

9.1 APPENDIX A DDES FINANCIAL POLICIES PROTOCOL

PURPOSE

The Financial Policies Public Rule assembles the Department of Development and Environmental Services (DDES) financial policies into one document as adopted by King County. This Public Rule and Regulation serves as the guideline for the financial practices governing the Department's operations.

OBJECTIVES

- To set forth the operating policies affecting citizens regarding the charging of fees for all Building and Land Use permitting, financial guarantees and code enforcement activities provided by the Department.
- To provide additional guidance for financial compliance with regard to King County Codes for building, land development and code compliance.
- To ensure responsible fiscal management of the Department's financial operations to the citizens of King County and to those who use the Department's services.

DOCUMENT ORGANIZATION

The information in this document is organized into the following sections:

Section 1.0: Definitions
Section 2.0: Building Services
Section 3.0: DDES: Billable Hours
Section 4.0: DDES: Project Management
Section 5.0: DDES Financial Guarantees
Section 6.0: Finance
Section 7.0: Code Enforcement
Section 8.0: Business Licenses

SECTION 1.0 DEFINITIONS

The following definitions are provided beyond those currently reflected throughout King County Code:

Amount Due at Application means that portion (50% or 100%) of the total managed project hours budget and 100% of the fixed fees due at the time of application. This amount may be reduced on the Fee Estimate Letter for any prior payments, including deposits received.

Amount Under Budget means those hours in the managed project hours budget that were not expended at the time the final milestone was entered into 'PRMS'.

Applicant means a property owner, a public agency or a public or private utility that owns a right-of-way or other easement or has been adjudicated the right to such an easement under RCW 8.08.040, or any person or entity designated or named in writing by the property or easement owner to be the applicant, in an application for a development proposal, permit or approval.

ASD means the Administrative Services Division of the Department of Development and Environmental Services. This division provides the following services: Information Services, Financial and Analytical Services and Facilities and General Operations.

BSD means Building Services Division of the Department of Development and Environmental Services. This division provides the following services: Permit Intake Center, Building Plan Review, Code Enforcement, and Building Inspections.

DDES means the King County Department of Development and Environmental Services.

Default Fee means the historical average hourly processing cost of a permit and any applicable fees due at application.

Deposit means a portion up to 100% of the total estimated fee for hourly billed projects required at the time of application, issuance, or approval.

Error means a mistake in a matter of fact, law, or procedure or in the application of policy or a deviation from the correct application of standard operating procedures.

Finance System means the financial processing of fees and hours provided through entries in TRS, PRMS and Permits Plus. The products resulting from this processing consist of Invoices, and Project Management Statements.

Fixed Fees means a fee charged for a particular service that is a flat standard or basic fee. Examples of fixed fees include but are not limited to, Counter Service Fees, Building fire flow Review fees, Recording fees.

FMD means the Fire Marshal Division of the Department of Development and Environmental Services. This division provides the following services: Fire Inspections and Fire Engineering.

Locking the Budget means the process in Project Management whereby the Project Manager, or Project Coordinator for some BSD activities, will formally initialize the capped hours in PRMS as determined in the Fee Estimate letter or revised Fee Estimate letter.

LUSD means the Land Use Services Division of the Department of Development and Environmental Services. This division provides the following services: Urban Planned Development, Current Planning, Critical Areas, Land Use Engineering, Land Use Inspection Section (LUIS), Site Plan Review, and Site Development Services.

Managed Project Hours Budget (MPHB) means the estimate of hours required to accomplish the work performed under a specific activity or project. Hours are provided to applicants via the Fee Estimate letter from the Project Manager.

Permits Plus means the Sierra software program used by the Department's staff to initialize and impose fee charges for all permits and track permit information.

Phase means the distinguishable part in a development that requires review by more than one discipline or section. Each phase of a project will receive a separate Fee Estimate letter explaining the disciplines to be reviewed or inspected and the estimated cost of that work.

PRMS means the Project Routing and Management System used by the Department's staff to track the progress of all permits, including the managed project hours budget (MPHB) for Project Managed activities.

Project Coordinator means the Project Manager for residential projects under the Building Services Division.

Project Management means the component of the Department's Permit Processing Initiative that began January 1, 2004 and is further described in DDES Bulletins 53 and 54.

Project Manager means the staff employee assigned to manage the outcome of the permit, facilitate communication as the single point of contact and to facilitate communication between DDES and the permit applicant or phase of a permit under the Project Management Program.

Terminal Status means those activities/projects under the project management program that were placed in a 100% status. Status' include, but are not limited to: ADMIN-F, COMPLETE, CANCELED, CLOSED, DEFAULTC, DEMIN, DENIED,

DISMISSED, DNS, DS, EXEMPT, EXPIRED, EXT-CLSD, FEIS, FINALED, GRANTED, ISSUED (Clearing/Grading permits only), LINK, MDNS, MTG-HELD (Land Use Only)PASSED, PERM-NOT, PERM-REG, POSTED, PRELAPPR,REFUSED, RELEASED, REPLACED, RESOLVED, REVOKED, SETTLED, SUSPEND, TRANSFER WITHDRAWN, VOID .

TRS means the Department's Time Reporting System. This time reporting system defines the various Org/Function/Task codes and identifies whether the hours entered against an activity by an employee are billable to an applicant.

Voluntary Project Management Program means the voluntary Project Management Program, requested by the applicant to provide the same level of permit processing as is provided by the Mandatory Project Management Program.

SECTION 2.0 BUILDING SERVICES DIVISION

Extension and Cancellation of Permits and Permit Applications

1. Approved building permit applications

- a. Unless the applicant has requested and received an extension, an approved building permit must be issued within 60 days after approval.
- b. If a permit is not issued within 60 days after approval, the Department shall notify the applicant by certified mail that the permit may be canceled in 20 days unless a permit extension request is submitted in writing to the Building Services Director or designee.
- c. The Building Services Director or designee may, at his or her discretion, approve the initial and any additional extensions contingent upon payment of all fees and, if necessary, modifications necessary to bring the project into compliance with current building codes.

2. Requests for additional information. If the Department has requested additional information from an applicant, the Department may cancel a pending building permit application if the requested information is not received within 60 days after the date of the request. The Building Services Division Director or designee may, at his or her discretion, approve additional extensions upon written justification from the applicant.

