

**Planning & Development Services**  
**Staff Report**  
**Proposed Amendment to PDS Permit Fees: Phase III**  
**Miscellaneous Fees**

Snohomish County Department of Planning and Development Services charges a variety of application and permit fees to recover its costs of regulating development. Most of these fees are currently listed in Chapter 30.86 of the Snohomish County Code (SCC). Other fees charged by PDS are found in SCC Chapter 13. The nature of land development and building permits is cyclical and can change dramatically based on the national, state, and local economies, supply and demand, cost of materials, political issues, etc. In addition, it can take years for new development to go through the review, approval, and building process. It is important for the county to set permit and land use fees to ensure that Planning and Development Services can remain fiscally sound, support the needs of the building industry and their efforts to provide greatly-needed affordable housing, and be able to sustain the impacts of an always-changing and sometimes volatile industry.

In 2020, PDS began a multi-phase effort called the “PDS Fee Alignment Project” to examine and update permit fees. Phase I was completed in 2020, through Ord. No. 20-039, when PDS updated the fees in the Building Permit Fee Table in SCC 30.86.400(7), which had not been updated since 1997. Phase II, adopted in 2021 through Am. Ord. No. 21-048, examined miscellaneous permit fees that were simple to analyze, had not been updated in decades, and for which PDS did not achieve cost recovery.

The proposed ordinance is part of Phase III and addresses reviews for which PDS does not currently charge a fee. Phase IV will address fire-related fees and other fees which need an adjustment due to the higher costs of doing business. Below is a discussion of the factors that PDS took into consideration as it developed the proposed changes in permit fees in SCC Chapter 30.86. The fees that the County will collect to process permits is reasonable and will reimburse the County for the staff time required to process applications.

## **Fiscal Framework**

The permitting divisions within the Department of Planning and Development Services (PDS) operate as a special revenue fund, which means that (a) there is no revenue from taxes or the County’s General Fund, and (b) a separate fund balance<sup>1</sup> that carries over from year to year is maintained.<sup>2</sup> The basis for this “self-funded” model is found in RCW 82.02.020, which states that the county may collect reasonable fees for processing development applications, reviewing plans and performing inspections. Most of the permitting division’s funding comes from monies paid for permits, approvals, and inspections, and these revenues can only be used for these purposes pursuant to RCW 82.02.020 and established case law. Therefore, PDS must generate enough revenues from fees for land use approvals, building permits and miscellaneous related permits to meet expenses and manage an ongoing fund balance in such a way that is fiscally prudent.

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<sup>1</sup> The fund balance provides a level of stability for the department in that it increases in the years when there are numerous permit applications and falls in years when development activity slows down. PDS strives to adjust staffing levels to meet demand but must maintain the necessary and consistent professional expertise regardless of the up-and-down swings in development.

<sup>2</sup> The discussion in this report is limited to the special revenue fund for PDS’s permitting divisions (known as Fund 193). PDS has other divisions that do receive funding from the County’s General Fund, such as the Long Range Planning, Code Enforcement, and the Fire Marshal’s Office investigation divisions. PDS accounts for the activities and expenses of those divisions separately from the special revenue fund for PDS’s permitting divisions.

In the 2025-2026 biennium, PDS expects to recover 84% of permitting costs (\$40.5 million) from charges for services and permit fees at their current levels (\$33.9 million) and 11% from non-permit revenue (\$4.5 million). The budgeted gap between revenue and expense (net loss) is \$2.17 million<sup>3</sup>. Thus far into 2025, PDS is on track with these projections. In addition, the number of new permit applications is down significantly from prior years which will impact PDS's revenue in the coming months.

Additionally, a change in state law made in 2023 now mandates certain permit review time frames (Senate Bill 5290). During a 2023 audit by the Washington State Auditor's Office, it was determined that PDS met the state's 120-day time frames 24% of the time for land use decisions and 40% of the time for civil permits. One of recommendations from the State Auditor was that PDS "assess whether their current staffing levels are sufficient to meet the 120-day requirement" rather than focus on balancing its annual budget. As such, PDS requested six additional staff in the 2025-2026 biennial budget to handle the backlog and ongoing permit and land use applications. The state has also issued guidance, via the Local Project Review Guidebook dated June 11, 2025, to all jurisdictions subject to the mandatory time frames encouraging them to conduct a fee analysis that examines the direct labor and overhead for each type of permit to ensure that cost recovery is achieved, so that they can maintain staffing levels sufficient to meet upward swings in demand.

