



KITTTITAS *County*

COST ANALYSIS DETERMINATION FOR SETTING PERMITS/FEEES

Proposal | July 15, 2014



Contact Us:
425.867.1802
www.fcsgroup.com

 **FCS GROUP**
Solutions-Oriented Consulting

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July 15, 2014

Judy Pless, Budget and Finance Manager
Kittitas County Auditor's Office
205 West 5th Ave, Room 105
Ellensburg, WA 98926
(509) 962-7502
judy.pless@co.kittitas.wa.us

Subject: Cost Analysis Determination for Setting Permits/Fees

Dear Ms. Pless:

FCS GROUP is prepared and ready to assist the Kittitas County Community Development Services Department (Department) with your referenced cost analysis determination for setting the building and planning permits/fees. We have provided these services throughout the Region during peak construction years and even throughout the recession period. Our approach and task plan are designed to do the following:

1. **Facilitate sound decision-making and management by the Department staff, public officials and the development community by applying a solutions-oriented analytical approach to building and planning fees and program management.** We identify key policy issues and provide accessible end products from easy-to-interpret reports to easy-to-maintain financial models.
2. **Develop practical solutions and implementable recommendations that help elected officials and management make informed policy decisions.** Our disciplined and technical approach and methodology identify all costs and revenues associated with a particular type of permit or permit categories.
3. **Approach this project as a collaborative process and work closely with the County and Department staff** to make this a seamless and positive process. Our own staff will remain accessible throughout the project and are willing to provide assistance past project close-out as well.
4. **Draw from our depth and breadth of experience to ensure that the County and Department have access to the best available methodologies.** FCS GROUP has performed over 80 development services-related cost of service and fee studies for local governments. Our staff has acted as expert witnesses concerning such costs and fees. We have worked with key stakeholders from the real estate, architectural, engineering, and building and construction industries as well as those from community neighborhoods. We have extensive experience working with elected officials and presenting findings to internal and external stakeholders.

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Peter Moy, principal and study manager for this effort, previously worked on similar efforts with cities such as Kennewick, Bellingham, Vancouver, and Spokane as well as Pierce, King, Snohomish, Cowlitz, and Multnomah (OR) counties. He is joined by financial analyst, Sean Lay, who is currently working with Peter to perform the analysis of the City of Olympia community development fee program.

Finally, this letter serves to introduce the inclusion of two requested item in the appendix, our Washington State Business License, and proof of insurance. If you have any questions regarding our proposal, please contact me at (425) 867-1802, ext. 228 or PeterM@fcsgroup.com.

Sincerely,
FCS GROUP



Peter Moy
Principal

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Appendix A – Business License and Proof of Insurance

FIRM EXPERIENCE

FCS GROUP was formed to meet a growing demand for independent, objective economic and financial consulting to effectively address financial issues in the public sector. Our extensive experience includes 2,300 engagements involving rate, fee, funding, and cost of service issues. From our offices in Redmond (WA), Portland, and Anchorage, our staff provides an array of complementary services to local governments that encompass user fees, public finance and budgeting, utility rates and finance, and public management.

FCS GROUP brings 26 years of experience analyzing the direct and indirect costs of development fees and services. We have conducted more than 80 development fee-related cost of service and fee studies that have dealt with building, planning, engineering, or other development permitting services for clients as far north as Anchorage, Alaska, to as far south as the San Diego, California, area. Specific examples of our experience include the review of development fees for the Washington cities of Seattle, Vancouver, Spokane, Bellevue, Covington, Woodinville, Bellingham, Kirkland, and Olympia in Washington, and dozens of clients in Oregon and California. We have also provided related fee studies and analyses for the counties of Pierce, Thurston, Cowlitz, King, and Snohomish.

FCS GROUP has made cost of service and fee studies for local government development services one of its specialty practices. Several outstanding aspects of FCS GROUP demonstrate how we bridge financial expertise with extensive knowledge of costing development-related services:

- ◆ **Broad Experience** – FCS GROUP staff have consulting experience in user fees not only for planning, building, and engineering functions, but also for transportation, water, sewer, fire, parks, and other functions. FCS GROUP staff assigned to this study have experience in both cost allocation and development fees. For many of our studies, a full cost allocation plan was also developed to calculate the full cost of service.
- ◆ **Specific Experience** – FCS GROUP has been the long time development fee consultant for several counties and cities. We have worked with a variety departments that fund their development services through the General Fund as well as those that have separate funds that result in complex cost allocation, interfund revenue sharing, and reserve analyses.
- ◆ **Attention to Washington Case Law** – There have been a couple of court cases involving development fees such as the Division II Appeals Court ruling in the *Homebuilders Association of Kitsap County v. the City of Bainbridge Island* as well as the *Tiger Mountain LLC v King County* case. Where appropriate, we are proactively assisting our municipal Washington clients respond to the latest legal interpretations of RCW 82.02.020 as well as any interpretations by the State Auditor based on its performance audit of building permit fees. Staff from our firm, including Peter Moy, have been used as expert witnesses in Washington court cases.



- ◆ **Policy Expertise** – We have designed and executed analytical and public input processes to formulate cost recovery policy for clients such as Pierce County and the cities of Kennewick, Redmond, Vancouver, Olympia, Bellingham, Covington, and Portland. As part of developing cost recovery policies, we work with staff to identify the key policy issues that concern their elected officials and community stakeholders.
- ◆ **Industry Leadership** – Recognized as regional experts in cost recovery and user fees, FCS GROUP staff have led educational seminars on development services regulations and fees for the Washington and Oregon Finance Officers Associations and the Washington Association of Building Officials, and have addressed the joint conference of the Washington and Oregon State Associations of City, County and Regional Planning Directors.
- ◆ **Practical Innovation** – We have been recognized as pioneers in building fund reserve analysis. We have developed reserve analyses for the cities of Bellevue, Bellingham, Covington, Spokane, San Jose, Vancouver, and Snohomish and Thurston counties. In addition, we have assisted clients identify their deferred or prepaid liabilities as part of their fund balance.