3. Actions by Public Health – Seattle King County. If a pending or approved building permit application is dependent on approval from Public Health – Seattle and King County (PHSKC), the Department may cancel the permit 60 days after PHSKC has denied or disapproved the application, The Building Services Division Director or designee may, at his or her discretion, approve additional extensions upon written justification from the applicant.

4. Building permit extensions

- a. Building permits are valid for one year from the date of issuance. A one year extension is allowed upon payment of an extension fee.
- b. Subsequent extensions may be granted by the Building Services Division Director or the Director's designee upon written request by the applicant, payment of applicable fees, and demonstration of substantial construction progress.

SECTION 3.0 DDES BILLABLE HOURS

1. **Managerial Time** is not billable.
2. **Supervisory Time** is not billable unless time spent on permit related activities is considered direct review or technical work.
3. **Production Staff**, including those who also have lead responsibilities may have billable hours. The following tasks by lead production staff may be billed to the applicant:
 - Responses to public inquiries;
 - Discussions and interactions with other County Agencies on an issue directly related to the project;
 - Updating and maintaining written electronic files related to a specific project;
 - Recording time and data related to a specific project into the Department's Time Reporting System;
 - Time spent routing documents, inquiries and information to other reviewers related to a specific project;
 - Responses to applicants inquiries, including, but not limited to, matters concerning review status, outstanding processes, technical issues, time lines, decision points and criteria; and
 - Facilitating meetings between staff and applicant.
 - In addition to these tasks, Project Managers will bill for time spent developing and monitoring fee quotes.
4. **Clerical or Administrative Staff** support is not billable.
5. **Project Reassignment/Staff turnover** may be billed at a maximum of one hour by a newly assigned professional when reassignments are required:
 - This time includes site visits, but does not include travel time associated with the visit;
 - The amount of billable time may be expanded or lowered in some circumstances with prior approval of the supervisor; and
 - The professional transferring the work shall charge no more than one hour in order to facilitate the transfer.
6. **Fee Waiver and Fee Estimate dispute investigations by staff** are not billable.
7. **Travel Time**
 - Staff shall total each day's travel time and charge an equal amount to each customer visited that day.

- Department staff shall plan field visits to minimize the number of hours devoted to travel.

8. Applicant Billing Inquiries

- Staff time devoted to responding to applicant invoicing inquiries for permit applications that are open or active are not billable.
- Production staff time devoted to responding to applicant fee inquiries, whether by telephone or e-mail, should not exceed fifteen minutes.
- If responding to a billing inquiry requires more than fifteen minutes, the inquiry shall be referred to the section supervisor.

9. Appeals

- **Appeals filed by the Applicant:**

1. When a permit or zoning appeal has been filed by an applicant, staff time associated with review of the permit application, including SEPA review, is billed to the applicant as provided in these guidelines. In addition, the following activities related to the appeal are billable:
 - Pre-hearing conferences;
 - Preparation of the staff report on appeals issues;
 - Preparation of or responses to pre-hearing motions;
 - Responses to discovery requests;
 - Conducting all necessary research prior to or during the hearing;
 - Preparation of or responses to post hearing motions;
 - Travel related to the appeal;
 - Appeal-related correspondence with the Council and Council Staff; and
 - Communication with the parties.
2. Hours expended by billable staff in the actual hearing itself for an appeal proceeding are not billed.

- **Appeals filed by a Third Party :**

Except when the appeal hearing is combined with a public hearing on Type III or IV land use permit, if a third party appeals the Department's decision, staff time associated with work resulting from the appeal filing is not billed to the applicant.

- **Refunds on Administrative Appeals:**

If the applicant is the substantial prevailing party on an administrative appeal, the Department shall reimburse 100% of the appeal activity costs incurred above.

10. Pre-application meeting:

If a pre-application meeting is held to resolve an active clearing and grading code enforcement case, credit for time charged to the pre-application meeting will be applied

towards any required investigation fees charged to the resulting clearing and grading permit application.

11. Inspections:

- **BSD:** (Building Inspections) The permit or copy thereof shall be kept on site of the work until the completion of the project.
 - A. Approvals: Building inspectors approve an inspection, placing their signature and date in the appropriate inspection box on the permit and left at the site. If the permit is not on the site at the time of inspection, the inspector will leave a hand written note granting approval.
 - B. Disapprovals: Inspectors leave a hand written note listing the corrections that need to be made.
- **LUSD:** (Site Inspections) Applicants may request that Land Use Services Division Inspectors (Land Use Inspection, Site Development Services, and Critical Areas) sign in and out when inspecting a given site.
 - A. During the Pre-Construction Meeting:
 - Land Use Services Division Inspector staff ensures the Certification of Applicant Status (CAS) or the Certification and Transfer of Applicant Status (CTAS) is complete.
 - Determine if the contractor's supervisor is the applicant's agent.
 - Determine if the applicant will be providing a weather protected sign-in box.
 - B. During each site visit:
 - Upon entering site, Land Use Services Inspectors will visit the job trailer (if provided) to contact applicant's agent, and sign-in if requested.
 - If applicant's agent is not present, inspectors will sign in and out at the applicant provided sign-in box.
 - C. Absence of a job trailer or a sign in/out box will indicate the applicant's waiver of this procedure.

SECTION 4.0 DDES: PROJECT MANAGEMENT PROGRAM

OVERVIEW

The Project Management Program is a component of the Department's Permit Processing Initiative Program beginning January 1, 2004 and further detailed in DDES Bulletins #53 and #54. The process provides predictability for the customer and accountability for the Department's staff. Specific project activities have been identified by the Department as requiring Project Management due to their length and complexity or due to historic variability in cost of individual projects. See Appendix B for a list of permits that are Project Managed. The Department may add or subtract from this list. Refer to DDES Customer Service Bulletin #53 (Project Management for Building Permits) or #54 (Project Management for Land Use Permits) for additional information. Activities that are not project managed may be included in the process at the applicant's request or on recommendation of Department staff.

