

PERFORMANCE AUDIT



Office of the
Washington
State Auditor
Pat McCarthy

Growth Management Act: County and city compliance with the state's 120-day permitting requirement

April 2, 2024

Report Number: 1034439

Table of Contents

Executive Summary	3
Background	6
Audit Results	13
Audited governments met state-mandated permitting deadlines inconsistently in some areas, sometimes by wide margins	13
Although already using many leading practices, audited governments could adopt practices to further improve permit review times	27
Only one-third of local governments statewide published required annual performance reports on permit processing times	32
State Auditor's Conclusions	35
Recommendations	36
Agency Response	38
Appendix A: Initiative 900 and Auditing Standards	48
Appendix B: Objectives, Scope and Methodology	50
Appendix C: Upcoming Changes to State Law	58
Appendix D: Local Building Codes and Processing Times	60

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Executive Summary

State Auditor's Conclusions (page 35)

As a former county executive, I found this performance audit spoke directly to the complexities and challenges of processing development permits within the timelines established by the Growth Management Act. Local governments work hard to ensure each permit accounts for the important goals of the Act, including protecting sensitive lands and ensuring new buildings are safe. At the same time, timeliness and predictability in permitting are critical to ensuring Washington can keep pace with its rapid economic and population growth.

As this report explains, audited local governments often met the statutory requirement to process permits within 120 days. However, actual processing times varied widely due to many factors. These can include the complexity of the development, waiting for applicants to submit corrected or missing information, and too few permitting staff.

Of the report's recommendations to improve permitting timeliness, I would emphasize continuous improvement. By focusing on issues solidly within its control, such as mapping existing processes, accurately recording work time and analyzing performance, a government of any size can become more efficient.

I like to call this type of improvement "straightening the pipes." The State Auditor's Office offers robust support to such efforts through our Center for Government Innovation. To date, we have helped 30 cities and eight counties improve their permitting through detailed process improvement programs. I encourage local governments to consider the lessons contained in this report and take advantage of the free continuous improvement webinar we will arrange in 2024.

Local governments included in this audit

- City of Bellingham
- City of Richland
- City of Shoreline
- City of Vancouver
- Kittitas County
- Snohomish County

Background (page 6)

Land developers and builders must obtain permits from their local government before carrying out development or building activity. These permits include land use permits, which deal with dividing parcels of land or whether a proposed project can be built on the specified parcel, as well as civil permits, which deal with preparing land, and building permits, which deal with actual structures and focus on ensuring they meet building codes and safety standards.

Local governments are required to issue a decision on permit applications within 120 days from when they determine the application is complete. If they cannot

complete an application within 120 days, state law allows them to follow certain processes. About 50 cities and counties are also required to publish annual reports on the timeliness of their permit reviews.

To determine whether local governments are complying with the 120-day rule, including the annual reporting requirement, we looked at six local governments chosen to represent high-growth areas in the state.

Audited governments met state-mandated permitting deadlines inconsistently in some areas, sometimes by wide margins (page 13)

State law sets out a 120-day deadline for local governments to process land use, civil and building permits. Performance of the six local governments against this target varied widely and depended on the type of permit being processed. Audited governments met the state-mandated deadline for more than 90 percent of building permits, but some struggled to process land use and civil permits in time – often by wide margins.

In the case of land use permits, four governments processed at least 75 percent of applications within 120 days. Key factors for slow processing of these permits included project complexity, staffing shortages and inefficient processes. Washington law gives local governments two ways to make exceptions to the 120-day rule. However, none of the audited governments documented the process for extending permit deadlines for specific projects. Two audited governments inappropriately used waivers to eliminate permit deadlines entirely.

Although already using many leading practices, audited governments could adopt practices to further improve permit review times (page 27)

Although audited governments used many leading practices around permit processing, most did not fully apply practices related to continuous improvement. All audited governments used leading practices related to education and outreach. In addition, most had partially implemented staffing flexibility plans for high-volume periods. However, audited governments could also improve their implementation of continuous improvement practices.

Only one-third of local governments statewide published required annual performance reports on permit processing times (page 32)

Certain local governments must post annual reports on permit review timeliness. Beyond state law requirements, sharing permit review times with applicants helps ensure predictability, and is therefore a leading practice for all governments. However, only one-third of local governments publicly report on permit timeliness, and even fewer included all information required by law. We examined 18 published government reports on permit processing time, and only four reports contained most required elements.

Revisions to a chapter of state law (RCW 36.70B.080) will change reporting requirements starting in 2025. In addition, the Department of Commerce will have a new role in the process for annual permit reports.

Recommendations (page 36)

We made a series of recommendations to the six audited cities and counties to address permit review performance that does not achieve 120-day compliance. We recommended the local governments implement continuous improvement methods, and analyze cost of service and staffing levels. We also made recommendations to address a lack of transparency and predictability for permit applicants in their jurisdictions.

Next steps

Our performance audits of state programs and services are reviewed by the Joint Legislative Audit and Review Committee (JLARC) and/or by other legislative committees whose members wish to consider findings and recommendations on specific topics. Representatives of the Office of the State Auditor will review this audit with JLARC's Initiative 900 Subcommittee in Olympia. The public will have the opportunity to comment at this hearing. Please check the JLARC website for the exact date, time, and location (www.leg.wa.gov/JLARC). The Office conducts periodic follow-up evaluations to assess the status of recommendations and may conduct follow-up audits at its discretion. See **Appendix A**, which addresses the I-900 areas covered in the audit. **Appendix B** contains information about our methodology.

