



**MONROE CITY COUNCIL**  
**Finance & Human Resources**  
**Committee Meeting**  
Tuesday, December 17, 2019, 4:00 p.m.  
Monroe City Hall, Council Chambers

**2019 Committee**  
Councilmembers  
Patsy Cudaback  
Jason Gamble  
Kirk Scarboro

# AGENDA

**I. Call to Order**

**II. Approval of Minutes** (November 19, 2019) [\[Page 2\]](#)

**III. New Business**

- A. FCS Group – Direct Billing Study (Finance/Community [\[Page 4\]](#) Development)

**IV. Unfinished Business**

- A. None

**V. Other**

**VI. Next Committee Meeting** (January 21, 2020, 5:30 p.m.)

City Severance Policy (Human Resources), Water Station Annual Fee (Finance), Bi-Annual Budget Discussion (Finance), Potential Parks Bond (Finance/Parks)

**VII. Adjournment**



**MONROE CITY COUNCIL**  
**Finance & Human Resources**  
**Committee Meeting**  
Tuesday, November 19, 2019, 5:30 P.M.  
Monroe City Hall, Passport Table

**2019 Committee**  
Councilmembers  
Patsy Cudaback  
Jason Gamble  
Kirk Scarboro

**DRAFT MINUTES**

**I. Call to Order**

A regular meeting of the Monroe City Council Finance & Human Resource Committee was held on November 19, 2019, at the Monroe City Hall Passport Table. The Meeting was called to order by Councilmember Gamble at 5:33 p.m.

Committee Present: Councilmembers Gamble, Scarboro, Cudaback<sup>1</sup>  
Mayor Present: Geoffrey Thomas  
Staff Present: Becky Hasart, Finance Director; Ben Warthan, Human Resources Director, Gina Pfister, Clerical Specialist

**II. Approval Minutes** (Meeting of Tuesday, October 15, 2019)

Councilmember Scarboro moved to approve the Monroe City Council Finance & Human Resource Committee Meeting Minutes of Tuesday, October 15, 2019; the motion was seconded by Councilmember Gamble. Motion carried 2-0.

**III. New Business**

A. Non-Rep Benefits (Human Resources)

Mr. Warthan provided background on the performance-based pay policy for non-represented employees and highlighted the following: performance review schedule, salary range adjustments, limitations, and top of range exceptions. Mr. Warthan answered questions from Councilmember Scarboro.

**IV. Unfinished Business**

A. Republic Services - Recycling/Organics Rate Presentation (Finance)

Guest Presenters:

- Russell Joe, Municipal Relationship Manager, Republic Services
- Bob Bennett, Director of Operations, Republic Services
- Clue Westmoreland, Executive Vice President, Cedar Grove Compost

Mr. Joe read through a PowerPoint presentation and briefed the Committee on the world wide recycling market and its effects on the local economy.

Discussion ensued regarding a potential recycling and organics surcharge to cover regulation change related cost increases. The committee discussed service concerns,

<sup>1</sup> Councilmember Cudaback arrived at 5:43 p.m.

reduced recycle service, and alternative methods including education and outreach efforts.

Ms. Hasart will continue working with Republic Services on possible surcharge distributions. This item will be presented to Council in early 2020.

## **V. Other**

There was no other business discussed.

## **VI. Next Committee Meeting** (December 17, 2019, 4 p.m.)

Agenda Items: FCS Group – Direct Billing Study (Finance/Community Development)

Consensus of the Committee was to meet in January after Council confirms the 2020 Committee appointments.

## **VII. Adjournment**

There being no further business, Councilmember Scarboro moved to adjourn the Tuesday, November 19, 2019, Monroe City Council Finance & Human Resource Committee meeting; the motion was seconded by Councilmember Gamble. Motion carried 3-0.

The meeting adjourned at 6:47 p.m.



**MONROE CITY COUNCIL**  
**Finance & Human Resources Committee Meeting**  
**Tuesday, December 17, 2019, 5:00 P.M.**  
**Agenda Bill**

**2019 Committee**  
 Councilmembers  
 Jason Gamble  
 Kirk Scarboro  
 Patsy Cudaback

<b>SUBJECT:</b>	<b><i>FCS Group Introduction to Planning Fee Cost of Service Study</i></b>
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<b>DATE:</b>	<b>DEPT:</b>	<b>CONTACT:</b>	<b>PRESENTER:</b>	<b>ITEM:</b>
12/17/19	Community Development & Finance	Ben Swanson	Ben Swanson Becky Hasart	New Business A

**Discussion:** 09/17/2019  
**Attachments:** 1. PowerPoint – Development Fee Cost of Service Study Initial Results

**REQUESTED ACTION:** Provide policy direction to City and FCS staff for consideration of at the January 21, 2020, regular study session.

