



## Budget Change Request

### Change request information

Title Development Services - General Fund Allocation to Support Non-  
Number B-27-11 Department 27 - Community  
Requester Summer Miller  
Published by Jennifer Smith Publish Date 2023-08-30  
Change Type Policy Change

### Board outcome *(to be entered by budget after Board action)*

Board Decision

Board Changes

### Funds affected

Fund -  
General Fund Affected? Yes More Than One Fund Affected? Yes

### Policy request priority and connection to the strategic plan

Priority # 0 Strategic Plan

### Does this request include federal, state, or private grants?

Grant Funded? None

Grantor and timeframe

### Does this request affect current positions or propose new positions?

HR Payroll e-mailed? No Position Impact None

Current position numbers affected

### What do you need and why? Include any unexpected and external requirements.

Statement of Need

Community Planning and Economic Development's Development Services Division requests a regularly recurring annual general fund (0127) appropriation of \$1.8 million to cover costs associated with non-recoverable general fund activities. Further, a one-time operating transfer in the amount of \$1.7 million is requested to provide a basis for reasonable cash flow needs to support the Development Services Division land use (4124) as the associated costs are separated and a healthy operating reserve is established.

In 2022, a permit fee study was initiated to conduct an external review of current Development Services permit fees as well as the cost recoverability of the Development Services Division's activities. The last internal review occurred approximately in 2015, with the last external review in 2008.

Preliminary results from the 2023 external review largely reflects that Development Services permit fees are 100% cost recoverable and funded from regulatory fees. Expenditures exceeding revenues received are tied directly back to non-recoverable activities such as writing code & ordinance, policy creation, low-income housing, and staff time at the Building Development Center counter offering assistance to citizens. These activities fall under the scope of governance and according to RCW82.20.020 must be funded from general taxes. Using development service fees to recover the costs associated with policy making is not permissible.

For the past several years, the Board of County Commissioners has supported the non-recoverable activities through an annual general fund appropriation of \$375,556. In 2022 the BoCC approved an additional \$708,000 and in 2023 an operating transfer of \$1million. However, it is evident that these amounts are not sufficient to support the scope of governance related activities that must be funded from general taxes and by law cannot be supported by regulatory fees.

## How will this change the performance of your office or department?

### Statement of Need

Honoring this request will allow more transparency of what costs are considered recoverable and non-recoverable expenses. It will further provide a clearer picture of what is funded from regulatory fees versus what is funded from general taxes while providing a clear separation of revenues received and funds expended in support of enforcement of development regulations and general government.

## Expenditure, FTE and revenue assumptions plus current budget level

### Assumptions

Reduce the 4124-expense budget (2024 & 2025) by \$1,800,000.  
Add \$1,444,444 to current \$375,556 0127 (General Fund) expense budget.

Add \$1,700,000 as one-time operating transfer to 4124 revenues to support the creation of an approximate 4-month cash carry over (reserve) to partially replenish the gradual draw down of the funds annual cash balance since 2019.

This re-establishment of operational cash carry over reserves will partially refund prior year support of non-recoverable activities. This gradual drawn down is reflective in the 10-Year Financial Plan.

### Current Budget Level

4124 Current Budget  
Revenue = \$4,842,207 (including \$1mil GF Op Xfer)  
Expenditures = \$5,626,155

0127 Land Use Current Budget  
Revenue = \$0  
Expenditure = \$376,556

## What happens if this isn't funded? Are there other options?

### Impacts and Alternatives

Non-recoverable fee activities will not be fully supported by the general fund as required by law. The fund will continue to experience difficulties in its current state because the current annual appropriation of \$375,556 is insufficient to cover those activities not legally supported by development regulations and regulatory fees. The BoCC and budget office will be unable to clearly delineate the amount needed annually in support of these non-recoverable activities making the overall budgeting process more difficult as erratic annual appropriations will be necessary.

**How does this request affect other offices and departments?**

Impact to Other Departments

Which Other Departments are Affected?

Operating Transfer Needed? Yes

Operating Transfer Coding and Amount Op Xfer - \$1.7mil  
GF appropriation - \$1.8mil

**Personnel Information**

FTE	Number	Name	Start Date	End Date
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**Operating Revenue Line Items**

Org Code	Object Code	Object Description	Project Code	2024	2025
4124C235	397001	O/T-GENERAL FUND		1,700,000	-
			<b>Total:</b>	<b>1,700,000.00</b>	<b>-</b>

**Capital Revenue Line Items**

Org Code	Object Code	Object Description	Project Code	2024	2025
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**Operating Expenditure Line Items**

Org Code	Object Code	Object Description	Project Code	2024	2025
0123B765	599412	O/T-DEVELOPMENT SERVICES		1,700,000	-
0127C230	541000	PROFESSIONAL SERVICES		1,424,444	1,424,444.00
			<b>Total:</b>	<b>3,124,444.00</b>	<b>1,424,444.00</b>

**Capital Expenditure Line Items**

Org Code	Object Code	Object Description	Project Code	2024	2025
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