Background

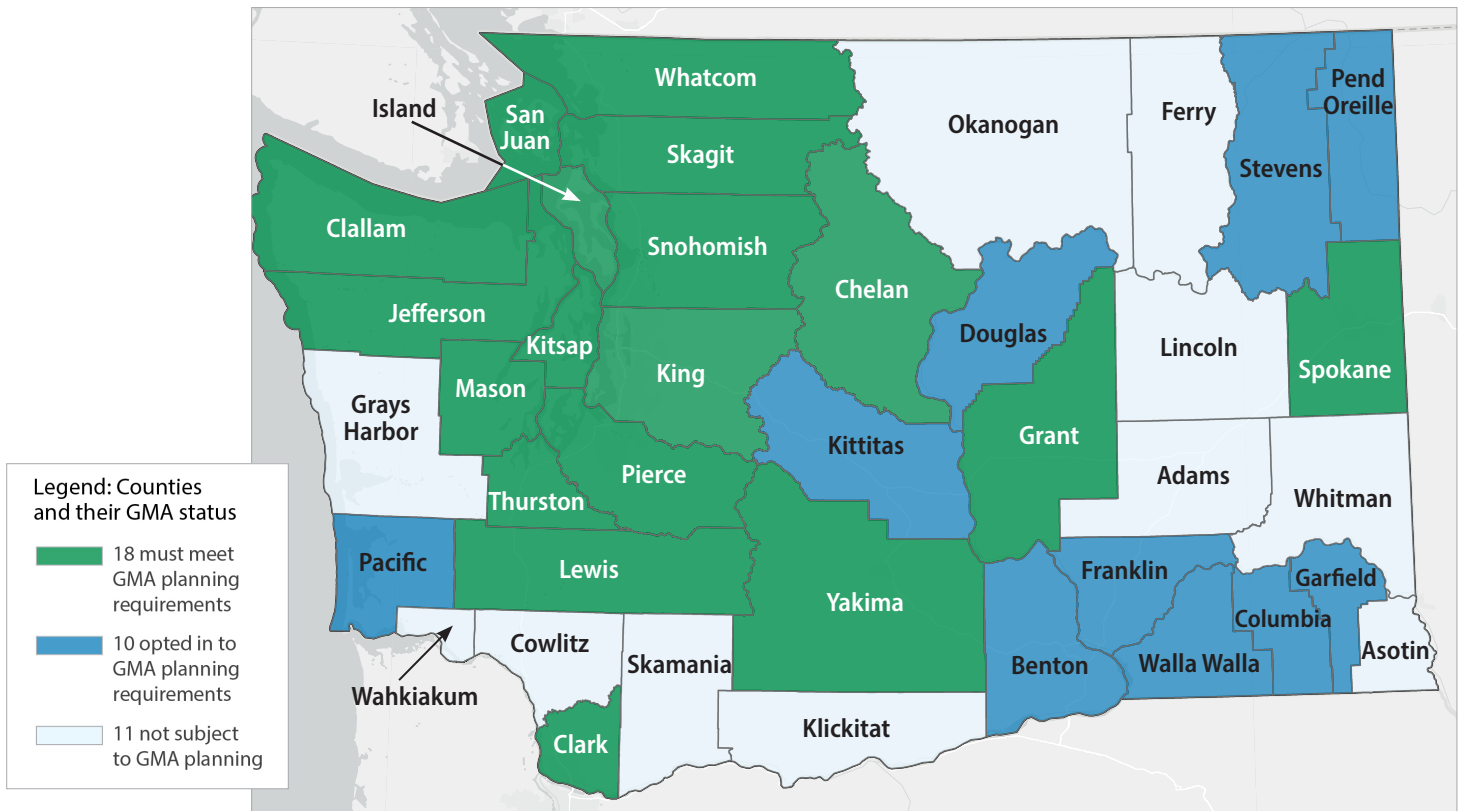
The Growth Management Act governs development and land use for local governments

Washington's Growth Management Act (GMA) is a series of statutes dating back to 1990. This body of law balances the state's environmental goals with development and industrial needs in individual communities. For example, it directs local governments to incorporate protections for wetlands and public water supplies into their land use regulations, which could touch on issues such as drainage, flooding and stormwater runoff. Governments must keep such goals in mind as they plan for expected future growth, including adequate housing, capital facilities and utilities.

The GMA's key requirement is that fast-growing counties and the cities within them must develop comprehensive plans and regulations to guide growth and limit urban sprawl. These comprehensive plans must address timely and fair permit processing, to ensure developers and builders can reliably predict how much time they should allot for obtaining permits when embarking on a construction project.

Currently, 18 counties must follow the GMA's requirements. In addition, 10 counties have opted to meet GMA standards even though they are not required to do so. These 28 counties comprised roughly 95 percent of the state's population in 2020. The map in **Exhibit 1** (on the following page) illustrates the 28 counties.

Exhibit 1 – Counties and their planning requirements under the Growth Management Act



Source: Washington State Department of Commerce.

State law requires most local governments to issue a final decision on permit applications within 120 days

Permits help ensure that development projects are safe and comply with local regulations

Land developers, professional builders and property owners must obtain permission from the appropriate local government before carrying out development or building activity. Each local government establishes safety, environmental and other standards in its comprehensive plan and development regulations. The permit review process is meant to ensure that development and building projects comply with the plan and regulations.

Local governments use different categories of permits for this purpose. In this report, we refer to three broad categories of permits that are involved in development projects:

1. **Land use or planning permits** deal with dividing parcels of land or whether a proposed project can be built on the specified parcel. They focus on issues such as compliance with zoning laws, as well as the project's effect on traffic and proximity to critical areas, such as habitat conservation areas or hazardous areas.
2. **Civil engineering or public works permits** (also known as “land-disturbing activities permits”) deal with preparing land for building. They focus on activities involving utilities, street access, grading and controlling stormwater runoff.
3. **Building permits** deal with actual structures and focus on ensuring they meet building codes and safety standards.

Government permit-review processes generally include examining detailed project plans; they often involve multiple subject matter areas across departments and divisions. Reviews often include managing public notices, hearings and comments.

Local governments must issue a decision on permits within 120 days, with limited exceptions

State law directs local governments that follow GMA to establish time periods for permit reviews that take no more than 120 days from the start of review to the final decision, although they are free to establish shorter timelines. The 120-day period begins when a government determines the application is complete.

Local governments commonly understand that the 120-day period only includes time when the government is actively reviewing an application, and excludes time when staff are waiting for applicants to provide additional information or corrections. However, state law does not explicitly say as much. It states:

The time periods for local government actions for each type of complete project permit application or project type should not exceed one hundred twenty days, unless the local government makes written findings that a specified amount of additional time is needed to process specific complete project permit applications or project types.

RCW 36.70B.080. (Emphasis added.)

As this excerpt shows, state law allows local governments to make exceptions to the 120-day requirement in limited circumstances and set longer timelines for specific types of permits. They must document their justification for the extension. They may also extend their established timeline for a particular permit with written agreement from the applicant. Lastly, they may exempt some types of permits from the 120-day requirement, such as those requiring approval by a legislative body such as a city council or board of commissioners.

Although current law does not clearly define what actions count toward the 120-day timeline, changes to state law that will go into effect in 2025 support local governments' interpretation that it excludes time waiting for applicants to respond with corrections or additional information. The 120-day requirement currently applies to building permits and land use permits such as subdivisions, planned unit developments, conditional uses and site plan reviews. For our analysis, we also distinguished a third category of permits: "civil permits," such as those for grading and utilities. These permits are typically processed by a separate set of people, often with specialized skills and often in a separate department from building inspectors and land use planners. Civil permits are included in the state building code with other building permits, although the state code does not use that exact term.

State law requires certain local governments to publicly report on how long it takes to process permits

Aside from compliance with the 120-day permit-approval window, state law also requires about 50 cities and counties to publish annual reports on the timeliness of their permit reviews. This requirement applies to all counties west of the Cascades with populations greater than 150,000 as of 1996, and all cities within those counties with populations of at least 20,000. Counties covered by this requirement are listed in the sidebar; Appendix B lists the affected cities.

State law specifies the content of these reports. Required data includes the average number of days for permit review, the number of permits that did and did not meet the 120-day deadline, and the number of permits with deadline extensions.

Revised state law will change review timelines and requirements for permit performance reports starting in 2025

Legislation passed during 2023 will change the key requirements we assessed in the audit. Its provisions go into effect in 2025. First, it changes the deadlines for how quickly local governments must process permits. Second, it changes the data that certain governments must report about their permit review performance; the Department of Commerce will have a new role in this process.