**POLICY CONSIDERATIONS**

*RCW 82.02.020 allows cities to collect fees "...from an applicant for a permit or other governmental approval to cover the cost...of processing applications, inspecting and reviewing plans, or preparing detailed statements..." The policy decision which will eventually come before the Council is at what level the Council wants to recover the costs associated with these services.*

**DESCRIPTION/BACKGROUND**

The purpose of this meeting is to review the preliminary results provided by FCS Group and provide policy direction to City and FCS staff for consideration of at the next City Council regular study session.

The City of Monroe Community Development and Public Works Departments administer the City's development regulations for zoning, subdivisions, shoreline management, environmental review, and concurrency management. The Departments initiated a cost-of-service study to determine the full cost to provide related planning fee services and potentially adjust the current fees charged for these services to improve the program's cost recovery.

**Study Objectives:**

1. Conduct a cost-of-service study for the individual planning fee services provided by the City's Planning Review Group. The fee study will not include fee services administered by the Building Division (e.g., building permits, inspection, and plan review).
2. Identify the current cost recovery levels for the individual planning fees and for the overall Planning Review Group.
3. Evaluate changes to the planning fee structure to improve cost recovery levels.



# City of Monroe Finance Committee



## Development Fee Cost of Service Study Initial Results

December 17<sup>th</sup>, 2019  
Matt Hobson, Project Manager





# **Presentation Overview**

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- ◆ **Overview**
- ◆ **Summary of Results**
  - Cost Recovery Discussion
- ◆ **Comparative Fee Survey**
- ◆ **Key Policy Issues**
- ◆ **Next Steps**



# What costs can be recovered?

## Legal authority for setting fees

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

## Recoverable costs

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

## Examples of costs that cannot be recovered

- Comprehensive long-range planning
- Code enforcement

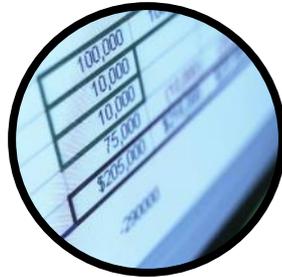
# Key Study Steps

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## **Cost of Service Analysis**

*What does it cost the City to provide planning fee services?*



## **Cost Recovery Analysis and Policy**

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



## **Fee Design**

*How can the City structure the fees for these services?*



## **Fee Survey**

*How do current and proposed fees compare to comparable jurisdictions?*

# Interviews With City Staff

Direct Non-Permitting Activities

Direct Permitting Activities

Indirect Activities

Code Enforcement

Citywide Capital Projects

Long-Range Planning

Land Use Permits

Public Works Permits

Customer Service

General Administration

Land Use Applications (50)

Rights-of-Way (10)

Grading (12)

Design Engineering (9)

Other Fees (15)

*Note: building, plumbing, and mechanical permits were not included in this study*