Later in this proposal we have listed a selection of example studies along with more detailed descriptions and references for three example projects that closely match the work we will be performing on this engagement.

OTHER SERVICES

In addition to our extensive background in user fee studies and cost allocation plans, FCS GROUP offers expertise in the areas of performance audits and measurement, utility rates; capital facilities charges and connection fees; regional governance; asset valuation; assumptions, mergers, consolidations; utility formations; and economic services. Many of the underlying principles of our proven cost of service and user fee approach stem from our diverse experience in these other disciplines.

STUDY TEAM

FCS GROUP's team of consultants brings the experience needed to analyze the Department's building and current planning fees and the actual cost of those services provided. Peter Moy, a firm principal and the study's manager, has over 30 years of experience in public sector consulting and in advising elected officials. His experience includes cost of service studies focused on development fees for the counties of Pierce, Thurston, Cowlitz, King, and Snohomish, along with many cities throughout Washington and the Northwest. Sean Lay, a project analyst, brings additional experience with financial modeling and analytical expertise and is currently working with Peter to establish development services fees for the City of Olympia.



OTHER FCS GROUP STAFF

Our firm encompasses a diverse skills set with available in-house expertise to fulfill the City's anticipated scope of work. The assembled team of consultants possesses both the depth and breadth of related experience to bring forth innovative, yet practical solutions for the County. If necessary, Peter and Sean can be supported by one or more of the FCS GROUP staff analysts should additional help be needed.

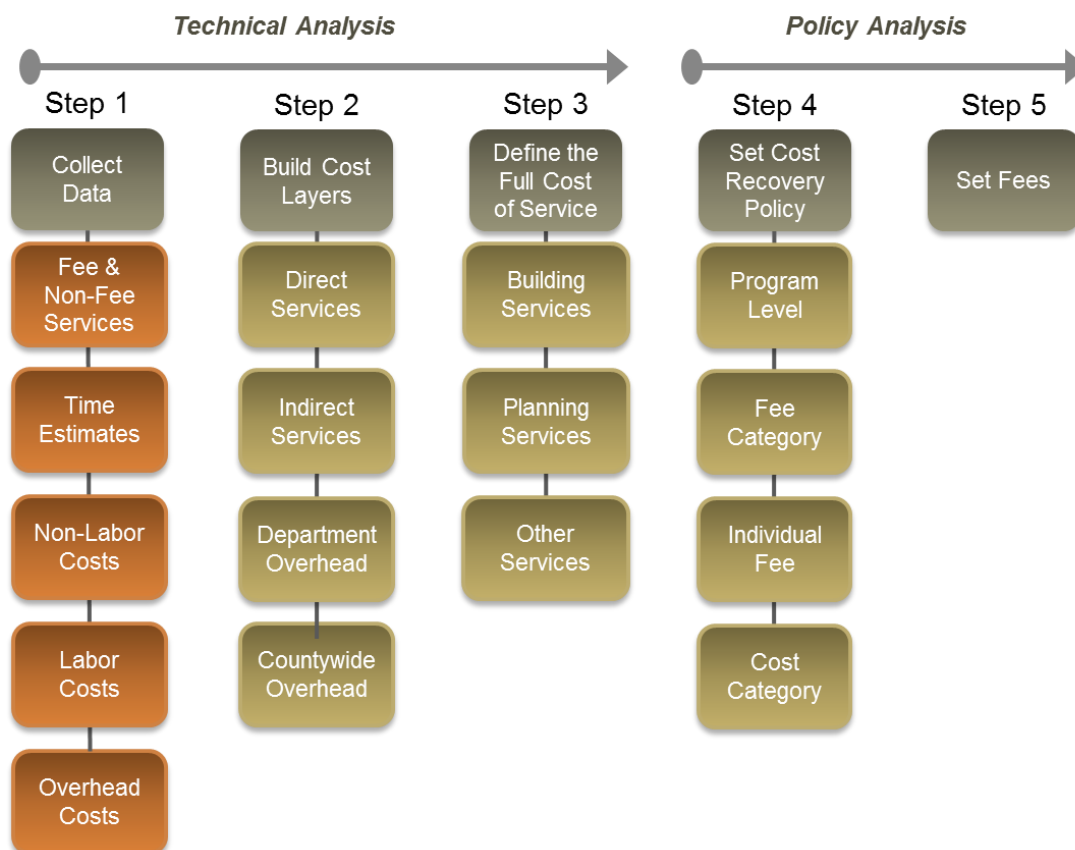
APPROACH

The recent economic recession resulted in a significant decrease in development activity, but recently development and construction activity has been incrementally increasing. Thus, it is an appropriate time for the Kittitas County Community Development Services Department (Department) to re-evaluate its permits and fees and make adjustments where needed. For this study, the Department desires the following tasks:

- ◆ Determine the applicable rate to charge for permits /fees, and
- ◆ Provide a model for others to utilize.

We are a leader in financial, economic, and management consulting services specializing in the public sector. Since 1988, our experts have customized solutions for public agencies, serving towns, cities, counties, multi-jurisdictional regional agencies, and special districts across the western United States and Canada. Our approach to development fee studies is structured to maximize the efficiency of staff time, provide a full understanding of costs and the various cost components, identify current cost recovery levels, and provide results and materials that will support fee policy development by Department management and the County Commissioners.