Counties required to report on permit review timeliness

- Clark
- King
- Kitsap
- Pierce
- ◇ Snohomish
- Thurston
- Whatcom
- ◇ County included in this audit

The revised chapter of state law sets three different deadlines depending on whether a permit requires public notice or hearing, and specifies what actions are accounted for in those deadlines. The new deadlines will be:

1. 65 days for permits that do not require public notice
2. 100 days for permits that require public notice but not a public hearing
3. 170 days for permits that require a public hearing

The revised law also clarifies that these deadlines do not apply to time when applicants are making corrections or providing additional information, and that the days counted are calendar days. In addition, governments that fail to meet a specified deadline for a permit application will have to refund a portion of the applicant's fees. **Appendix C** summarizes the changes made under the revised law.

This audit assessed whether selected local governments met the 120-day permit review timeline under state law

Across Washington, 246 local governments – 28 counties and 218 cities – are required to meet the 120-day deadline for permits. Rather than attempting a broad look at all these jurisdictions, we selected six governments to review in detail. Our goal when selecting governments was to include a good mix of cities and counties on both sides of the Cascades. We chose high-growth areas with a variety of population sizes and considered urban and rural designations for counties and population density for cities.

Because the provisions of the revised law are not yet in effect, this audit compared the performance of the local governments to the law in force during the 2019-2022 audit period. (Appendix B describes our review of current state law and building codes.) Despite changes in the law, we decided that it was still important to see how governments performed against the 120-day benchmark, and to determine why some permits were not processed within the deadline. We also wanted to examine whether audited governments waived the 120-day deadline entirely. The issues that cause governments to miss the current deadline, if not addressed, may also cause governments to miss the new deadline.

This audit was designed to answer the following questions:

- To what extent are local governments complying with the 120-day rule, including the annual reporting requirement?
- Are local governments using processes appropriately for project permit reviews that exceed 120 days?

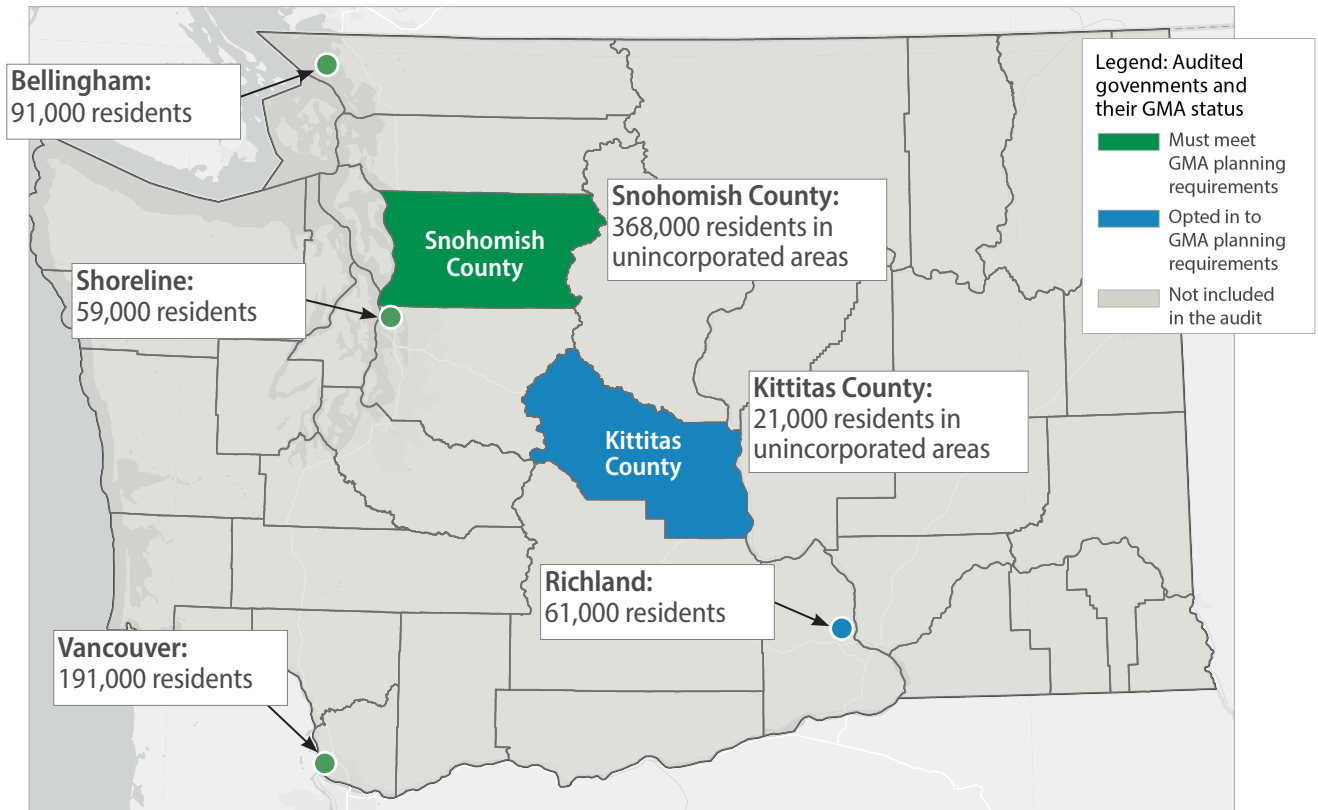
Local governments included in this audit

- City of Bellingham
- City of Richland
- City of Shoreline
- City of Vancouver
- Kittitas County
- Snohomish County

The map in **Exhibit 2** shows the local governments included in this audit and their populations; they are also listed in the sidebar on the previous page.

Exhibit 2 – Local governments that participated in this audit

Population data as of 2020; all numbers rounded



Sources: Demographic data from Washington Office of Financial Management, map data from Washington State Department of Commerce.

A note about data presented in this report

To answer the audit questions, we analyzed permit data from each of the local governments included in the audit. We also judgmentally selected land use permits that exceeded the 120-day timeline to review. These permits provided examples of causes for delay that governments may encounter while processing permits. This selection of permits was not statistically significant and cannot be used to project results to the total number of each government's permits.

The audited governments used a variety of permit tracking systems, and those systems have varying capabilities. In most cases, governments were able to query their systems and provide reliable data about when a permit was submitted and approved. There were, however, some exceptions:

- At four governments, the systems could not produce a report that showed data for the dates when staff halted processing a permit while an applicant was asked for revisions or more information and when they resumed after the applicant responded.

- Only two governments had previously published permit timeliness data, which meant we could not verify the completeness of the data against a published source.

Despite these shortcomings, we performed other tests that allowed us to conclude that the permit data was sufficiently reliable to provide summary data in intervals of 60 days or more.

Audit Results

Audited governments met state-mandated permitting deadlines inconsistently in some areas, sometimes by wide margins

Results in brief

State law sets out a 120-day deadline for local governments to process land use, civil and building permits. Performance of the six local governments against this target varied widely and depended on the type of permit being processed. Audited governments met the state-mandated deadline for more than 90 percent of building permits, but some struggled to process land use and civil permits in time – often by wide margins.

