



Community Development

2025 NE Kresky Avenue
Chehalis WA 98532

Date: October 12, 2023

To: Board of County Commissioners
Citizen's Budget Advisory Committee

CC: Ryan Barrett, County Manager
Becky Butler, Budget Administrator

From: Lee Napier, Community Development Director

RE: Community Development 2024 Budget

Introduction

The purpose of this memo is to provide the Citizen's Budget Advisory Committee with an overview of Lewis County Community Development and the department's budget, as well as a summary of why a fee increase is requested to ensure transfer in from General Fund does not exceed 2023 levels.

Community Development's mission is to ensure growth and development occurs in a manner that protects public health, safety, and welfare, supports community prosperity, sustains natural resources, and preserves the quality of life enjoyed by citizens and visitors of Lewis County, Washington. The department employs 17 staff in three divisions: Planning, Building and Administrative. In Attachment A, Organizational Chart, there are seven frozen positions. At this level of staffing, Community Development is able to provide great service daily through timely permit review and inspections. A reduction in staffing would likely result in delays in issuing permits.

Community Development's budget includes three primary components that are discussed in detail below. A summary of the three components is:

1. Fee Schedule – Community Development charges fees for permits and those fees cover the cost of staff processing those permits. Collected building permit fees cannot be used for administrative or planning expenses.
2. Fund Balance – When larger projects occur, like the Wind Farm, any additional revenue is saved in a "reserve." The reserve is used to cover permit processing expenses beyond what is collected through the fee schedule. The fund balance cannot be used for administrative or planning expenses.

3. General Fund Transfer In – General Fund is transferred in to pay for administrative and planning expenses and may be used to cover permit processing expenses beyond what is collected through the adopted fee schedule.

Fee Schedule

When a person applies for a permit through the Community Development Permit Center, they are charged a fee based on the annually adopted fee schedule. The fees are used to fund staff time processing each permit. This includes staff time intaking the permit, determining the information is complete, reviewing plans, evaluating the proposal against applicable codes, and inspecting construction projects. The goal is to charge fees that perfectly cover staff time processing each permit; however, projects can vary greatly and thus staff time varies as well.

The last major schedule fee increase for Community Development was in 2017. A copy of the current adopted Schedule of Fees can be found [here](#). Since then, the department has seen a significant increase in operating expenses related to necessary daily operations and a decrease in revenue from fees during 2023. Attachment B shows a comparison between expenses vs revenue from 2003 through 2022. The overall trend of Fund 121 over the last 10 years, has been a steady increase in expenses and since 2019 insufficient incoming revenue to cover operating expenses.

Building permit fees cannot be used to fund planning activities. For example, the Comprehensive Plan Periodic Update cannot be funded by fees. Fees also cannot fund administrative expenses.

Fund Balance

Community Development has a fund balance, or a reserve. The revenue for the fund balance comes from larger projects, such as the Wind Farm, and larger construction projects such as the Benaroya Warehouse. The revenue remaining after processing those permits is set aside in a reserve.

The fund balance exists for two primary reasons. First, year-over-year there are many permits that are begun but not finished. Going back to 2018, there are over 1,600 permits that have not been finished. The permit fees are collected at intake or at time of issuance; however, additional work without the benefit of additional fees is required until the project receives final approval, which could span into the preceding year(s). The second, third, fourth years of work get paid for by using the fund balance.

Second, the fund balance exists to assist in retaining staff during an economic downturn. When the economy slows down and fewer people are doing projects thus not getting permits, fees drop off. This could result in laying off employees. Employees have been trained, using county dollars, to do their job and they have institutional knowledge and relationships with customers that are invaluable. To retain these employees through slow economic times, the

fund balance is used. The goal is to be able to fund Community Development's Building Division for three years, which means holding a reserve of \$2.4M in the fund balance.

Attachment B shows the change in the fund balance from 2003 through 2022. Until 2017, when the fees were last increased, the fund balance was significantly depleted. Larger projects (e.g., Skookumchuck Wind Turbin, Winlock Lowes Distribution Center, Cardinal Glass) were used to replenish the reserve and in 2017 fees were increased. The current fund balance is \$2.5M, which includes the three-year reserve and \$122,000 to cover outstanding year-over-year permits.