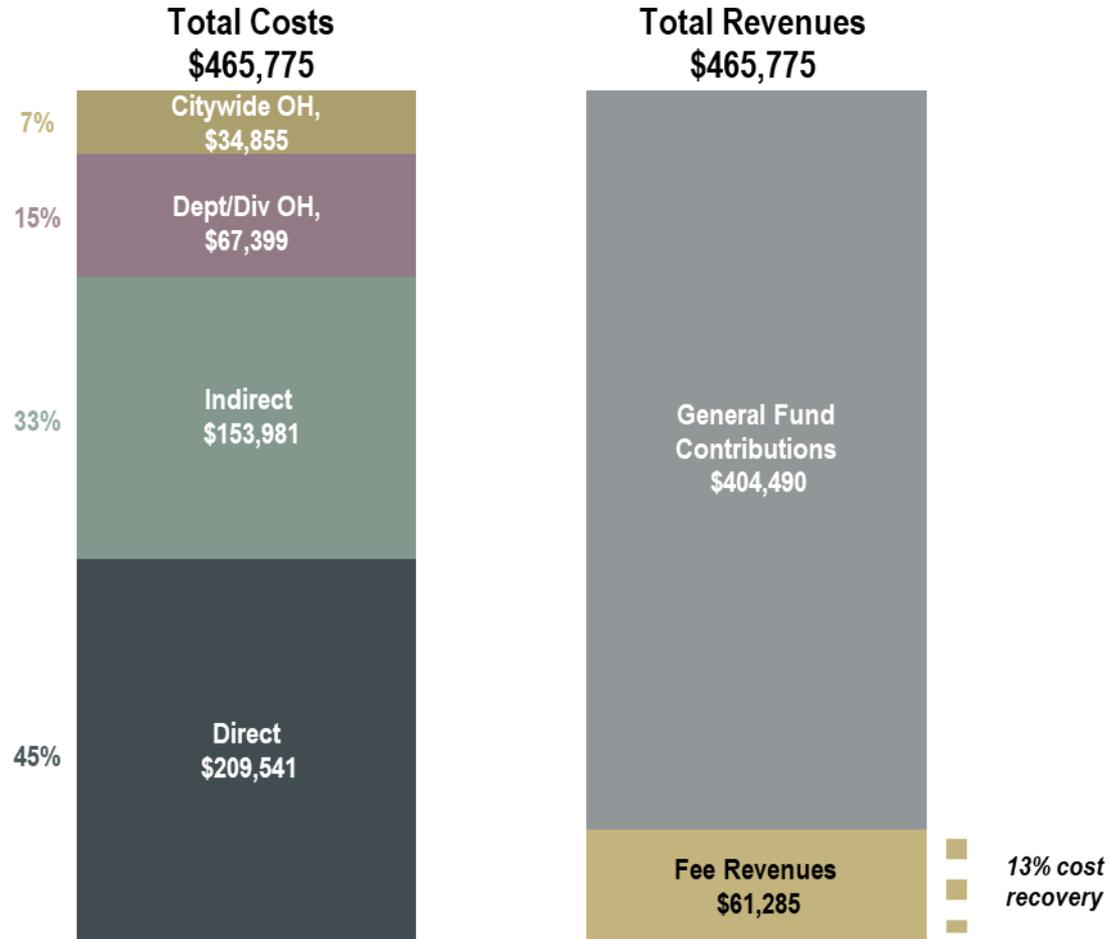
# Planning Cost of Service (2018)

- Employee hourly rate includes portion of indirect, non-labor costs

<i>Planning Services</i>		Annual Cost Components		Total Costs	% of Total Costs
		Labor Costs	Non-Labor Costs		
Direct Costs	Total Direct Services	\$ 204,288	\$ 5,253	\$ 209,541	45%
	<b>Subtotal Direct Costs</b>		<b>\$ 204,288</b>	<b>\$ 5,253</b>	<b>\$ 209,541</b>
Indirect Costs	Public Info & Cust. Svc.	\$ 86,664	\$ 2,364	\$ 89,027	19%
	Training & Certification	11,209	290	11,499	2%
	General Admin & Mgt	40,333	962	41,295	9%
	Breaks	11,826	334	12,160	3%
<b>Subtotal Indirect Costs</b>		<b>150,032</b>	<b>3,949</b>	<b>\$ 153,981</b>	<b>33%</b>
Overhead Costs	Department Administration OH - Fee Related	\$ 43,083	\$ 24,315	\$ 67,399	14%
	Citywide OH - Fee Related	-	34,855	34,855	7%
<b>Subtotal Overhead Costs</b>		<b>\$ 43,083</b>	<b>\$ 59,170</b>	<b>\$ 102,253</b>	<b>22%</b>
<b>Loaded Hourly Rate</b>		<b>\$ 124.50</b>	<b>\$ 21.42</b>	<b>\$ 145.92</b>	<b>100%</b>
<b>Total Planning Services Costs</b>		<b>\$ 397,403</b>	<b>\$ 68,372</b>	<b>\$ 465,775</b>	<b>100%</b>