In the case of land use permits, four governments processed at least 75 percent of applications within 120 days. Key factors for slow processing of these permits included project complexity, staffing shortages and inefficient processes.

Washington law gives local governments two ways to make exceptions to the 120-day rule. However, none of the audited governments documented their process for extending permit deadlines for specific projects. Two audited governments inappropriately used waivers to eliminate permit deadlines entirely.

State law sets out a 120-day deadline for local governments to process land use, civil and building permits

Washington's Growth Management Act (RCW 36.70A) mandates that cities and counties process land use, civil and building permits within 120 days. Under the act, 18 counties must write comprehensive plans and development regulations to help ensure they meet the deadline; another 10 counties chose to participate. All but the smallest cities and towns within those counties must also comply, and 95 percent of the state's population live in affected places. It applies to a variety of building, civil and land use permits, including subdivisions, planned unit developments, conditional uses, and site plan reviews.

The purpose of the requirement is to give permit applicants more predictability about how long it will take for their permits to be approved.

The clock starts when a government determines the application is complete and ends when it issues a final decision. The law says the 120-day deadline is for “time periods for local government actions,” but does not specify whether the 120 days should include or exclude “applicant time,” which are the days when the application has been returned to the applicant for revisions or additional information. State law thus allows local governments to establish for themselves whether applicant time should be included or excluded from the 120-day period. The six audited governments (listed in the sidebar) have clearly stated in their city or county codes that applicant time is not counted toward their 120-day deadline.

Local governments included in this audit

- City of Bellingham
- City of Richland
- City of Shoreline
- City of Vancouver
- Kittitas County
- Snohomish County

This audit analyzed six local governments’ performance against the 120-day deadline for land use, civil and building permits

Three broad categories of permits affect different phases of development projects. First, confirming the proposed project can be built on a specific piece of land. Second, preparing the land for building. Finally, ensuring that the proposed structures will be safe for occupants. While each local government might use slightly different naming conventions, this report calls the three permit categories land use, civil and building.

To understand how the six governments performed across the three permit categories, we reviewed their permit data from 2019 through 2022. Although the data each government collected varied, the data they supplied allowed us to assess broadly how they performed. Appendix B contains a more detailed explanation of our analyses and data limitations. We found significant inaccuracies with the approval dates in Bellingham’s land use permit data, so we applied a different method to judge whether it met the 120-day requirement. Instead of analyzing the full data set provided, we used a random sample of 25 of the city’s land use permits. Specific details about the Bellingham data inaccuracies can be seen on page 53.

All six governments specify in their city or county codes that only government processing time is counted toward meeting the 120-day deadline. (See **Appendix D** for relevant passages from city and county codes.) However, only two – Snohomish County and Vancouver – could produce reports from their systems for dates when work was paused while staff waited for information or revisions from the applicant. The data reports from the other four governments showed only the dates they received an application and issued the final decision; in a few cases, we also received the date the government deemed the application complete. Therefore, their performance is probably better than their own data indicates. Unless otherwise specified, the analyses and exhibits in this chapter discuss the total time a government took to complete the permit, including both government processing time and applicant response time. To see how total time and hands-on government time differed, we performed a separate analysis on data provided by Snohomish County and Vancouver (see pages 19-21).

Performance of the six local governments varied widely and depended on the type of permit

The performance against the 120-day deadline varied widely among the audited governments, and across the types of permits. The two governments in Eastern Washington, Richland and Kittitas County, completed a higher percentage of permits within 120 days compared to those in Western Washington, but all processed building permits on time more often than land use and civil permits. Exhibit 3 uses each government’s total processing time for all three permit types to show the percentage each reviewed and completed within the 120-day deadline. (See pages 19-21 for a discussion of total time versus hands-on government time.)

Exhibit 3 – Percent of applications processed within 120 days, 2019-2022

Total processing time

Permit category	Bellingham	Kittitas County	Richland	Shoreline	Snohomish County ²	Vancouver ²
Land use	64% ¹	79%	91%	77%	24%	96%
Civil	89%	97%	93%	83%	40%	43%
Building	96%	96%	97%	93%	91%	93%

Notes: 1. Based on a sample of 25 permit records. 2. See exhibits 7 and 8 for hands-on government versus total time analyses.
Sources: Permit data from audited local governments.

Land use permits: Four governments processed at least 75 percent of permits within 120 days

Land use permits generally take longest to approve because they are the most complicated. Such permits include:

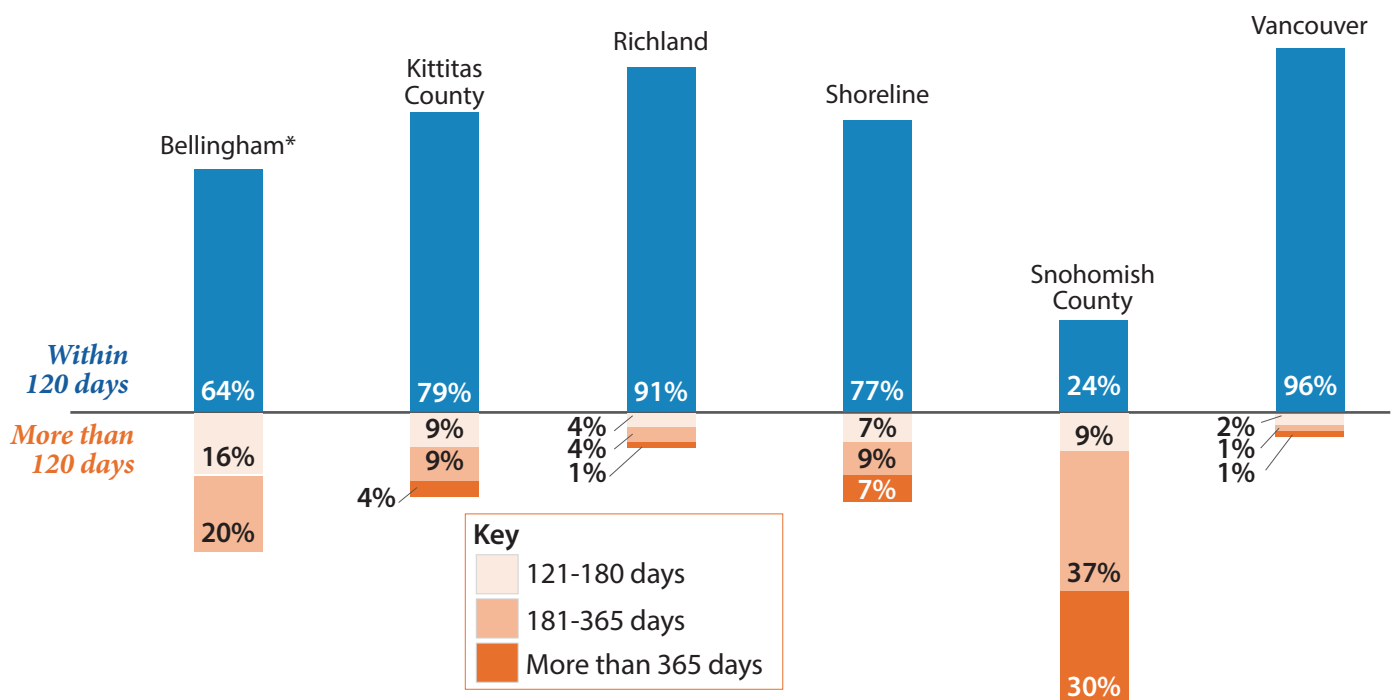
- Plats, which convert large parcels into subdivisions for several buildings
- Use permits, allowing land to be used for certain purposes
- Environmental permits, allowing construction near critical areas such as rivers or slopes

Land use permits often require public meetings or hearings. While most decisions are made by department staff, some are made by a hearing examiner, an arbiter hired by the government to make a legal determination on whether an application complies with local development regulations.

