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Local Government Project Permitting

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Abstract

In surveying twenty-two jurisdictions, CTED found that jurisdictions have made an investment in developing the annual permit processing reports required under RCW 36.70B.080(2)(b). These investments include permit processing systems that track permits and staff time to gather relevant information. Now that the requirement to develop an annual report is permanent under HB 2811 and there are additional requirements for the report, jurisdictions report additional costs are anticipated for:

- New permit processing systems or further up-grades to existing systems.
- Ongoing maintenance for permit processing systems.
- Modifications to permit processing systems.
- Staff time.

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Introduction

One of the 14 goals of the Growth Management Act (GMA) is to process permits in a timely and fair manner to ensure predictability [RCW 36.70A.020(7)]. To help local governments meet this goal in 1995, the Washington State Legislature enacted RCW 36.70B – Local Project Review, which outlines requirements for:

- Reviewing project permits.
- Providing public notice.
- Clarifying open record hearing, public meeting, and closed record appeal.
- Determining application completeness.
- Issuing a notice of decision.

Local jurisdictions were also required to develop an integrated and consolidated project permit process (RCW 36.70B.060) that included the requirements stated above.

In 2001 the Washington State Legislature passed SHB 1458, which required local jurisdictions to act on permit applications within 120 days unless additional time is needed and written findings are made to justify the additional time needed. In addition, the bill required local government counties subject to the “buildable lands” requirements (RCW 36.70A.215) and the cities within them with a population over 20,000 to prepare annual reports in 2002 and 2003 on permit processing performance. The annual report was required to include:

- Total number of complete applications received during the year including:
 - Number for which a notice of final decision was issued before the 120-day deadline.
 - Number for which a notice of final decision was issued after the 120-day deadline.
 - Number for which an extension of time was mutually agreed upon by the applicant and the jurisdiction.
- Variance of actual performance, excluding applications for which mutually agreed time extensions have occurred.

Jurisdictions compile this information in a number of different ways. Some jurisdictions are compiling the information manually by pulling permit files and extracting the information. Some jurisdictions have developed very sophisticated permit processing systems that are online, integrated with neighboring jurisdictions, include GIS maps and track permits. These different methods of compiling the annual report resulted in varying costs that were reported by jurisdictions.

In 2004 the Legislature passed House Bill 2811 [RCW 36.708.080(2)(b)(vi) and RCW 36.70B.080(2)(c)], which further specifies requirements to establish and implement permit timelines for each type of project permit. In addition, the bill makes the annual report requirement permanent. The law requires jurisdictions to post this annual report on the city or county’s Web page, if the jurisdiction maintains one.

The additional annual report requirements under HB 2811 include:

- Mean processing time for each type of project permit application.
- Number standard deviation from the mean for each type of project permit application.

HB 2811 also requires the Washington State Department of Community, Trade and Economic Development (CTED) to prepare this report (due to the Governor and the Legislature on January 1, 2005) summarizing the projected costs to local governments associated with implementing the annual report requirements and providing recommendations for state funding assistance for implementation costs.

Survey Methodology

In order to compile the information required by HB 2811, CTED needed to survey buildable lands counties and the jurisdictions within them with a population over 20,000.

CTED staff met with representatives of the Washington State Association of Counties (WSAC), the Association of Washington Cities (AWC), and representatives from individual cities in order to obtain input in the development of a survey.

CTED developed a draft survey using a Web-based survey application. Once survey questions were developed, the draft was forwarded to WSAC, AWC, and other interested parties for their review. CTED received no comments on the survey.

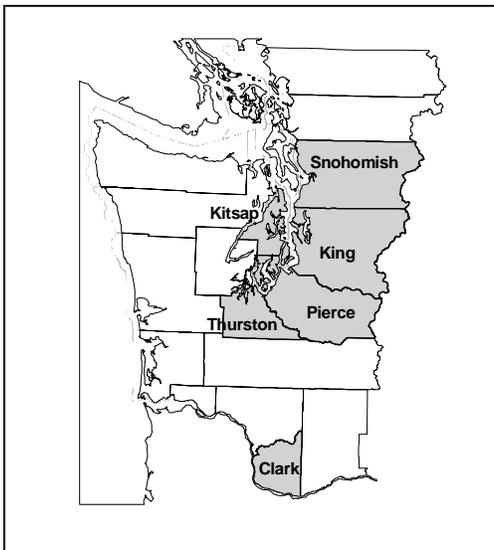


Figure 1. Buildable Lands Counties

The seven-question survey was e-mailed to the 35 buildable lands jurisdictions affected by HB 2811.