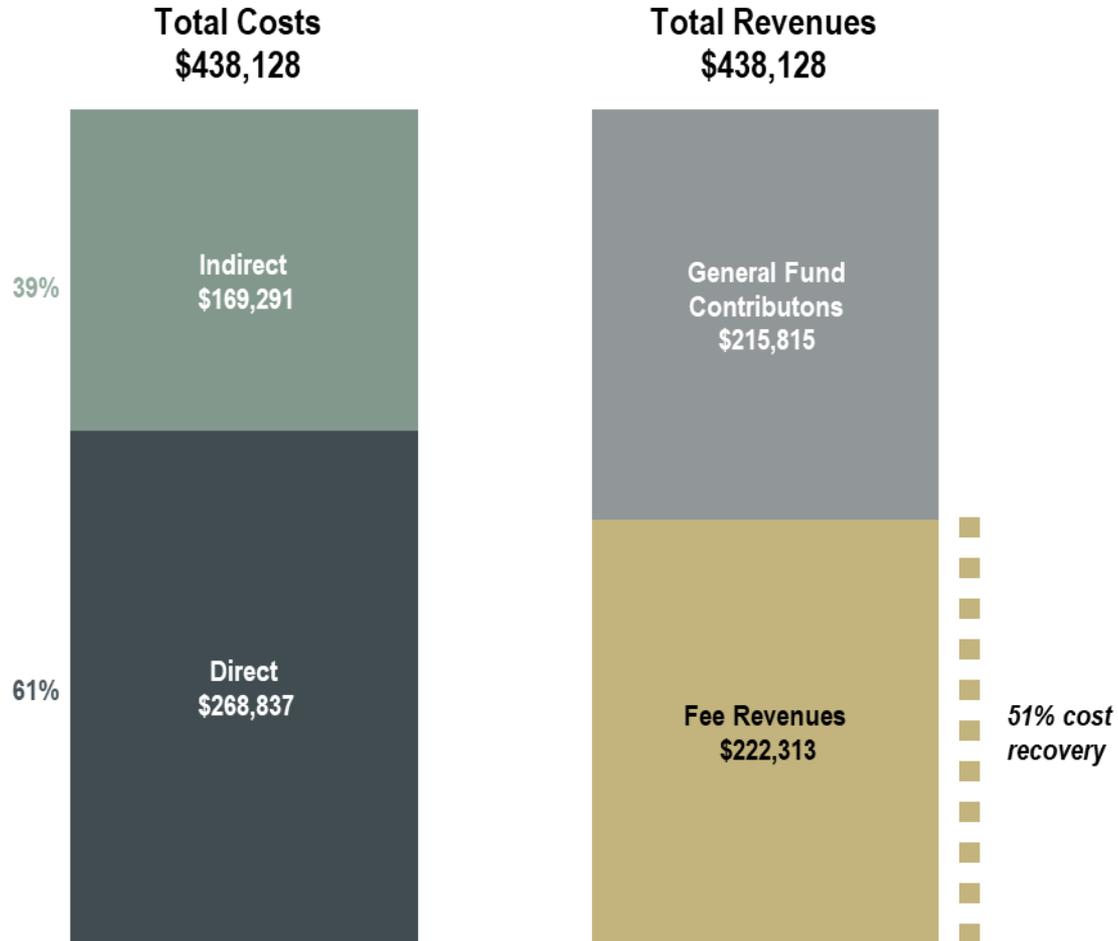


# Existing Overall Cost Recovery - Planning





# Existing Overall Cost Recovery – Public Works





# Legal Guidance of Cost Recovery

- ◆ **State law is ambiguous regarding whether individual fees or overall program revenues need to be at cost of service**
  - Charging a permit applicant for the exact cost of service would likely require the City to charge each applicant on an hourly basis
  - Most cities in Washington assess a fixed fee for many land use applications

