are additional objectives including:

- Developing a rational basis for setting fees;
- Identifying subsidy amounts;
- Enhancing fairness and equity;
- Setting forth cost recovery policy; and
- Developing an updatable and comprehensive list of fees.

This effort will help identify true costs of providing services and may serve as a basis for making informed policy decisions regarding the most appropriate fees, if any, to collect from individuals and organizations that require individualized services.

C. Lakewood's User Fee History

Lakewood's development fees were designed to pay for part of the development application costs, but not all. Fees were set by a master fee resolution and did not include a detailed staffing analysis. Some types of land use permits routinely require multiple reviews. The current fee schedule does not accurately reflect all of the time spent on subsequent reviews by City departments.

Building fees generally pay for the operations of the building division, in addition to offsetting current planning fees associated with building permit reviews.

Present/existing land use development fees do not fully fund current planning, while the advanced planning division is almost entirely subsidized by the General Fund.

Appeals are heavily subsidized. Most appeals are for administrative actions, such as SEPA actions, business license revocation (usually involving bars and taverns, and poorly operated apartment complexes), or proposals to demolish dangerous buildings.

The PW development fees do not fully fund the PW department development review section.

As part of the user fee history, revenues generated from fees were compared against the operating budgets for CED and PW departments. The comparison for CED is relatively straightforward, but not so for PW. It is more difficult to analyze PW because of the manner in which they are funded. Further, those who work within development services also work on other PW capital projects.

The following tables provide information on CED and PW departments operating budgets and revenues. The data was derived from the City's most recently adopted budget. Table 1 shows the CED's revenues and operating budget for years 2007 through 2016 estimate.

The information does not contain overhead costs. On a direct comparison of revenues versus costs, without overhead, the cost recovery rate, based on a five year average is 63 percent

Table 1: Community & Economic Development (2007 Actual through 2016 Estimate)

Description	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Est	2016 Est
Revenues										
Building Permits	$ 471,921	$ 640,677	$ 470,691	$ 338,983	$ 499,942	$ 476,429	$ 379,184	$ 443,123	$ 423,000	$ 430,000
Other Building Permit Fee	148,972	121,074	108,161	84,175	88,780	89,525	118,595	100,147	105,000	106,000
Plan Review/Plan Check	436,230	472,990	273,491	244,348	293,257	332,160	252,755	370,397	310,000	310,000
Fire District Review	111,215	94,870	97,976	99,210	37,215	77,716	64,253	96,233	65,000	65,000
Zoning/Development Fee	129,464	90,497	52,436	47,613	41,949	50,512	48,682	86,993	70,450	71,970
Total Revenues	**$1,297,802**	**$1,420,108**	**$1,002,755**	**$ 814,329**	**$ 961,143**	**$1,026,342**	**$ 863,469**	**$1,096,893**	**$ 973,450**	**$ 982,970**
Expenditure										
Current Planning [1]	847,438	978,445	806,750	747,322	793,082	822,696	680,926	676,742	552,030	577,570
Advanced Planning	-	-	-	-	-	-	-	-	333,300	348,890
Building	1,101,772	688,142	1,176,515	888,501	808,503	535,815	848,485	817,591	854,010	895,290
Total Expenditures	**$1,949,210**	**$1,666,587**	**$1,983,265**	**$1,635,823**	**$1,601,585**	**$1,358,511**	**$1,529,411**	**$1,494,333**	**$1,739,340**	**$1,821,750**
Rev Over/(Under) Exp	**$ (651,408)**	**$ (246,479)**	**$ (980,510)**	**$ (821,494)**	**$ (640,442)**	**$ (332,169)**	**$ (665,942)**	**$ (397,440)**	**$ (765,890)**	**$ (838,780)**
Cost Recovery %	**67%**	**85%**	**51%**	**50%**	**60%**	**76%**	**56%**	**73%**	**56%**	**54%**
										Average Cost Recovery (2010 - 2014) = 63%
										Average General Fund Subsidy = $571,497

[1] *Prior to 2014, current and advanced planning were combined.*

Table 2 shows the PW department's revenues (actual and projected) from 2007 through 2016, specific to development services. This same Table also shows expenditures; however, historical data is not available with this report. The cost recovery rate is estimated at 14% in 2015 and13% in 2016.

Table 2: Public Works (2007 Actual through 2016 Estimate)										
Description	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 Actual**	**2014 Actual**	**2015 Est**	**2016 Est**
Revenues										
Oversize load permits	$ -	$ -	$ -	$ 2,900	$ 10,400	$ 12,413	$ 6,674	$ 3,635	$ 1,500	$ 1,500
Right-of-way permits	107,010	35,170	66,754	67,220	36,136	78,317	43,967	59,202	20,000	20,000
Site development permits	8,950	6,500	3,732	2,900	1,950	8,362	10,092	21,816	6,500	6,500
Street vacation permits	-	-	-	-	-	-	-	-	-	-
Street opening permits	320	-	-	-	-	-	-	-	-	-
Sale of bid documents	125	125	-	-	-	-	-	-	-	-
Engineering fees	706	825	1,600	200	850	3,400	300	1,303	300	300
Total Revenues	**$ 117,111**	**$ 42,620**	**$ 72,086**	**$ 73,220**	**$ 49,336**	**$ 102,492**	**$ 61,033**	**$ 85,956**	**$ 28,300**	**$ 28,300**
Expenditure										
Engineering Services & Development Review (Total 2.1 FTEs)	-	-	-	-	-	-	-	-	202,390	211,151
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 202,390**	**$ 211,151**
Rev Over/(Under) Exp	**$ 117,111**	**$ 42,620**	**$ 72,086**	**$ 73,220**	**$ 49,336**	**$ 102,492**	**$ 61,033**	**$ 85,956**	**$ (174,090)**	**$ (182,851)**
Cost Recovery %	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**14%**	**13%**

Historical expenditures not available.

Based on a review of these tables, the General Fund subsidizes CED by about one-third, while the PW department, the engineering services division, is significantly subsidized due to the low amount of revenue that is generated through fees.

D. Activity Levels

As part of the fee study, staff has included current permitting information for the first and second quarters of 2015. Performance measures have also been included. Development activity is generally slower during this time of the year, and picks up through the summer months.

Tables 3 and 4 provide building division activity levels and related performance measures for the first and second quarters. The data is often difficult to analyze given the complexity of the construction project, or the content of the plan documents. Targeted review times are reported as average number of days to review and issue a building permit. However, this measurement can be easily skewed if an applicant has to revise and resubmit plans or is slow to pick up permits.

Table 5 lists building permits issued for the first and second quarters.

Tables 6 and 7 provide current planning division activity levels and related performance measures for the same time frame. These tables list a small number of planning permits that were originally identified as performance measurements. There are many other types of permits reviewed and approved by the current planning division, but these were not a part of the performance criteria.

Table 8 shows historical information on planning permits from 2013 through July 2015. The types of planning permits the department process most often are pre-application reviews, home occupations, and tree removal permits. Tree removal permits are free-of-charge and within the last year have become increasingly difficult. Tree removal at the Oakbrook Golf Course continues to generate complaints. In another example, a property owner, Shane Clark, removed mature trees without authorization. He was fined over $30,000; the case is now in superior court. Tree removal adjacent to the City's shorelines is another area of contention.

While not a part of this report, CED staff performs a significant amount of work related to business licensing. Not only does it impact counter operations, but when businesses are run poorly or generate a significant amount of serious police calls, CED in coordination with CSRT and the legal department, will issue either a conditional business license or revoke/deny a business license. Inevitably, this leads to an appeal before the Hearing Examiner. Conditional licenses and revocations/denials are currently administered by the CED Director.

Table 3: Performance Measures - Building Division First Quarter

		January			February			March			Total - Quarter 1		
Description	Target Review Time (Days)	# of Apps Received	# Reviews Completed	Ave #	# of Apps Received	# Reviews Completed	Ave #	# of Apps Received	# Reviews Completed	Ave #	# of Apps Received	# Reviews Completed	Ave #
Com - Addition	30	1	1	16	0	0					1	1	16
Change of Use	30	2	2	14	3	3	16	1	1	8	6	6	13
New Commercial Building	30	1	1	14	3	3	15	2	2	13	6	6	14
New Single Family	30	0	0		5	5	14	2	1	3	7	6	9
Comm - Remodel	30	11	11	14	8	8	15	4	4	8	23	23	12
Monument Signs	20	2	2	7	1	1	9				3	3	8
Pole Sign	20	0	0		1	1	9				1	1	9
Wall Signs	20	16	16	10	3	3	12				19	19	11
Res - Accessory Structures	30	2	2	14	2	2	16	7	4	12	11	8	14
Res-Addition	30	5	5	13	0	0					5	5	13
Adult Family Homes	30	1	1	19	2	2	14	1	1	4	4	4	12
Res - Remodel/Repair	30	3	3	12	2	2	15	9	6	13	14	11	13
Total		44	44	13	30	30	13	26	19	9	100	93	12

*** Those permits that have not been reviewed have application dates of 03/26 and after.*

Table 4: Performance Measures - Building Division Second Quarter

		April			May			June			Total - Quarter 2		
Description	Target Review Time (Days)	# of Apps Received	# Reviews Completed	Ave #	# of Apps Received	# Reviews Completed	Ave #	# of Apps Received	# Reviews Completed	Ave #	# of Apps Received	# Reviews Completed	Ave #
Com - Addition	30	0	0	0	1	1	15	0	0	0	1	1	16
Change of Use	30	2	2	6	1	1	26	1	1	19	4	4	17
New Commercial Building	30	1	1	20	5	5	16	2	0	0	8	6	12
New Single Family	30	0	0		3	3	21	5	5	24	8	8	23
Comm - Remodel	30	8	8	13	12	12	13	20	15	16	40	35	14
Monument Signs	20	1	1	6	0	0	0	1	1	5	2	2	3
Pole Sign	20	2	2	7	16	16	9	0	0	0	18	18	9
Wall Signs	20	11	11	7	14	14	9	4	4	15	29	29	8
Res - Accessory Structures	30	0	0	0	1	1	8	0	0	0	1	1	3
Res-Addition	30	3	3	18	4	4	21	3	3	19	10	10	13
Adult Family Homes	30	5	5	17	0	0	0	0	0	0	5	5	6
Res - Remodel/Repair	30	13	13	8	9	9	13	6	5	16	28	27	12
Total		46	46	10	66	66	12	42	34	11	154	146	11

Table 5: CED Building Permit Activity (1st & 2nd Quarters 2015)

	Year To Date 2014			Year To Date 2015		
Permit Type Description	**No. of Permits**	**Permit Fees**	**Valuation**	**No. of Permits**	**Permit Fees**	**Valuation**
Adult Family Home	0	$0.00	$0	4	$530.00	$0
Change of Use	8	$10,436.33	$665,500	11	$9,867.88	$312,938
Comm over-the-counter mechanical	18	$2,220.50	$0	18	$1,170.00	$0
Comm over-the-counter plumbing	7	$1,252.20	$0	1	$70.00	$0
Comm re-roof over-the-counter	4	$5,936.29	$664,477	11	$2,918.95	$112,130

Table 5: CED Building Permit Activity
(1st & 2nd Quarters 2015)

	Year To Date 2014			Year To Date 2015		
Permit Type Description	**No. of Permits**	**Permit Fees**	**Valuation**	**No. of Permits**	**Permit Fees**	**Valuation**
Comm window replacement OTC	26	$4,295.85	$140,120	1	$227.11	$4,000
Commercial Retaining Wall	0	$0.00	$0	1	$483.14	$5,000
Commercial Addition	**5**	**$9,106.35**	**$547,000**	**4**	**$52,766.01**	**$5,145,368**
Commercial Carport	0	$0.00	$0	0	$0.00	$0
Commercial Deck	0	$0.00	$0	0	$0.00	$0
Commercial Demolition Permit	7	$1,218.85	$50,500	7	$7,717.29	$741,300
Commercial Gate	0	$0.00	$0	1	$418.14	$5,000
Commercial Mechanical	42	$5,706.94	$0	25	$4,328.75	$0
Commercial Plumbing	24	$3,723.92	$0	25	$7,275.00	$0
Commercial Remodel	**77**	**$123,398.91**	**$5,973,416**	**50**	**$81,122.82**	**$4,214,894**
Commercial Re-roof	7	$11,396.20	$521,564	1	$2,436.40	$125,000
Commercial Swimming Pool/Spa	0	$0.00	$0	0	$0.00	$0
Commercial Window Replacement	4	$3,861.09	$74,585	0	$0.00	$0
Day Care	3	$248.00	$0	1	$93.50	$0
Manufactured Home - MH Park	1	$145.50	$5,000	4	$582.00	$0
Manufactured Home - residential lot	0	$0.00	$0	0	$0.00	$0
Monument Sign	3	$127.42	$19,970	5	$1,502.91	$35,465
New Commercial Bldg - Multi-Family	0	$0.00	$0	0	$0.00	$0
New Commercial Building	**6**	**$23,328.97**	**$3,815,810**	**13**	**$173,206.74**	**$17,590,369**
New Single Family Residence	**19**	**$79,909.06**	**$8,009,623**	**24**	**$135,762.75**	**$8,019,796**
Pole Sign	3	$771.03	$16,700	18	$2,513.50	$45,625
Res over-the-counter mechanical	142	$8,602.00	$0	197	$11,812.00	$0
Res over-the-counter plumbing	34	$2,257.00	$0	25	$1,523.70	$0
Res re-roof over-the-counter	6	$1,789.38	$66,418	12	$4,105.13	$186,267
Res Window replacement OTC	11	$2,056.90	$46,206	18	$2,811.24	$80,979
Residential Accessory Dwelling Unit	0	$0.00	$0	2	$3,830.41	$150,652
Residential Accessory Structure	0	$0.00	$0	10	$12,657.66	$453,173
Residential Addition	**13**	**$13,711.89**	**$461,633**	**9**	**$13,171.26**	**$491,817**
Residential Demolition Permit	**7**	**$1,673.76**	**$68,325**	**17**	**$2,317.64**	**$95,997**
Residential Gate	0	$0.00	$0	0	$0.00	$0
Residential Mechanical	27	$3,852.00	$0	9	$1,450.00	$0
Residential Plumbing	26	$4,960.90	$0	10	$2,377.60	$0
Residential Remodel/Repair	**29**	**$79,180.75**	**$956,430**	**43**	**$39,191.15**	**$1,212,404**
Residential Re-roof	0	$0.00	$0	0	$0.00	$0
Residential Window Replacement	4	$491.82	$8,929	10	$1,677.07	$43,874
Wall Sign	44	$6,248.22	$125,097	48	$7,730.12	$132,601
Totals	**607**	**$411,908.03**	**$22,237,303**	**635**	**$589,647.87**	**$39,204,649**