- A Project Manager is assigned to provide oversight on an activity or project and its correlative phases.
- Pre-application meetings may be mandatory or optional based on the permit type/subtype and customer need.
- Deposits are required at the time of application.
 1. Applications for building permits require a 100% deposit at the time of application.
 2. Applications for land use activities require a deposit of between 50% and 100%, as determined by the Project Manager.
- The Project Manager will provide the applicant with the full estimate of costs of an activity, including any additional amounts that are due at that time, in the Fee Estimate Letter.
- The Department will refund or transfer to another activity any remaining amounts received by the Department that are not expended at the conclusion of the activity, with the applicant's approval.

The following specific items are identified under Project Management for each operational division.

Building Services Division (BSD)

- Residential projects are divided into two categories:
 1. those that are complex and require hourly review fees; and
 2. those that only require fixed fees because they are simple or select Preferred Consultants.
- Commercial projects are divided into two categories:
 1. those that require a pre-application meeting; and
 2. those that do not require a pre-application meeting.
- A Project Manager is assigned to any commercial permit type, except simple permits such as sign, mechanical and tenant improvement permits, and to any complex residential project requiring hourly review fees. The BSD project manager manages the project until the permit is issued. Other project managers may manage phases of the project after issuance.

Land Use Services Division (LUSD)

- A Project Manager may be assigned for Type I, II, III and IV Permits, Grading permits, Subdivisions and Short Subdivisions, and Land Use Inspections.
 1. Type I, II, III, IV Permits include but are not limited to: Conditional Use Permits, Boundary Line Adjustments, Critical Areas Designations, Right of Way, Shoreline Exemptions, Subdivision Miscellaneous Service, Zoning Variances, Critical Areas Alterations Exceptions, Reasonable Use Exceptions, Public Agency Utility Exceptions, Subdivisions, Short Subdivisions, Shoreline Permits, Rezones and Special Use Permits.
 2. Grading Permits subject to project management include large, complex projects such as surface mines (gravel pits), large highway expansions, large pipeline expansions. Simple Grading permits are eligible for project management upon applicant request. A Project Manager may be assigned to grading permits that are part of Type I and II land use decisions, that require one or more hourly site reviews, or that involve grading code enforcement cases.
 3. Subdivision and Short Subdivision applications are reviewed in phases. Each phase of the project will be project managed. A separate Fee Estimate Letter is prepared for each phase of the project, outlining the disciplines involved and the estimate of costs for that phase of the project. The Department generally requires a pre-application meeting to be held prior to filing of the preliminary application to prepare customers for the application and to review

the review process. The Fee Estimate Letter is prepared following the pre-application meeting. The phases for subdivision and short subdivision review are:

- PRE-APPLICATION MEETING
 - a) Applicant receives instructions and an opportunity to discuss a potential application.
 - b) Issues involving difficult site restraints, access or other issues may be discussed. Conclusion of this process is called *Complete*.
 - PRELIMINARY REVIEW
 - a) Primary site issues raised by the application are reviewed.
 - b) Conclusion of this process is called *Preliminary Approval*.
 - ENGINEERING REVIEW
 - a) Department review of the detailed site plans.
 - b) Conclusion of this process is called *Engineering Approval*.
 - SITE CONSTRUCTION
 - a) Department review of clearing and grading activities and construction of roads, drainage, and storm water facilities for the development.
 - b) Conclusion of this process is called *Final Construction Approval*.
 - FINAL PLAT REVIEW
 - a) Recording of the subdivision and creation of new lots and establishing addresses for which building permits can be issued.
 - b) Conclusion of this phase is called *Final Plat Approval*.
 - MAINTENANCE DEFECT PERIOD
 - a) A two-year period following final inspection and approval of improvements during which the applicant guarantees the workmanship and materials on public improvements, such as roads and stormwater management facilities, are free of defects.
 - b) The King County Departments of Transportation and Natural Resources and Parks separately manage the maintenance defect period for public improvements.
4. Site Inspections by Land Use Inspection Project Managers ensure fee and cost predictability and assist the developer in staying within project timeframes and permit requirements. The Department requires inspections and approval prior to the release or reduction of financial guarantees for site work.

Removal of an Activity from Project Management Process

The Department may remove activities defined as Project Managed detailed in Appendix B from the Project Management process under the following conditions:

- During project review, the applicant changes the proposal which results in a project that is below the project management threshold.
- To accommodate State and Federal procurement regulations.
- In accordance with other contractual agreements between the Department and the applicant.
- Applicant request and the Department concurs, if it is determined that no value will be added to the overall project or creates a redundancy in the Project Management process.
- Applicant fails to acknowledge a Fee Estimate Revision within 17 days.
- the project is substantially complete and the applicant submits a written request to remove the project from the project management program.
- The project scope is minimal and requiring project management would add a disproportional expense to the applicant.
- The project is in default as defined by KCC 27A. 20.020.

Voluntary Project Management Program

Applicants who have activities that are not identified as 'Project Managed' in Appendix B may now request to opt into this program. 'Voluntary Project Management Program' is an additional component of the Project Management Program and is designed to provide the same level of transparency and accountability. See Appendix C for a listing of those activities included in this program.

- Applicants must request, in writing, to have their activity administered using the same criteria established in the Project Management Program.
- A fee estimate will be prepared and the applicant must acknowledge the estimate as noted below.
- The applicant shall pay a deposit equal to 100% of the total fee estimate at the time of application.
- Applicants will be charged no more than five hours of time at the effective hourly rate for work performed by the Project Manager.