Because the fund balance is generated by fees collected, the fund balance cannot be used for planning or administrative expenses.

General Fund Transfer In

A transfer in from the General Fund is used to pay for planning and administrative expenses or permit processing expenses after respective fee revenue is depleted. Planning expenses (both long range and current) include updates to the development regulations, UGA amendments, Comprehensive Plan Periodic Update and development permit reviews. The Packwood Subarea Plan and Onalaska Subarea Plan are both General Fund expenses. Administrative expenses include the director, office manager, administrative staff and a portion of the Permit Center that is not fee-supported.

If fees are fully expended during a given year and the fund balance is depleted down to the three-year reserve, then Community Development would request a General Fund transfer in to cover the remainder of expenses for all department operations. Attachment B shows the General Fund transfer in from 2003 through 2022 and that it has been increasing since 2017 when the last fee increase was approved.

Board of County Commissioner 2024 Direction

The BOCC, recognizing potential budgetary challenges, has directed General Fund Departments to adjust expenditures down to the 2022 year-end expenditures. This directive does not necessarily apply to Community Development, based on Community Development being a Special Revenue Funded Department; however, staff take great consideration to the budget and continuously find process improvements to provide great service daily.

Community Development Fee Increase Request

For Community Development, the 2024 General Fund transfer in is likely to exceed 2023 levels without a fee increase. Community Development's 2024 primary operating expenditure is projected to increase by \$264,008, as detailed in the preliminary budget for Fund 121. The primary expense increase to the department budget is related to the BOCC pre-approved

employee Benefits & COLA's (7%), as well as preliminary Interfund Service Rate (ISF) (14%) increases (see Attachment C).

To offset expenditure increases and maintain the 2023 current General Fund transfer in, Community Development seeks BOCC, and the Advisory Committee's, support of the following proposal to increase the amount of revenue collected from building permit fees and reduce the gap in operating expense cost overages, as well as maintain or reduce the amount of funds transferred in from the General Fund to cover said expenses.

For building permit review, Community Development recommends increasing the cost per square foot valuations by 25%. This increase would result in an estimated 15% revenue increase in building permits for 2024.

The current cost per square foot valuation was adopted in 2017 and is \$73.23. This amount is insufficient to cover the increase costs associated with building permit review and inspections, including the cost of gas and vehicle maintenance, Interfund Service Rates, which increased by an estimated \$42,000 (14%) as well as employee benefits and COLAs by an estimated increase of \$71,000 (7%).

The current valuation of \$73.23 is the lowest cost per square foot valuation as compared to the following counties (from highest to lowest): Cowlitz, Yakima, Skamania, Thurston, Pacific and Lewis (see Attachment D, Permit Cost Comparison). By increasing the cost per square foot valuation by 25%, from \$73.23 to \$91.54, the building permit revenue has the potential to increase by 15%. For example, in 2022, applying this increase would have resulted in an additional building department revenue of \$227,609.27. For 2023, through August, that number would be an additional \$125,325.41. Even with the increase, Lewis County cost per square foot valuation is still less than four of the above-mentioned counties, except Pacific.

Attachment E shows how the cost per square foot valuation would show up in the fee schedule. In the example fee schedule, the red text is the 2023 valuation and the black text is the 2024 valuation with the increase. Attachment F shows how the fee crease would impact a typical single family residential new build in Lewis County. The fee increase would increase the cost to build a new single family home by \$461, which is less than 1% of the total cost to build. Please note, the information in the table comes from the Rural Housing Alternatives Industry Stakeholder Group and details are available online at https://lewiscountywa.gov/documents/12285/2023-09-26_RHA_ISG_Results_FINAL.pdf