## **Need for Fee Increases**

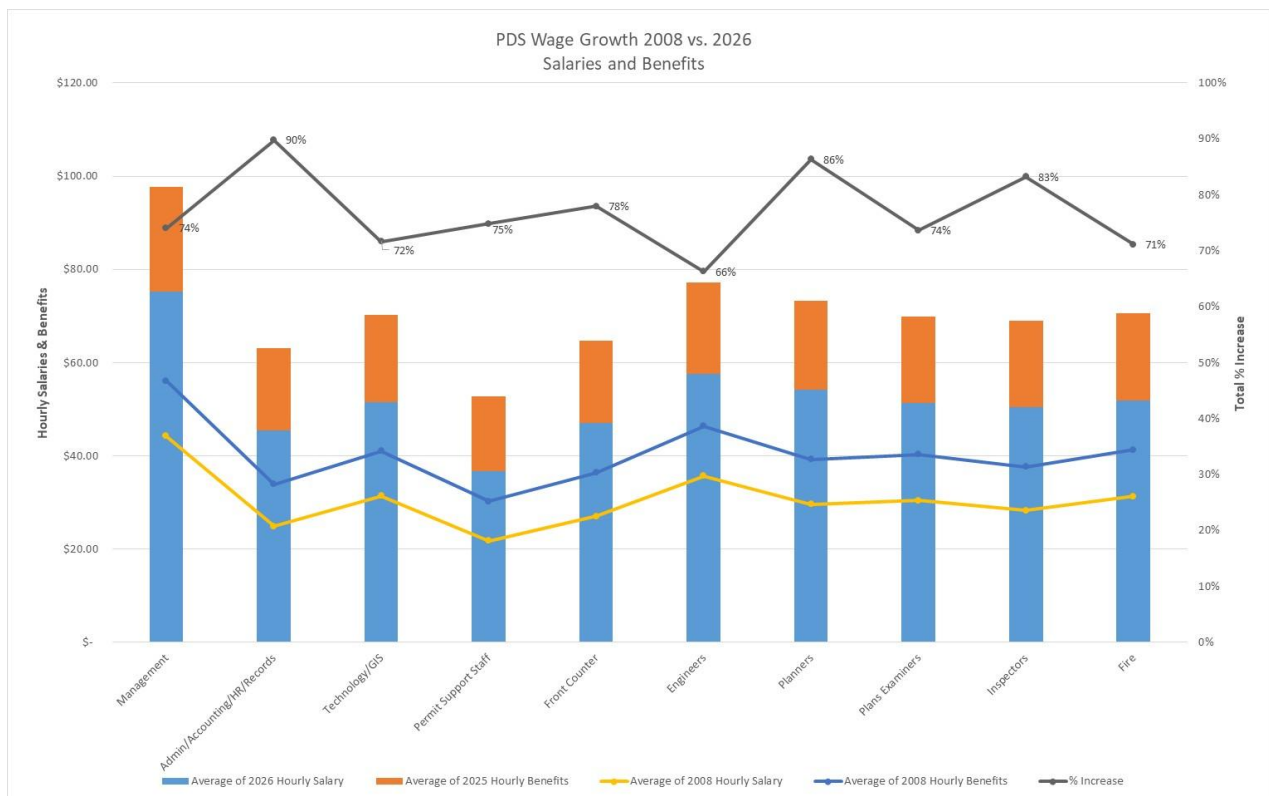
There are several reasons why PDS Fund 193<sup>4</sup> is facing a budget deficit of \$2.17 million per year, including inflation and the higher costs of doing business, the increasing complexity of permit regulations, and new types of housing.