Table 6: Performance Measures - Current Planning Division First Quarter

Month		January			February			March			Total - Quarter 1		
	Target Review Time (Days)	# of Apps Received	# of Reviews Completed	Avg # Days for Review	# of Apps Received	# of Reviews Completed	Avg # Days for Review	# of Apps Received	# of Reviews Completed	Avg # Days for Review	# of Apps Received	# of Reviews Completed	Avg # Days for Review
Zoning Certification	30	5	3	8	3	2	11	2	1	5	10	6	8
Administrative Use Permit	120	1	0	n/a	0	0	n/a	0	0	n/a	1	0	n/a
Conditional Use Permit	120	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Sign Permit	20	19	16	8	5	5	5	0	0	n/a	24	21	6
Site Development Permit	90	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Shoreline Permit	180+	0	0	n/a	2	1	10	0	0	n/a	2	1	10
Short Plat	90	1	0	n/a	1	0	n/a	1	0	n/a	3	0	n/a
Long Plat	120	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Building Permits (not including signs)	20	25	15	7	24	13	10	17	14	6	66	42	8
Total		67*	39**		42*	26**		32*	21**		141*	86**	

**Includes all land use application types and building permits requiring planning review.*

*** Includes review of application types not listed above.*

Table 7: Performance Measures - Current Planning Division Second Quarter

Month		April			May			June			Total - Quarter 2		
	Target Review Time (Days)	# of Apps Received	# of Reviews Completed	Avg # Days for Review	# of Apps Received	# of Reviews Completed	Avg # Days for Review	# of Apps Received	# of Reviews Completed	Avg # Days for Review	# of Apps Received	# of Reviews Completed	Avg # Days for Review
Zoning Certification	30	2	1	11	4	4	4	6	6	9	12	11	8
Administrative Use Permit	120	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Conditional Use Permit	120	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Sign Permit	20	14	8	n/a	30	30	4	5	5	11	47	43	6
Site Development Permit	90	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Shoreline Permit	180+	0	0	n/a	3	2	5	2	1	7	5	3	6
Short Plat	90	0	0	n/a	1	1	10	2	2	24	3	3	17
Long Plat	120	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Building Permits (not including signs)	20	22	13	8	30	24	8	33	27	6	85	64	7
Total		55*	33**		77*	67**		58*	51**		190	151	

**Includes all land use application types and building permits requiring planning review.*

*** Includes review of application types not listed above.*

Table 8: Historical Planning Permits (2013 – 2015)

Permit Description	**2013**	**2014**	**2015** *(as of July 13)*
State Environmental Policy Act (SEPA) Checklist	16	19	6
Pre-application review	33	36	16
Zoning certification	23	17	25
Administrative Use Permit (AUP)	5	0	2
Conditional Use Permit (CUP)	1	3	0
Temporary Use Permit (TUP)	12	15	3
Variance (VAR)	1	1	1
Design Review (DR)	7	8	8
Tree Removal	57	56	24
Special Event	0	7	1

Table 8: Historical Planning Permits (2013 – 2015)			
Permit Description	**2013**	**2014**	**2015** *(as of July 13)*
Kennel	0	1	0
Home Occupations	38	32	6
Wetland Review	0	1	0
Lot Combination	7	3	3
Boundary Line Adjustment (BLA)	22	2	8
Binding Site Plan (BSP)	1	2	1
Short Plat	3	4	1
Preliminary Plat	0	1	0
Shoreline Exemption	7	7	6
Substantial Shoreline Development Permit	2	3	0
Comprehensive Plan/Zoning Amendments	4	2	1
Appeals	2	4	1
Totals	**241**	**224**	**113**

E. Fee Comparisons

City staff examined Lakewood's planning fees in relation to nearby cities and Pierce County. The cities include Olympia, Lacey, Tacoma, and Federal Way. Fees for planning services vary widely, and oftentimes the comparisons are not necessarily "apples to apples." The fees surveyed were subdivision fees (4 types), discretionary permit fees (3 types), shoreline/SEPA fees (4 types), other fees (4 types), and plan amendment fees (2 types). Lakewood's planning fees have no set pattern. Some fees are high, others are within the mid-range of other public agencies, and in some cases, the fees are quite low, or even free.

Table 9: Subdivision Fee Comparison						
Fee Type	**Lakewood**	**Pierce County**	**Federal Way**	**Tacoma**	**Lacey**	**Olympia**
Preliminary Plat	$5,350	$3,080	$4,236	$4,701	$2,498	$5,400
Final Plat	$3,500	$3,795	$1,680	$1,585	$1,962	$2,600
Short Plat	$2,200	$4,572	$1,340	$3,979	$3,876	$3,900
Boundary Line Adjustment	$200	$1,400	$883	$950	$282	$480

1. Preliminary/Final plat based on 15 lots on 3 acres. Does not include additional fees such as public works, fire, hearing examiner.
2. Short plat based on 9 lots. Does not include additional fees such as public works, fire.
3. Boundary line adjustment based on 1 boundary line. Lakewood charges staff time for more than 4 hours review.

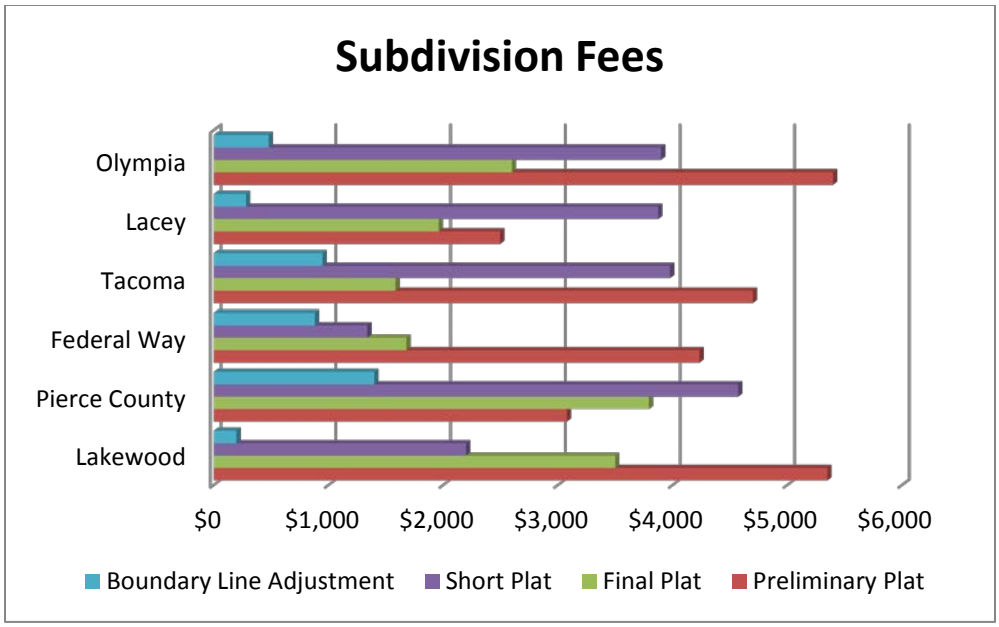

Subdivision Fees
Olympia
Lacey
Tacoma
Federal Way
Pierce County
Lakewood
$0
$1,000
$2,000
$3,000
$4,000
$5,000
$6,000
Boundary Line Adjustment
Short Plat
Final Plat
Preliminary Plat

Table 10: Discretionary Permit Fee Comparisons						
Fee Type	**Lakewood**	**Pierce County**	**Federal Way**	**Tacoma**	**Lacey**	**Olympia**
Administrative Use Permit	$400	$2,650	$1,180	$9,498	$436	$9,200
Conditional Use Permit	$2,200	$4,550	$1,277	$4,749	$1,642	$1,650
Temporary Use Permit	$200	$340	$0	$0	$0	$200

1. In Federal Way, Process II and III permits are administrative. Fee shown is an average for a project of less than 25,000sf.
2. Olympia's land use/site plan review fees are on a sliding scale. Figure shown is for a 16,000-24,000 sf building.
3. Pierce County fees are on a sliding scale based on number of acres for comercial projects. Fee shown is for a 0-5 acre project.
4. Conditional use figure listed for Olympia is based on a project not subject to SEPA.

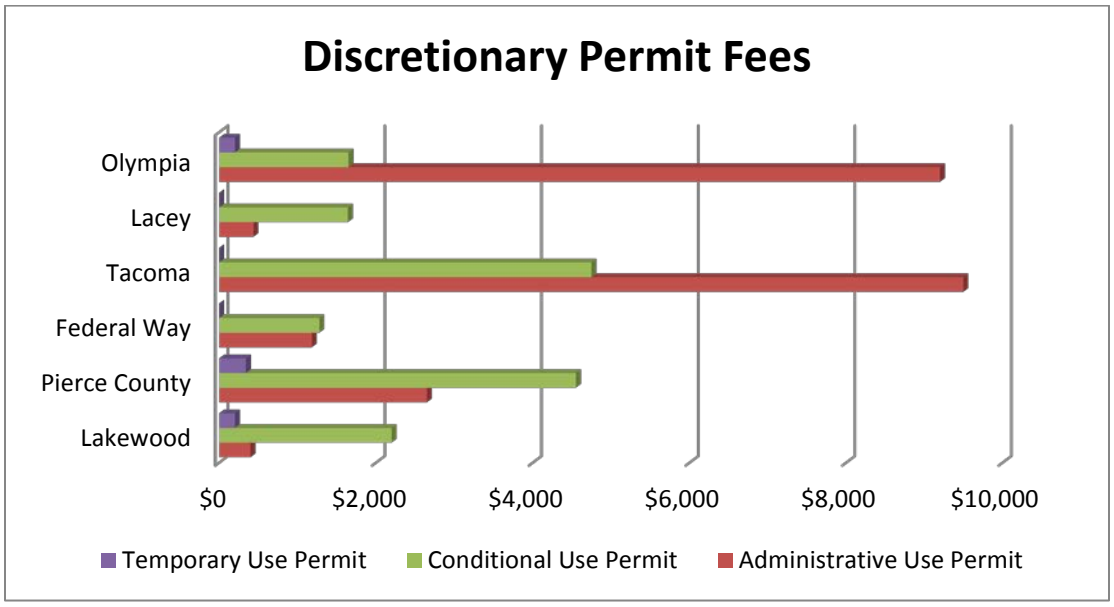


Table 11: Shoreline/SEPA Fees Comparisons						
Fee Type	**Lakewood**	**Pierce County**	**Federal Way**	**Tacoma**	**Lacey**	**Olympia**
Shoreline Substantial Development	$770	$5,060	$1,537	$795	$1,852	$1,650
Shoreline Conditional Use	$1,320	$5,600	$5,857	$795	$1,690	$1,650
Shoreline Exemption	$50	$800	$86	$160	$0	$360
SEPA Checklist	$480	$2,350	$1,043	$475	$282	$480

1. Pierce County fees are on a sliding scale. Fee shown is for a project from $0-$10,000.
2. Federal Way fees are on a sliding scale. Fee shown is for a project from $0-$15,000.
3. Tacoma fees are on a sliding scale. Fee shown is for a single family residence.