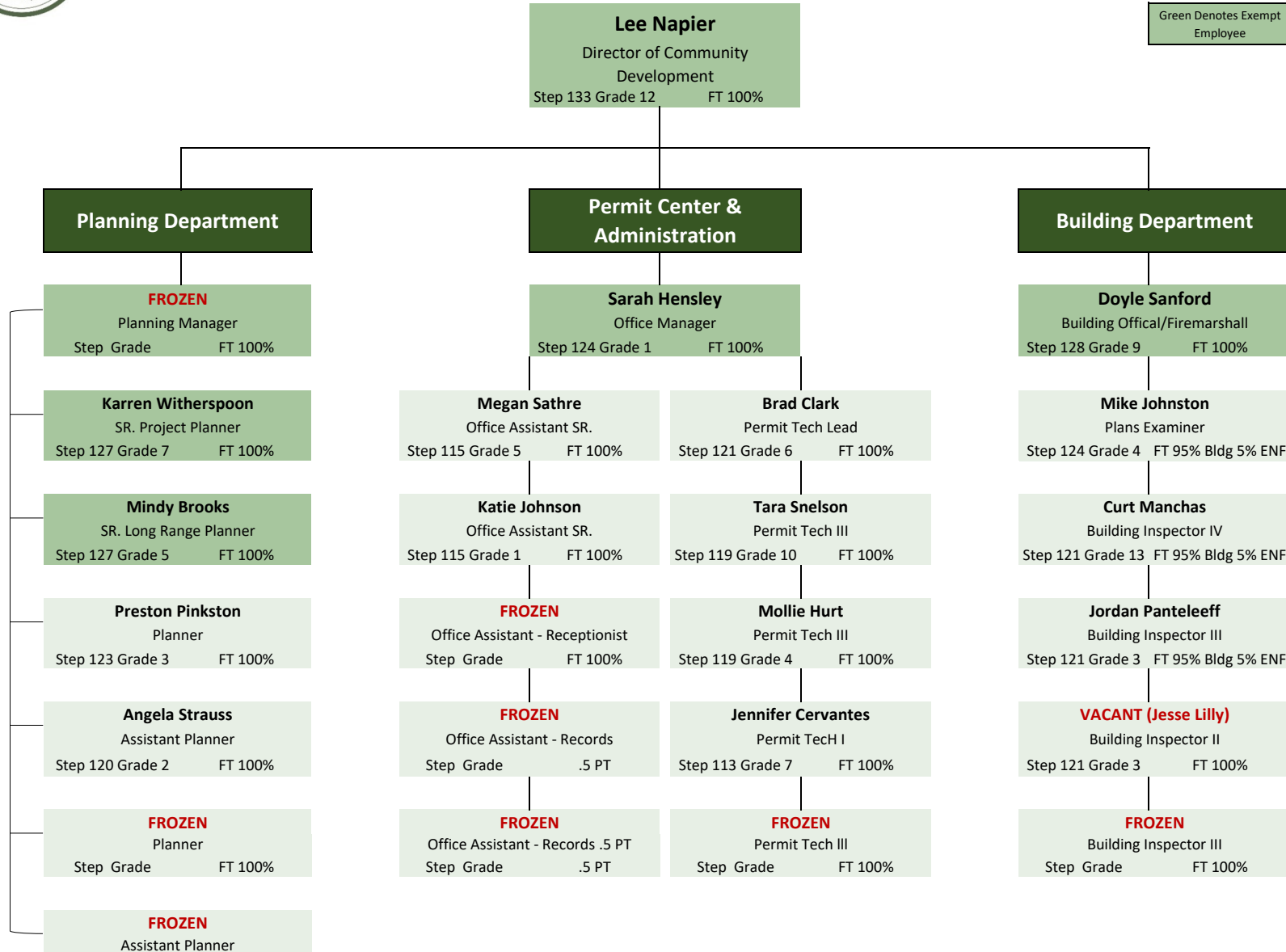
The additional revenue from an increase to building permit valuation in the proposed fee schedule would offset the need for additional General Fund transfer beyond the 2023 level from current expense.