Initially, we will focus on understanding the cost components of the County's building and planning permitting process. Our data gathering will be conducted on-site by working collaboratively with the staff involved in the various permitting processes. As a result, we believe we will be able to identify issues early in the project and work with the staff to make key decisions about how issues should be handled. To meet these objectives, our overall process for this cost of service and fee study is graphically displayed as follows:

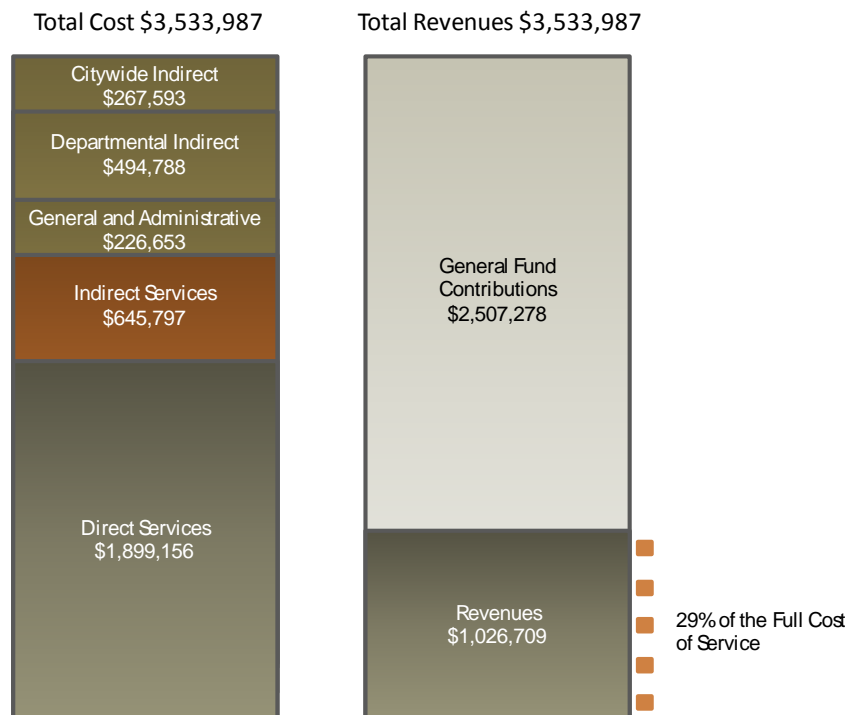


Our methodology is based upon calculating the full cost of service for each fee at the lowest appropriate level. We will compare the full costs of each fee-generating service to the revenues for either the current budget year or the actual revenues from the prior fiscal year and will develop a matrix that shows the cost of service for various types of activities and services and the actual revenues generated by the service.

Our analysis is based on our user fee model that incorporates the elements described in the previous graphic. Depending on the level of information available for the activities and services, we will show the data at the appropriate detailed level, wherever possible, but for some services we might only make the comparison at a very high level, such as by fee category. For the individual activities we will generate a spreadsheet summary that shows the cost of each fee activity compared to the current fee to determine at an individual fee level what level of cost recovery is occurring.

Our analysis will illustrate the components of costs and revenues in a variety of ways. We will first provide a high level summary of costs and revenues by program (e.g. Building or Planning). The following figure illustrates a commonly used graphic that we provide to illustrate in a summary fashion the major categories of costs, which are then compared with the revenues to recover those costs. This type of graph helps policy makers and elected officials understand what costs are involved in providing building and planning services and how those costs compare to the revenues generated by these types of services.

We have found that cost recovery discussions then focus on what costs should be recovered and our cost recovery analysis and model can then be adjusted based on the appropriate cost recovery policies. Based on the types of costs that the County wants to recover, we can then calculate a cost recovery level and establish the corresponding fee for an activity or service.



Our deliverables include reports that clearly summarize the cost of service and cost recovery issues. Working with the County staff, we develop solutions that fit the needs of our client and assist their elected officials and management make informed policy decisions.

TASK PLAN

Based on our approach, the following is our task plan for accomplishing the work and providing the deliverables identified by the County. We have also included optional tasks that the County might want to consider to supplement the base work.

Task 1: Conduct Kick-off Meeting

We will conduct a kick-off meeting with the County's project manager and any key stakeholders that might be involved with the study. We will discuss roles and responsibilities, project goals and requirements, key issues, County policies and practices, project execution, schedule and key milestones, readily-available data, and subsequent data collection processes and tasks. We will submit a data request that might include the Community Development's 2014 line budget, 2013 expenditures by line item, specific 2013 fee revenues by type of fee, each staff member's salary and benefits, a current fee schedule, and Community Development organizational charts.

Task 2: Interview Key Stakeholders

We will interview key stakeholders from the participating programs that provide fee and non-fee related services. During the interviews we will ask questions about the following:

- ◆ What are the fee and non-fee services provided?
- ◆ What fees are not being charged by the department?
- ◆ How are fees currently calculated?
- ◆ What are the County's or the department's cost recovery goals?
- ◆ Are there non-fee services that should have a fee?
- ◆ Will the market be able to accommodate higher fees?
- ◆ What needs and functions should our fee model have or address?

Task 3: Develop the Cost and Fee Model Framework

To help Kittitas County calculate future fees, FCS GROUP uses a base Microsoft® Excel model that can be adapted to meet the individual needs of our clients. Based on the County's input in the previous task, FCS GROUP will develop a user fee model in Microsoft® Excel that meets the County's functional requirements needed to determine the cost of service for its fee related services.

Major elements in the model include data entry for fees, staff, and expenditures, analysis of the cost of service by program and fee, ability to calculate fees based on different levels of cost layers, and produce graphics and relevant fee schedules. FCS GROUP's model does the following:

- ◆ Provides the County with the ability to update the model and costs from year to year or periodically as the organization changes,
- ◆ Has distinct input and calculation areas to make data entry easier,
- ◆ Incorporates error checks so calculation or data entry mistakes can be caught, and
- ◆ Provides summaries providing a breakdown of all the fees.