Fee Estimates

The following policies and procedures apply to the development of Fee Estimates:

1. The Project Manager shall prepare a Fee Estimate on all Project Managed permits. The Fee Estimate shall be prepared prior to the submittal of a permit application or during the early stages of review, after the submittal of a complete permit application. Fee Estimates prepared are valid for 180 days from the date of the Fee Estimate Letter.
2. Unless the Fee Estimate is revised as provided in these policies, the total permit fee presented in the Fee Estimate is binding on the Department. The Fee Estimate shall include a statement of the criteria that are used to determine whether the Fee Estimate should be revised. Finance charges incurred by the applicant due to late payments are independent of, and are not limited by, the Fee Estimate.
3. If the total Department billable hours exceed the Fee Estimate, the Department shall not bill the applicant for the excess billable hours. The Department shall track the excess billable hours, but shall absorb the costs.
4. The Fee Estimate shall include fees based on the valuation of the project. However, if project modifications result in a new valuation that changes those fees, the Project Manager shall revise the Fee Estimate accordingly and notify the applicant of the revised Fee Estimate.
5. Fee Estimates shall be based on a standardized Worksheet, which shall be provided to the applicant with the Fee Estimate. The purpose of the Worksheet is to establish a total Fee Estimate for the applicant. Although the Project Manager will closely monitor the billable hours of each discipline, only the total permit fee will be binding on the Department, not the estimates of each discipline. The Project Manager shall include on the Worksheet a statement of the fundamental assumptions used to prepare the Fee Estimate. Fundamental assumptions include items such as the number of anticipated plan re-submittals by the applicant's consultant and the anticipated length of the construction period.

The standardized Worksheet shall include a summary of the estimated hours for the various Department staff disciplines. The estimated hours for the various disciplines are based upon historic averages for the review of projects of similar scope. The average or less (to achieve better efficiencies) is also known as the “default” estimate for a specific discipline. Estimates that are less than the ‘default’ amount for a specific discipline will be documented on the worksheet.

6. The Project Manager shall estimate an amount greater than the “default” amount for a specific discipline only if one or more of the following apply:
 - The scope or design of the project is significantly larger or more complex or unique when compared with similar permit applications.
 - The project is likely to require substantial SEPA environmental review, such as a Mitigated Determination of Significance (MDNS) or a Determination of Significance (DS).
 - The project is likely to require variances from the code, such as a variance to the King County Road Standards, a variance to the King County Zoning Code, or an adjustment to the King County Surface Water Design Manual.
 - The project is likely to require significant and substantial interaction with the public or other agencies.
 - The project is a “pilot” or “demonstration” project.
 - The project proposed by the applicant is incomplete, vague, or lacks essential supporting documents.

The Project Manager shall identify on the Worksheet which, if any, of the above apply.

7. The applicant must acknowledge the Fee Estimate within seventeen days after the Fee Estimate has been provided to the applicant. An applicant is deemed to have acknowledged the Fee Estimate if the applicant signs the Fee Estimate and returns it to DDES

If the applicant does not acknowledge the Fee Estimate, the Department may consider the activity ineligible for project management, deem the application

incomplete, place the application on “hold” and stop the Department's review, or “cancel” the application in accordance with K.C.C. 20.20.050.

Fee Estimate Revisions

The Project Manager may revise the Fee Estimate only if one or more of the following criteria are satisfied:

1. The applicant fails to provide accurate, complete, or timely information.
2. The applicant fails to disclose a site or development issue that creates the need for additional review that could not have been reasonably anticipated by the Project Manager during the preparation of the previous Fee Estimate.
3. The applicant changes the scope or design of the proposal, creating the need for additional review that could not have been reasonably anticipated by the Project Manager during the preparation of the previous Fee Estimate.
4. The applicant fails to complete the construction of the project in a timely manner, creating the need for additional review, unanticipated by the Project Manager during the preparation of the previous Fee Estimate.
5. The applicant's proposal is appealed and the Fee Estimate did not anticipate an appeal.
6. The applicant requests to separate the review of the project into distinct phases.
7. There has been unauthorized construction on the property, including, but not limited to, clearing or grading, or an associated code enforcement case is opened.
8. The King County Council modifies permit fees.
9. The project is modified, such that there is a change in the valuation and the resulting valuation fees.

Examples illustrating these criteria are found in Appendix D.

Notice of Fee Estimate Revision

If the Fee Estimate is revised as provided in these policies, the Project Manager shall provide the applicant with a revised Fee Estimate that includes the:

1. Reason the hours will exceed the current fee estimate; and
2. The revised fee hours and payment requirements.

The applicant shall acknowledge the revised Fee Estimate in the same manner as a Fee Estimate.

Installment Payment Plans

For specific permit types, an applicant may pay fees and hours budgeted in installments. An applicant choosing to make installment payments shall pay a minimum of 50% of the estimated hours and 100% of the fixed review fees at the time the Fee Estimate is acknowledged. The Department will bill the remaining estimated hours equally over the period established for installment payments. The applicant must pay the amount due each month as reflected on the Project Management Statement's remittance page; however, full payment of the estimate may be made at any time during the installment period.

Installment payments are allowed for the following permit types under the prescribed conditions:

- Preliminary Short Subdivisions, also identified as 'Short Plats'. Automatic installment plans assigned shall not exceed six (6) equal monthly payments.
- Preliminary Subdivisions (also identified as 'Plats' or 'Formal Plats'). Automatic installment plans assigned shall not exceed twelve (12) equal monthly payments.
- Type II and IV land use applications: rezone applications shall be authorized a nine (9) month installment plan. All other Type II and IV land use applications projects shall receive a six (6) month installment plan, upon the request of the applicant and approval by the Project Manager.
- BSD may allow installment plans not to exceed twelve (12) equal monthly payments on the request of the applicant approved by the Division Director.
- Grading permits allow a six (6) month installment plan, but shall not exceed twelve (12) months, upon request of the applicant and approval by the Project Manager.

- Site Engineering/Final Reviews may allow a three (3) month installment plan, but shall not exceed six (6) months, upon request of the applicant and approval by the Project Manager.

Suspensions of Permits for Non-payment of Fees

The Director may suspend review or cancel a permit anytime during which there is an outstanding fee balance that is sixty days or more past due as provided in K.C.C. 20.20.100.

Action will be taken at 30, 60 and 90 day intervals to communicate with customers about delinquent payments, potential suspension of review work on an activity and determination of whether the permit should be cancelled.

Non-Sufficient Funds (NSF) checks for payment of initial application fees will be considered an 'incomplete application', subject to cancellation.

Deposit Requirements

The applicant shall pay a deposit on the estimated total fee for hourly billed projects at the time of application as follows:

1. Building permits – 100% deposit
2. Land Use permits - 100% deposit, with the following exceptions:
 - Short Plats: 50% of the default fee
 - Plats: 50% of the default fee
 - Grading: 50% of the default fee
3. Land Use Inspection Activities – 100% deposit

SECTION 5.0 DDES FINANCIAL GUARANTEES

The Department requires the posting of a Financial Guarantee in order to ensure that the applicant complies with all provisions of the King County Code and completes all permit conditions within the required time periods. The County may collect against the Financial Guarantee for work that is not completed or that does not comply with King County standards under K.C.C. Titles 9, 14, 16, 19A, 21A and 27A.