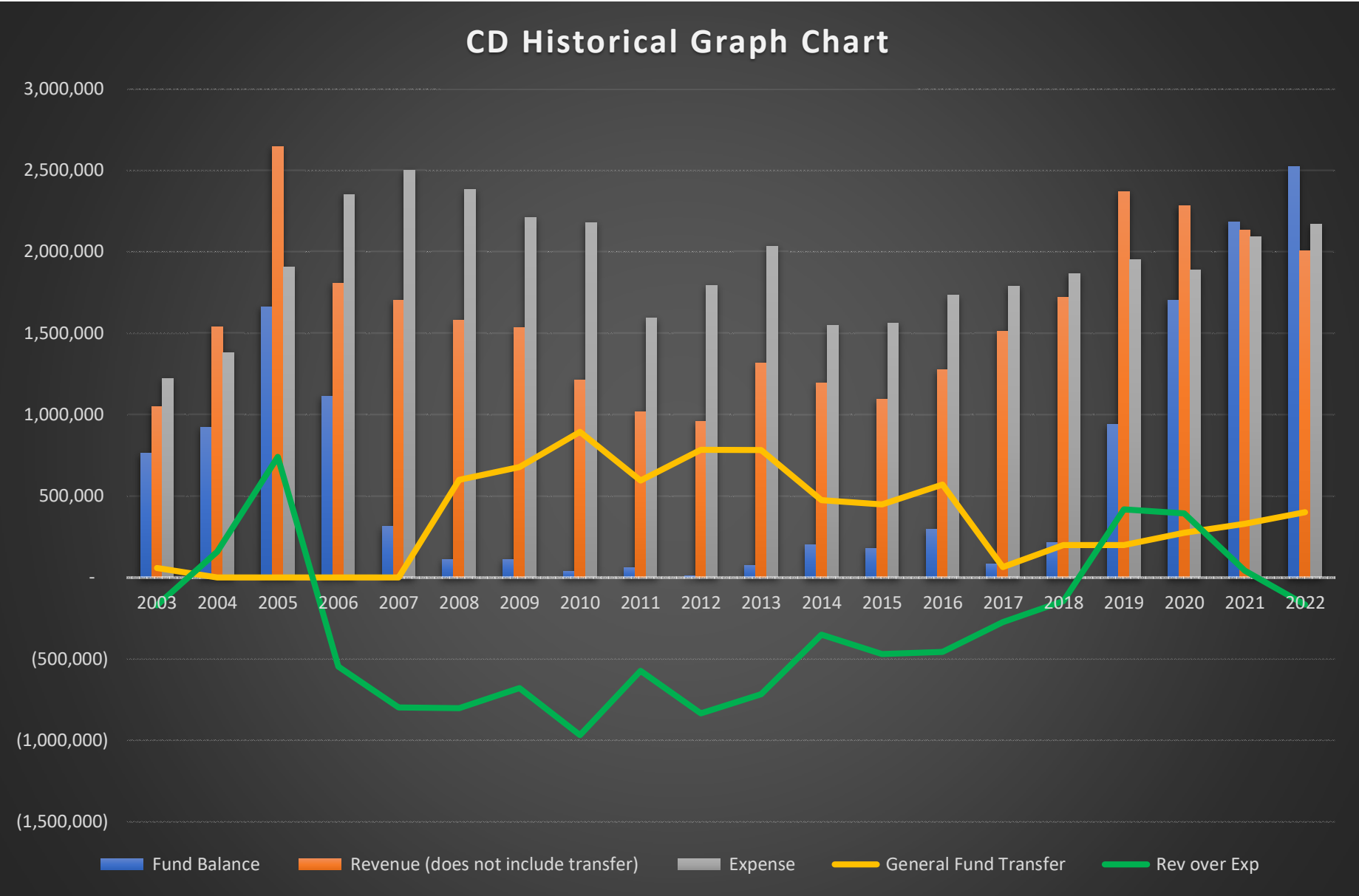
Attachment A: Community Development Org Chart