*City Administrative Requirements Increase*





# Study Results: Cost Recovery

- ◆ Study analyzed over 100 existing and new fees

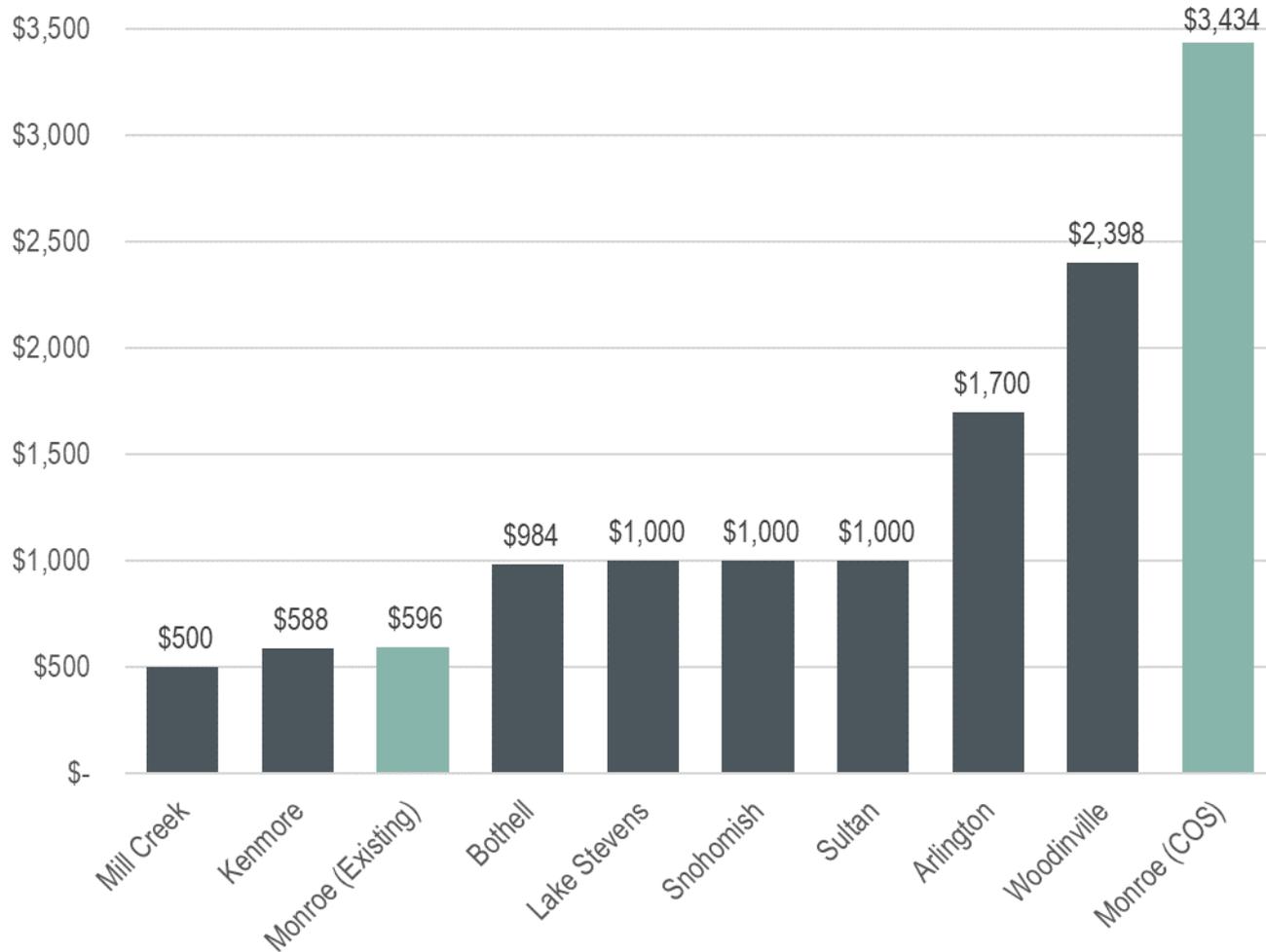
	Planning	Public Works
Fees Reviewed	56	46
Consolidated Fees	6	8
Fees Above Cost of Service	1	19
Overall Cost Recovery Level	13%	51%
Average Cost Recovery Level	20%	113%*

*Note: Cost Recovery Level excludes fees not currently being charged, fees charged hourly*

*\*Many Public Works Grading fees have a relatively high cost recovery rate but do not generate as much revenue as Right-of-Way or Construction fees. As a result, the average cost recovery rate of individual fees is higher than the overall cost recovery level for Public Works services.*



# Fee Survey: Boundary Line Adjustment



Note: Duvall's fees are assessed on an hourly basis

Kenmore, Bothell, Snohomish, Sultan, and Woodinville assess an additional charge for excessive plan re-submittals