Financial Guarantee Preferred Applicant Program

- Applicants required to provide a Financial Guarantee are evaluated based on their previous work with the Department and assigned to one of three Preferred Applicant classifications. The type of Financial Guarantee the applicant is required to provide is based on the applicant's Preferred Applicant classification. The following policies govern the determination of Preferred Applicant classification and the implementation of the Preferred Applicant program.
- If an applicant is required to furnish a Financial Guarantee, staff will review the Department's permitting and bonding file records to determine the applicant's Preferred Applicant classification. The Preferred Applicant Classifications are:
 1. Gold Preferred Applicant has had no Financial Guarantees forfeited on the applicant's last three projects with King County for which a Financial Guarantee was posted, measured from the effective date of the Financial Guarantee. A Gold Preferred Applicant may provide any form of Financial Guarantee that is consistent with state law, King County Codes, regulations, and Department policy.
 2. Silver Preferred Applicant has had at least one claim filed by King County against a Financial Guarantee on at least one of the applicant's last three projects for which a Financial Guarantee was posted, measured from the effective date of the Financial Guarantee, but for which the applicant obtained Final Construction Approval from the Department on that project. A Silver Preferred Applicant must provide at least 50% of the required Financial Guarantee as Cash. The remaining portion of the required Financial Guarantee may be furnished as a Surety Bond, Assignment of Funds, or Cash, consistent with state law, King County Codes, regulations, and Department policy.

3. Bronze Preferred Applicant has had at least one Financial Guarantee forfeited on at least one of the applicant's last three projects with King County for which a Financial Guarantee was posted, measured from the effective date of the Financial Guarantee. A Bronze Preferred Applicant may provide only Cash Financial Guarantees.
- An applicant that does not have a Financial Guarantee history with King County shall be assumed to be a Gold Preferred Applicant.
 - The Department will notify the applicant of its Preferred Applicant classification before the Department provides the Financial Guarantee documents to the applicant.

SECTION 6.0 FINANCE

OVERVIEW

The Finance Section of DDES is responsible for developing, maintaining, and improving the cash management systems, including billing and the receipt of cash from customers. The Finance Section is also required to provide applicants with timely and accurate invoices and statements, record cash received correctly against permits, and provide assistance in responding to customers' inquiries. The Finance Manager is responsible for the overall financial operations of the Department.

Billable Staff Time

- All staff time is entered by Department staff in the Time Reporting System (TRS) by Low Org (operating section), Function (category or work discipline), and specific Task (detail of work performed). The combination of the 'Org/Function/Task' against a specific permit type and sub-type determines whether the hours entered into TRS are defined as 'billable' to the applicant. In addition:
 1. Time records are used to manage projects and ensure that work is proceeding as planned and that the correct amount and type of services are provided.
 2. Time records are also reviewed to determine the average amounts of time spent on particular disciplines within a permit type and sub-type.
 3. Time records provide staffing models for future labor needs, as well as rate and revenue forecasting.
- Billable hours are defined as the hours that are charged directly to the applicant through an 'Invoice' or 'Project Management' Statement.
 1. For Project Managed projects, billable hours are determined from the Fee Estimate prepared by the Project Manager.
 2. For Invoices, billable hours are invoiced monthly as worked is performed.
- Payment for fees are due at different times based on the nature of the fee, as well as the permit type/subtype.
 1. Fees Due at Time of Application include, but are not limited to, Counter Service Fees, Base Fees, and Deposit for Estimated Hours.
 2. Fees Due at Permit Issuance includes, but are not limited to, MPS/Impact Fees, Inspection Fees.

3. Fees Due during Permit Review includes fees that result from unanticipated additional work required during the review process.
4. Fees for Project Managed Review are due as outlined in the Fee Estimate Letter provided in Section 3.0 of this policy.

When Payments Are Due

- Invoices Under K.C.C. 27.02.200, fee payments are due on the date stated on the Department's invoice. Delinquent unpaid balances are subject to finance charges.
- Project Management Statements Payments are due as outlined in the Fee Estimate Letter, including any terms of an installment payment plan.

BILLING CYCLE

Invoices

- The Department will establish regular monthly billing cycles for producing customer invoices.
- Invoices will be only generated when fees have been assessed or hours have been charged against the activity.
- Payment of the amount due must be received by the Department on or before the date reflected on the Invoice Remittance Advice.
- For an activity that is defined as Project Managed, but where the estimated hours budgeted in the Fee Estimate Letter for the project have not been formally initiated into the billing system, ("Locking the Budget"), the applicant will be billed by invoice for fees charged and hours worked. Once the estimated hours budgeted in the Fee Estimate Letter for a project managed project is 'Locked' by the Project Manager, the Finance Section will process a Project Management Statement in the next billing cycle.
- If the applicant and the Project Manager have agreed to remove an activity defined as Project Managed from the Project Management Process, the Department will bill the applicant by invoice for fees incurred beginning with the next billing cycle.

Project Management Statements

- Regular monthly billing cycles will be established for producing customer Project Management Statements.

- Project Management Statements will be generated each month, regardless of whether hours have been recorded against the activity.
- Payment is due in the amount on or before the date reflected on the Project Management Remittance Advice. Installments currently due will be included in the total amount due on the Remittance Advice
- A Project Management Statement will be processed in the next billing cycle after the estimated hours provided in the Fee Estimate Letter are 'Locked' into the PRMS system.

Finalization – Project Management

- A project is deemed concluded for billing purposes when:
 1. An activity or project is concluded.
 2. An activity is voluntarily withdrawn by the applicant.
 3. An activity is involuntarily terminated by the Department.
- When a project is deemed concluded, a final Project Management Statement will be processed by the Finance Section.
 1. The statement will reflect the Total Hours Worked and any remaining balance of unexpended hours are converted to the hourly rate in effect.
 2. The under expended amount will be reflected in 'Amount Under Budget'.
 3. The amount of any refund or credit due to the applicant or any unpaid balance due to the Department will be reflected on the statement.