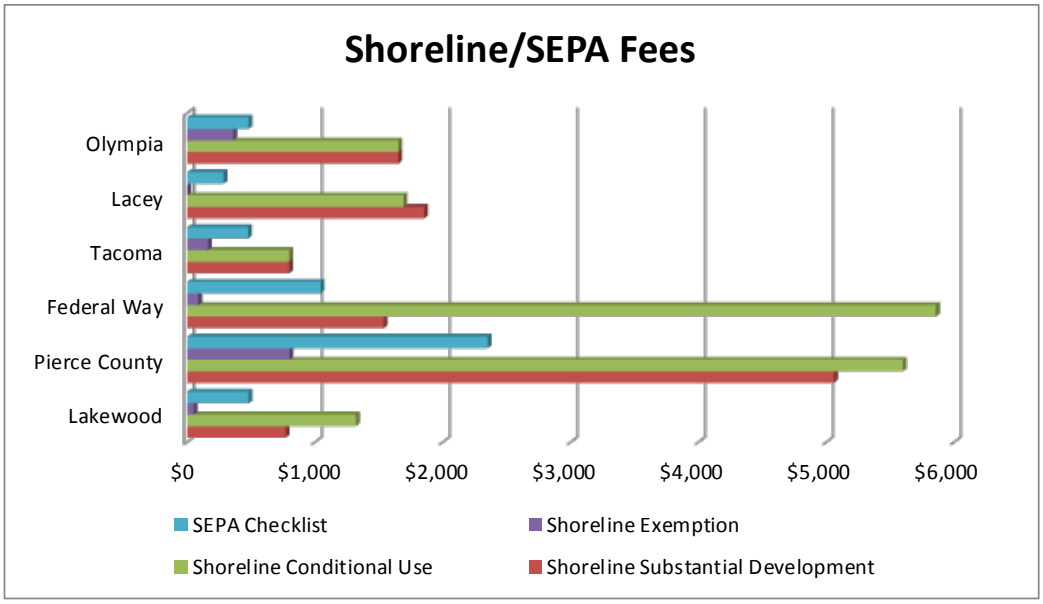


Table 12: Other Fees Comparison						
Fee Type	**Lakewood**	**Pierce County**	**Federal Way**	**Tacoma**	**Lacey**	**Olympia**
Home Occupation	$200	$500	$0	$0	$0	$0
Pre-Application Conference	$150	$1,000	$458	$0	$0	$240
Request for Written Determination	$50	$0	$100	$873	$0	$100
Tree Removal Permit (open space/commercial)	$0	$550	$0	$0	$136	$250

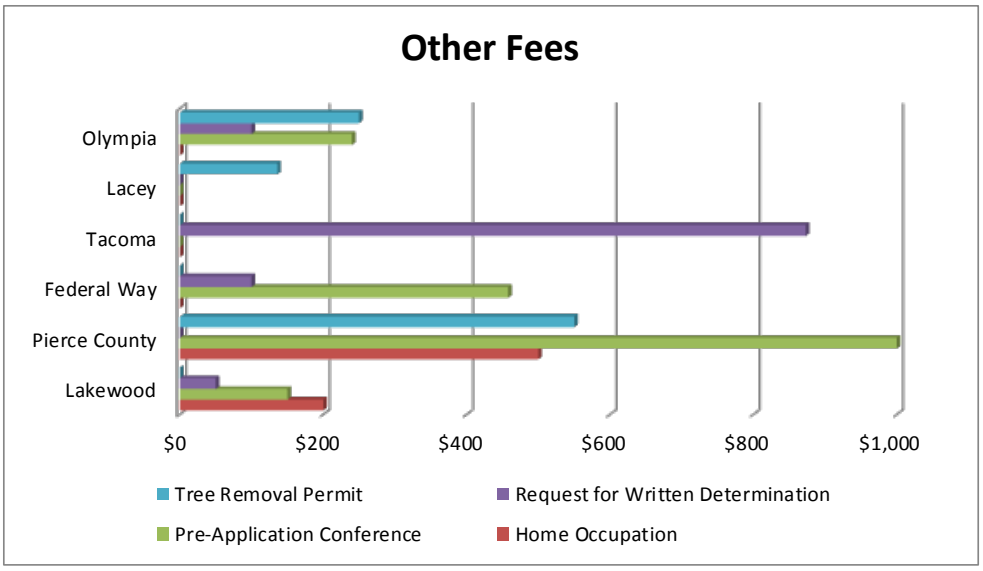
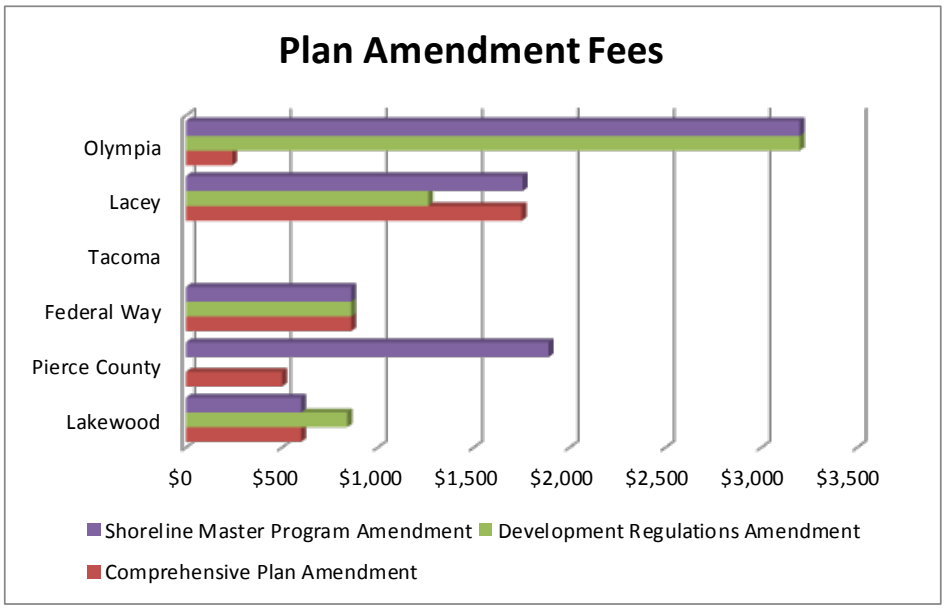


Table 13: Plan Amendment Fee Comparisons						
Fee Type	**Lakewood**	**Pierce County**	**Federal Way**	**Tacoma**	**Lacey**	**Olympia**
Comprehensive Plan Amendment	$600	$500	$861		$1,750	$240
Amendments to Development Regulations	$840		$861		$1,262	$3,200
Amendment to Shoreline Master Program	$600	$1,890	$861		$1,754	$3,200

1. Federal Way also charges $85.00 per acre for comp plan amendments in addition to the base fee.



In addition to a review of planning fees, CED also examined impact fees from surrounding jurisdictions.

<u>Transportation Impact Fees</u>

- Lakewood - None.
- Pierce County - Fees vary depending on service area and type of use: Single Family Residence, from $144.90 to $3,509.84 per unit; Multifamily, from $54.81 to $1,998.37 per unit; Hotel from $53.95 to $1,966.98 per room; Industrial $1.12 to $3.12 per sf/GFA; Fast-Food Restaurant from $0.67 to $22.55 per sf/GFA; Supermarket from $0.26 to $9.32 per sf/GFA.
- Federal Way - Single Family Residence $3,111.94; Multifamily $2,019.46 per unit; Hotel $2,077.56 per room; Industrial $3.03 - $3.42 per sf/GFA; Fast Food Restaurant; $29.79 per sf/GFA; Supermarket $14.56 per sf/GFA.
- Tacoma - None.
- Lacey - Single Family Residence cap is $1,752/unit (Actual fee is based on a formula using TAZ's {Traffic Analysis Zones}. The general rule is $1,000 per trip generated; this same formula is used for commercial and industrial projects.
- Olympia - Single Family Residence $3,167; Multifamily $2,055 per unit; Hotel/Motel $2,115 per room; Industrial $3.93 per sf/GFA; Fast Food Restaurant, $30.32 per sf/GFA; Supermarket $14.82 per sf/GFA.

Parks Impact Fees

- Lakewood - None.
- Pierce County - Single Family Residence $385; Multifamily $195 per unit.
- Federal Way - None.
- Tacoma - None.
- Lacey - None.
- Olympia - Single Family Residence $5,334; Multifamily $3,628 per unit.

School Impact Fees

- Lakewood - None.
- Pierce County - Maximum fee obligation is $3,270 per unit; maximum obligation for Fife $2,640.
- Federal Way - Single Family Residence, $4,464 plus administrative fee of $223; Multifamily, $1,562 per unit plus administrative fee of $78 per unit.
- Tacoma - None.
- Lacey – Fees are collected by North Thurston Public Schools: Single Family Residence $3,728; Multi-Family $1,184 per unit.
- Olympia - Single Family Residence, $4,978; Multifamily, $1,676 per unit.

Building permit fees were also surveyed from Pierce County and six surrounding cities. The information is contained in Table 11. Table 11 makes recommendations to adjust building permit fees.

Building permit fees are calculated using information provided by the International Code Council (ICC). The ICC provides the "average" construction costs per square foot, which can be used in determining building permit and plan review fees for a jurisdiction. Construction costs do not include the price of land on which the building is built.

Permit fee schedules are addressed in Section 109.2 of the 2012 International Building Code (IBC); Section 109.3 addresses building permit valuations. Permit fees are established by using a valuation table and a permit fee multiplier. Fees are based on a square foot construction cost table. The table reflects the relative value of one construction classification/occupancy group to another so that more expensive construction is assessed greater permit fees than less expensive construction. ICC has developed this system as an aid in calculating permit fees. It is important to note that the construction cost table is not intended to be used as an estimating guide because the data only reflects average costs and is not representative of specific construction.

Plumbing, mechanical, electrical, and fire plan check fees are separate from the building permit fee and plan review calculation and are typically based on the number of fixtures.
Electrical permits are not issued by the City. Within the PSE and Lakeview Light & Power service areas, electrical permits are issued by Labor & Industries. Within the Tacoma Power service area, electrical permits are issued by that agency. Lakewood has chosen to not issue electrical permits since there is not sufficient work to justify hiring an electrical inspector.

Table 14: Comparision of Building Permit Fees

Type of Permit	Lakewood *(existing)*	Lakewood *(proposed)*	University Place	Puyallup	Pierce Co.	Federal Way	Olympia	Auburn	SeaTac
New 2,500 SF single family residence w/400 SF garage	$4,810.28	$4,451.28	$4,071.78	$3,617.05	$3,232.35	$5,283.30	$4,840.39	$5,264.82	$4,348.06
1,500 SF office space tenant improvement	$1,185.87	$1,080.75	$1,005.09	$1,420.23	$770.14	$1,319.18	$1,188.87	$1,207.47	$1,077.86
20,000 SF new elementary school	$28,332.78	$24,035.55	$24,051.14	$14,479.55	$21,265.20	$30,693.30	$31,466.88	$33,194.37	$23,614.40
30,000 SF 2 story new office building	$37,055.92	$30,846.75	$30,860.36	$21,664.40	$28,502.10	$40,055.98	$41,564.49	$43,409.85	$30,323.44
250,000 SF warehouse building	$127,336.08	$85,517.85	$93,418.80	$70,382.81	$103,346.51	$124,469.25	$145,994.45	$149,072.55	$99,708.61

"SF" means square foot.
All fees shown are building permit plus plan review fees, but do not include other fees such as land use review, fire review, and other ancillary permits.

F. Additional Policy Considerations

In recent years, there has been a growing trend for municipalities to update their fee schedules to reflect the actual costs of certain public services primarily benefitting users. User Fees recover costs associated with the provision of specific services benefiting the user, thereby reducing the use of General Fund monies for such purposes.

In addition to collecting the direct cost of labor and materials associated with processing and administering user services, it is common for local governments to recover overhead costs. Overhead costs are those costs relating to a local government's central service departments that are properly allocable to the local government's operating departments. Central services support cost allocations may add 15% to 30% to the base fees.

Fee structures may also include excess revenue designed to build a reserve account for use when there is a down cycle in applications, avoiding the need to layoff trained staff or other disruptive activities. A general rule of thumb is to have in place a reserve account for up to nine months, although for long-term down cycles a reserve equal to 12 months of the normal budget is being used in some communities.

As labor effort and costs associated with the provision of services fluctuate over time, a significant element in the development of any fee schedule is that it has the flexibility to remain current. Therefore, it is recommended that the City include an inflationary factor in the resolution adopting the fee schedule. It is also recommended that the City perform this internal review annually with a comprehensive review of services and fees performed every three to five years, which would include adding or removing fees for any new or eliminated programs/services.

Full cost recovery may also need to be modified for small applications such as a water heater, deck, or small residential additions. Fees for these types of projects do not cover a large percentage pf the actual costs of service. However, the City also recognizes that providing oversight in these is often of more importance to the community than full cost recovery.

Many communities use a surcharge to fund special long-term improvements to permitting processes. A common practice is to add on a technology fee to pay for hardware/software upgrades. It is recommended that the City adopt a technology fee to help offset information technology costs.