Richland and Vancouver processed almost all their land use permits within the statutory 120-day deadline. Kittitas County and Shoreline both achieved the 120-day target for just over three-quarters of their permits. Bellingham achieved the target for 64 percent of their permits. Snohomish County, however, completed only 24 percent of its land use permits on time. While we discuss a variety of factors for slow processing in the next section, staff vacancies were a significant issue for Snohomish County. In addition, as the orange segments in the exhibit show, all governments had at least some percentage of permits extend more than 120 days before completion. Exhibit 4 shows the total time taken by the audited governments to process land use permits during 2019-2022.

Exhibit 4 – Percent of land use permits processed within or over 120 days, 2019-2022

Note: Numbers may not add to 100% due to rounding



* Based on a sample of 25 permit records.

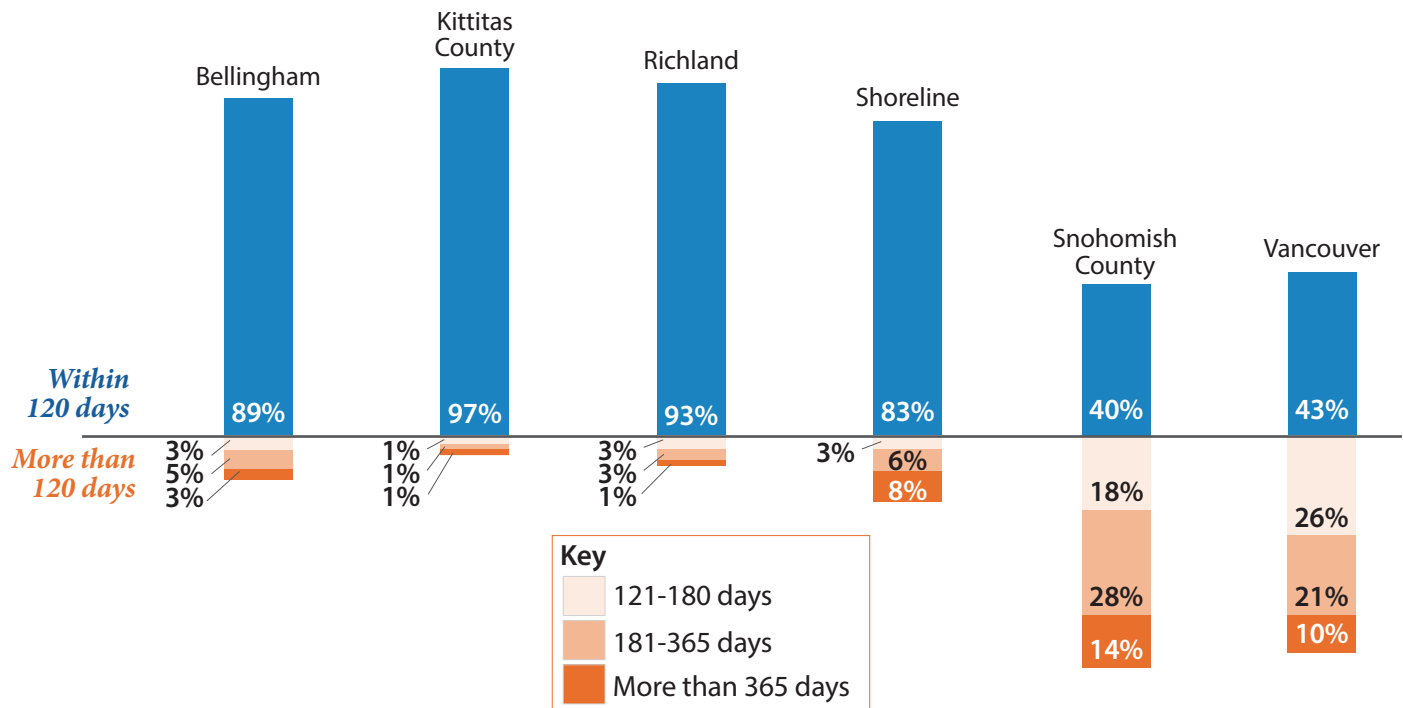
Source: Permitting data supplied by audited governments.

Civil permits: Four governments processed more than 80 percent of permits within 120 days, while two processed about 40 percent on time

Civil permits, for land preparation and underground utility work, are generally faster to process than land use permits, although some can run into environmental issues that complicate reviews. As Exhibit 5 shows, four of the six governments processed civil permits within 120 days at least 80 percent of the time. Although Snohomish and Vancouver did not perform as well when comparing total processing time, their performance improved when we considered only government processing time. See pages 20-21 for information about how their performance changed when total time was compared to hands-on government processing time.

Exhibit 5 – Percent of civil permits processed within or over 120 days, 2019-2022

Note: Numbers may not add to 100% due to rounding



Source: Permitting data supplied by audited governments.