Task 4: Conduct Cost of Service Analyses

After identifying and confirming the services, fees, and charges to be included in the study, we will establish the cost of service for each fee service. As part of our methodology and model development, we will interview the staff to understand the activities associated with each service, and as a result of this process, we can identify and understand the core business activities associated with processing permits. Time estimates for each activity are critical in determining the cost of service, and we work with the staff using group or individual meetings to help them estimate the amount of time spent for their role in an activity's process.

If the County already has the necessary data or a timekeeping system we will use any County data available. If the time data is not specifically by the individual fee activity, we will work with the staff to develop the time estimates on how much time is spent on each permit. For each program, we expect that no more than one 2 hour meeting with each staff group will be needed. If the City already keeps track of the time spent on the various types of services provided by a program, we will review the data with the appropriate City staff and confirm how well such data represents the time and effort needed to provide specific services.

As part of the time estimating, we also calculate the time and costs of non-fee services that directly serve the general public but do not generate revenue. Other non-fee services will also include other services and activities provided by the Department. This analysis will also include an allocation of non-salary costs associated with fee-generating and non-fee generating services.

As part of the methodology, we identify and summarize support and indirect costs – salary and non-salary – to produce separate support cost layers associated with those staff providing direct services. Administrative support costs can be quantified as indirect support costs unless the support can be specifically identified as part of a service provided. Other indirect costs include time and costs for employee training, public information, customer service, policy development, general departmental administration, and departmental management tasks.

We also determine the management and overhead costs associated with County administration from any available full cost allocation plan and allocate these to the fee generating activities and services in an appropriate manner. We combine the results to calculate the full cost of fee-generating services, expressed both as total dollars and dollars per direct hour. The full cost layers will include some or all of the following types of costs:

- ◆ Countywide overhead (e.g. from the full cost allocation plan),
- ◆ Department and program overhead,
- ◆ Direct (fee-generating and non-fee-generating) services,
- ◆ Indirect support activities that are allocated between fee-generating and non-fee-generating activities for training, public information, etc., and
- ◆ Associated non-labor costs.

The cost of service methodology and analysis provides the information to identify direct and indirect costs by activity. We will develop a summary list that shows the cost of service for various types of activities and services, and the list can be used to make comparisons with the fee or revenue generated by the activity or service as needed in the following cost recovery task.

Task 5: Conduct Cost Recovery Analyses

Once the cost of service analyses are completed, we will conduct cost recovery analyses for the building and planning fees. We will prepare a comparison of the full costs of each fee-generating service versus either the current budget year or the actual revenues from the prior year. We will develop a matrix that shows the cost of service for various types of activities and services and the actual revenues generated by the service. Depending on the level of information available for the activities and services, we will show the data at the appropriate detailed level, wherever possible, but for some services we might only make the comparison at a very high level, such as by program or organizational unit.

To illustrate the components of costs and revenues in a variety of ways, we first provide a high level summary of costs and revenues, usually by permit type or program unit (e.g. Building and Planning). As previously shown, we use our graphs to illustrate in a summary fashion the major categories of costs which are then compared with the revenues to recovery those costs. This type of graph helps policy makers and elected officials understand what costs are involved in providing services and how those costs compare to the revenues generated by these types of services. We have found that cost recovery discussions then focus on what costs should be recovered and our cost recovery analysis can then be adjusted based on the appropriate cost recovery policies. Based on the types of costs that the City wants to recover, we can then calculate a cost recovery level and establish the corresponding fee for an activity or service.

Task 6: Review Cost of Service and Cost Recovery Results with County Staff

Once the cost of service and cost recovery analyses are completed, we will review them with department's management team and the other County staff. We will discuss the results, answer any questions about the methodology, and discuss the appropriate cost recovery level that the County should strive for if such a policy has not already been determined. We will review any existing cost recovery policies previously established. If for some reason no policies are in place for a particular fee, we will work with County staff to develop recommendations based on a collaborative effort to present to the County Commissioners a list of fees that are consistent with the current political and economic realities.

Task 7: Prepare Draft and Final Report

After working with the County staff on the cost of service analysis and cost recovery levels, we will prepare a draft report that discusses the methodologies used, the cost of service and cost recovery analyses, the overall findings and results, and any recommended changes to cost recovery levels.

Once we have prepared our draft study report, we will submit it to County and department staff for review, and after obtaining staff comments and making appropriate adjustments, we will review the project manager's and the County staff's comments and make appropriate adjustments and produce a final report that can be submitted to the County Commissioners. We will provide ten bound report copies and one electronic copy to the County.

Task 8: Provide County Staff with a Copy of the Model

Once the report is completed, we will finalize and prepare the cost of service and fee model for delivery to the County on a compact disc. The model will allow the County to update its fees annually or periodically. As part of an optional task, we have suggested that the County might want to consider having us provide a training session and model documentation that would allow the County to have several staff members trained on the use of the model and to have model documentation to help understand how the model works if there is staff turnover or infrequent use of the model.

Optional Task 9: Provide Training and Model Documentation

Conduct a training session for City staff on model inputs, the framework, the modeling techniques, and updating the model. In addition, we will prepare a high level “Desk Manual” that provides an overview of the model and provides helpful hints and information on using the model.

Optional Task 10: Make Board of Commissioners Presentation

If the County wants us to make a presentation to the County Commissioners, we will make one presentation to the Board of Commissioners. Because of our methodology and our policy experience, our presentations are designed to facilitate an understanding of the study results and the policy implications for the County. As part of our preparation for the presentation, we will work with the appropriate County management to make sure the presentation addresses any Board of Commissioners’ issues and concerns about cost of recovery and development fees.