Counties – Clark, King, Kitsap, Pierce, Snohomish, Thurston

Cities – Auburn, Bainbridge Island, Bellevue, Bothell, Bremerton, Burien, Des Moines, Edmonds, Everett, Federal Way, Kent, Kirkland, Lacey, Lakewood, Lynnwood, Marysville, Mercer Island, Mountlake Terrace, Olympia, Puyallup, Redmond, Renton, Sammamish, SeaTac, Seattle, Shoreline, Tacoma, University Place, Vancouver

The survey was sent out on September 8, 2004, and jurisdictions were given three weeks to complete it. A reminder e-mail was sent on September 17.

Additionally, in September, jurisdictions were reminded of the survey in a newsletter to planning directors from the Growth Management Services Managing Director and at the annual Planning Directors Conference. To improve the response rate, several more reminder e-mails were sent to jurisdictions and the final deadline was eventually extended to the end of October.

It is important to note that the jurisdictions surveyed for this study were in the midst of updating their comprehensive plans and development regulations pursuant to the Growth Management Act (GMA) and some of these jurisdictions were also participating in the legislatively authorized annexation study. While this information is a snapshot, more information on true costs will be known over time, as jurisdictions implement this legislation.

Results

Twenty-two out of 35 jurisdictions responded to the survey, a 63 percent response rate. Not all respondents completed all survey questions. The following is a list of the questions and a summary of the responses.¹ The full responses are located in the Appendix.

CTED did not do any additional analysis of these results due to the scope of the study. The following results reflect the jurisdictions’ responses to the survey.

QUESTION TWO:² *Your jurisdiction has been tracking and reporting permitting timelines under RCW 36.70B.080(2)(a) since 2001. In that time, what have been your start-up and ongoing costs?*

Thirteen out of 22 respondents provided the following answers to this question. These responses indicate that the start-up costs for putting together the reports are higher than annual ongoing costs. Start-up costs include software upgrades or new systems and staff time, which may also include consultant time. The annual ongoing costs include software improvements, consultant costs, and staff time.

Table 1. Start-Up and Annual Ongoing Costs

	Start-Up Costs	Annual Ongoing Costs
Mean	\$12,492	\$7,462
Median	\$2,000	\$1,000
High	\$125,000	\$65,000
Low	\$0	\$200

The response from Thurston County was higher than the other responses, causing the mean to be substantially higher than the median. Without this outlier, mean start-up costs were \$3,117 and annual ongoing costs were \$2,667.

Thurston County indicated that they had installed a new permit processing system and a portion of this system was specifically for the tracking components required under

¹ Two counties out of six (33 percent) and 20 cities out of 29 (69 percent) responded to the survey.

² Question one asked survey respondents to identify their jurisdiction.

RCW 36.70B.080(2). Other start-up costs included staff and consultant time. Their annual ongoing costs include annual maintenance, modifications to improve the system, and staff time.

QUESTION THREE: *Based on the additional requirements in HB 2811, do you anticipate additional start-up or upgrade costs and additional ongoing costs?*

Again, start-up costs include software upgrades or new systems and staff time, which may also include consultant time. The annual ongoing costs include software improvements, consultant costs, and staff time. No jurisdictions indicated these cost would include hardware upgrades. Most jurisdictions concluded that the new requirements associated with HB 2811 were going to require additional costs for upgrades and ongoing development of the annual report.