Non Project Managed Activities

An activity or project is deemed concluded for billing purposes when:

1. An activity or project is concluded.
2. An activity is voluntarily withdrawn by the applicant.
3. An activity is involuntarily terminated by the Department

Termination of an Activity

Activities or projects that are voluntarily or involuntarily terminated do not relieve the applicant of any unpaid balance for work performed up to the termination of the activity or project.

Refunds

- If a project or activity that is deemed concluded has a remaining unexpended balance, the Department will issue a refund to the customer.

- Upon written request of the customer to the Finance Section, the credit balance may be transferred and applied to another open activity.

PAYMENTS

All Payments to Finance

Payments may be made in person to the Cashier or by mail sent to the Finance Section.

Cash Deposit State Auditor's Office Requirements

In accordance with State Audit and Treasury requirements, the Department shall deposit all payments received with the County's financial institution in a timely manner, but not more than twenty-four business hours after receipt.

Trust Accounts

An applicant may make a written request to establish a Trust Account whereby funds may be deposited and held by the Department until authorization is granted to transfer to pay for activities initiated by the applicant.

Government Agency Purchase Orders

- The Department may accept Purchase Orders from Government Agencies upon request in lieu of the requirement for payment at application. Purchase requests or other similar documents are not acceptable.
- The Government Agency shall pay for fees and services performed upon receipt of monthly invoice.

MOU's/Other Contracts

- The Department may enter into Memorandums of Understanding (MOU), Interlocal Agreements (ILA), and other contracts with other government agencies, when DDES agrees to unique finance terms or approves other conditions.
- All contracts are prepared in accordance with King County policy.

Payment Plans

- A customer may make a written request to the Finance Section to establish a payment installment plan.

- This payment plan is not an 'installment plan' established under Section 3.0 Project Management.
- A payment plan may be requested by an applicant only when the activity or project is in a terminal status. The applicant must provide a compelling reason for the request and provide a proposed plan for payment.
- The request is forwarded to the Finance Section Manager for recommendation to the Department Director.
- If the Department Director approves a payment plan, the plan shall be provided to the customer in writing outlining the repayment schedule and requirements for compliance and shall not be effective until signed by the customer and the original document returned to the Finance Section.
- A payment installment plan may not exceed one calendar year, unless approved in writing by the Finance Manager.
- If the payment installment plan relates to a building permit, the payment installment plan may not extend beyond the date of the building permit expiration or any building permit extension expiration date.
- The activity may have finance charges assessed during the repayment period. Upon successful completion of the payment plan, any finance charges accumulated shall be removed.
- If the customer fails to make the required payments or return the signed payment agreement, the Department shall immediately refer the debt to King County's outside contracted Collection Agency. Finance charges assessed during the repayment period shall be added to the unpaid balance.

Other Sales, Copies, and Publications

- Under K.C.C. 27.02.160, the Department may charge a fee for other non-permit related services. Services for which charges are authorized include, but are not limited to:
 1. Making copies at the Department;
 2. Contracting for copying services outside the Department, when requested by an applicant;
 3. Providing letters of zoning certifications; and
 4. Gathering, preparing and publishing special request reports.
- Costs for copy services are located in Appendix E.

Finance Charges

- Under RCW 19.52, the Department may impose a maximum 1% monthly interest charge for delinquent balances.
- Payments must be received by the Department not later than the date reflected on the Invoice or Project Management Statement Remittance Advice. Finance charges are calculated based upon the unpaid delinquent balance more than 30 days past due.
- Finance charges are not calculated on the unpaid balance of installment payments that have not been scheduled for payment.
- Finance charges are calculated on the unpaid balance of accounts in which an approved payment plan is in effect, but the charges are removed if the payment conditions are fulfilled.

Unpaid Debts Assigned to a Collection Agency

Under RCW 19.16.500, the Department may retain by written contract, a state licensed collection agency to collect public debts.

- The Department may refer unpaid balances to the King County outside contracted Collection Agency.
- Prior to assigning an unpaid debt to a collection agency, the Department shall attempt to notify the applicant in writing of the existence of the debt and that the debt may be assigned to a collection agency. The Department shall not assign an unpaid debt to a collection agency until at least thirty days after providing this notice.
- The outside collection agency may add additional reasonable fees, as provided in RCW 19.16.500, including collection fees and legal costs imposed by the collection agency, to the unpaid debt referred to them by the Department.

Fee Appeal Process

An applicant may appeal DDES fee estimates and billings as provided in K.C.C. Chapter 27.50. DDES Customer Information Bulletin # 57 (Fee Appeal Process) provides detailed information.

DDES Fee Estimates

- Applicants may dispute fee estimates and revisions in writing to Director
- If the Director renders a full or partial denial of the dispute, the applicant may appeal the decision to the Hearing Examiner's office

- The Examiner may affirm, modify or refer the appeal back to DDES. If it is determined that the applicant is the substantial prevailing party, the administrative fee is refunded.

Fee Appeals – Non Project Management Invoices

- Applicants must submit a fee waiver request on any DDES Invoice in dispute.
- If the Director renders a full or partial denial of the waiver, the applicant may appeal the decision to the Hearing Examiner's office.
- The Examiner may affirm, modify or refer the appeal back to DDES. If it is determined that the applicant is the substantial prevailing party, the administrative fee is refunded.
- Upon receipt of a Notice of Completion, the applicant may submit a waiver on the total of all fees and charges assessed against the activity. Upon full or partial denial of the waiver, the applicant may appeal the decision to the Hearing Examiner's office.

Fee Appeals – Project Management Statements

- Upon receipt of a Notice of Completion, the applicant may file a Notice and Statement of Appeal to DDES.
- If DDES partially or fully denies the appeal, the Hearing Examiner will conduct a hearing and affirm, modify or refer the matter back to DDES. If the applicant is the substantial prevailing party, the administrative fee is refunded.