Optional Task 11: Meet With Community Stakeholders

Because the study results might have impacts on the various community stakeholders such as citizens, developers, and local business leaders, the County might want to consider having FCS GROUP make a presentation about the draft study results. In conjunction with Task 6, we will assist the County by preparing presentation materials and will be available to participate in the presentation with community stakeholders. We have found that such sessions help the stakeholders understand how the fees are calculated and what the County’s full costs are for providing the various services. If there are technical issues concerning how the fees are calculated, the discussions can then focus on what costs should be recovered and what the cost recovery levels should be.

STAFF AVAILABILITY

Both Peter Moy and Sean Lay will be available and committed to work on the project from August 2014 through December 2014. However, we expect that the project will be completed before the end of the year. At the current time, both Peter and Sean have the time available to complete the project as scheduled. This assumes that Department staff are available and that the Department can provide any requested data in a timely manner.

SCHEDULE

The following is our estimated project schedule based on contract award by August 5, 2014.

Project Task	August				September					October				November			
	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24
Task 1 - Conduct Kick-off Meeting																	
Task 2 - Interview Key Stakeholders																	
Task 3 - Develop the Cost and Fee Model Framework																	
Task 4 - Conduct Cost of Service Analyses																	
Task 5 - Conduct Cost Recovery Analyses																	
Task 6 - Review Cost of Service and Cost Recovery Results With County Staff																	
Task 7 - Prepare Draft and Final Reports																	
Task 8 - Provide County Staff with a Copy of the Model																	
Optional Tasks																	
Task 9 - Provide Training and Model Documentation																	
Task 10 - Make Board of Commissioners Presentation																	
Task 11 - Meet With Community Stakeholders																	

COST

The following are our estimated costs by task. Our base price for the study is \$18,485, and if the County wanted to include all three optional tasks, the total price is \$23,485. We will invoice the County monthly based on the hours worked and the progress to date.

Tasks	Consultant Hours			Total Labor Hours	Budget
	Managing Principal Moy	Project Analyst Lay	Admin. Support		
<i>Effective Hourly Billing Rates:</i>	\$225	\$120	\$80		
Task 1 - Conduct Kick-off Meeting	6	4	1	11	\$1,910
Task 2 – Interview Key Stakeholders	4	4	-	8	\$1,380
Task 3 – Develop the Cost and Fee Model Framework	2	2	-	4	\$690
Task 4 – Conduct Cost of Service Analyses	8	24	-	32	\$4,680
Task 5 – Conduct Cost Recovery Analyses	2	8	-	10	\$1,410
Task 6 – Review Cost of Service and Cost Recovery Results With County Staff	6	2	-	8	\$1,590
Task 7 – Prepare Draft and Final Reports	16	16	2	34	\$5,680
Task 8 – Provide County Staff with a Copy of the Model	1	2	1	4	\$545
Travel and Expenses					\$600
Project Budget	45	62	4	111	\$18,485
Optional Tasks					
Task 9 – Provide Training and Model Documentation	2	16	1	19	\$2,450
Task 10 – Make Board of Commissioners Presentation	4	-	-	4	\$900
Task 11 – Meet With Community Stakeholders	6	-	-	6	\$1,350
Travel and Expenses					\$300
Total Project Budget With Optional Tasks	57	78	5	140	\$23,485

RESUMES

Peter Moy | Principal Study Manager

M.B.A., Finance, University of California, Berkeley

B.A., Finance and Organizational Behavior & Industrial Relations, University of California, Berkeley

Peter Moy, principal study manager, brings



experience from his work with cities of all sizes in Oregon, Washington, and California, where he has conducted cost of service and cost recovery analyses of development fees. Mr.

Moy is the firm's principal responsible for development related fee studies. As the study manager for this project, Mr. Moy assumes ultimate responsibility for the project and its deliverables. His duties include gathering data and setting up the framework, providing technical assistance and guidance on key issues and tasks, making presentations, conducting the quality assurance reviews and preparing the report. As a principal of the firm, he will be FCS GROUP's contract representative.

EXPERTISE

- ◆ Development Services Fees
- ◆ User Fees
- ◆ Cost of Service/Cost Recovery
- ◆ Indirect Cost Allocation Plans
- ◆ Financial Planning and Analysis
- ◆ Performance Audits
- ◆ Organizational Analysis and Change
- ◆ Benchmarking and Comparative Studies
- ◆ Annexations and Development Analysis



Mr. Moy previously worked for the U.S.

Government Accountability Office and served as the Director of Legislative Audits and as the Assistant Director of the Seattle City Council's central staff where he was responsible for advising the City Council on financial, policy, and budget issues. Subsequent work included a variety of governmental and non-profit agencies, providing clients with a thorough knowledge of government operations and innovative and workable solutions to issues and problems. Mr. Moy has a broad understanding and expertise in how government sets and implements policies, performs its many different functions, and responds to the needs of its various constituencies such as the public, community organizations, and employees.

Mr. Moy is frequently called upon to speak at professional meetings and training seminars. Recent presentations include topics such as *Building Department Fee Fundamentals and Cost Based Approaches*, *Performance Audits – Making Results Work for You*, *Strategies for Recovering Costs from Non-Tax Sources*, *Costing Fire and EMS Services*, *Best Financial Practices*, and *Evaluating the Impact of Special Development Projects*. In addition, Mr. Moy also served as an expert witness on building fees in a Washington legal case.

Selected Relevant Project Experience

The following represents Mr. Moy's development fee work. For many of the clients he has conducted several fee studies as the clients updated their fees over the past 14 years. Besides these development fee studies, he has also worked on other types of fees such as those related to services for fire, engineering, utility services, environmental health, parks and recreation, jails, and police.