The Comm. Dev Director reorts to:
County Manager

Green Denotes Exempt
Employee

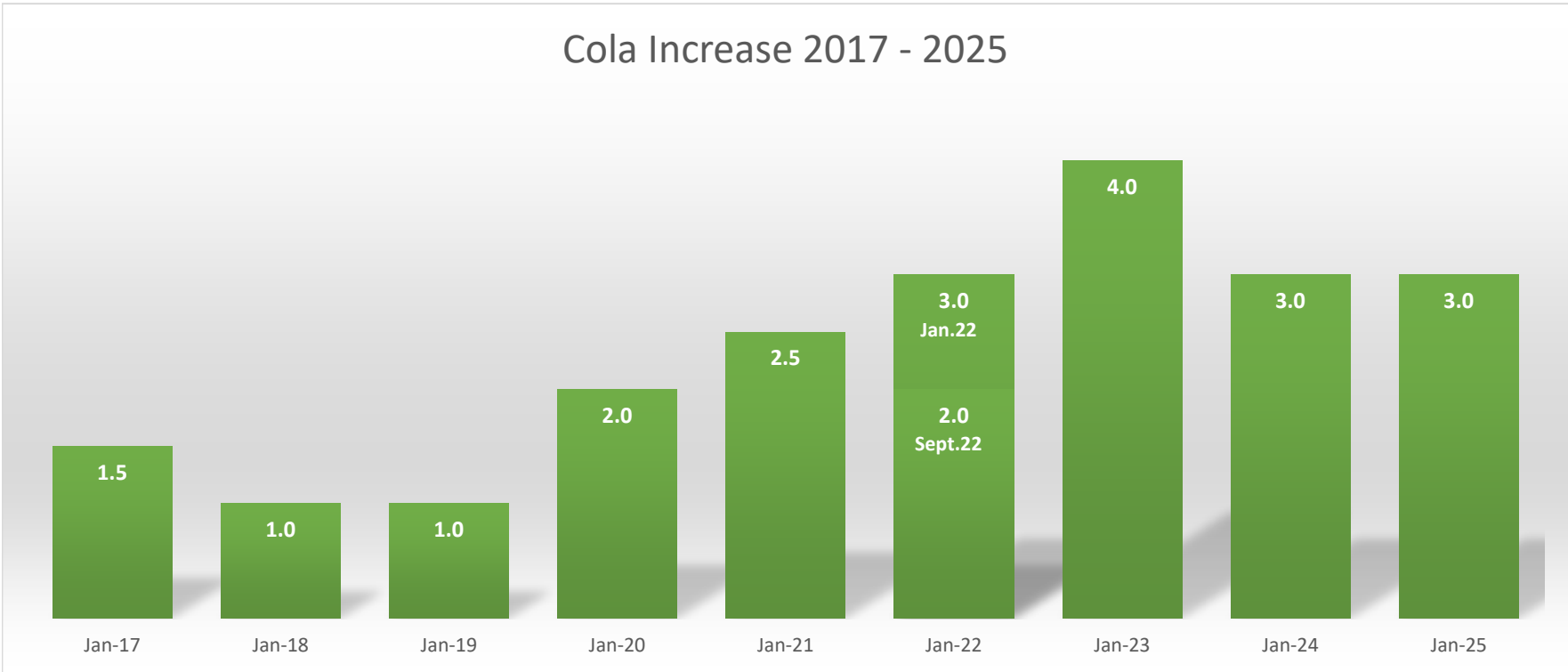


Attachment B: Community Development Budget Summary 2003-2022



Attachment C: 2017-2025 COLA Increases

Jan-17	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22	Sep-22	Jan-23	Feb-24	Mar-25
1.5	1.0	1.0	2.0	2.5	3.0	2.0	4.0	3.0	3.0



8.1.2 The Union recognizes the Employer's right to establish new job classifications and following the County's classification process for job reclassification, and the compensation appropriate thereto. The Employer recognizes the Union's right to bargain the compensation if it should disagree with the rate initially established by the Employer.

8.2 COLA

8.2.1 Effective January 1, 2020, each classification in the bargaining unit will receive an increase to the base wage of two percent (2.0%).

8.2.2 Effective January 1, 2021, each classification in the bargaining unit will receive an increase to the base wage of two and one quarter percent (2.25%).

8.2.3 Effective January 1, 2022, each classification in the bargaining unit will receive an increase to the base wage of three percent (3%).

8.2.4 Me Too Clause: Should the County award COLA's in excess of the amount defined in this contract to the non-represented or other bargaining units with the exception of interest arbitration groups, market-defined positions, and elected officials, this bargaining unit shall receive the same.

8.3 Job Classifications

An employee working out of classification shall be paid in accordance with the following:

8.3.1 Any employee assigned to work out of classification, in a higher paid classification, by direction of the Employer or designee, shall be compensated for all actual hours worked at that higher classification's lowest rate of pay, provided, such placement shall, in any event, be a minimum of a five percent (5.0%) increase in salary. However, if the top step of the higher range is less than five percent (5.0%), then the top step shall be the rate of pay. No employee shall suffer a reduction in pay when temporarily directed to perform work in a lower paid classification.