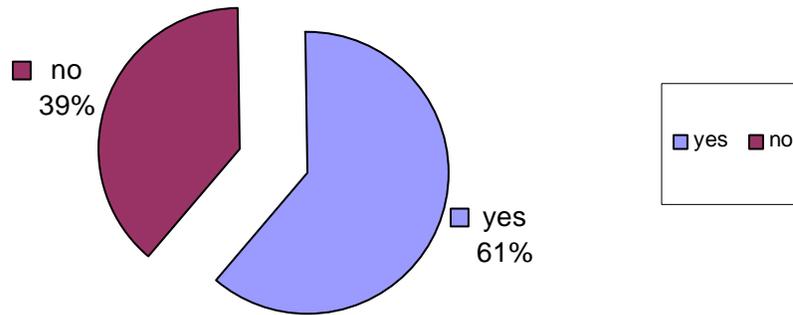


Figure 2. Additional Start-Up or Upgrade Costs

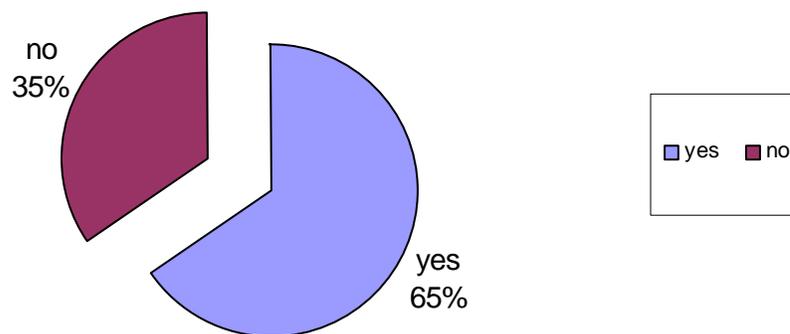


Figure 3. Additional Ongoing Annual Costs

QUESTION FOUR: *If additional costs are required, what would you estimate each of these costs to be? Additional start-up or upgrade costs? Additional ongoing annual costs?*

Of the 15 jurisdictions anticipating some sort of additional start-up/upgrade costs or annual ongoing costs, only nine jurisdictions were able to provide an estimate of these costs. One jurisdiction provided a range for their possible estimate. For calculation purposes, the average of this range was used. Again, the up-grade/start-up costs are more significant than the ongoing costs.

Table 2. Additional Start-Up and Ongoing Costs

	Additional Start-Up Costs	Additional Annual Ongoing Costs
Mean	\$11,867	\$1,575
Median	\$2,000	\$750
High	\$60,000	\$10,000
Low	\$300	\$300

The additional up-grade cost responses from Pierce County and Kirkland were higher than the other responses, causing the mean to be higher than the median. Without these outliers, mean start-up costs were \$2,400.

Kirkland indicated that they currently have a reporting system that reports well within the existing permit processing system. However, to comply with the legislation, they would need to upgrade the existing program.

QUESTION FIVE: *How do you anticipate gathering the data to develop the annual report? Will you: manually pull individual permit folders, pull information from multiple data sources, automatically generate a report from a permit tracking database, or other?*

Forty-three percent of the jurisdictions will have their reports automatically generated, 36 percent will put their report together using multiple data sources, and 21 percent will manually gather the information for their reports. A majority of jurisdictions (57 percent) do not have the ability to automatically generate the annual reports.

Four jurisdictions that pull information manually or from multiple sources indicated they would like to automate their annual report, but were unable to do this because either their existing system does not do this or they have some technology needs. Of the four jurisdictions that made this comment, only Lynnwood provided an estimate of the additional funds they would need for the new requirements. They estimated \$300 for additional start-up/upgrade costs and \$300 for annual ongoing costs. Based on the estimates from other jurisdictions, the Lynnwood estimates likely do not include a significant upgrade to their existing system to automate their reporting.

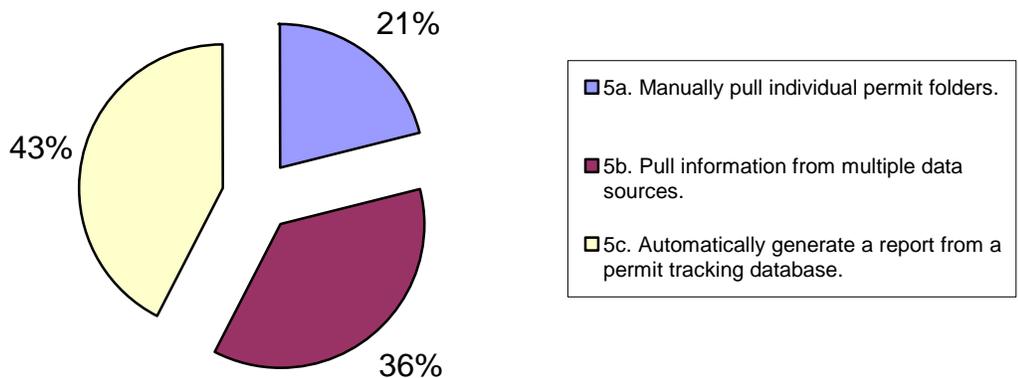


Figure 4. How Data Will Be Gathered

QUESTION SIX: *Based on the additional requirements in HB 2811, how will the annual report be compiled? Will you: hire new staff, absorb this work within your existing staff, or hire a consultant?*

Overwhelmingly, local jurisdictions will be absorbing the annual reporting requirements work within their existing staff. Three jurisdictions indicated they will be hiring a consultant. The City of Kirkland indicated that the consultant will be hired to upgrade the existing permit tracking software.