Along with the technology fee, there is a separate recommendation to adopt a document management fee as a means to move away from paper to digital formats. CED's data storage needs are significant. In addition, there more public disclosure requests being filed for planning and building permits.

Finally, this report relates only to processing fees and not impact fees. Lakewood does not charge impact fees, but if it did, impact fees require a different type of analysis, and, therefore, are not a part of this analysis.

III. PROJECT APPROACH & METHODOLOGY

A. Scope of the Study

The scope of this study encompasses a review and calculation of the user fees charged by the following Lakewood departments/divisions:

- Current planning (includes application, plan review, inspections, & permit counter)
- Building (includes plan review, inspections, and permit counter)
- PW (development services and related inspections)

The study involved the identification of existing and potential new fees, fee schedule restructuring (particularly for the building division), data collection and analysis, consultation, and calculation of individual service costs (fees) or program cost recovery levels.

B. Conceptual Approach

The basic concept of a User Fee Study is to determine the reasonable cost of each service provided by the City for which it charges a user fee. The full cost of providing a service may not necessarily become the City's fee, but it serves as the objective basis as to the maximum amount that may be collected. One of the critical methods used to ensure full cost recovery rates was to establish annual productive (or billable) hours for staff. This study reduced the full-time annual hours (2,080) by the non-billable hours, such as holiday, vacation, and sick leave. By using the number of billable hours per employee, the study ensures that allowable costs are recovered during the actual hours of operation of the City.

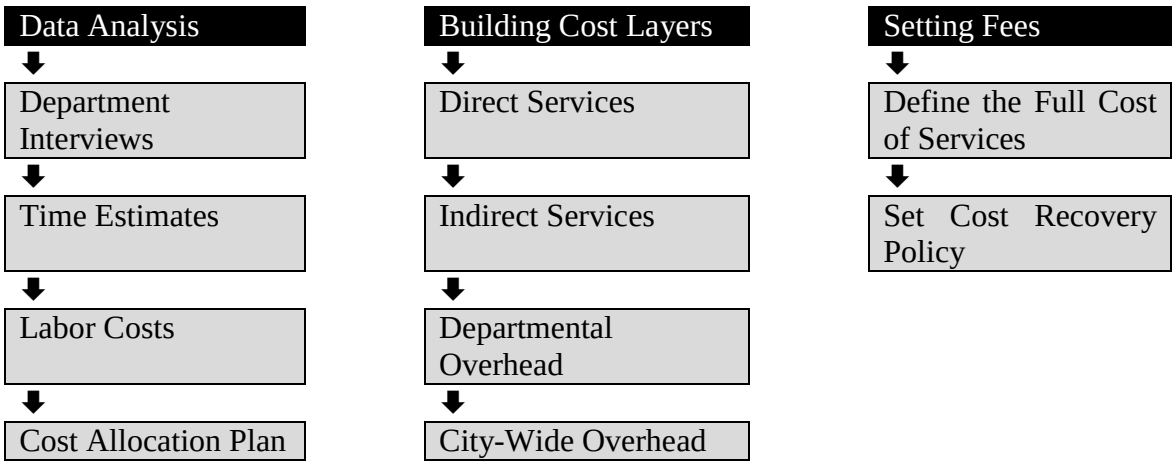
The standard fee limitation is the estimated, reasonable cost principle. In order to maintain compliance with this standard, every component of the fee study process included a related review. The use of budget figures, time estimates, and improvement valuation clearly indicates reliance upon estimates for some data. The cost figures used as the basis for the study were from the Lakewood 2015/16 Adopted Budget.

C. Fully Burdened Hourly Rates

The total cost of each service included in this analysis is primarily based on the Fully Burdened Hourly Rates (FBHRs) that were determined for City personnel directly involved in providing services. The FBHRs include not only personnel salary and benefits, but also departmental overhead costs (operation costs and administration personnel costs) and central services overhead costs. The FBHRs are then multiplied by the average estimated number of hours, or portion thereof, by position, typically needed to complete each service.

D. Summary Steps of this Report

The methodology to evaluate most User Fee levels is straightforward and simple in concept. The following list provides a summary of the study process steps:



E. Allowable Costs

This report identifies three types of costs that, when combined, constitute the fully burdened cost of a service. Costs are defined as direct labor, including salary and benefits, departmental overhead costs, and the City's central services overhead, where departmental and central service overhead costs constitute support costs. These cost types are defined as follows:

- Direct labor: The costs related to staff salaries for time spent directly on fee-related services.

- Departmental Overhead: A proportional allocation of departmental overhead costs, including operation costs such as supplies and materials that are necessary for the department to function.

- Central Services Overhead: These costs, detailed in the City's Cost Allocation Plan, represent services provided by those Central Services Departments whose primary function is to support other City departments. Central Services Departments include finance, information technology, risk management, human resources, the egal department, the city clerk, and the city manager's office.

F. Methodology

The three methods of analysis for calculating fees used in this report are:

Case Study Method: This approach estimates the labor and material costs associated with providing a unit of service to a single user. This analysis is suitable when City staff time requirements do not vary dramatically for a service, or for special projects where the time and cost requirements are easy to identify at the project's outset. Examples include the review and approval of a new single family residential permit (provided it is not adjacent to a creek or a lake), a boundary line adjustment, or the renewal of a general business license. Further, the method is effective in instances when a staff member from one department assists on an application, service or permit for another department on an as-needed basis. Costs are estimated based upon interviews with City staff regarding the time typically spent on tasks, a review of available records, and a time and materials analysis.

Programmatic Approach: The standard Case Study approach relies upon the analysis of specific time estimates, salaries and benefits, expenditures, and overhead costs. In many instances, the underlying data are not available or vary widely, leaving a standard unit cost build-up approach impractical. In addition, market factors and policy concerns (as opposed to actual costs) tend to influence fee levels more than other types of services. Examples of these types of permits include conditional use permits, substantial shoreline development permits, long plats, and comprehensive plan/zoning amendments.

Valuation Based Fees: This manner of collection is used when the valuation of the improvement can be used as a proxy for the amount of effort it would take for City staff to complete the service provided. This approach is commonly used for certain User Fees in the building division.

IV. LAKEWOOD USER FEES

A. Cost Recovery

Table 15 is a summary of the time allocation model to process permits for CED. The percentage of time spent is broken down into two categories: fee supported; and non-fee supported. Certain employee positions have also been exempted from the study including those positions affiliated with the CDBG and SSMCP programs. Some notable trends are worthy of mention. Fifty-nine percent of staff time is spent processing permits with the remainder of the time spent on non-fee related items.

Too much time is spent on business licensing. There are three reasons for this phenomenon: inadequate staff training on the use of the current software system; inadequate numbers of staff (until recently, the inability to fill a permit technician position); and the impact of temporary business licensing at the permit counter.

The time allocation model for the engineering services division within the PW department is different than that of CED. It too is based on a percentage of time spent on permitting; however, in this instance, when public works FTEs are not working on development review, their time is relegated to capital projects.

Table 16 lists the total personnel costs to process permits for both CED and PW. Table 17 calculates CED and development services operating and overhead costs. Table 18 calculates FBHRs.

Based on current staffing levels, the total costs to process development permits within Lakewood is $1,335,373. Table 19 then compares FBHRs to revenues. In sum, the General Fund subsidizes current planning and public works development review services.

Table 15

Development Services Time Allocation

Work Item	% of FTE	Office Assistant	Permit Tech 1	Permit Tech 2	Assistant Planner	Associate Planner	Planning Manager 1	Planning Manager 2	Inspector 1	Inspector 2	Plans Examiner	Building Official	Director	Admin Assistant	Economic Development Manager
		Percentage of Time Spend per FTE													
Development Services															
Fee Supported Activities															
Building Permits (Bld., Plumbing, Mech, etc)															
Review	87%	0%	0%	0%	20%	6%	0%	5%	2%	6%	40%	8%	0%	0%	0%
Inspection	122%	0%	0%	0%	0%	1%	0%	0%	55%	65%	0%	1%	0%	0%	0%
Processing	85%	5%	30%	45%	0%	1%	0%	0%	0%	0%	4%	0%	0%	0%	0%
Land Use Permits - development (BLA, Lot Combo, Plats, etc)	0%														
Review	30%	0%	0%	0%	10%	4%	1%	8%	0%	0%	1%	1%	5%	0%	0%
Inspection	2%	0%	0%	0%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Processing	24%	4%	6%	8%	1%	1%	0%	2%	0%	0%	0%	0%	0%	0%	0%
Land Use Permits - Discretionary (Home Occ., Temp/Cond. Use, etc)	74%	0%	2%	2%	10%	40%	5%	12%	0%	0%	0%	0%	3%	0%	0%
Business Licensing	104%	20%	40%	20%	5%	1%	0%	2%	3%	1%	1%	8%	3%	0%	0%
Counter/phone/email assistance on projects	92%	15%	3%	2%	10%	10%	0%	5%	10%	10%	22%	5%	0%	0%	0%
Fire prevention in conjuction with Fire Marshal Office	20%	0%	0%	0%	0%	0%	0%	0%	8%	4%	2%	6%	0%	0%	0%
Addressing	4%	1%	0%	0%	0%	0%	0%	0%	1%	1%	1%	2%	0%	0%	0%
Pre-applications	22%	1%	1%	1%	5%	5%	0%	2%	0%	0%	4%	2%	1%	0%	0%
Records maintenance and archiving	52%	33%	5%	5%	1%	1%	2%	1%	1%	1%	0%	2%	1%	0%	0%
Sign permits	15%	1%	1%	1%	5%	5%	0%	1%	0%	0%	0%	0%	0%	0%	0%
Ombudsman support	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%
FTE's in fee supported activities	***7.44***	**0.80**	**0.88**	**0.84**	**0.68**	**0.76**	**0.08**	**0.38**	**0.80**	**0.88**	**0.75**	**0.35**	**0.13**	**0.00**	**0.10**
Non Fee Supported Activities															
Departmental Administration	80%	0%	0%	0%	0%	0%	2%	22%	0%	0%	0%	20%	20%	16%	N/A
Counter/Phone/email Assistance (general inquires not related to a project)	84%	5%	4%	6%	20%	15%	5%	5%	5%	5%	10%	4%	0%	0%	N/A
Code development and revision	34%	0%	0%	0%	1%	1%	11%	5%	0%	0%	1%	5%	10%	0%	N/A
General Systems (Permitting, Applications and Brochures)	29%	4%	3%	4%	2%	0%	1%	5%	1%	1%	5%	3%	0%	0%	N/A
Reporting	19%	0%	2%	3%	1%	0%	3%	2%	1%	1%	3%	2%	1%	**0%**	N/A
Abatements	16%	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%	10%	3%	**0%**	N/A
Code Enforcement support/other enforcement actions	26%	0%	0%	0%	1%	1%	0%	5%	8%	3%	0%	5%	3%	0%	N/A
Public Works Permit processing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	N/A
Community Outreach	17%	0%	0%	0%	0%	0%	10%	1%	0%	0%	0%	1%	5%	0%	N/A
Education & Training, Professional Assoc.	16%	1%	1%	1%	1%	1%	2%	2%	1%	1%	1%	2%	1%	1%	N/A
City Council & prepartation of materials	35%	0%	0%	0%	0%	0%	20%	0%	0%	0%	0%	0%	15%	0%	N/A
Committee support (Planning Comm)	40%	0%	0%	0%	0%	0%	15%	0%	0%	0%	0%	0%	10%	15%	N/A
Outside agencies	15%	0%	0%	0%	1%	1%	5%	1%	0%	0%	1%	3%	3%	0%	N/A
General Staff meetings on operations	54%	1%	2%	2%	3%	3%	2%	10%	1%	1%	3%	6%	10%	10%	N/A
Special Projects	36%	0%	0%	0%	2%	2%	15%	4%	0%	0%	1%	4%	5%	3%	N/A
Public Records Requests	16%	9%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	1%	5%	N/A
															N/A
FTE's in non-fee supported activities	***5.2***	**0.20**	**0.12**	**0.16**	**0.32**	**0.24**	**0.92**	**0.62**	**0.20**	**0.12**	**0.25**	**0.65**	**0.87**	**0.50**	N/A
Development Services Total FTE's	***12.61***	***1.0***	***1.0***	***1.0***	***1.0***	***1.0***	***1.0***	***1.0***	***1.0***	***1.0***	***1.0***	***1.0***	***1.0***	***0.5***	