1. Fewer Permits; Less Revenue. Over the last decade, as the number of building permits has declined, so has the number of related miscellaneous permits and land use decisions. However, department overhead for core staffing and administration cannot be proportionately reduced. PDS must maintain a certain level of core staff, management, technology and support services. Reducing staff is one way to help balance the budget, but PDS can only cut support staff so far without impacting mandatory core functions. There are fixed costs associated with a county department that PDS must pay for, regardless of permit volume. Also, as noted in the previous section, PDS must maintain a certain level of professional and technical staff to be able to handle the variable work load and meet state-mandated review time frames.
2. Inflation and the Cost of Doing Business. Most of the permit fees included in this ordinance have not changed since 2008. Permitting expenses have risen faster than revenue. Periodic adjustments to fees are necessary to keep up with inflation. Staffing costs, which make up 77% of PDS's permitting budget, have risen approximately 83% since 2008. Salaries have increased 80% and benefits have risen 96%. PDS is projecting a budget deficit for its permitting divisions' special revenue fund of \$2.17 million in 2025-2026 and similar deficits in the years to come. The gap between revenue and expenses is growing at an unsustainable rate, and without some actions to close that gap, PDS will eventually run out of fund balance.

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<sup>3</sup> Excludes the Technology Reserve Fund revenue and expenses which is a separate, restricted fund.

<sup>4</sup> Permitting divisions, not including technology reserve fund.



3. Complexity of permits. In recent years, there have been increased requirements for building and land use regulations (critical areas, stormwater, energy codes and public notice). Easily developed land has become scarcer and much of the remaining undeveloped land presents challenges for builders. Accordingly, there has been a corresponding increase in the amount of time and effort required to review and inspect building projects due to constraints on the land and the complexity of new codes.
4. Uncompensated work. There are several tasks and permit application reviews that PDS staff perform with no fee charged to the applicant. An example is work PDS does to meet the Notice requirements set forth in county code. Some of the fees in this ordinance address the work that PDS performs free of charge. PDS believes that applicants should pay for the work that PDS is required to perform for each type of development application, in order to achieve either full or partial cost recovery.

## Fee Calculation Methodology – Cost Recovery Model

Changes to the fees proposed in this ordinance are needed to better recoup the labor and non-labor expenses related to fully processing those permits. The new fees were established in consideration of the staff time required to fully process the respective permits. Estimates were based on an analysis of data obtained from time keeping data, the permit tracking database, and interviews with staff who work on the permits. The cost layers as outlined below were then applied to the time estimates.

The cost of service model is a methodology developed to determine the costs of the various development and regulatory services provided by PDS to users of its services. Included in the methodology are direct, indirect and overhead costs.

Direct costs are those costs which can be identified specifically with a particular project/application and which can be directly assigned to such activities, relatively easily, and with a high degree of accuracy.

Indirect costs are costs incurred in support of multiple permitting processes or application types, and which cannot be tracked in a cost-effective manner at the level of individual application or permit.

Overhead costs are the costs necessary for the continued functioning of the department, are incurred in support of a range of permit services, but are not uniquely attributable to an individual service.

Direct, indirect and overhead costs are applied through a series of cost layers. There are four main cost layers:

- Labor expenses – this includes the direct costs of salary and benefits adjusted for paid time off, direct time spent on individual permits, indirect time spent on general permit activities, and indirect time spent on general overhead activities
- Direct (non-labor) expenses – this layer includes division operating costs allocated to each employee within that division (translated to an hourly rate)
- Department overhead/indirect management costs – this layer includes an allocation of PDS administration, business process technology, and support staff that cannot be allocated to individual permits
- County-wide overhead – this layer includes an allocation of overhead imposed on PDS by the county for central services such as risk management, space rent, security, IT, executive, public records, HR, training, etc. Additionally, hearing examiner costs have not previously been factored into the costs for land use decisions but were considered during the present Phase III analysis.

## **Proposed Fee Amendments**

### **A. ADMINISTRATIVE FEES (New Section SCC 30.86.050)**

#### **Public Notice Fees**

Currently PDS has no fee for the cost of notice on Type 2 applications. There are three notice requirements under which PDS and the customer interact. PDS proposes streamlining the notice process to the extent possible under the code.

- Signage: PDS currently pays the costs of the signage provided to applicants and the staff time to prepare the signage. The applicant is required to post notice at the project site. PDS proposes charging a \$50 fee to cover the cost of purchasing and preparing the two sign boards. The applicant's responsibility will not change.
- Postcard Mailing: PDS also pays for the postcard mailing which average \$150 per mailing. PDS proposes charging a \$150 fee to cover this cost.
- Publishing Notice: Currently, the applicant pays for publishing notice in the Everett Herald newspaper. Sound Publishing (parent company of the Everett Herald) provides PDS an affidavit of publishing to confirm the notice is published. However, the affidavit is not provided until the applicant pays for publishing. This has been a challenge and has caused delays in scheduling and/or conducting hearings when the applicant fails to pay Sound Publishing. To streamline the permit review process (required under Senate Bill 5290), PDS proposes handling the publication in the newspaper and charging the customer for the cost of that publication which is \$150.