- ◆ **City of Auburn, WA** | Revenue and Cost of Service Development Fee Study
- ◆ **City of Bainbridge Island, WA** | Building and Development Services Fee Study; Litigation Support
- ◆ **City of Bellevue, WA** | Development Services Building Division Cost of Service and Fee Analysis
- ◆ **City of Bellingham, WA** | Building Services and Planning Cost of Service and Fee Study and Updates; Public Works Permitting Cost of Service and Fee Study, Stormwater Review Fees
- ◆ **City of Bothell, WA** | Community Development Fee Study
- ◆ **City of Covington, WA** | Development and Building Permit Fee Cost of Service and Fee Study
- ◆ **City of Mercer Island, WA** | Development Services Cost of Service and Fee Study
- ◆ **City of Newcastle, WA** | Building and Planning Permit Cost of Service and Fee Study
- ◆ **City of Olympia, WA** | Community Planning and Development Cost of Service and Fee Study
- ◆ **City of Puyallup, WA** | Development Services Cost of Service Study; Indirect Cost Allocation Study
- ◆ **City of Seattle, WA** | Department of Planning and Development Electrical Permit Fee Analysis
- ◆ **City of Spokane, WA** | Comprehensive User Fee Study
- ◆ **City of Vancouver, WA** | Development Review Services Cost of Service and Fee Update
- ◆ **City of Woodinville, WA** | Indirect Cost and Development Services Cost Recovery and User Fee Study
- ◆ **Cowlitz County, WA** | Development and Building Permit Cost of Service and Fee Study
- ◆ **Pierce County, WA** | Planning and Land Services Department Fee Policy Committee Support
- ◆ **Snohomish County, WA** | Cost Recovery and User Fee Study; Land Use Permitting Process
- ◆ **Thurston County, WA** | Development Services Cost Recovery and User Fee Update
- ◆ **City of Bend, OR** | Community Development Fee Study
- ◆ **City of Hillsboro, OR** | Indirect Cost Allocation Plan; Building and Planning Support Cost Analysis, Community Development Cost of Service Study
- ◆ **City of Canby, OR** | Cost of Services/User Fee Analysis; Indirect Cost Allocation, Cost of Service, and User Fee Study
- ◆ **City of Newport, OR** | Cost Allocation and User Fee Study
- ◆ **City of Forest Grove, OR** | User Fee Study and Management Consulting
- ◆ **Multnomah County, OR** | Land Use Division Fee Study
- ◆ **City of Campbell, CA** | Indirect Cost Allocation Plan and User Fee Study
- ◆ **City of Del Mar, CA** | Indirect Cost Allocation Plan and User Fee Study
- ◆ **City of Poway, CA** | Comprehensive Fee and Rate Study and Overhead Cost Allocation Review and Model Updates; Cost of Service and Fee Model Documentation
- ◆ **Town of Los Gatos, CA** | Indirect Cost Allocation Plan and User Fee Study
- ◆ **Town of Dewey Humboldt, AZ** | Indirect Cost Allocation Plan and User Fee Study

Sean Lay | Project Analyst

B.A., Finance and Accounting University of Washington



Sean Lay is an analyst who joined FCS GROUP in 2014. Mr. Lay provides staff support for fee studies, cost allocation plans, and water and wastewater utility rate development, and

financial modeling engagements. Sean has achieved a designation as a “Certified Specialist” in Microsoft Excel, further complementing his spreadsheet modeling acumen. Among his recent engagements, Sean has performed financial / rate analysis and spreadsheet modeling on projects with the Port of Seattle, and the cities of Renton, Olympia, and Post Falls. Prior to joining FCS GROUP, Sean held a series of highly competitive internships with prominent employers including, Bank of America, Scottrade Financial, and the Seattle Housing Authority.

EXPERTISE

- ◆ Development Services Fees
- ◆ Revenue Requirement Assessment
- ◆ Indirect Cost Allocation Plans
- ◆ Financial Planning and Analysis



Selected Relevant Project Experience

- ◆ **City of Olympia, WA** | Community Development Fee Study and Model Development
- ◆ **City of Renton, WA** | Water, Wastewater and Surface Water Cost of Service Rate and Charge Study and Rate Model Development
- ◆ **Port of Seattle, WA** | Concessions and Employment Analysis and Forecasting Study
- ◆ **City of Post Falls, ID** | Full Cost and A-87 Cost Allocation Study and Model Development

QUALIFICATIONS

Following section includes first a list of select development fee studies performed in recent years. We have also provided detailed descriptions and resumes for three building and planning fee studies that are similar in scope and complexity.

SUMMARY EXPERIENCE

Client	Study Elements for Development Related Agencies								
	Planning Cost of Service	Building Cost of Service	Indirect and Overhead Cost Allocation	Development Fee Design	Cost Recovery and Program Funding	Comparable Cost and Fee Analysis	Reserve Funding	Stakeholder Outreach	Litigation Support
WASHINGTON									
Auburn, WA	✓	✓			✓	✓			
Bainbridge Island, WA	✓	✓		✓	✓	✓		✓	✓
Bellevue, WA	✓	✓	✓	✓	✓	✓	✓	✓	
Bellingham, WA	✓	✓		✓	✓	✓	✓	✓	
Covington, WA	✓	✓			✓	✓	✓	✓	
Cowlitz County, WA	✓	✓		✓	✓	✓	✓		
Kennewick, WA	✓	✓	✓		✓	✓	✓	✓	
King County, WA									✓
Kirkland, WA	✓	✓	✓	✓	✓	✓			
Mercer Island, WA	✓	✓	✓	✓	✓	✓		✓	
Mountlake Terrace, WA	✓	✓	✓	✓	✓	✓			
Newcastle, WA	✓	✓	✓		✓	✓			
Olympia, WA	✓			✓	✓	✓		✓	
Pierce County, WA								✓	
Puyallup, WA	✓	✓	✓	✓	✓	✓			
Redmond, WA	✓	✓	✓	✓	✓	✓	✓	✓	
Seattle, WA	✓	✓		✓	✓	✓	✓	✓	
Snohomish County, WA	✓	✓		✓	✓	✓	✓	✓	
Spokane, WA	✓	✓	✓		✓	✓	✓		
Thurston County, WA	✓			✓	✓	✓	✓	✓	
Vancouver, WA	✓	✓	✓	✓	✓	✓	✓	✓	
Walla Walla, WA	✓	✓	✓	✓	✓	✓		✓	
Woodinville, WA	✓	✓	✓	✓	✓	✓			
OREGON									
Bend, OR	✓	✓		✓	✓	✓		✓	