Table 16: Personnel Costs

FTE	Annual Salary w/Benefits	FTE's in Fee Supported Activities	Total Personnel Costs
Current Planning			
Assistant Planner	$ 71,010	0.68	$ 48,287
Associate Planner	$ 107,430	0.76	$ 81,647
Planning Manager 1	$ 120,480	0.08	$ 9,638
Planning Manager 2	$ 103,290	0.38	$ 39,250
Economic Development Manager	$ 117,090	0.10	$ 11,709
Director	$ 166,600	0.13	$ 21,658
Subtotal - Current Planning		**2.13**	**$ 212,189**
Building			
Office Assistant	$ 65,600	0.80	$ 52,480
Permit Tech 1	$ 73,750	0.88	$ 64,900
Permit Tech 2	$ 67,650	0.84	$ 56,826
Inspector 1	$ 99,350	0.80	$ 79,480
Inspector 2	$ 106,600	0.88	$ 93,808
Plans Examiner	$ 103,650	0.75	$ 77,738
Building Official	$ 135,320	0.35	$ 47,362
Subtotal - Building		**5.3**	**$ 472,594**
Public Works Development Services			
Construction Inspector	$ 105,820	0.50	$ 52,910
Assistant Civil Engineer	$ 84,480	0.75	$ 63,360
Associate Civil Engineer	$ 96,520	0.75	$ 72,390
Division Manager	$ 137,300	0.10	$ 13,730
Subtotal - Public Works Development Services		**2.1**	**$ 202,390**
Personnel Costs for Fee Supported Activities		**9.53**	**$ 887,173**

Table 17: Calculation of Operating & Overhead Costs

Description / Department	CED	PW
Operating Cost		
Department operating costs	$ 386,640	$ 650,370
Total number of employees within the department	16	29.5
Operating cost per FTE	$ 24,165	$ 22,046
Number of FTEs assigned to User Fee Study	7.44	2.10
Total operating costs used in the User Fee Study	**$ 179,788**	**$ 46,298**
Overhead Cost		
Administrative Services	$ 190,703	$ 351,608
Legal Services	$ 80,556	$ 148,525
City Manager	$ 39,576	$ 72,968
Risk Management	$ 62,091	$ 114,480
Total Overhead Costs	$ 372,926	$ 687,582
Total number of employees within the department	$ 16	$ 29.5
Overhead cost per FTE	$ 23,308	$ 23,308
Number of FTEs assigned to User Fee Study	7.44	2.10
Total overhead costs used in the User Fee Study	**$ 173,410**	**$ 48,946**

Table 18: Fully Burdened Hourly Rates

Divisions	Total Personnel Costs	Operating Costs	Overhead Costs	Total Burden
Current Planning	$ 212,189	$ 51,471	$ 49,879	$ 313,539
Building	$ 472,594	$ 128,075	$ 123,532	$ 724,200
CED Sub Total	*$ 684,783*	*$ 179,546*	*$ 173,410*	*$ 1,037,739*
PW Engineering Services	$ 202,390	$ 46,298	$ 48,946	$ 297,634
Total	**$ 887,173**	**$ 225,843**	**$ 222,357**	**$ 1,335,373**

Table 19: Comparison of Fully-Burdened Hourly Rates vs. Revenues

Divisions	Total Burden	Revenues	Cost Recovery %
Current Planning	$ 313,539	$55,150	18%
Building	$ 724,200	$822,360	114%
CED Sub Total	$ 1,037,739	$ 877,510	85%
PW Engineering Services	$ 297,634	$74,407	25%
Totals	**$ 1,335,373**	**$ 951,917**	**71%**

It is important to note that in providing services, a number of employees are often involved in various aspects of the process, spending anywhere from a few minutes to several hours on the service.

The principle goal of this study was to identify the cost of City services, in order to provide information to help the City make informed decisions regarding the actual fee levels and charges. The responsibility to determine the final fee levels is a complicated task. City staff must consider many issues in formulating recommendations, and the City Council must consider those same issues and more in making the final decisions.

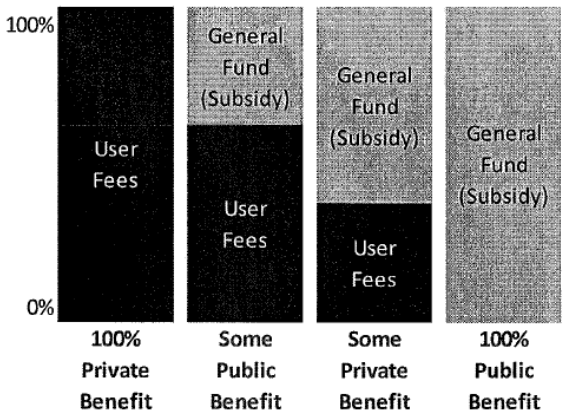
City staff assumes the responsibility to develop specific fee level recommendations to present to the City Council. Unfortunately, there are no hard and fast rules to guide the City Council, since many of the considerations are based on the unique characteristics of Lakewood, and administrative and political discretion. However, in setting the level of full cost recovery for each fee, one should consider whether the service solely benefits one end user or the general community.

B. Subsidization

Recalling the definition of a user fee helps guide decisions regarding subsidization. The general standard is that individuals (or groups) whom receive a wholly private benefit should pay 100% of the full cost of the services. In contrast, services that are simply public benefit should be funded entirely by the general fund's tax dollars. Unfortunately, for the decision makers, a large number of services fall into the range between these two extremes (some planning services). The graphic on the following page illustrates the potential decision basis.

Further complicating the decision, opponents of fees often assert that the activities subject to the fees provide economic, cultural, "quality of life," or other community benefits that exceed the costs to the City. It is recommended the City Council consider such factors during its deliberations regarding appropriate fee levels.

Subsidization can be an effective public policy tool, since it can be used to reduce fees to encourage certain activities or allow some people to be able to afford to receive services they otherwise could not at the full cost. In addition, subsidies can be an appropriate and justifiable action, such as to allow citizens to rightfully access services, (such as appeals of discretionary actions) without burdensome costs.



Despite the intent, it is important for the City and public to understand that subsidies must be covered by another revenue source, such as the General Fund. Therefore, the general taxpayer will potentially help to fund private benefits, and/or other City services will not receive funds that are otherwise directed to cover subsidies.

C. Impact on Demand (Elasticity)

Economic principles of elasticity suggest that increased costs for services (higher fees) will eventually curtail the demand for the services; whereas lower fees may spark an incentive to utilize the services and encourage certain actions. Either of these conditions may be a desirable effect to the City. However, the level of the fees that would cause demand changes is largely unknown. The Cost of Service Study did not attempt to evaluate the economic or behavioral impacts of higher fees; nevertheless, the City should consider the potential impacts of these issues when deciding on fee levels.

D. Summary

If the City Council's overriding goal were to maximize revenues from user fees, then the staff would recommend setting user fees at 100% of the full cost as identified in this report. However, revenue enhancement is not the only goal of a cost of service study, and sometimes full-cost recovery is not needed, desired, or appropriate. Other City and departmental goals, City Council priorities, policy initiatives, past experience, implementation issues, and other internal and external factors influence staff recommendations and City Council decisions. In this case, the proper identification of additional services (new or existing services) and creation of a consistent and comprehensive fee schedule has been a primary objective.

V. PERMIT ANALYSIS

Permit Review includes application processing, current planning, building, and public works development services.

A. Current Planning

Current planning reviews proposed development for compliance with the City's Comprehensive Plan, zoning, and business licensing regulations. The division is also responsible for issuing shoreline, land use and building permits, appeals, SEPA studies, and other associated environmental impact reviews.

The FBHR for current planning, which includes operating and central services costs, is $313,539. Operating costs account for 16 percent of the FBHR. Central services account for 16 percent of the FBHR.

The five-year average for current planning revenues is $55,150.

The cost for responding to public records requests was lower than expected at least within this division.

As it pertains to current planning, the current master fee schedule is cumbersome to use. Some of the fees are below what other surrounding cities charge. The hourly FTE rates are slightly below minimum standards.

B. Building

Building reviews architectural and structural plans for compliance with applicable building, plumbing, electrical, mechanical, and energy codes, and conducts site inspections of buildings under construction to ensure compliance with these codes.

The FBHRs for the building division, which includes operating and central services costs, is $724,200. Operating costs account for 18 percent of the FBHR. Central services account for 17 percent of the FBHR.

The five-year average for building division revenues are $822,360.

Larger commercial/industrial projects underwrite residential permits.

The cost of providing services is determined by establishing a percentage of cost that should to be recovered through building permit fee activity. This cost reflected in the Building Permit Fee table that relates project valuation to determine the fee. Various steps within the Table are set by evaluating the cost to provide the services and are graduated to be equitable. The fees reflect the amount of time and effort the building division spends in providing these permit services.

The current building permit fee schedule contains some built-in modifiers that are difficult to use and creates confusion for clients. Any proposed changes should eliminate these problems and provide a simpler table with fees which are competitive with surrounding jurisdictions.

C. General Findings on Current Planning & Building

Fifty-nine percent of current planning, and the building division staff time is actually spent processing applications of all types. The remainder is spent on client services, committee/ commission/council support, and administration. Operating costs account for 17 percent of the FBHR. Central services account for 17 percent of the FBHR.

Fourteen percent of staff time is spent processing business licenses.

D. Permit Counter Operations

Until very recently, the Permit Counter operated with two permit technicians and one office assistant. The technicians process building, planning, public works, and business license permits. The office assistant directed walk-ins, routed telephone calls, processed temporary business licenses, and performed records maintenance and archiving. While permits were routed to departments for review and approval, no one person was directly responsible to manage or track the status of permits as they are submitted, reviewed, and approved. Unintentionally, permits can get caught in between the cracks of city departments and outside agencies. This problem has been realized for some time, but because of resource issues it has not been addressed, until recently.

In the last month, the office assistant resigned. Rather than fill the position, it was requested and approved by the City Manager that the position be changed to a permit coordinator. The permit coordinator would oversee the day-to-day operations of the Permit Counter, track incoming/outgoing permits, manage workflow, prepare the monthly reports, and act as the primary point person for all aspects of the automated permitting system. The City is currently in the process of filling the position.

Table 15, the Time Allocation Table, does not currently show this position since the changes in personnel and organizational structure are so new. If the office assistant position were deleted from the table and replaced with the permit coordinator, development services costs would increase albeit minimally. Of a greater concern, is the change in duties. Previously, the office assistant handled almost all of the temporary business license applications. With the recent changes in business licensing and a new $60 fee, the numbers of applications have decreased dramatically. Permit technicians now process temporary business licenses. The more significant issue is records management and archiving. Tracking records, given both public disclosure requests and the volume of records, is becoming increasingly difficult. This topic is further addressed under the recommendations section of this report.

E. Public Works

Development services reviews projects for compliance with the City's site development regulations. These regulations include curb, gutter, sidewalk, street trees, driveways, stormwater, street lights, and road improvements.

The FBHR is $297,634. The five-year average for development services revenue is $74,086. The time spent processing development services related applications vary depending on the FTE at either 50 percent to 75 percent. Operating costs account for 16 percent of the FBHR. Central services account for 16 percent of the FBHR.

VI. COST RECOVERY POLICIES

The City has to-date not set policy on cost recovery. As such, it would seem fitting to include a discussion of this topic within this report. Draft cost recovery policies have been outlined below. Should the council wish to adopt these policies or others, it would return for formal adoption at a later date.

A. Ongoing Review

1. Fees will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery.

2. A comprehensive analysis of City costs and fees should be made at least every five years.

B. General Concepts Regarding the Use of Service Charges

1. Revenues should not exceed the reasonable cost of providing the service.

2. Cost recovery goals should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and organization-wide support costs such as accounting, personnel, data processing, vehicle maintenance and insurance.

3. The method of assessing and collecting fees should be as simple as possible in order to reduce the administrative cost of collection.

4. Rate structures should be sensitive to the "market" for similar services as well as to smaller, infrequent users of the service.

5. A unified approach should be used in determining cost recovery levels for various programs based on the factors discussed above.

C. Development Review Programs

The following cost recovery policies apply to the development review programs:

1. Services provided under this category include:
   a. Planning (long and short plats, privately initiated rezonings and comprehensive plan amendments, variances, use permits).
   b. Building and safety (building permits, structural plan checks, inspections).
   c. Engineering (public improvement plan checks, inspections, subdivision requirements, encroachments, right-of-way permits).
   d. Fire plan check.

   Cost recovery for these services should generally be very high. In most instances, the City's cost recovery goal should be 85 percent.

   However, in setting cost recovery levels, the City needs to clearly establish and articulate standards for its performance in reviewing developer applications to ensure that there is "value for cost."

D. Comparability With Other Communities

1. In setting user fees, the City will consider fees charged by other agencies in accordance with the following criteria:

   a. They reflect the "market" for these fees and can assist in assessing the reasonableness of Lakewood's fees.
   b. If prudently analyzed, other agencies fee structures can serve as a benchmark for how cost-effectively Lakewood provides its services.

2. Fee surveys should never be the sole or primary criteria in setting City fees as there are many factors that affect how and why other communities have set their fees at their levels. For example:

a. What level of cost recovery is their fee intended to achieve compared with our cost recovery objectives?
b. What costs have been considered in computing the fees?
c. When was the last time that their fees were comprehensively evaluated?
d. What level of service do they provide compared with our service or performance standards?
e. Is their rate structure significantly different than ours and what is it intended to achieve?

These can be very difficult questions to address in fairly evaluating fees among different communities. As such, the comparability of Lakewood's fees to other communities should be one factor among many that is considered in setting City fees.

VII. RECOMMENDATIONS

FALL 2015

1. Continue to develop and improve upon the online, automated permitting and plan review systems. The recommendation is not a direct topic of the cost recovery report; however, it is integral in establishing greater efficiencies.