## **Exempt Subdivisions and Zoning Verification Letters**

County code provides landowners with exemptions for the creation of subdivisions in SCC 30.41A.020 and SCC 30.41B.020. Applicants seeking an exemption do not pay a fee but must receive approval and acknowledgement of the exempt subdivision by PDS. PDS spends an average of 3 staff hours reviewing the exempt subdivision application and preparing the necessary documents (either approving or denying the request). PDS proposes implementing a fee of \$575 to cover the cost of this work.

In addition, PDS prepares zoning verification letters upon request, but currently does not charge a fee for this service. PDS proposes implementing a modest fee of \$245 to cover the cost of this work.

### **B. SIGN FEES (SCC 30.86.450)**

Signs permits are considered to be a type of commercial building permit. As such, they have been charged the commercial base fee in SCC 30.86.400(5) and commercial plan check fee in SCC 30.86.400(6) (85% of the permit fee). SCC 30.86.450 is being updated to make clear the interpretation and practice that has been in place for many years. First, fees for sign permits are being updated to clarify that there is a base fee associated with these permits. PDS currently charges the \$350 commercial base fee but is lowering it to \$250 which is the same as plumbing and mechanical base fees. Second, the 85% plan check fee currently charged is being added to SCC 30.86.450 for clarification.

### **C. ENGINEERING-RELATED FEES**

#### **Landslide Hazard Deviations, Channel Migration Reviews, And Zero-Rise Analysis Fees (New Section SCC 30.86.050)**

Certain projects require special technical review and/or deviations under Snohomish County Code. PDS engineers spend time performing work related to issues related to SCC 30.62B.340 (landslide hazard deviations), SCC 30.62B.330 (channel migration), and SCC 30.63B.12 (zero-rise analysis). PDS currently does not charge a fee for this work. In order to ensure that permitting fees are covering the cost of the work performed by PDS staff, new fees are proposed in SCC 30.86.520 to charge for the cost of the time spent by PDS engineers on these complicated analyses. The following fees are proposed based on an analysis of the time spent on the three different types of reviews:

- \$1,750 for Landslide hazard deviation requests pursuant to SCC 30.62B.340
- \$750 for Channel migration reviews pursuant to SCC 30.62B.330
- \$750 for Zero-rise analysis review pursuant to SCC 30.63B.120

#### **Engineering, Design and Development Standards (EDDS) deviations and requests for relief under SCC 30.66B.810 (SCC 30.86.710)**

PDS engineers review requests for deviations to the EDDS standards. PDS currently charges a fee of \$1,350 for all the different types of deviations. There are seven chapters in the EDDS under which PDS can approve deviations. After an analysis of the time spent by PDS staff, it has been determined that the cost of reviewing Chapters 2-4 takes more time than the current fee covers, and the cost of reviewing Chapters 6-10 require less time than the current fee. Therefore, PDS proposes adjusting the fees to cover the actual estimated cost of the reviews. The fee for reviewing Chapters 2-4 would increase to \$1,750 and the fee for reviewing Chapters 6-10 would decrease to \$1,075. A fee for requests for review from mitigation or concurrency requirements pursuant to SCC 30.66B.810 would also be \$1,075.

## **Permit Fees Charged by Other Jurisdictions**

Because the permit fee analysis was based on the cost to provide the related service, a thorough comparison of other jurisdictions was not conducted. In addition, it is not appropriate under state law to use comparative jurisdiction data as the basis for setting permit fees under the cost recovery method.

## **Summary**

PDS needs to update the fees noted in this ordinance to improve its recovery of the costs of processing, reviewing, issuing and inspecting various types of permits handled by PDS, while simultaneously ensuring that the fees are equitable and reasonable. The proposed changes are a fiscally-prudent step toward closing the budget deficit gap for PDS and will help PDS maintain fiscal solvency into the future.