8.3.2 If assigned out of class work by direction of the Employer or designee, it shall be the employee's responsibility to claim this working out of classification pay by means of submission of the claim on an applicable monthly time reporting system. Any claim not so noted within thirty (30) calendar days of the time of accrual, shall be void. Notwithstanding the foregoing, employees participating in cross-training and employees performing minimum tasks in the higher classification by reason of fill in for the absent higher classification employee, shall not be entitled to working out of classification pay.

8.4 CONTINUOUS SERVICE

Continuous service determining the accumulation rate for annual leave credit shall be service unbroken by separation from County service, except that time spent by an employee on military leave, Peace Corps duty, leave resulting from a job-incurred injury, maternity leave, federal and state family medical leave, or authorized educational leave, all of which shall be included as continuous service.

8.5 LONGEVITY PAY

Employees shall receive longevity pay for each year of continuous service as defined in paragraph 8.4 of this contract beginning with the eighty-fifth (85th) month with this Employer, as measured from the employee's seniority date. Longevity pay will be paid based on the following table:

After Seven (7) years	\$42.00 per month
After Eight (8) years	\$48.00 per month
After Nine (9) years	\$54.00 per month
After Ten (10) years	\$60.00 per month
Each year after Ten (10) years	An additional \$6.00 per month

For the purposes of longevity pay, the eighty-fifth month begins the first day of the employee's anniversary hire month. If an employee is considered regular part-time, then a prorated rate of pay commensurate to a full-time status shall be calculated. Employees shall receive their full complement of longevity pay in accordance with their FTE status for any compensable hours paid in the month.

Should the County award a contribution level in excess of the amount defined in this contract to the non-represented or other bargaining units with the exception of interest arbitration groups, market-defined positions, and elected officials, this bargaining unit shall receive the same.

9. PAYDAY

- 9.1 The payday for all work performed the first (1st) through the fifteenth (15th) of the calendar month shall be paid on the twenty fifth (25th) day of the month. The payday for all work performed from sixteenth (16th) through the last calendar day of the month shall be paid on the tenth (10th) of the subsequent month. If the tenth (10th) or twenty fifth (25th) falls on a non-workday, i.e., Saturday, Sunday, or Courthouse holiday, the payday shall be the first

7.13 Arbitration awards or grievance settlements shall not be made retroactive prior to the date of the occurrence or nonoccurrence upon which the grievance is based.

8. WAGES

8.1 Wages

8.1.1 Each employee shall be assigned a job classification as specified in his/her applicable Appendix and paid accordingly. This base rate of pay shall be used in calculating holiday, vacation and sick leave compensation.

8.1.2 The Union recognizes the Employer's right to establish new job classifications and following the County's classification process for job reclassification, and the compensation appropriate thereto. The Employer recognizes the Union's right to bargain the compensation if it should disagree with the rate initially established by the Employer.

8.2 COLA

8.2.1 Effective September 1, 2022, each classification in the bargaining unit will receive an increase to the base wage of two percent (2.0%).

8.2.2 Effective January 1, 2023, each classification in the bargaining unit will receive an increase to the base wage of four percent (4.0%).

8.2.3 Effective January 1, 2024, each classification in the bargaining unit will receive an increase to the base wage of three percent (3%).

8.2.3 Effective January 1, 2025, each classification in the bargaining unit will receive an increase to the base wage of three percent (3%).

8.2.4 Me Too Clause: Should the County award COLA's in excess of the amount defined in this contract to the non-represented or other bargaining units with the exception of interest arbitration groups, market-defined positions, and elected officials, this bargaining unit shall receive the same.

8.3 Job Classifications

An employee working out of classification shall be paid in accordance with the following:

8.3.1 Any employee assigned to work out of classification, in a higher paid classification, by direction of the Employer or designee, shall be compensated for all actual hours worked at that higher classification's lowest rate of pay, provided, such placement shall, in any event, be a minimum of a five percent (5.0%) increase in salary. However, if the top step of the higher range is less than five percent (5.0%), then the top step shall be the rate of pay.

No employee shall suffer a reduction in pay when temporarily directed to perform work in a lower paid classification.