Monroe 25% COS: \$859

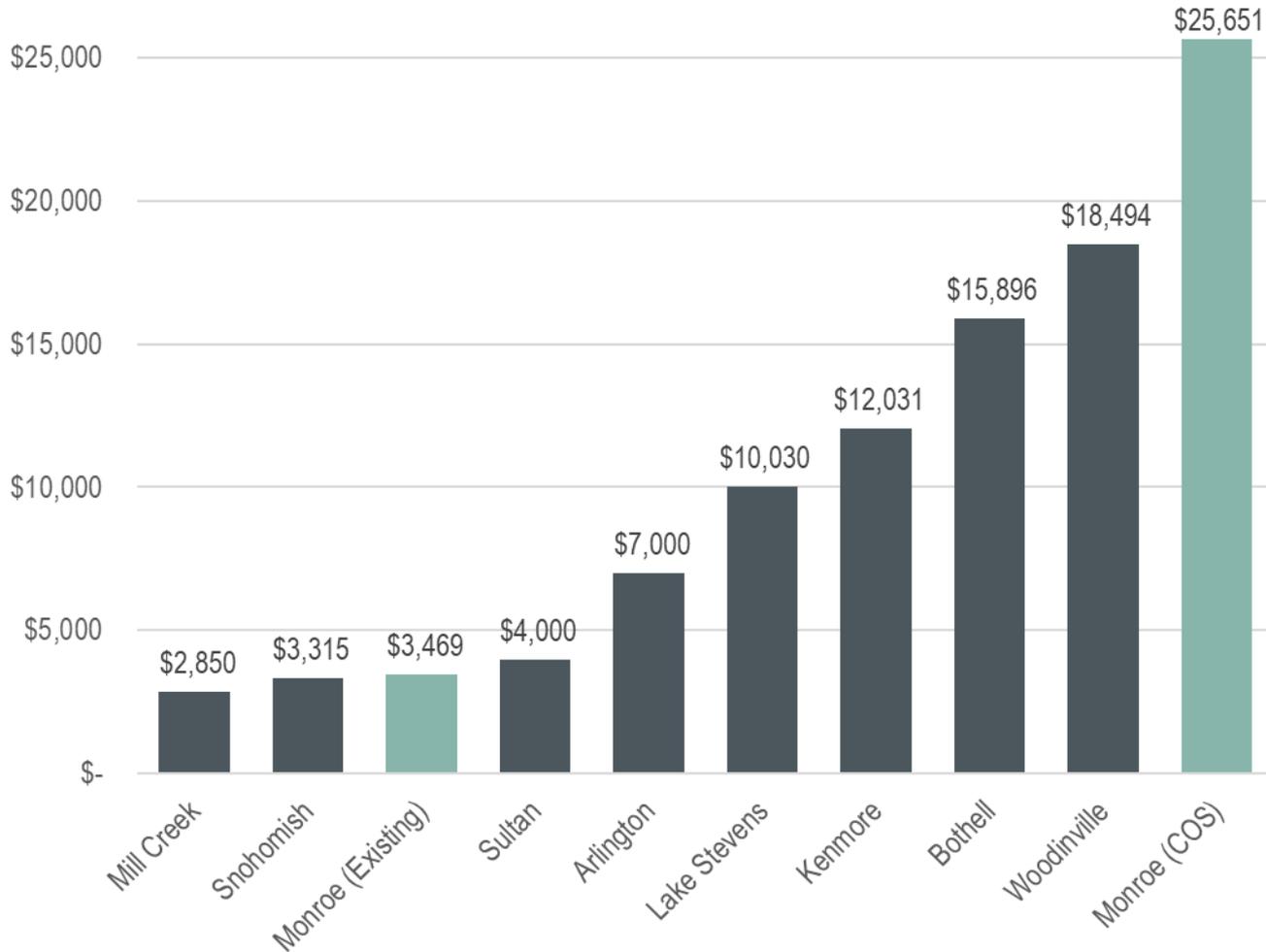
50% COS: \$1,717

75% COS: \$2,576

100% COS: \$3,434



# Fee Survey: Preliminary 10-Lot Subdivision



Note: Duvall's fees are assessed on an hourly basis

Kenmore, Bothell, Snohomish, Sultan, and Woodinville assess an additional charge for excessive plan re-submittals