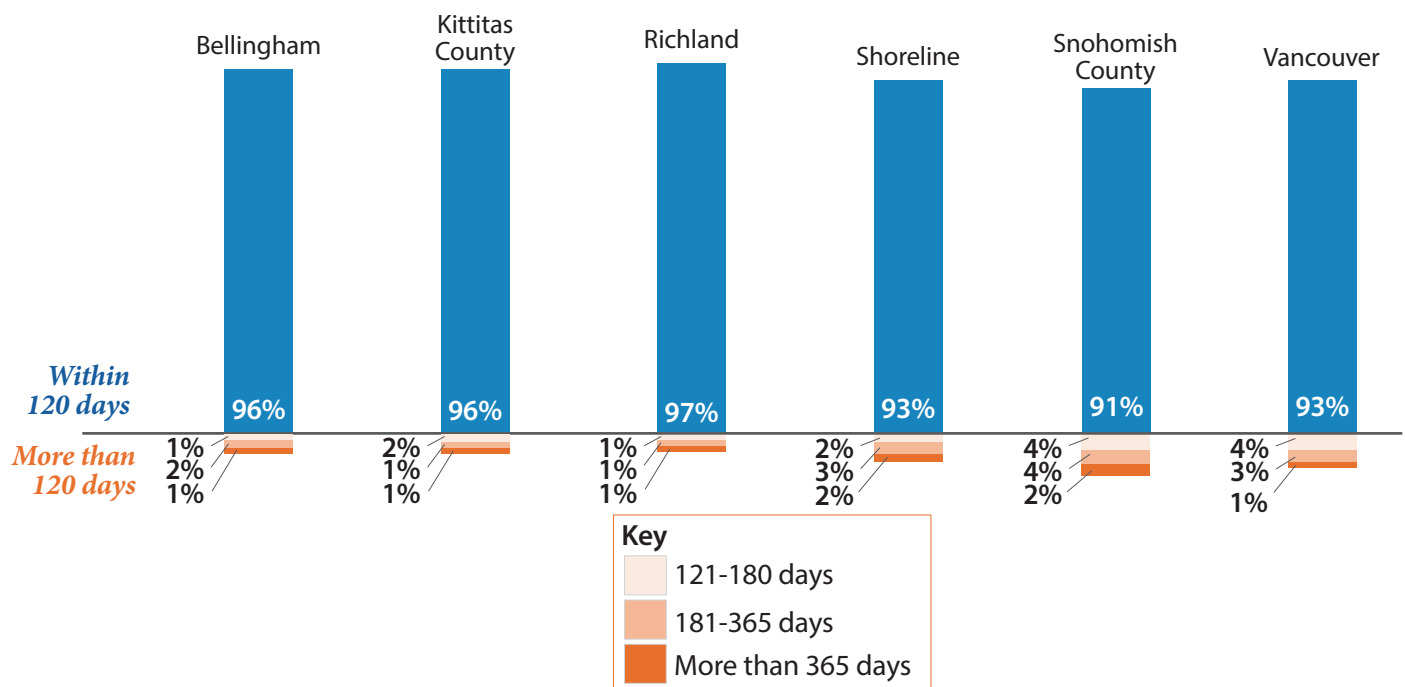
Building permits: All six local governments processed more than 90 percent of building permits within 120 days, and many took much less time

The final stage of a project typically requires building permits: the question is precisely what will be built, not whether something can be built. These permits cover the structure itself, including plumbing, electrical and mechanical fixtures, and can usually be processed more quickly than land use or civil permits.

Applications are reviewed for safety and conformance with regulations, including the building's size. As Exhibit 6 shows, all six governments processed at least 90 percent of their building permit applications within 120 days.

Exhibit 6 – Percent of building permits processed within or over 120 days, 2019-2022

Note: Numbers may not add to 100% due to rounding



Source: Permitting data supplied by audited governments.

Governments do not count time waiting for applicants against the 120 days, but most could not produce reports to show this time

As they review a permit application, governments often find they have questions, require revisions or need the applicant to take some other action. State law allows local governments to establish permit-processing procedures in their development regulations. All six audited governments specified in their county or city codes that time waiting for the applicant does not count against the 120-day deadline, but only two of them could produce reports to show this time. Specifically, they could not demonstrate:

- Dates when staff halted processing a permit while an applicant was asked for revisions or more information
- Dates when they resumed processing after the applicant responded

This gap in reporting means the performance of the other four is probably better than their own data indicates. For example, Kittitas County could not report on applicant time. In the longest case of permits we examined, the total time from permit application to final decision was 479 days. However, we found that during those 15 months, the county waited 413 days for the applicant to provide corrections. The hands-on processing time at the county was just 66 days.

As noted earlier, both Snohomish County and Vancouver could produce reports with the dates when they send applicants requests for information and when it is returned. Graphing this data reveals the difference between total time, used in exhibits 3 through 6, and hands-on government time, when staff had control of the permit. By tracking this data, a government can review the actual time it spent reviewing the application. With that more accurate picture, it can identify possible problems in the way it processes certain types of permits that could cause delays.

For Snohomish County, comparing total time to hands-on government time shows modest improvements in meeting the 120-day deadline. Land use permits show improvements of 5 percent (Exhibit 7a) and civil permits show improvements of 11 percent (Exhibit 7b). However, using the hands-on government time data – the second bar in both exhibits – reveals that significantly fewer permits took the county 181 or more days to process.

Exhibit 7a – Percent of Snohomish County land use permits processed, total time vs. hands-on government time

Permits processed within or over 120 days, 2019-2022
Note: Numbers may not add to 100% due to rounding

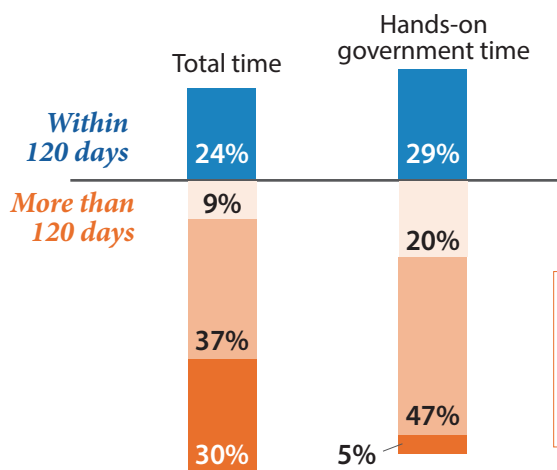
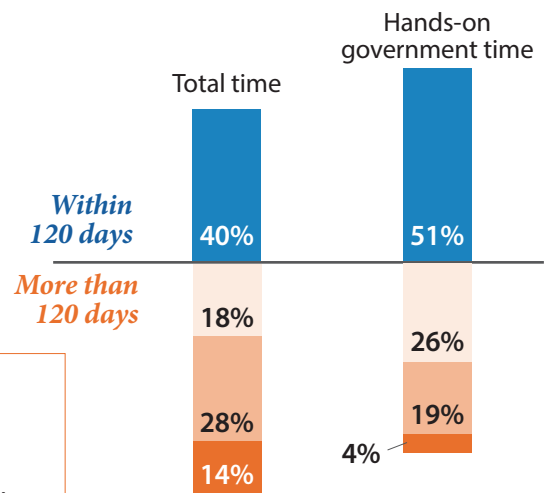


Exhibit 7b – Percent of Snohomish County civil permits processed, total time vs. hands-on government time

Permits processed within or over 120 days, 2019-2022
Note: Numbers may not add to 100% due to rounding

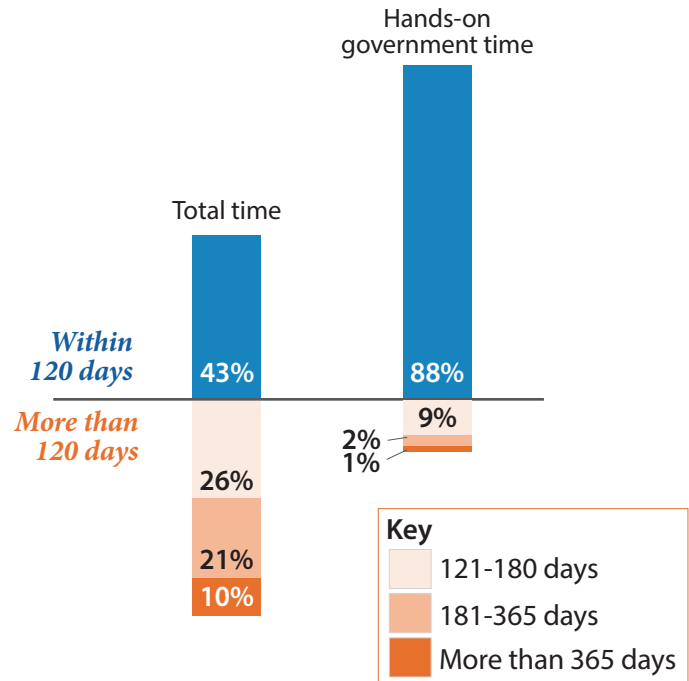


Source: Permitting data supplied by audited governments.