8.3.2 If assigned out of class work by direction of the Employer or designee, it shall be the employee's responsibility to claim this working out of classification pay by means of submission of the claim on an applicable monthly time reporting system. Any claim not so noted within thirty (30) calendar days of the time of accrual, shall be void. Notwithstanding the foregoing, employees participating in cross-training and employees performing minimum tasks in the higher classification by reason of fill in for the absent higher classification employee, shall not be entitled to working out of classification pay.

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Continuous service determining the accumulation rate for annual leave credit shall be service unbroken by separation from County service, except that time spent by an employee on military leave, Peace Corps duty, leave resulting from a job-incurred injury, maternity leave, federal and state family medical leave, or authorized educational leave, all of which shall be included as continuous service.

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After Seven (7) years	\$42.00 per month
After Eight (8) years	\$48.00 per month
After Nine (9) years	\$54.00 per month
After Ten (10) years	\$100.00 per month
Each year after Ten (10) years	An additional \$6.00 per month

Attachment D: Community Development Fees Cost Comparison

Permit Cost Comparison to Surrounding Counties Based on 2000 SF SFR			
Current			
County	Cost Per SF	Valuation Based on 2,000 SF	Permit Cost based on 2,000 SF
Cowlitz County	\$ 116.15	\$ 232,300.00	\$ 3,911.87
Yakima County	\$ 112.65	\$ 225,300.00	\$ 3,826.98
Skamania County	\$ 98.95	\$ 197,900.00	\$ 3,487.41
Thurston County	\$ 96.83	\$ 193,660.00	\$ 3,438.90
Pacific County	\$ 84.86	\$ 169,720.00	\$ 3,147.84
Lewis County	\$ 73.23	\$ 146,460.00	\$ 2,868.90
Grays Harbor, Pierce, and Wahkiakum Counties use a different method to determine permit fee and they are not included in this comparison list.			
Averages	\$ 97.11	\$ 194,223.33	\$ 3,446.98

Permit Cost Comparison to Surrounding Counties Based on 2000 SF SFR			
Proposed			
County	Cost Per SF	Valuation Based on 2,000 SF	Permit Cost based on 2,000 SF
Cowlitz County	\$ 116.15	\$ 232,300.00	\$ 3,911.87
Yakima County	\$ 112.65	\$ 225,300.00	\$ 3,826.98
Skamania County	\$ 98.95	\$ 197,900.00	\$ 3,487.41
Thurston County	\$ 96.83	\$ 193,660.00	\$ 3,438.90
Lewis County	\$ 91.54	\$ 183,080.00	\$ 3,317.62
Pacific County	\$ 84.86	\$ 169,720.00	\$ 3,147.84
Grays Harbor, Pierce, and Wahkiakum Counties use a different method to determine permit fee and they are not included in this comparison list.			
Averages	\$ 100.16	\$ 200,326.67	\$ 3,521.77