Client	Study Elements for Development Related Agencies								
	Planning Cost of Service	Building Cost of Service	Indirect and Overhead Cost Allocation	Development Fee Design	Cost Recovery and Program Funding	Comparable Cost and Fee Analysis	Reserve Funding	Stakeholder Outreach	Litigation Support
Brookings, OR	✓	✓	✓		✓	✓			
Canby, OR	✓	✓	✓	✓	✓	✓			
Central Point, OR	✓				✓	✓			
Columbia County, OR	✓	✓	✓	✓	✓	✓			
Forest Grove, OR	✓	✓	✓	✓	✓	✓			
Hillsboro, OR	✓	✓		✓	✓	✓		✓	
Multnomah County, OR	✓			✓	✓	✓			
Newport, OR	✓	✓	✓		✓	✓			
Portland, OR	✓		✓	✓	✓	✓	✓	✓	
Springfield, OR	✓	✓			✓	✓			
CALIFORNIA									
Brisbane, CA	✓	✓	✓	✓	✓	✓	✓		
Campbell, CA	✓	✓	✓		✓	✓			
Del Mar, CA	✓		✓			✓			
Indian Wells, CA		✓							
Los Gatos, CA	✓	✓	✓		✓	✓			
Poway, CA	✓	✓	✓		✓	✓			
San Jose, CA							✓		
ARIZONA									
Dewey-Humboldt, AZ	✓	✓	✓		✓	✓			

SELECTED PROJECT EXAMPLES AND REFERENCES

City of Kennewick, WA | Comprehensive Development Fee and Rate Study

FCS GROUP prepared a cost allocation plan and conducted a comprehensive development services fee and rate study for the City of Kennewick. The City last updated its cost allocation plan in 2000, and because of increasing scrutiny by the State Auditor, the City wanted to determine the full cost of its services and be able to seek federal reimbursement for its indirect costs. We prepared full cost and OMB A-87 compliant cost allocation plans. In addition, we provided the City with a Microsoft® Excel model to prepare future plans, a training session on how to use the model, and a high-level user guide for the model.

Upon completion of these plans, a comprehensive fee and rate study was conducted for the City's development related fees. We analyzed the cost of service for each type of fee and compared it to the fee charged, and performed a cost recovery analysis to determine if the cost recovery levels were consistent with the City's cost recovery policy. The scope of work also involved a survey of comparable fees from neighboring communities, a presentation to community stakeholders, and presentations to City staff and the County Commission.

Reference:

Dan Legard, Finance Director
210 West 6th Avenue
Kennewick, WA 99336
Ph. (509) 585-4477
dan.legard@ci.kennewick.wa.us

Date Completed: 2011

Multnomah County, OR | Land Use Division Fee Study

To help Multnomah County determine if its land use planning fees should be revised, FCS GROUP conducted a Land Use Planning Division Fees Study to determine the full cost of service and the County's cost recovery related to its planning-related services and to compare its fees to other comparable jurisdictions. FCS GROUP analyzed the data from the County's timekeeping system, identifying and reviewing permit time estimates with the Planning staff, identifying associated costs needed to process permits, and gathering information from three other jurisdictions to benchmark and compare the County's fees. A presentation on the results of the study was made to the County Board of Commissioners.

Reference:

Chuck Beasley, Senior Planner
1600 SE 190th Ave. #116
Portland, OR. 97233
Ph. (503) 988-3043 x22610
charles.beasley@multco.us

Date Completed: 2012

City of Mercer Island | Development Review Cost Analysis and Recovery Methodology


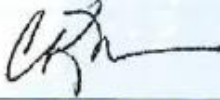
FCS GROUP conducted an update for the City of Mercer Island of its cost of service and the fees charged by its Development Services Group. The project involved analyzing DSG's employee time records, fees, and costs for providing building, planning, and right of way services related to private development, identifying the current cost of services, determining the current cost recovery level, conducting a survey of fees from other cities, preparing a report with recommendations, and making a presentation to the City Council.

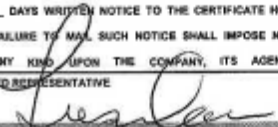
Reference:

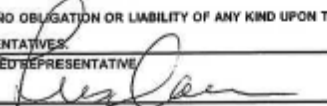
Kirsten Taylor, DSG Administrative Services Manager
9611 SE 36th Street
Mercer Island, WA 98040
Ph. (206) 275-7720
kirsten.taylor@mercergov.org