Vancouver’s data for civil permits, in Exhibit 8, showed even greater improvement in meeting the 120-day deadline when hands-on government time was compared to total time. As the blue bars show, when using total-time data, the city completed just 43 percent of its civil permits on time, but when using hands-on government time, it completed 88 percent of permits on time.

Exhibit 8 – Percent of Vancouver civil permits processed, total time vs. hands-on government time

Permits processed within or over 120 days, 2019-2022
Note: Numbers may not add to 100% due to rounding



Source: Permitting data supplied by audited governments.

Key factors for slow processing of land use permits included project complexity, staffing shortages and inefficient processes

As the comparison of total time versus hands-on government processing time in two audited governments showed, one important factor in overdue permits approved after the 120-day deadline is outside the government’s control: the response time of the applicant. When permit staff return an application with questions or require additional documents, they must set the application aside until the applicant replies. However, applicants sometimes turn in a response that does not address all the concerns, requiring another round of questions and answers. Because each response requires a new review, it can quickly add additional processing time for the government.

However, not all delays in processing permits are due to applicant errors or delays. We found several other factors are just as – or more – important in explaining delays in processing land use permits. These factors may be present at more than one of the audited governments even though we only mention one as an example. Additionally, because we based our observations on a judgmental selection of permits that exceeded the 120-day timeline, our results should not be assumed to affect all of each government's permits.

Some permits are complex and difficult to process

Some projects are more complex in themselves and require land use, civil and building permits. Each must be completed to correct standards, usually by several departments with different expertise. This means the most difficult permit can delay the review process for other permits on the project, as local governments typically assemble all project feedback from different departments into a combined letter.

In addition, available vacant land can be difficult to build on. Especially in more populous areas, flat and simple land has already been developed, so what remains may contain or be next to critical areas – shorelines, wetlands, slopes or other factors that require protection or extra caution in building. These can require governments to ask for additional surveys by the applicant, and can require consultation with, or permits from, state or federal agencies. Additionally, these factors can present regulatory complications. Some local government planning managers noted that regulations have grown more complex over the last few decades, while the 120-day deadline has remained unchanged. Regulations can also offer a legal avenue of challenge for opponents of a project, which can also contribute to delays.

A variety of other factors may slow down processing

Aside from such overarching reasons for a delay in issuing permits, audited governments described several other factors that contributed to delays during the audit's review period. The COVID-19 pandemic, unsurprisingly, resulted in delays for permits in 2020 and into 2021 as staff retired early, took sick leave and transitioned to working from home. In one case, in Kittitas County, a hearing on a permit scheduled for March 2020 was delayed until the following October, while the government's leaders figured out how to hold a virtual hearing that met legal requirements. Three additional issues – one also associated with the pandemic – caused delays at several audited governments, pertaining to staffing and inefficient processes.

Insufficient staff, including engineers

Managers at several governments said they lost staff during the pandemic, and now find themselves unable to fill all the vacancies needed to clear the backlog of permit reviews. Managers said there are few qualified people and stiff competition to hire

them, including from the private sector. This was especially acute at Snohomish County, which carried out a successful retirement incentive program to save costs during the pandemic, but now has too few engineers for the workload.

Shoreline faced a somewhat different problem after it rezoned two areas around future light rail stations in 2015 and 2016 to encourage redevelopment. The city saw a 50 percent increase in permit volume from 2017 to 2019. However, in 2019 the city still employed the same number of people to process permits as it had in 2017 (about 23 people). The city did not increase the number of people processing permits until 2022, when it added three positions to the budget (about a 14 percent increase over 2017).

Delays for permits subject to hearing examiner adjudication

Some permits require a decision made not by planning department staff but by a hearing examiner. This professionally trained person, usually an attorney, is engaged to make objective decisions, supported by recorded evidence and free from political influences. All audited governments used hearing examiners; some also set specific timeframes for examiner reviews. However, examiners did not always complete their review within the set time. For example, of the eight Richland permits we reviewed, four were delayed waiting for the hearing examiner's decision. In early 2022, the city attempted to hire an additional hearing examiner, but did not receive any qualified applicants.

Inefficient processes with poor communication

Local governments need a good system of communication for permit workflow to ensure permits move smoothly through the process. Many permits are reviewed by several departments, such as roads, wastewater and fire. Each reviewer must notify the main planner when they have completed their review, otherwise the permit will not move to the next step. This notification may be built into the permit review software in the form of a check-box or 'submit' button. During our review, we noticed a problem with this process at one government, impairing its ability to process permits on time. At Shoreline, we found that for six of the 16 permits we examined, employees in one department did not click the button after completing their review. These permits sat idle for more than 60 days and in one case more than four months. Shoreline's planning manager said that when these delays occurred, the city was in the process of transitioning the wastewater utility from an independent district into a city department. This change affected the city's role in the utility permitting process.

Audited governments were inconsistent in how they approached exceptions to the 120-day rule

Washington law gives local governments two ways to make exceptions to the 120-day rule, but does not place many conditions around how they do so. Local governments may:

- **Extend the time frame for specific projects with the agreement of the applicant.** In certain cases, the government may ask the applicant to agree to an extension of the 120-day deadline by “a reasonable period of time.” However, the law does not define “reasonable” or advise governments how to determine whether a period of time is reasonable.
- **Establish different time frames in their city or county codes for permit types that are known to take more than 120 days.** When it does so, the local government must also document why additional time is needed. However, state law does not define what is expected to be included in the documentation, nor the level of local authorization required to implement them.

While most governments allowed extensions to permit deadlines for specific projects, none documented their process for doing so

Most audited governments extended 120-day deadlines in certain circumstances. For example, when an applicant requested more time from Vancouver, the reviewer agreed to a two-week extension. A Shoreline manager said the city might accept a request for an extension if initiated by the applicant, but said the city does not attempt to initiate extensions because staff believe applicants would be unlikely to agree.

Managers from three other audited governments said their reviewers sometimes use extensions. In their view, extensions can help both the applicant and the government, because if the government is held to a hard-and-fast 120-day deadline for a decision, it may be forced to deny the permit simply because it cannot be approved without additional work. That result benefits neither party. An applicant can appeal the denied permit or submit a new application, but either solution costs more time and money from both developer and city.