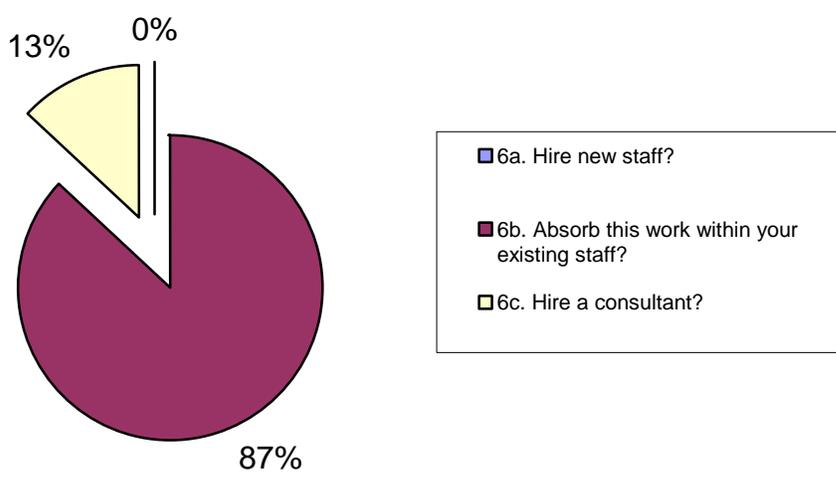


Figure 5. Who Will Gather Data

***QUESTION SEVEN:** Please describe additional requirements or needs related to how the annual report will be compiled.*

Several additional suggestions or comments were made by local jurisdictions related to the annual reports:

- Three jurisdictions described how they would need to upgrade their current permit processing system to accommodate the new requirements. They further described the additional resources this endeavor would take.
- One jurisdiction suggested that a template for standard reporting requirements be provided to ensure consistency.
- Finally, three jurisdictions indicated that the additional reporting requirements will re-direct staff to this effort rather than using their time to focus on permit processing, projects important to their communities, and other responsibilities.

Conclusions

Jurisdictions have invested resources in developing the two required annual reports under the previous 2001 legislation. Now that the requirement is permanent and there are additional requirements for the report under HB 2811, 61 percent of the jurisdictions that responded report further up-grades are needed to automate the reporting so as not to pull staff away from processing permits and other important work.

Overwhelmingly, existing staff will absorb this additional work. Several indicated this would divert staff from other duties. Sixty-five percent of the jurisdictions that responded report additional ongoing annual costs to continue assembling the report with annual ongoing maintenance for the permit processing system, modifications to the system, and staff time. It is difficult to estimate the total cost for implementing the new legislation due to a relatively low response rate and the wide variation of cost estimates reported.

Jurisdictions compile this information in a number of different ways. Some jurisdictions are compiling the information manually by pulling permit files and extracting the information. While some jurisdictions have developed very sophisticated permit processing systems that are online, integrated with neighboring jurisdictions, include GIS maps and track permits. These different methods of compiling the annual report result in varying costs that were reported by jurisdictions. CTED did not do any additional analysis of these results due to the scope of the study. The following results reflect only what jurisdictions responses were to the survey.

HB 2811 directs CTED to develop recommendations for funding the implementation of this bill. Three optional approaches are described below, listed in order of recommended priority for consideration.

OPTION ONE

Provide a targeted one-time matching grant or loan for start-up/up-grade costs.

Based on the results described above of those that responded, jurisdictions have a need for technology upgrades to develop this annual report in an automated fashion that will not pull staff away from their main responsibilities. CTED estimates a one-time grant or loan to be a total of \$84,000 for 2005-07 biennium which would be \$2,400 for each of the 35 jurisdictions. Under this option, additional ongoing costs would be covered by local governments.

OPTION TWO

Increase existing state GMA grant funding to provide for both start-up/upgrade costs and on-going costs. Based on the results of the survey of those that responded, an increase of \$84,000 for start-up costs and \$110,250 for the annual ongoing costs for a total of \$194,250 in the 2005-07 biennium would be needed to cover local government reporting costs. This would provide local jurisdictions with \$2,400 for start-up costs and \$1,575 per year for annual ongoing costs.

OPTION THREE

Local government could utilize a surcharge on permit fees to cover costs of meeting these reporting requirements. While this appears to be possible without additional state legislation, a specific action by the state to authorize or impose this surcharge would be helpful to clearly explain the reasoning for the surcharge to potential permit applicants. Increased permit costs would likely have a slight effect on the cost of development.