Fee Waiver Criteria

- A fee shall be waived if the service for which the fee was collected was not performed.
- A fee shall be waived if the service for which the fee was collected is considered duplicative; that is, a service of similar body of work was already performed and fees were collected for that service.
- A fee shall be waived if the service for which the fee was collected was based on a professional or processing error caused by a Department employee and additional costs were incurred to the applicant as a result of the error.
- A building permit fee shall be waived if the services performed were in response to a natural disaster as declared by the Executive in accordance with K.C.C.

12.52.030

- Finance Charges shall be waived under the following circumstances:

1. Administrative Waiver due to timing of receipt of payment and new invoice/statement mailed.
 2. Finance charges associated with charges applied in error to the applicant or for negotiated settlement agreements, or where errors occurred in the applicant name or address preventing the applicant from receiving timely invoices or statements.
 3. Approved contracts, MOU's, or Interlocal Agreements that deviate from normal finance processing.
 4. Finance charges associated with fees that have been waived and approved by Division Directors.
 5. Finance charges imposed as a result of lack of timely response by the Department to a Fee Waiver request.
- Fees waived shall be either deducted from current balances due to the Department, or if the activity was fully paid, via a refund to the applicant when the permit is deemed complete.
 - The Finance Section shall process any adjustment of fees as a result of a waiver.

Fee Waiver Requests

A completed Fee Waiver request must be prepared and forwarded via mail, e-mail or fax to the appropriate operating division identified on the form. The applicant must specify the fees or hours in dispute.

Change in Applicant Information

- An applicant may request a change in applicant status by completing a "Certification and Transfer of Applicant Status" form.
- Both the current applicant and new applicant must sign and forward the document to the Department.
- The new applicant shall accept all financial responsibility for the activity.
- Changes of applicants do not relieve the new applicant for any unpaid obligations of the prior applicant.
- New applicants may be required to post new financial guarantees for any activity that they have assumed a financial obligation on.

NSF Checks

- The Department may charge a nominal fee for checks returned by financial institutions for insufficient funds or non-sufficient funds as provided in RCW 62A.3-515.
- The Finance Section shall notify an applicant in writing of the NSF condition and that non-payment of the NSF check may be referred to King County outside contracted collection agency for further action.
- NSF actions may result in a Stop Work Order as defined in K.C.C. Title 23.

Billing Hotline

- The Department is committed to providing excellent customer service and timely response to billing questions.
- The Department provides a hotline that enables customers to contact Finance Section staff regarding billing questions.
- Customers may contact the hotline for questions concerning:
 1. Questions regarding billings on permit activities;
 2. Additional copies of invoices/project management statements at no cost; and
 3. Requests for Transfers of credit balances.

SECTION 7.0 CODE ENFORCEMENT

OVERVIEW

Civil penalties are assessed for failure to comply with a Stop Work Order, a Voluntary Compliance Agreement or a Notice and Order. Assessment of penalties and abatement costs is in accordance with K.C.C. Title 23. A violator's failure to pay penalties and costs will result in a lien attached to the property. In addition, under RCW 35.80.030, the Department may certify the costs of abatement to the property tax rolls of the property.

Collection Enforcement

- At the direction of the Code Enforcement Section, Finance Section staff shall refer delinquent accounts to King County contracted outside Collection Agency for further action.
- Code Enforcement staff will recommend delinquent accounts over \$15,000 for legal action to the King County Prosecuting Attorney's Office.
- Delinquent accounts referred may be subject to further costs, including attorney's fees and collection costs.

SECTION 8.0 BUSINESS LICENSES

OVERVIEW

The Department processes various business licenses on behalf of King County. Detailed information regarding license fees and renewals can be located in K.C.C. Title 6.

Permits Issued by DDES:

- Amusement/Dance Places
- Amusement Devices
- Charitable Solicitation
- Entertainers and Managers
- Junkshops and Wagons
- Massage and Bathhouse Licenses
- Outdoor Musical Entertainment Licenses
- Pawnshops
- Secondhand Dealers
- Shooting Ranges

9.2

APPENDIX B

LIST OF ACTIVITIES/PROJECTS DEFINED AS 'PROJECT MANAGED'

PERMIT TYPE	SUBTYPE	DESCRIPTION
ABC	COMMERCL	Commercial Already Built Construction
ALTER	ALTER-P	Alteration to Plat
ALTER	ALTER-SP	Alteration to Short Plat
CAEXCEPT	CAEXCEPT	Critical Areas Alteration Exception
CUP	CUPOTHER	Conditional Use Permit Other
CUP	CUPTOWER	Conditional Use Permit Towers/Cell Towers
CUP	DAYCARE	Conditional Use Permit Daycare
DWELLING	DUPLEX	Dwelling Units Duplex
DWELLING	MULTIPLE	Dwelling Units Multiple Dwelling Units
GRADE MINING		Grading Permit – Mineral Extraction Site
INSPECT	INSPCT-P	Site Inspections, Plats
INSPECT	INSPCT-S	Site Inspections, Short Plats
INSPECT	INSPCT-R	Site Inspections, Right of Way Use
INSPECT	INSPCTBC	Site Inspections, Building Commercial
INSPECT	INSPCTBR	Site Inspections, Building Residential
INSPECT	INSPCT-G	Site Inspections, Clearing and Grading
LU-TYPE4	REZONE	Land use Rezone Application
LU-TYPE4	SHOR-DES	Land Use Shoreline Re-Designation
LU-TYPE4	SPEC-USE	Land Use Special Use Permit
NEWCOMM	MIXED	New Commercial Construction Mixed Use Site
NEWCOMM	PARTIAL	New Commercial Construction Partially Dev. Site
NEWCOMM	UNDEV	New Commercial Construction Undeveloped Site
NON-BLDG	PARKLOT	Other than a Building Parking Lot
PRE-PLAT	PRE-PLAT	Land Use Plat Application – Preliminary Plat
PRE-SP	PRE-SP	Land Use Short Plat Application – Preliminary Short Plat
ROWUSE	ROWUSE	Land Use Right of Way Use Permit
SAEXCEPT	SAO-RUX	Land Use Subdivision Application – Reasonable Use
SAEXCEPT	SAO-UTX	Land Use Subdivision Application - Utility
SCHOOL	ADD/MOD	School Construction Addition or Modification
SCHOOL	NEW	School Construction New Construction