2. Related to Recommendation 1, train CED and PW staff on the use of Blue Beam software. Blue Beam software allows the City staff to perform electronic plan review. The use of this system also has benefits in relation to record keeping.

3. Transition the automated permitting system day-to-day operations and maintenance activities from the plans examiner to the permit coordinator. This will allow the plans examiner to concentrate on plan review.

4. Move business licensing (all or part) to another department as well as the location for issuing business licenses (general and temporary). Combining business licensing with development review impacts the ability of CED to concentrate on one of its core functions.

5. Amend the Master fee Schedule as follows:

    a. Amend the Master Fee Schedule and simplify the method by which the City calculates building permit fees. The current method is overly complicated and creates confusion for staff and the public.

    b. Reduce building permit fees for large warehouse/industrial projects. The City is currently charging more for these projects than some of the other surrounding municipalities. The recommendation would be to reduce the fee by about 25 percent under this category.

c. Adjust building permit fees for single family and some commercial uses. Fees would be reduced although in relatively minor amounts.

d. Charge a flat fee for demolition permits. Currently, the City charges a fee based on the value of the debris to be hauled away. This method of calculation substantially increases the permit fee more so than the actual cost of performing the follow-up service. Staff regularly receives criticism from applicants that the City is overcharging.

e. Increase the FTE billable hours from $44 per hour to $51 per hour. City is currently undercharging for some services. The fee adjustment, although minor, would help offset the current subsidy.

JANUARY 2016

7. Prior to the beginning of the year, meet with members of the development community and review the findings and recommendations of the Cost Recovery Report. Thereafter, share those comments with the city council.

8. Based on the Cost Recovery Report and any comments from the development community consider other amendments to the Master Fee Schedule:

a. Increase fire review fees. Fire review is performed by the West Pierce Fire and Rescue based on a contract for service. The contract allows the district to perform fire marshal services, fire plan review and inspections, and fire prevention on behalf of the City. The district collects permit fees and then returns them to the City each January. The amount of the fees will vary based on the level of construction activity for the previous year.

The agreement was last amended in 2006. District personnel, operating and overhead costs have increased since then, necessitating the proposed adjustment in fees. Of further note, the City Council is scheduled to review the fire district contract this August.

b. Incorporate an automatic, annual CPI adjustment.

c. Incorporate a new technology fee. The fee would be used to update the department's permitting systems. The amount of the fee would be 2% for all permit fees. The surcharge would generate about $22,000 annually.

d. Incorporate a new document management fee specific to CED and PW services. The CED department alone is processing about 5,700 permits annually. This number includes building permits, land use permits, and business licenses. Multiply that number by 19 years (years of incorporation) and it equals 108,300 records. Unique to CED and PW is the format/style of the documents. Minus business licensing, all permits contain oversized plans. These plans take up considerable space and are

difficult to archive. The City Hall basement is inundated with rolled plans. It is becoming increasingly burdensome to manage these documents. The department is working on a better way to manage paperwork and would like to move forward with a digital system. A document management fee is recommended, although the exact amount and means of collection have yet to be determined. Staff is also reexamining retention schedules.

e. Increase some planning fees so that they are line with that of surrounding cities (Olympia, Lacey, Tacoma, and Federal Way) and Pierce County and are recovering a higher percentage of costs:

Table 20: Proposed Planning Fee Adjustments

Fees:	From:	To:
Short Plat	$2,200	$3,500
Boundary Line Adjustment	$200	$600
Administrative Use Permit	$400	$1,500
Design Review	$200	$500
Shoreline Substantial Development	$770	$2,300
Shoreline Conditional Use Permit	$1,320	$3,100
Shoreline Exemption	$50	$200
Pre-Application	$150	$200
Request for Written Determination	$50	$150
Tree Removal Permit	$0	$0
Kennel, Pet Shop, Cattery	$0	$500
Comprehensive Plan Amendment	$600	$850
Development Amendment Regulation	$840	$850
Amendment to Shoreline Master Program	$600	$1,800

f. Increase engineering services fees so that they are in line with that of surrounding cities and Pierce County, and are recovering a higher percentage of costs. Right-of-way and street vacation fees would increase. Improvement plan approval and inspection fees would be based on a percentage of the estimated construction value. The exact amount of the fee has yet to be determined.

g. For current planning and development services, use deposit-based fees where they are sensible, and to set a flat fee for more standard and defined fees. Staff would note that Lakewood is a built-out community. The residential development which takes place is either redevelopment or infill. In both cases the cost for development service review is much higher than "greenfield" development. Plats always generate conflict with adjoining property owners. Since incorporation, nearly every preliminary plat is appealed. Each development has special and unique sets of development issues. Road and street improvements usually dominate the discussion. A $5,000 Hearing Examiner bill is not that uncommon. Staff is proposing to increase fees to offset costs where there is a direct benefit to the developer.

10. Adopt a cost recovery policy for CED and PW in the form of a resolution.

To: Mayor and City Councilmembers

From: Heidi Ann Wachter, City Attorney

Through: John J. Caulfield, City Manager

Date: July 27, 2015

Subject: Rental Housing Inspection Program

This is to provide an overview of the transition from the City's current program of rental housing inspection to an enhanced program with attention to current legal requirements. At the Council Retreat on February 21, 2015 this topic was addressed, including reports from both the Legal and Community Development departments, as well as proposed legislation.

The recommended course of action was to repeal portions of the Code at odds with state law and enact legislation to provide for rental housing inspection within legal parameters. Council discussion resulted in the following considerations:

1. The cost of a robust and legally compliant rental housing inspection program;
2. Public Outreach;
3. Potential legal challenges such as lawsuits against the City.

Phase I: Internal Stakeholders

To date, the City has convened key stakeholders from within the City to develop a task list. This group cuts across most City departments, including Community Development (Building Inspector, Permit Counter, Planning), Finance & Administrative Services (IT and GIS), Police (CSRT and CSOs), Legal (both Civil and Prosecution), and Executive (management analysis and communications). After an initial meeting and significant discussion, this group agrees that perhaps the most significant piece of this project is to clearly and consistently articulate why the City is doing this.

The goal of this project is to ensure a standard throughout the City of safe and decent living conditions for everyone who lives in rental housing in the City. From this overarching goal, the group has identified the following areas for research and review:

- Best practices from around the state and nation

    - Bellingham
    - Mountlake Terrace
    - Pasco

- Scope of the program
    - Single family
    - Smaller number of units versus larger/cost to owner
    - Any legal exemptions that preempt City regulation?

- Enforcement flow chart
    - What will the new process look like?
    - Have we provided for all contingencies?

- Specifics of the inspection
    - Who actually performs the inspection?
    - What, if any, role does the City play?
        - Approve inspectors
        - Serve as inspectors

- Potential challenges to the program such as citizen initiative and litigation
    - Potential liability related to notice to the City of uninhabitable conditions

- Public education/orientation component

- Special regulation related to mobile home parks which serve as rental housing

- Issues related to displacement
    - Coordinating social services
    - Potential numbers which could be displaced
    - Requirements of the City in the event of displacement /options/resources required

- Resource needs
    - Implementation versus maintenance
    - Funding options including cost recovery
    - Employees
    - Technology
        - Need for effective data tracking/available off-the-shelf programs

Specific questions have been developed and assigned to explore these topics and develop an understanding of what tools are available to Lakewood's needs. Once the Council reviews the timeline, it will be shared with the Citizen Advisory Boards, including the Planning Commission, Community Services Advisory Board, and the Public Safety Advisory Committee.

This phase can be expected to go into the third quarter of the year and is intended to surface issues prior to public outreach.

Phase II: External Stakeholders

The external stakeholders identified thus far are as follows:

- PSE
- City of Tacoma
- Labor & Industries
- Ethnic minority communities (Korean, Latino)
- Neighborhood Associations
- Service Agencies
- Asian-Pacific Cultural Center
- Chamber of Commerce
- Pierce County Rental Association
- Landlords
- Property Owners
- Property Management Companies
- West Pierce Fire & Rescue

Sometime in the later part of the third quarter outreach will begin, again with attention to research and analysis. Once this group develops the desired program, proposed Code language and a cost analysis report will be finalized.

Phase III: General Public Outreach

The general public outreach phase should begin in 2016 with a communications plan including web, social media and public presentations. This provides time to fine tune the proposed Code language and anticipated resource needs. When the budget process begins in 2016, the plan should be sufficiently developed to address as part of the budget process.

Phase IV: Adoption and Implementation

The ordinance can be adopted in the second half of 2016 with funding to start in 2017. Regular reports should be provided to the City Council to provide feedback on the success of the program.

FLOW CHART RENTAL HOUSING INSPECTION PROCESS

STEP 1: Develop a draft housing inspection ordinance.

↓

STEP 2: Determine how the program is to be funded.

- Does the City subsidize the program using the General Fund?
- Is the City going to create a fee for a special purpose, for example, to cover the general administrative costs of the program and to include possible relocation?
  - How much is the fee?
  - Should the fee be based on the number of units? (This is the standard approach used by other communities.)
- Does the City subsidize part of the program using both the General Fund and special purpose fees?

↓

STEP 3: Determine the number of rental housing units to be inspected. Three possible tracks:

Track 1	Track 2	Track 3
A rental property owner may choose to inspect 100% of the units on the rental property and provide only the certificate of inspection for all units to the local municipality.	A rental property owner may choose to inspect a sampling of the units as follows; ▪ If a rental property has 20 or fewer dwelling units, no more than 4 dwelling units may be selected by the City for inspection, as long as the initial inspection reveals that no conditions exist that endanger or impair the health or safety of a tenant. ▪ If a rental property has 21 or more units, no more than 20% of the units, and up to a maximum of 50 units at any one property, may be selected by the City for inspection, as long as the initial inspection reveals that no conditions exist that endanger or impair the health or safety of a tenant. ▪ If a rental property is asked to provide a certificate of inspection for a sample of units on the property and a selected unit fails the initial inspection, the local municipality may require up to 100% of the units on the rental property to provide a certificate of inspection. ▪ If a rental property has had conditions that	City could agree to a lessor sampling below 20%.

STEP 3: Determine the number of rental housing units to be inspected. Three possible tracks:		
Track 1	**Track 2**	**Track 3**
	endanger or impair the health or safety of a tenant reported since the last required inspection, the local municipality may require 100% of the units on the rental property to provide a certificate of inspection. ▪ If a rental property owner chooses to hire a qualified inspector other than a municipal housing code enforcement officer, and a selected unit of the rental property fails the initial inspection, both the results of the initial inspection and any certificate of inspection must be provided to the City.	

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STEP 4: Develop a schedule for the inspection process. Three possible tracks:		
Track 1 – All at once.	**Track 2 – Break it up into two cycles.**	**Track 3 – Break it up into more than two cycles.**
Initiate a housing inspection process all at once for the entire rental housing community (12,800 units). This would mean that about 20% or **2,560 units** would require inspection. This track is not preferred given resource constraints and the perceived condition of existing apartment units.	(This is the approach that Bellingham took.) One half of the properties would be inspected (6,400 units.) This would mean that about 20% or **1,280 units** would require inspection. Again, this track is not preferred given resource constraints and the perceived condition of existing apartment units.	Break up the housing inspection process into more than two cycles. Under the proposed code, the certificate is good for only three years. So, at any one time, 1/3 of the properties are being inspected, thus, a 3 cycle process would make sense. This equates to about 4,300 units of which about 20% are actually being inspected **(860 units)**. However, there is a concern that given the age of some of the units, and the likelihood of displacement, breaking the inspection process into only 3 cycles may again tax resources. <u>Twenty-nine percent of all rental units are greater than 30 years of</u>

		age. Staff is considering a 5 cycle schedule in which case 512 inspections would occur annually.

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SPECIAL NOTATION: APARTMENT GEOGRAPHY IN LAKEWOOD & NONCONFORMING USES

- Many cities initiate the inspection process based on geography. For example, in Bellingham, those units located on one east side of I-5 were inspected the first year, and the units on the west side of I-5, were inspected the subsequent year. Some of Lakewood's apartment complexes are concentrated in certain locations, and in other areas they are dispersed. The highest concentrations, including mobile home parks, are within the Air Corridor, Lakeview, Springbrook, and Tillicum/Woodbrook. Exactly how these areas are to be inspected over a five-year period or cycle has yet to be determined.

- The apartments and mobile home parks located in the Air Corridor zones are nonconforming uses and/or structures. Routine maintenance and repairs may be performed on a nonconforming use. Improvements and alterations to nonconforming structures are allowed to prevent them from becoming blighted and having detrimental impacts on the surrounding neighborhood.

- The apartments and mobile home parks located in Woodbrook's IBP zone are nonconforming uses and/or structures. Routine maintenance and alterations are again permitted; however, these same properties are also subject to mandatory sewer connections. Connection costs are $3,000 to $7,000 per unit. Couple connection charges with substantial upgrades and apartment property owners may find themselves financially burdened.