Appendix – Survey Responses

1. Jurisdictions	2a. Start-Up Costs	2b. Annual Ongoing Costs	3a. Additional start-up or upgrade costs?	3b. Additional ongoing annual costs?	4a. Additional start-up or upgrade costs?	4b. Additional ongoing annual costs?
Auburn	10,000	5,000	No	Yes	n/a	
Bainbridge Island			No	No		
Bellevue	1,000	500	No	No		
Bremerton			Yes	Yes		
Burien			No	No		
Edmonds	1,000	500	Yes	Yes	1,000	500
Everett			No	No		
Federal Way			Yes	Yes		
Kirkland	5,400	1,000	Yes	Yes	40,000*	1,000
Lacey			Yes	No		
Lakewood			No	Yes		
Lynnwood	1,000	600	Yes	Yes	300	300
Marysville	6,000	1,600	No	No		
Mercer Island	8,000	3,500	Yes	Yes	3,000	1,500
Mountlake Terrace	1,000	200	Yes	Yes	10,000	1,000
Olympia			Yes	Yes		
Pierce County	N/A	5,000 - 10,000	Yes	Yes	40,000 - 60,000	\$5,000 - \$10,000
Redmond	2,000	1,000	Yes	Yes	500	400
SeaTac	2,000	600	No	Yes	2,000	400
Tacoma	0	10,000	No	No		
Thurston County	125,000	65,000	Yes	Yes		
Vancouver			No	No		

1. Jurisdictions	5a. Manually pull permit folders	5b. Pull data from multiple sources	5c. Report from a permit tracking database	5d. Other	6.a Hire new staff	6b. Absorb with existing staff	6c. Hire a consultant	7. Describe how annual report will be complied
Auburn	x		x			x		Important to realize that while we will use existing staff, they will not be available to do productive work on projects important to our community.
Bainbridge Island				Start with an automatic report, then research and modify the information in the report in order to manually compile the statistics.		x		
Bellevue			x	We do not track # 4 separately – number of applications with a mutually agreed extension – all applications are included in our stats because we do not have the staff time/resources to track this information that adds no value to our work.		x		

Bremerton		x		Eventually will rely more upon permit database, but improvements and further development will be necessary. There will be costs associated with this process – they are reflected in the above.		x		
Burien		x	x			x		
Edmonds			x			x		
Everett	x		x			x		
Federal Way				Depends on funds available. Would like to automate but automation option has high initial costs.		x		
Kirkland			x				x	*Kirkland has developed a system of reporting that works well with our permit tracking software (Advantage). In order to comply with this legislation, we will have to redesign the reports. It is difficult to determine exactly what will be needed and the consultant costs at this point. \$40,000 is a ballpark figure.

Lacey	x	x		Existing tracking system is unable to generate a report based on the information needed to fulfill these requirements		x	In our case it will be refining the way we have done the reporting in the past, unless we can have our tracking system upgraded to actually generate a report.
Lakewood						x	It is difficult to determine costs. Lakewood uses its automated permitting system to generate most of the reports. Direct costs are about \$1,080 per report. The permitting system, however, costs about \$60,000. Add to this amount, \$9,200 in annual maintenance fees, and another \$7,000 in annual software script changes. To give you an idea as to the workload, for 2004, Lakewood will process 1,800 building permits and about 360 land use permits. All of these permits are tracked based on date of application, date permit is deemed complete, date permit is issued, etc.

Lynnwood				Most of data will have to be collected manually. Currently we are unable to generate specified information from our permit tracking database. Hope to eventually be able to do this.		x		
Marysville	x	x	x			x		
Mercer Island		x	x			x	x	
Mountlake Terrace			x				x	
Olympia	x	x	x			x		
Pierce County			x			x		Unknown at this time, change in progress with respect to our permit processing system.
Redmond			x			x		
SeaTac		x	x			x		
Tacoma		x				x		Please provide template for standard reporting requirements to ensure consistency – thank you.

Thurston County				Additional costs include technology improvements, staffing cost increases.				Report compilation originally occurred manually. The county continues to look for creative ways to accumulate the data in the most effective means. Continued improvements to the county's AMANDA permit tracking database and technology program are essential to meeting this goal. In the short term, this means significant existing staff time is being used to create the database and reporting protocols. This, of course, means staff is re-directed to this effort rather than using their time to focus on permit processing and other requirements of their responsibilities. The true cost of compliance with these new requirements will not truly be known until after the fact.
Vancouver		x	x			x		