Date Completed: 2013

APPENDIX A – BUSINESS LICENSE AND PROOF OF INSURANCE

 STATE OF WASHINGTON	BUSINESS LICENSE	
Domestic Profit Corporation		Unified Business ID #: 601 098 550 Business ID #: 1 Location: 2 Expires: 07-31-2014
FINANCIAL CONSULTING SOLUTIONS GROUP, INC. FINANCIAL CONSULTING SOLUTIONS GROUP 7565 166TH AVE NE STE D215 REDMOND WA 98052 7811		
TAX REGISTRATION INDUSTRIAL INSURANCE UNEMPLOYMENT INSURANCE		
CITY LICENSES/REGISTRATIONS: BELLEVUE GENERAL BUSINESS #058483 BELLINGHAM GENERAL BUSINESS WASHOUGAL GENERAL BUSINESS OLYMPIA GENERAL BUSINESS PORT TOWNSEND GENERAL BUSINESS BLAINE GENERAL BUSINESS MARYSVILLE GENERAL BUSINESS #1802SVC111 ISSAQUAH GENERAL BUSINESS SPOKANE VALLEY GENERAL BUSINESS		
LICENSING RESTRICTIONS: Not licensed to hire minors without a Minor Work Permit.		
REGISTERED TRADE NAMES: FINANCIAL CONSULTING SOLUTIONS GROUP, INC.		
<p>This document lists the registrations, endorsements, and licenses authorized for the business named above. By accepting this document, the licensee certifies the information on the application was complete, true, and accurate to the best of his or her knowledge, and that business will be conducted in compliance with all applicable Washington state, county, and city regulations.</p> <div style="text-align: right;"> _____ Director, Department of Revenue</div>		

ACORD		CERTIFICATE OF LIABILITY INSURANCE			DATE (MM/DD/YYYY) 10/14/2013	
PRODUCER SHINSTROM & NORMAN, INC. P.O. BOX 638 KIRKLAND, WA 98083 (425) 827-6200 FAX: 827-5040		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.				
INSURED FINANCIAL CONSULTING SOLUTIONS GROUP 7525 166TH AVE. NE, STE #D-215 REDMOND, WA 98052		COMPANIES AFFORDING COVERAGE COMPANY A American Economy Ins.Co. (A XV) COMPANY B American States Ins. Co. (A XV) COMPANY C COMPANY D				
COVERAGES						
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY	02CE223291	09-20-13	09-20-14	GENERAL AGGREGATE	\$2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMPOD AGG	\$2,000,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY	\$1,000,000
	OWNERS & CONTRACTORS PROT				EACH OCCURRENCE	\$1,000,000
	<input checked="" type="checkbox"/> BLKT CONTRACT-UAL INCLUDED				FIRE DAMAGE (Any one fire)	\$1,000,000
					MED EXP (Any one person)	\$ 10,000
A	AUTOMOBILE LIABILITY	02CE223291	09-20-13	09-20-14	COMBINED SINGLE LIMIT	\$ 1,000,000
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE	\$
	<input checked="" type="checkbox"/> HIRED AUTOS					
	<input checked="" type="checkbox"/> NON-OWNED AUTOS					
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	\$
					AGGREGATE	\$
B	EXCESS LIABILITY	01SU425565	09-20-13	09-20-14	EACH OCCURRENCE	\$1,000,000
	<input checked="" type="checkbox"/> UMBRELLA FORM				AGGREGATE	\$1,000,000
	OTHER THAN UMBRELLA FORM					
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	02CE223291	09-20-13	09-20-14	<input checked="" type="checkbox"/> WC STATUTORY LIMITS	OTHER
	<input type="checkbox"/> INCL				EL EACH ACCIDENT	\$1,000,000
	<input type="checkbox"/> EXCL				EL DISEASE - POLICY LIMIT	\$2,000,000
	THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE:				EL DISEASE - EA EMPLOYEE	\$1,000,000
	OTHER					
DESCRIPTION OF OPERATIONS, LOCATIONS, VEHICLES/SPECIAL ITEMS THE CERTIFICATE HOLDER IS INCLUDED AS PRIMARY ADDITIONAL INSURED FORM CG7680 APPLIES. WAIVER OF SUBROGATION INCLUDED PER FORM CG7635.						
CERTIFICATE HOLDER			CANCELLATION			
			SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.			
			AUTHORIZED REPRESENTATIVE 			
ACORD 25-S (1/95)			© ACORD CORPORATION 1988			

ACORD - CERTIFICATE OF LIABILITY INSURANCE						DATE (MM/DD/YY) 10/14/2013
PRODUCER Shinstrom & Norman Inc. P.O. Box 638 Kirkland, WA 98083 (425) 827-6200			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
INSURED FINANCIAL CONSULTING SOLUTIONS GROUP, INC 7525 166TH AVE. NE, SUITE D-215 REDMOND, WA 98052			INSURERS AFFORDING COVERAGE INSURER A: Torus Specialty Insurance Company INSURER B: _____ INSURER C: _____ INSURER D: _____ INSURER E: _____			
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ _____ FIRE DAMAGE (Any one fire) \$ _____ MED EXP (Any one person) \$ _____ PERSONAL & ADV INJURY \$ _____ GENERAL AGGREGATE \$ _____ PRODUCTS - COMP/OP AGG \$ _____	
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ _____ BODILY INJURY (Per person) \$ _____ BODILY INJURY (Per accident) \$ _____ PROPERTY DAMAGE (Per accident) \$ _____	
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ _____ OTHER THAN EA ACC \$ _____ AUTO ONLY: AGG \$ _____	
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ _____ RETENTION \$ _____				EACH OCCURRENCE \$ _____ AGGREGATE \$ _____ \$ _____ \$ _____ \$ _____	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ _____ E.L. DISEASE - EA EMPLOYEE \$ _____ E.L. DISEASE - POLICY LIMIT \$ _____	
A	OTHER PROFESSIONAL LIABILITY	09550B132APL CLAIMS MADE FORM	07/12/13	07/12/14	\$2,000,000 EACH CLAIM \$4,000,000 AGGREGATE \$ 5,000 DEDUCTIBLE	
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS Retroactive Date: 7/26/1988						
CERTIFICATE HOLDER		ADDITIONAL INSURED; INSURER LETTER:		CANCELLATION		
				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE: 		
ACORD 25-S (7/97)				© ACORD CORPORATION 1988		