Monroe 25% COS: \$6,413

50% COS: \$12,825

MCC F/HR Agenda Packet 12/17/19

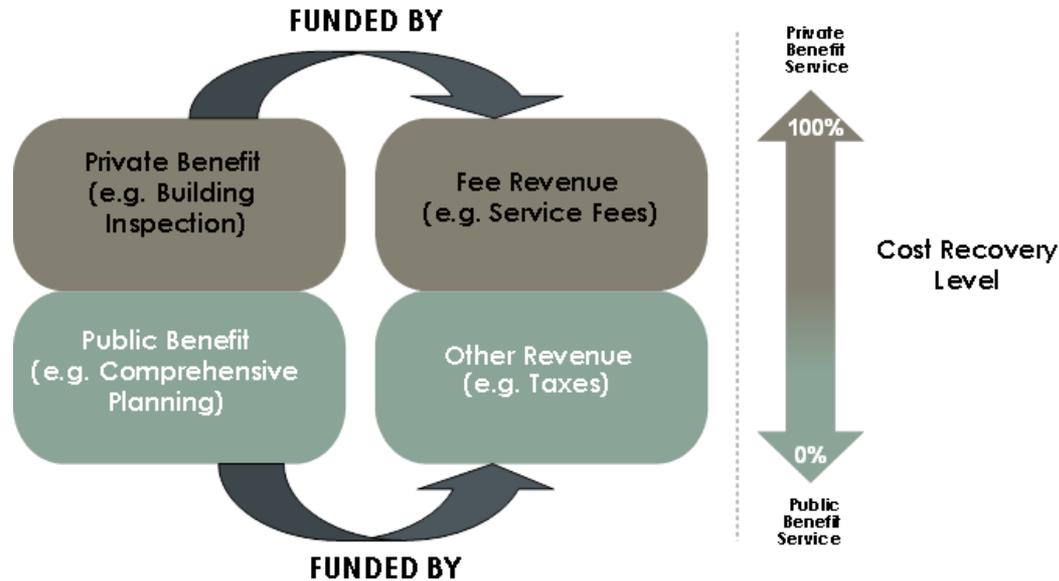
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75% COS: \$19,239