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STEP 5: Initiate public outreach. Key points:

- Decide on the numbers and schedule of rental housing units.
- All rental housing properties must possess a valid business license. Currently, many rental housing properties do not possess this license.
- Amend the City's website; include a whole new section which discusses the program.
- Advertise types of rental housing units which are not subject to the housing inspection ordinance.
- Identify/meet with stakeholders.
- Develop forms, FAQ's etc.

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STEP 6: Building Official provides an advisory checklist of items to inspect and a certificate of compliance form. The checklist is based on the requirements contained in RCW 59.18:

FLOW CHART RENTAL HOUSING INSPECTION PROCESS

1. The minimum floor area standards for a habitable room as contained in the Building Code.
2. The minimum sanitation standards as contained in the Building Code.
3. The minimum structural standards as contained in the Building Code.
4. The occupancy standards as contained in the Building Code.
5. The minimum heating standards as contained in the Building Code.
6. The minimum ventilation standards as contained in the Building Code.
7. The minimum electrical standards as contained in the Building Code.
8. The minimum standards for emergency escape window and doors as contained in the Building Code and Fire Code.
9. The requirements for garbage and debris removal as contained in the Building Code.
10. The requirement to provide and test smoke alarms and carbon monoxide alarms as contained in the Building Code.
11. The requirements regarding fire sprinkler or fire alarm systems (if any) required by the Building Code.
12. The requirements regarding passive fire resistive construction components contained in the Building Code.
13. The requirements related to fitness for human habitation as set forth in RCW 59. 18.060.

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STEP 7: Property owner hires qualified inspector (or City building code enforcement officer). In Pasco, WA, apartment owners hire the City to perform the inspections.

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STEP 8: Property inspection process begins with the property owner providing notice to tenants two days prior to the inspection.

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STEP 9: Qualified inspector inspects. A certificate of inspection shall be based upon a physical inspection by the qualified rental housing inspector (or City building code enforcement officer) of the residential housing units conducted not more than 90 days prior to the date of the certificate of inspection.

Track 1	*If the units do not pass the inspection, inspector communicates the reasons for failure to the property owner (and the City?).*	
If the units pass the inspection, the inspector issues a certificate of compliance. The certificate is good for three years.	**Track 2**	**Track 3**

FLOW CHART RENTAL HOUSING INSPECTION PROCESS

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The certificate of compliance is submitted to CED before or at the time the time a business license application is renewed. ↓	Property owner makes repairs. Minor repairs would not require a building permit. Major repairs would require a building permit. ↓	Property owner does not make repairs. ↓
CED maintains certification records.	Repairs are made. ↓	The inspector does not issue a certificate of compliance. ↓
	The inspector issues a certificate of compliance. The certificate is good for three years. ↓	Property owner initiates business license renewal without the certificate, or property ignores licensing process altogether. ↓
	The certificate of compliance is submitted to CED before or at the time the time a business license application is renewed[1]. ↓	City denies business license renewal. City initiates enforcement action as described in the next steps. ↓
	CED maintains certification records.	

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STEP 10/ENFORCEMENT: City initiates action to close the rental housing property.

[1] Inevitably, some property owners will file late renewals. Late renewals are double the license fee. It is expected that during this time, some owners will then make the effort to obtain the certificate of compliance. City should not be "too quick" to close down a business; however, any foot-dragging on the part of the owner impacts workload.

- Property owner and tenants are duly notified.
- Property owner is told that he/she must pay for all relocation costs.
- Property owner has an appeal/review process before hearing examiner.

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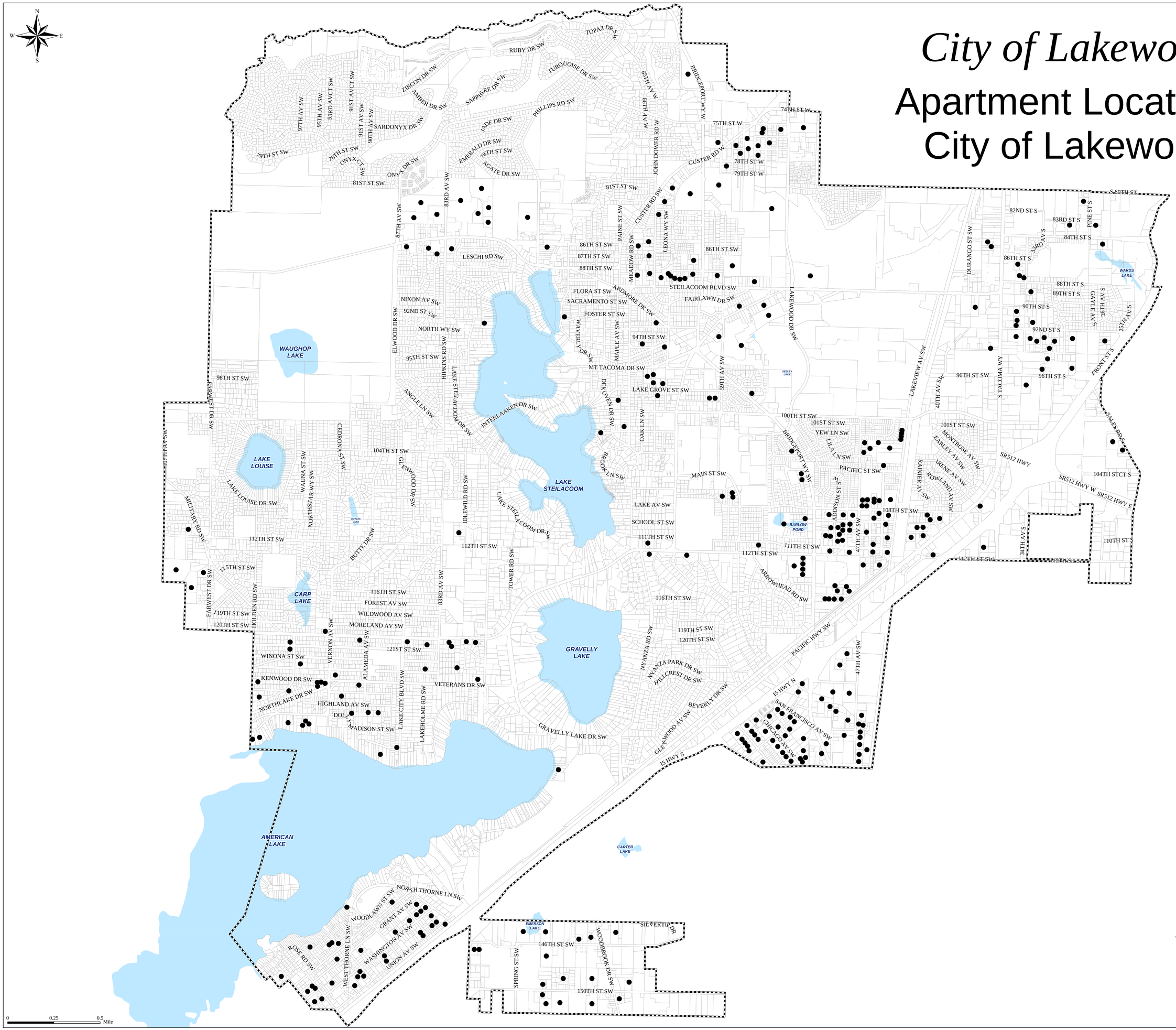
Enforcement process is available along three tracks. Tracks can be separate or comingled depending on the situation.		
Track 1	**Track 2**	**Track 3**
Business Licensing - Denial of license - Rental unit closure	Municipal Court (civil fines & penalties) - $150 per day for the first 10-days - $500 per day after 10-days Municipal Court (criminal charges) - False certifications, etc.	Superior Court - Tenant relocation costs, or - Appeal of hearing examiner action

City of Lakewood

Apartment Locations
City of Lakewood



*Physical Age determined from Pierce County Assessor-Treasurer Data Mart; Improvement Built-As Table. Some improvements have been excluded from analysis. Entities with more than one improvement record show an Average of the Physical Ages.

This product was prepared with care by City of Lakewood GIS. City of Lakewood expressly disclaims any liability for any inaccuracies which may yet be present. This is not a survey. Datasets were collected at different accuracy levels by various sources. Data on this map may be shown at scales larger than its original compilation. Call 253-589-2489 for further information.

Map Date: July 23, 2015 :\projects\Template33x44H2_tas.mxd

To: Mayor and City Councilmembers

From: Tho Kraus, Assistant City Manager/Administrative Services

Through: John J. Caulfield, City Manager

Date: July 27, 2015

Subject: Lodging Tax funding Guidelines – 25% Reserves

Background

Economic Development Manager Becky Newton provided a report on the 2016 Lodging Tax Advisory Committee to the City Council at the July 13, 2015 City Council Study Session.

The purpose of this memo is to address various comments by the City Council regarding the 25% reserves – specifically as to how the reserves are calculated, the amount, and where the funds went.

Attached is a copy of the July 13th City Council Study Session materials and the Lodging Tax Funding Guidelines as approved by the City Council on May 19, 2014.

Lodging Tax Funding Guidelines & Accounting

Per the Lodging Tax Funding Guidelines:

> "The City shall maintain a reserve fund of at least 25% for future capital projects".

Current Accounting:

- Does not accumulate annually, but is rather a one-time reserve which will change annually based on the current year's revenues.

- Set aside 25% of the current year's revenues for future capital projects.
  - $536,113 estimated 2015 revenue X 25% = $134,028

Where the 25% Reserve Funds Went:

- The reserve fund is accounted for in the Hotel/Motel Lodging Tax Fund as an earmark of ending fund balance. The reserves have not been spent.

- The 2015 estimated ending fund balance is $1,112,820 and is comprised of the following:

  - $134,028 reserved for capital

- $281,744 from the accumulated 4% source
- $697,048 from the accumulated 3% source

Note - How the funds can be spent per the Lodging Tax Funding Guidelines which is within RCW 67.28.180 and 67.28.181:

- 4% - Can be used for tourism promotion, or the acquisition of tourism-related facilities, or operation of tourism-related facilities.

- 3% - Can only be used for the acquisition, construction, expansion, marketing, management, and financing of convention facilities, and facilities necessary to support major tourism destination attractions that serve a minimum of one million visitors per year.

Recommendation

The recommendation is that the City Council review the current Lodging Tax Funding Guidelines, specifically the last statement regarding the 25% reserves, and make the necessary revisions to provide clarity.

The current language reads:

"The City shall maintain a reserve fund of at least 25% for future capital projects".

The recommended language options are:

(1) "The City shall maintain a reserve fund of at least 25% of the current year's revenue collection for future capital projects." (recommended practice)

(2) "The City shall accumulate ~~maintain a reserve fund of at least~~ 25% of the current year's revenue collection beginning with year 2014 for future capital projects".

(3) "The City shall set aside ~~maintain a reserve fund of at least~~ 25% of the current year's ending fund balance for future capital projects".

The ending fund balance composition based on the three options above is as follows:

2015 Estimated Ending Fund Balance	Option 1	Option 2	Option 3
Designated:			
Reserved for Future Capital Projects - Year 2014	$ -	$ 139,967	$ -
Reserved for Future Capital Projects - Year 2015	134,028	134,028	278,205
Total Reserved for Future Capital Projects	$ 134,028	$ 273,995	$ 278,205
Undesignated:			
From the Accumulated 4% Source	281,744	201,763	199,357
From the Accumulated 3% Source	697,048	637,062	635,258
Total 2015 Estimated Ending Fund Balance	$ 1,112,820	$ 1,112,820	$ 1,112,820

The lodging tax applications are due by 5:00pm August 13th with the LTAC meeting scheduled for September 16th. It would be helpful to provide numbers that are consistent with the intent of the guidelines to the committee in advance of the meeting.

TO: Mayor and City Councilmembers

FROM: Becky Newton, Economic Development Manager

THROUGH: John J. Caulfield, City Manager

MEETING DATE: July 13, 2015 (Study Session)

SUBJECT: Lodging Tax Advisory Committee (LTAC) 2016

This memorandum provides information on this year's lodging tax program. Beginning September 16, the Lodging Tax Advisory Committee (LTAC) will meet for the purpose of reviewing 2016 applications. The application period begins July 23 and closes three weeks later. LTAC recommendations will be presented to the City Council in the fall of 2015.

Lodging tax is a special excise tax of ***seven percent*** of the sale of, or charge made, for the furnishing of lodging. The tax applies to the sale of or charge made for the furnishing of lodging by a hotel, motel, rooming house, tourist court, or trailer camp.

Four percent of the seven percent tax is restricted and is to be used for tourism promotion, the acquisition of tourism related facilities, or the operation of tourism facilities.

Three percent of the seven percent tax is also restricted, and is to be used for acquisition, construction expansion, marketing, and the management of convention facilities.

Applications are reviewed based on the lodging tax guidelines outlined below.

> **Background:** The objective of the City of Lakewood Lodging Tax Advisory Committee process is to support projects, which encourage eligible tourism and cultural activities and support tourism facilities in Lakewood. The process is reviewed annually and the guidelines are updated in accordance with reported success of existing programs, potential for new programs and changes in state law. A calendar for

the application process will be established but will allow for emerging opportunities as they arise.