SEPA-EIS	SEPA-EIS	Environmental Impact Statement
SHORLINE	SHOR-CUP	Shoreline Conditional Use Permit
SHORLINE	SHOR-SDP	Shoreline Substantial Development
SHORLINE	SHOR-VAR	Shoreline Variance
SITEREV	SITEREVP	Site Review Plat
SITEREV	SITEREVR	Site Review Right of Way
SITEREV	SITEREVS	Site Review Short Plat
SUBVAR	SWM-VAR	Drainage Adjustment
UPD	UPD	Urban Planned Development
VARIANCE	VAR	Variance

9.3
APPENDIX C
LIST OF ACTIVITIES/PROJECTS ELIGIBLE FOR 'VOLUNTARY
PROJECT MANAGEMENT PROGRAM

BUILDING SERVICES

- Residential projects that do not include hourly billable charges
- Commercial projects that do not include hourly billable charges

LAND USE SERVICES

- Final Short Plats – basic
- Final Plats – basic
- Engineering Plan Reviews – basic
- Boundary Line Adjustments
- Right of Way without plans
- Subdivision Miscellaneous Services
- Critical Areas Designations
- Shoreline Exemptions
- Grading – basic
- Clearing – basic
- Permits initiated as a result of a Code Enforcement action

9.4 APPENDIX D ESTIMATE REVISION EXAMPLES

The following is a nonexclusive list of estimate revision examples consistent with the criteria presented in the Estimate Revision Section:

1. The applicant fails to provide accurate, complete, or timely information.

- The original Fee Estimate to review the engineering plans for a proposed short plat was based upon an assumption that the applicant's engineer would bring the plans into compliance within three re-submittals to the County staff. The estimate of three re-submittals was based upon historic averages for this permit type. Each of the three re-submittals was inaccurate and incomplete. Additional review by County staff will be required.
- The original Fee Estimate to review a critical area alteration exception was based upon an assumption that the applicant's consult would provide an accurate delineation of a wetland and accurate characterization of a landslide hazard area. The submittal was inaccurate and incomplete. Additional review by County staff will be required.

2. The applicant fails to disclose a site or development issue which creates the need for additional review by staff, unanticipated by the Project Manager during the preparation of the previous Fee Estimate.

- During the construction of a detention pond for a proposed subdivision Native American artifacts are discovered. The new issue associated with the project was not anticipated in the original Fee Estimate and will require additional staff time to review.
- During the field inspection of clearing permit the inspector discovers a wetland not previously disclosed in the application. The new issue associated with the project was not anticipated in the original Fee Estimate and will require additional staff time to review.

3. The scope or design of the applicant proposal changes, creating the need for additional review by staff, unanticipated by the Project Manager during the preparation of the previous Fee Estimate.

- During the review of a preliminary plat the applicant changes the proposal from a single family detached development to a multifamily apartment development. The change in the project necessitates additional review.
- During the construction of a proposed subdivision the applicant applies for a drainage adjustment to the King County Surface Water Design Manual to divert

runoff to a new location not previously evaluated on the originally approved construction plans. The change in the project necessitates additional review.

- During the review of the engineering plans for a proposed short plat the applicant's engineer applies for and receives a variance to the King County Road standards to modify the horizontal alignment of a proposed roadway. The change in the project necessitates additional review.
- During the periodic review of a mining permit the applicant proposed to utilize a new haul route doubling the number of trucks on a residential street. The change in the project necessitates additional review.

4. The applicant fails to complete the construction of the project in a timely manner, creating the need for additional review by staff, unanticipated by the Project Manager during the preparation of the previous Fee Estimate.

- The original Fee Estimate to inspect the infrastructure for a proposed subdivision was based upon an assumption that the applicant's contractor would complete the project in one construction season. The construction was not completed by the contractor within one construction season. Additional inspection by County staff will be required.
- The applicant for a proposed subdivision fails to complete all of the remaining construction punch list items, per the requirements of K.C.C. Title 27 and the performance Financial Guarantee. The project is in a "default" status. County staff must spend significant additional time communicating with the applicant, the surety company, and the Prosecuting Attorney's Office. The original Fee Estimate was not based upon a project reaching a "default" status.

5. The applicant's proposal is appealed, and the previous Fee Estimate did not anticipate an appeal.

The original Fee Estimate for a grading permit did not assume an appeal to the County's SEPA determination. The applicant disagrees with the SEPA determination and files an appeal. The appeal necessitates additional review.

6. The applicant requests to separate the review of the project into distinct phases.

Following the submittal of engineering plans for a proposed subdivision, the applicant requests to separate the construction into three phases. The first phase is an "early start" such that work in a stream can occur before the salmon return to spawn. The original estimate did not anticipate the additional review associated with coordinating three sets of engineering plans. The phasing of the project necessitates additional review.

7. Unauthorized construction (including but not limited to clearing or grading) occurs, or an associated code enforcement case is opened.

- The inspection of an approved clearing permit discloses the applicant's contractor cleared significantly more area than the permit allowed. The applicant

is required to mitigate the impact by submitting a plan to reforest a portion of the site. The original fee estimate did not include the staff time required to review and inspect the new reforestation plan.

- During the review of a surface mining permit, the County Inspector discovers the mining activity has eliminated a protected stream. A formal Code Enforcement case is opened pursuant to K.C.C. Title 23. The original fee estimate did not anticipate the additional time required for the inspector to review this permit in coordination with a formal code enforcement investigation.

8. The King County Council modifies permit fees.

During the review of a conditional use permit, the King County Council modifies Title 27 and changes the hourly rate charged to applicants on Land Use permits. Revised fees are applied to those charges incurred after the modification.

9.5
APPENDIX E
List of DDES Copy Charges

COPY CHARGES

<u>SIZE</u>	<u>COPY MATERIAL</u>	<u>SUBTOTAL PER COPY</u>
8.5" x 11"	20 # Copy Paper	4 cents
8.5" x 14"	20 # Copy Paper	4 cents
11" x 17"	20 # Copy Paper	5 cents
18" x 24"	Engineering Copy	36 cents
24" x 36"	Engineering Copy	42 cents
36" x 48"	Engineering Copy	49 cents
18" x 24"	Mylar Copy	\$1.34
24" x 36"	Mylar Copy	\$2.55