100% COS: \$25,651



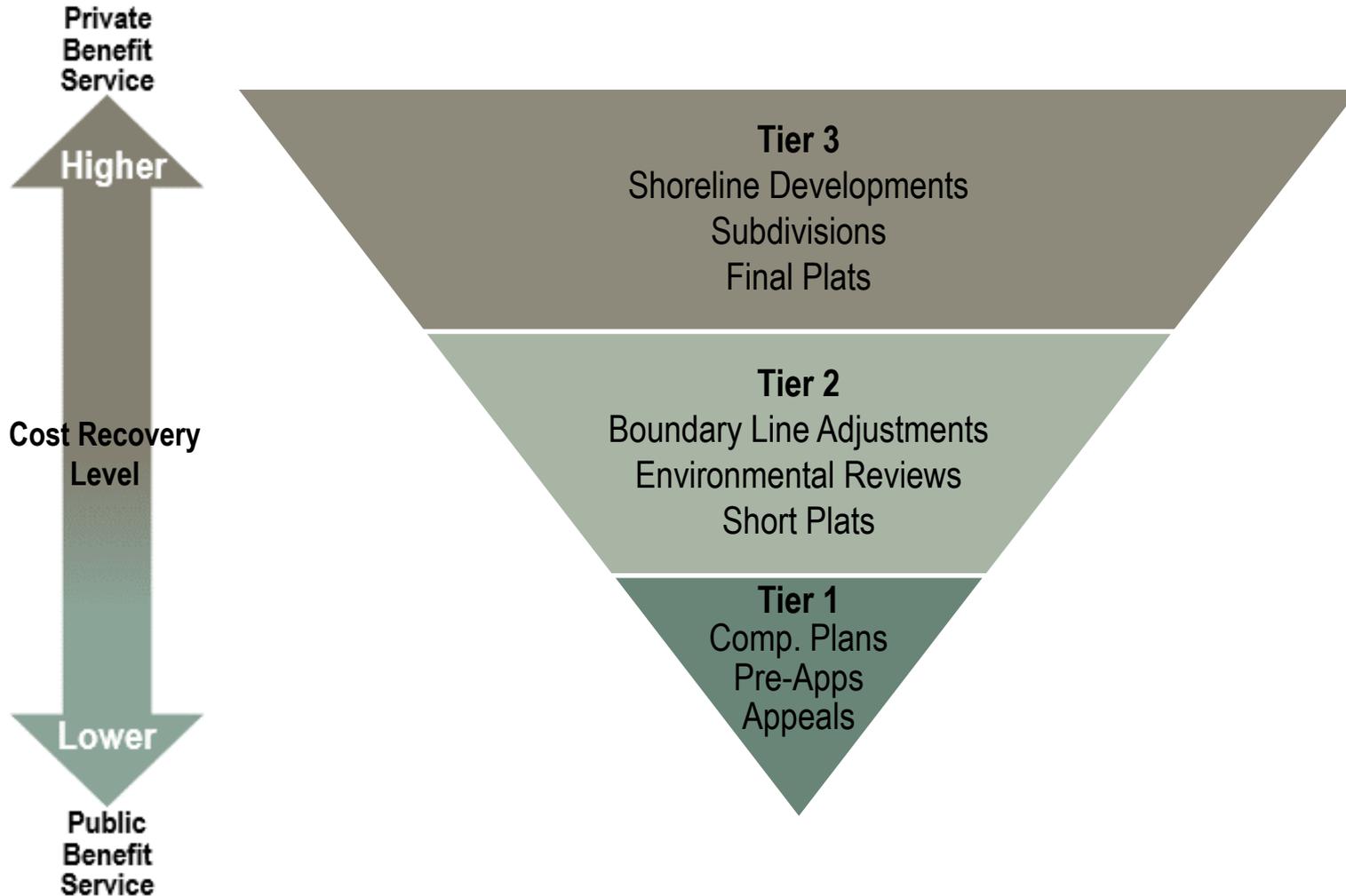
# Key Cost Recovery Policy Issues



- ◆ Is it feasible to set fees at the calculated level?
- ◆ Will increasing fees result in compliance or public safety problems?
- ◆ Can the market bear the fee increases?
- ◆ Do adjustments in fees adversely affect other City goals?
- ◆ Are there feasible process changes that might bring costs into better balance with revenues?
- ◆ Does the City have the administrative/billing capabilities to assess the fee at cost of service?



# Setting Appropriate Cost Recovery Level





## Next Steps

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- ◆ **Cost recovery policy**
  - Fees based on cost of service?
  - Confirm framework for cost recovery tiers
  - Staff reviewed study results and will recommend cost recovery tier for fees
  
- ◆ **Study results and fee recommendations to be presented at City Council meeting in January 2020**
  - Staff requesting Council action of 2020 fee resolution



# Questions

**Matthew Hobson**  
Project Consultant  
matthewh@fcsgroup.com

Contact FCS GROUP:  
**(425) 867-1802**  
**www.fcsgroup.com**





# Public Works Fee Cost of Service (2018)

<i>Public Works Services</i>		Annual Cost Components		Total Costs	% of Total Costs
		Labor Costs	Non-Labor Costs		
Direct Costs	Total Direct Services	\$ 268,837	\$ -	\$ 268,837	61%
	<b>Subtotal Direct Costs</b>	<b>\$ 268,837</b>	<b>\$ -</b>	<b>\$ 268,837</b>	<b>61%</b>
Indirect Costs	Public Info & Cust. Svc.	\$ 34,695	\$ -	\$ 34,695	8%
	Training & Certification	27,607	-	27,607	6%
	General Admin & Mgt	80,657	-	80,657	18%
	Breaks	26,333	-	26,333	6%
<b>Subtotal Indirect Costs</b>		<b>169,291</b>	<b>-</b>	<b>\$ 169,291</b>	<b>39%</b>
Overhead Costs	Department Administration OH - Fee Related	\$ -	\$ -	\$ -	-
	Citywide OH - Fee Related	-	-	-	-
<b>Subtotal Overhead Costs</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Loaded Hourly Rate</b>		<b>\$ 96.02</b>	<b>\$ -</b>	<b>\$ 96.02</b>	<b>100%</b>
<b>Total Public Works Services Costs</b>		<b>\$ 438,128</b>	<b>\$ -</b>	<b>\$ 438,128</b>	<b>100%</b>



# Summary of Fee Services

Fee Service (Planning)	Avg. Processing Time (hrs)	Avg. Existing Fee	Avg. Cost of Fee Service	Avg. Current Recovery Level
Boundary Line Adjustments	20.25	\$ 376	\$ 2,887	12%
Conditional Use Permits	61.00	1,425	8,546	17%
Shoreline Fees	47.67	1,709	6,836	26%
Subdivisions	43.44	764	6,172	17%
Environmental Review	31.19	661	4,470	15%
Administrative Design Review	10.00	150	1,481	10%
Annexation Petition	231.75	713	31,483	2%
Comprehensive Plan Amendments	78.25	1,353	12,228	11%
Other Fees	26.50	503	3,321	38%

Fee Service (Public Works)	Avg. Processing Time (hrs)	Avg. Existing Fee	Avg. Cost of Fee Service	Avg. Current Recovery Level
Grading Permit Plan Review	5.11	\$ 1,125	\$ 549	224%
Grading Permit Inspections	9.33	704	1,029	72%
Rights-of-Way	2.83	259	316	83%
Construction Plan Review	14.69	1,383	1,725	81%
Construction Inspections	45.50	1,938	4,989	39%
Other Fees	2.92	376	310	96%