Objectives for Hotel/Motel Tax Funds:

- Generate increased tourism in Lakewood resulting in over-night stays at local hotels.
- Generate maximum economic benefit through overnight lodging, sale of meals and goods, and construction of tourism-related facilities.
- Increase recognition of Lakewood throughout the region as a destination for tourism.
- Increase opportunities for tourism by developing new visitor activities.

Allocation Guidelines:

- The City shall seek proposals for funding on an annual basis from organizations seeking to use Hotel/Motel Tax funds for promoting tourism or for acquisition, construction or operation of tourism related facilities.
- Organizations seeking funding must complete an application form.
- The Lodging Tax Advisory Committee shall review the proposals and make recommendations to City Council as to which applications should receive funding.
- The final funding decision will be made by City Council in the form of approval or denial of the recommendation as recommended – no amendments to recommendations will be made by the City Council.
- Once approved for funding an organization must enter into a contract and funding will be provided in quarterly installments or on a reimbursable basis.
- Organizations receiving funding must submit a report at the end of the calendar year.
- $101,850.00 will be paid annually to the Sharon McGavick Student Center through
- 2027 pursuant to the City's agreement with Clover Park Technical College.
- 4% - Can be used for tourism promotion, or the acquisition of tourism-related facilities, or operation of tourism-related facilities.
- 3%- Can only be used for the acquisition, construction, expansion, marketing, management, and financing of convention facilities, and facilities necessary to support major tourism destination attractions that serve a minimum of one million visitors per year.
- The City shall maintain a reserve fund of at least 25% for future capital projects.

Available Funding for 2016: The following table shows projected expenditures based on the lodging tax fund balance beginning in 2015. The table also shows set asides for future capital projects, last year's allocations, and the ongoing support for the McGavick Center.

Balance at 1/1/2015	$1,028,557
Estimated 2015 projected revenue	$536,113
Less 25 percent for future capital projects	-$134,028
Remaining balance	$1,430,642
2015 lodging tax allocations/expenditures {made in 2014}	-$350,000
Remaining balance	$1,080,642
Less 2015 for CPTC McGavick Center support	-$101,850
Remaining balance	$978,792
Funds available under the four percent restricted use category	$281,744
Funds available under the three percent restricted use category	$697,048

Supplemental information is included with this memorandum including the historical lodging tax revenues and expenditures, and the LTAC's Work Plan.

LAKEWOOD LODGING TAX ADVISORY COMMITTEE (LTAC)
2015 SCHEDULE & WORK PLAN

Members
Mayor Don Anderson, Chair
Rebecca Huber
Jackeline Juy
Mario Lee
Phillip Raschke
Linda K. Smith

General Meeting Schedule:

June/July Coordination of September 2015 meeting.
September 2015 1. Review lodging tax grant applications in advance of day-long presentations. 2. Listen to presentations from potential lodging tax grant recipients. Reviews, rates, and makes funding recommendations that are forwarded to the Lakewood Council for their deliberations. 3. Meet on an as needed basis to review lodging tax grant applications for the next year and provide funding recommendations to the Lakewood City Council for their consideration and deliberations.
October 2015 1. Present recommendations to the City Council. 2. Follow up with further review and recommendations as requested by the City Council.

City Council Liaison: Mayor Don Anderson
City Staff: Economic Development Manager Becky Newton

City of Lakewood
Fund 104 - Hotel/Motel Lodging Tax

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 Est
Revenues											
Special Hotel/Motel Tax (5%)	$ 180,041	$ 204,859	$ 298,997	$ 431,145	$ 344,044	$ 400,243	$ 375,170	$ 341,154	$ 383,578	$ 399,904	$ 382,938
Transient Rental Income Tax (2%)	78,602	88,855	82,990	156,789	137,617	160,098	150,069	145,555	153,431	159,962	153,175
Interest Income	15,169	30,940	32,059	18,740	4,796	1,936	2,145	1,074	1,093	1,255	-
Total Revenue	**$ 273,812**	**$ 324,654**	**$ 414,047**	**$ 606,675**	**$ 486,457**	**$ 562,277**	**$ 527,384**	**$ 487,782**	**$ 538,102**	**$ 561,121**	**$ 536,113**
Expenditures:											
Advertise Grant Application Open Periods/LTAC Meetings/Investment Fees	-	-	-	-	-	253	444	291	381	407	-
Lakewood Economic Dept - Program & Personnel	-	-	-	-	64,344	32,869	29,937	35,586	33,978	12,783	-
Asia Pacific Cultural Center (APCC)	-	-	-	-	-	-	10,000	10,000	-	-	2,500
Audubon Washington - Birding Map	-	-	-	-	-	-	-	5,000	-	-	-
Daffodil Festival dba Daffodilians	-	4,400	-	-	-	4,000	4,000	4,000	4,000	-	-
Grave Concerns - Ft Steilacoom Historic Cemetery Brochure/Genealogy	-	-	-	-	-	-	-	2,943	-	-	-
Historic Fort Steilacoom Assoc.	2,000	2,000	2,000	-	3,000	7,000	7,000	6,998	8,000	8,000	6,500
Lakewold Gardens	40,000	31,936	38,855	37,904	38,000	52,986	43,453	45,266	44,195	44,912	40,000
*Lakewood Chamber of Commerce	84,000	68,500	62,000	70,000	73,000	56,446	65,000	80,000	80,000	80,000	78,500
Lakewood Economic Dept - International District Cultural Banners + Road Signs	-	-	-	-	-	-	-	-	12,931	-	-
Lakewood Historical Society & Museum	25,000	50,000	40,000	40,000	36,835	21,060	39,500	39,500	39,500	39,500	33,000
Lakewood Landmarks & Heritage Advisory Board Historical Driving Tour Brochure	-	-	-	-	-	-	-	-	9,968	-	4,500
Lakewood Parks & Rec Dept - Lakewood Farmers Market	-	-	-	-	-	-	-	5,000	9,957	11,440	10,000
Lakewood Parks & Rec Dept - SummerFEST	-	22,550	6,917	9,000	6,986	10,000	11,000	17,000	17,000	15,275	18,000
Lakewood Playhouse, Marketing (2 Capital Impr. in 2013 $20,178.44 & $8,403.86)	-	-	20,000	33,300	37,000	25,000	25,880	24,976	25,000	22,368	22,000

City of Lakewood
Fund 104 - Hotel/Motel Lodging Tax

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 Est
Buxton Co. - Tourism Profile	-	-	-	-	-	-	46,500	-	-	-	-
Lakewood Sister Cities Assn (LSCA) - International Festival (2012 grant was extended to 2013)	-	2,500	3,245	9,000	9,000	3,500	11,998	-	6,000	12,404	10,000
LSCA's Korean Sister City Committee - Soccer Tournament	-	4,168	-	-	-	-	-	-	-	-	-
Northwest Korean Cultural Foundation - International	-	-	-	12,500	10,500	12,500	2,677	-	-	-	-
Northwest Korean Golf Assoc. (Tacoma Korean Golf Assn)	-	-	7,200	10,000	-	-	-	-	-	-	-
Northwest Tae Kwon Do	-	5,000	-	-	-	-	-	-	-	-	-
Dean Paulson Photography - Tourism Photos	-	-	-	-	-	-	-	909	-	-	-
Freelance Graphics - Tourism	-	-	-	-	-	-	-	1,366	-	-	-
South Sound User's Guide - Tourism Guides	-	-	-	-	-	-	-	547	200	-	-
*Tacoma Regional Convention + Visitor Bureau	-	-	24,000	15,500	25,000	35,000	35,000	39,997	45,000	45,000	40,000
*Tacoma South Sound Sports Commission	20,000	20,000	25,000	25,000	25,000	30,000	25,000	35,000	50,000	50,000	40,000
Washington Museum of Military Technology	5,000	-	-	-	-	-	-	-	-	-	-
Lakewood Economic Dept - Promotion & Outreach (FRAUSE, Media Consultant)	-	-	-	-	31,858	-	23,918	24,000	24,000	24,000	10,000
Today in America - Promotional	-	-	-	-	-	-	-	19,800	-	-	-
Lakewood Colonial Center Theater Rehab & Potential Study + Advertising	-	-	-	-	-	20,219	-	-	-	-	-
Lakewood Parks & Rec Dept - Boat Launch Improvements	-	120,000	-	-	-	-	-	-	-	-	-
Lakewood Parks & Rec Dept - Fort Steilacoom Park Barn Feasibility Study	-	-	-	10,000	-	-	-	-	-	-	-
Lakewood Parks & Rec Dept - Fort Steilacoom Park Bleachers/Soccer Goal Posts	-	-	25,902	-	-	-	-	-	-	-	-

City of Lakewood
Fund 104 - Hotel/Motel Lodging Tax

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 Est
Lakewood Parks & Rec Dept - Fort Steilacoom Park Golf Course Feasibility Study + Advertise	-	-	-	-	-	15,113	-	-	-	-	-
Lakewood Playhouse, Building Updates	-	40,000	-	-	-	10,000	9,870	12,500	28,582	-	-
McCament & Rogers - 2009 Hotel Study + 2011 Update	-	-	-	-	43,888	-	14,070	-	-	-	-
Lakewood Parks Gateway Project	-	-	-	-	-	-	-	-	-	-	10,000
Lakewood Parks Waughop Lake Trail	-	-	-	-	-	-	-	-	-	-	25,000
Clover Park Technical College McGavbick Center	-	-	101,850	101,850	101,850	101,850	101,850	101,850	101,850	101,850	101,850
Total Expenditures	**$ 176,000**	**$ 371,054**	**$ 356,968**	**$ 374,054**	**$ 506,262**	**$ 437,796**	**$ 507,097**	**$ 512,530**	**$ 540,542**	**$ 467,939**	**$ 451,850**
Revenues Over/(Under) Expenditure	**$ 97,812**	**$ (46,400)**	**$ 57,079**	**$ 232,621**	**$ (19,805)**	**$ 124,481**	**$ 20,287**	**$ (24,747)**	**$ (2,440)**	**$ 93,182**	**$ 84,263**
Other Sources / (Uses)											
Transfer In from General Fund	496,490	-	-	-	-	-	-	-	-	-	-
Total Net Sources/(Uses)	**$ 496,490**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Beginning Balance	**$ -**	**$ 594,302**	**$ 547,902**	**$ 604,981**	**$ 837,601**	**$ 817,795**	**$ 942,277**	**$ 962,564**	**$ 937,817**	**$ 935,374**	**$ 1,028,557**
Ending Balance	**$ 594,302**	**$ 547,902**	**$ 604,981**	**$ 837,601**	**$ 817,795**	**$ 942,277**	**$ 962,564**	**$ 937,817**	**$ 935,374**	**$ 1,028,557**	**$ 1,112,820**
										Reserved for Capital	134,028
										From 4%	281,744
										From 3%	697,048

** Designated a Tourism Promotion Organization by Washington State*

Transfer In from General Fund: Transfer of lodging tax revenue previously accounted for in the General Fund to the newly created Lodging Tax Fund in 2005. Prior to 2005, lodging tax activity was accounted for in the General Fund.

City of Lakewood
Lodging Tax Funding Guidelines

Background

The objective of the City of Lakewood Lodging Tax Advisory Committee process is to support projects, which encourage eligible tourism and cultural activities and support tourism facilities in Lakewood. The process is reviewed annually and the guidelines are updated in accordance with reported success of existing programs, potential for new programs and changes in state law. A calendar for the application process will be established but will allow for emerging opportunities as they arise.

Objectives for Hotel/Motel Tax Funds:

- Generate increased tourism in Lakewood resulting in over-night stays at local hotels.
- Generate maximum economic benefit through overnight lodging, sale of meals and goods, and construction of tourism-related facilities.
- Increase recognition of Lakewood throughout the region as a destination for tourism.
- Increase opportunities for tourism by developing new visitor activities.

Allocation Guidelines:

- The City shall seek proposals for funding on an annual basis from organizations seeking to use Hotel/Motel Tax funds for promoting tourism or for acquisition, construction or operation of tourism related facilities.
- Organizations seeking funding must complete an application form.
- The Lodging Tax Advisory Committee shall review the proposals and make recommendations to City Council as to which applications should receive funding.
- The final funding decision will be made by City Council in the form of approval or denial of the recommendation as recommended – no amendments to recommendations will be made by the City Council.
- Once approved for funding an organization must enter into a contract and funding will be provided in quarterly installments or on a reimbursable basis.
- Organizations receiving funding must submit a report at the end of the calendar year.
- $101,850.00 will be paid annually to the Sharon McGavick Student Center through 2027 pursuant to the City's agreement with Clover Park Technical College.
- 4% - Can be used for tourism promotion, or the acquisition of tourism-related facilities, or operation of tourism-related facilities.
- 3%- Can only be used for the acquisition, construction, expansion, marketing, management, and financing of convention facilities, and facilities necessary to support major tourism destination attractions that serve a minimum of one million visitors per year.
- The City shall maintain a reserve fund of at least 25% for future capital projects.