Attachment E: Example Fee Schedule Changes

Category B: Department of Community Development

Standardized Building Valuation / Fee Schedule

Valuation factors for Non-Commercial Development							
Type	Category /Grade	Factor		Type	Category /Grade	Factor	
Residential				Basement	Unfinished	~~\$37.50~~ \$46.88	s.f.
Wood Frame		~~\$73.23~~ \$91.54	s.f.		Finished	~~\$75.00~~ \$93.75	s.f.
Masonry		~~\$77.82~~ \$97.28	s.f.	Greenhouse	Plastic	~~\$4.50~~ \$5.63	s.f.
2 nd Floor / Loft		*	s.f.		All Others	~~\$14.50~~ \$18.13	s.f.
Modular		**	s.f.	Re-roofing	Residential	~~\$93.75~~ \$117.19	sq
				Decks	Open	~~\$7.50~~ \$9.38	s.f.
U-Structures					Covered	~~\$18.13~~ \$22.66	s.f.
Wood Frame	Unfinished	~~\$26.25~~ \$32.81	s.f.	Porch	Enclosed	~~\$30.00~~ \$37.50	s.f.
	Finished	~~\$30.00~~ \$37.50	s.f.	Foundation		~~\$62.50~~ \$78.13	Lin Ft
Pole Type	Unfinished	~~\$18.13~~ \$22.66	s.f.				
	Finished	~~\$20.63~~ \$25.79	s.f.	Miscellaneous:			
	Roof Only	~~\$10.65~~ \$13.31	s.f.	Cargo Containers		\$100.00 Inspection Fee	
	Open Lean-to	~~\$10.65~~ \$13.31	s.f.	Solar Panel Installation			
Masonry	Unfinished	~~\$30.00~~ \$37.50	s.f.	Demolition Permit (Non-commercial)		\$30.85	ea.
	Finished	~~\$33.75~~ \$42.19	s.f.				
Heavy Steel	Unfinished	~~\$26.25~~ \$32.81	s.f.	Chimneys, Fences, Signs		Bid Price	
	Finished	~~\$30.00~~ \$37.50	s.f.	Remodel / Repairs (all)		Bid Price	
2 nd Floor /Loft		*	s.f.	Swimming Pools (all)		Bid Price	
Prefabricated Carport Canopy		~~\$4.50~~ \$5.63	s.f.	Additions (Non-Commercial)			
	All Others	~~\$8.50~~ \$10.63	s.f.	Valuation for additions are calculated at the same rate as new construction using the factors listed on this chart.			
*2 nd Floor/Loft – use same factor as ground floor for type of structure being constructed – finished or unfinished				Agricultural Buildings			
**Modular Home– Foundation permit required, full valuation/ plan review fee. Home permit calculated at ½ valuation, no plan review fee. Plumbing permit required.				Valued as U-Structures using the factors listed in this chart with a reduced plan review fee if applicable. See Table 1 – Building Permit Fees			
Definitions: • FAS – Factory Assembled Structure • Finished – structures that are insulated and sheet rocked • Modular Home – FAS built to IRC or IBC standards • Mobile Home – FAS constructed for residential use • Residential – structures approved for habitation • Roof Only – structure open 2 or more sides (i.e. carport) • Heavy Steel – all steel framing				State Fee (residential building permits)		\$6.50	ea.
				State Fee (commercial building permits)		\$25.00	ea.
				State Fee (multiple living units) per living unit when more than 1		\$2.00	ea.
				State Fee ESSB 6091		\$350.00	ea.
				County Fee ESSB 6091		\$150.00	ea.
				Structures or developments not identified on this chart will be valued at bid price or by determination of the Building Official			

Commercial (Building, Mechanical, Plumbing & Fire) and Industrial development or demolition is valued at bid price. Lewis County Building Official has the authority to determine valuation if bid price is questionable. Fees will conform to the fee table identified as Table 1 – Lewis County Building Permit Fees.

Attachment F: Cost to Build a House in Lewis County

Assumptions

Typical single family hous new-build in Lewis County (2000-2021) is 2,070 square feet (Lewis County Assessor Data).

Undeveloped 5 acre lot with water availability, soils appropriate for septic and no critical areas.

Item	Estimated Cost	Notes
Site Prep*		
Well	\$12,000	
Septic System	\$22,000	
Driveway & Groundwork	\$15,000	
Power hookup	\$10,000	
Total Site Prep	\$59,000	
Construction*		
House	\$476,100	\$230/square foot
Landscaping	\$20,000	
Total Construction	\$496,100	
Fees**		
MSR	\$200	
Building (2023)	\$2,789	
<i>Building (2024)</i>	<i>\$3,250</i>	
Septic	\$375 - \$600	Gravity system vs design system
Road Approach	\$150	
Total Fees (2023)	\$3,514 - \$3,739	range due to septic fee
<i>Total Fees (2024)</i>	<i>\$3,975 - \$4,200</i>	<i>range due to septic fee</i>
Total Cost (2023)	\$558,614 - \$558,839	range due to septic fee
<i>Total Cost (2024)</i>	<i>\$559,075 - \$559,300</i>	<i>range due to septic fee</i>

*Costs are from Rural Housing Alternative, Industry Stakeholder Group Results

(https://lewiscountywa.gov/documents/12285/2023-09-26_RHA_ISG_Results_FINAL.pdf)

**https://lewiscountywa.gov/documents/10121/Exhibit_A_-_2023_Fee_Schedule_Final_Version.pdf