However, none of the governments had policies or procedures in place to ensure extensions are used in a fair and consistent manner. Local governments typically let permit reviewers make the decision on a case-by-case basis to manage their workload. However, without standard procedures, permit reviewers may not apply extensions consistently across all applicants. Furthermore, without clear policies and documentation, the process might appear unfair to the applicants.

Local governments could improve their permit review process by setting standard policies for when it is appropriate to use deadline extensions, and clearly communicating the policy with applicants.

Only one established a longer time frame for a specific permit type

Our review of each government's development regulations found that they generally did not specify different timeframes for permits that were known to require more time to process. Bellingham specifically established a 180-day timeframe for simple rezoning applications. Some managers at other governments said they were not aware state law offered them this option to set longer time frames. If local governments do not document the known additional time needed for certain permit types, permit applicants have less predictability for how long the process takes, a key Growth Management Act goal.

Two audited governments inappropriately used waivers to eliminate permit deadlines entirely

Although state law allows for reasonable deadline extensions, two governments chose to waive deadlines entirely. Richland and Snohomish County managers said that during the audit period, with agreement from the specific applicant, they waived the deadline rather than extending it for a specific amount of time. However, by asking to waive a deadline entirely, the government may be placing undue pressure upon the applicant to agree, out of concern that their application will be denied if they do not do so. For example, a representative of the building industry testified at a legislative committee hearing that builders feel pressure to accept longer review times when the local government initiates the process.

Richland reviewers initiated waivers at the time of application for about six months, according to a planning manager. The manager said the city ceased the practice in May 2022. The manager said the current process is to ask applicants for deadline extensions on a case-by-case basis.

Snohomish County reviewers asked applicants to agree to waivers for about 30 percent of the approximately 600 land use permits processed between 2019 and 2022. Snohomish was the only local government that provided data on the frequency of waivers. County reviewers typically initiated deadline waivers after their first review by sending a waiver form (illustrated in **Exhibit 9** on the following page) to the applicant with the request for corrections or additional information. One manager said the county instituted this process to avoid having to issue a denial when the review reaches the 120-day deadline. The form specifically mentions allowing the county to review the application beyond the 120-day deadline.

Exhibit 9 – Snohomish waiver template sent with first review letter

Snohomish County Planning & Development
[REDACTED]
[REDACTED]
Everett, WA 98201-4046

Re: [REDACTED]
[REDACTED]

Dear Project Manager:

I would like to waive the processing requirement that the final decision for my Proposal for [REDACTED] acres, [REDACTED], must be issued within 120 days as specified in Snohomish County Code section 30.70.110. Please continue to review the application beyond the specified time limitations.

Sincerely,
[REDACTED]
Applicant

Source: Snohomish County.

Using waivers to entirely eliminate application deadlines does not align with state law and creates two issues. First, it circumvents the 120-day rule, which reduces government accountability and process predictability, a key Growth Management Act goal. Second, it increases the risk for additional delays, because a project without a deadline is less likely to be completed in a timely manner. An alternative to waivers is an extension for a specified time period, which is allowed by state law.

Although already using many leading practices, audited governments could adopt practices to further improve permit review times

Results in brief

Although audited governments used many leading practices around permit processing, most did not fully apply practices related to continuous improvement. All audited governments used leading practices related to education and outreach. In addition, most had partially implemented staffing flexibility plans for high-volume periods. However, audited governments could also improve their implementation of continuous improvement practices.

Although audited governments used many leading practices, most did not fully apply those related to continuous improvement

The Governor's Office for Regulatory Innovation and Assistance (ORIA) has published leading practices for local government permitting. ORIA developed six themes of leading practices in consultation with local governments and the development industry in Washington with the purpose of improving permit processes.

- **Ensure complete applications.** Define what constitutes a complete application and communicate it to applicants. Establish a process to verify these required items are present when an application is submitted.
- **Build mutual understanding.** Educate both employees and applicants on the steps of the permit process and why those steps are in place.
- **Engage stakeholders early.** Bring together reviewers and applicants as early as possible, to identify and discuss critical permit requirements to avoid rework later in the process.
- **Use information technology (IT) tools.** Use online application portals and electronic permit tracking systems to improve communication with applicants and maintain accurate project records.
- **Develop systems for staffing flexibility.** Maintain performance during busy periods with approaches such as cross-training, contracting and interlocal agreements.

- **Analyze processes, performance and costs.** Document and analyze the full permit process to reveal trends and prioritize improvements for predictability and efficiency.

We found all six audited governments applied four of the six practices during the audit period of 2019-2022, while most had not fully implemented the other two practices. Governments that were already conducting most permit reviews within the 120-day target might not improve performance dramatically by employing additional leading practices. Nonetheless, periodically analyzing their permitting processes for opportunities to refine them will likely prove helpful. Those governments struggling to meet and improve permitting times can benefit most from implementing all six practices.

Exhibit 10 summarizes our assessment of the six audited governments’ adoption of these leading practices; check marks show the practice was fully adopted.

Exhibit 10 – Mixed performance in implementing three of six leading practices

Leading practice	Bellingham	Kittitas County	Richland	Shoreline	Snohomish County	Vancouver
1. Ensure complete applications and verify required items are present at submittal	✓	✓	✓	✓	✓	✓
2. Build mutual understanding of the process between employees and applicants	✓	✓	✓	✓	✓	✓
3. Engage stakeholders early to avoid rework later	✓	✓	✓	✓	✓	✓
4. Use information technology to improve communication	✓	Partial	Partial	✓	✓	✓
5. Systems for staffing flexibility to maintain performance during high volume periods	X	Partial	Partial	✓	Partial	X
6. Analyze process, performance, and costs for improved predictability and efficiency	Partial	X	X	X	Partial	Partial

Sources: Auditor evaluation of local government information.

Audited governments all used leading practices 1 through 3, related to education and outreach

The first three leading practices address education and outreach to applicants. All six audited governments used a variety of techniques to achieve the goals of these practices. Often, any given activity or technique encompassed more than one practice, as the examples below illustrate.

- **Designated staff to assist applicants.** Governments generally designated staff such as permit technicians to be the primary contact with applicants by phone, email and public counter. State law requires governments to designate such staff.
- **Informed applicants about application requirements.** Governments provided information on their websites, such as application submittal checklists, to define complete applications and help ensure applicants submit all required documentation. State law requires governments to specify the contents of a complete permit application.
- **Held pre-application meetings.** Governments required a pre-application meeting for at least one permit type, and made the meeting optional or recommended for other types. Reviewers used these meetings to learn more about proposed projects and advise applicants if they noticed unusual complexities.

Managers from four audited governments said they bring technical staff, such as planners, into the review process early to ensure application completeness. Their expertise may help catch issues that would likely result in rework during full application review. Snohomish County and Vancouver also published informational videos on their websites to explain the permit process.

Governments used IT systems to manage aspects of permitting, but two could improve communication tools

Local governments can apply IT solutions to many steps in permitting, including permit tracking systems to manage workflow and online portals to facilitate application submissions and correspondence. All six audited governments had some form of information systems in place to aid applicant communication, process permits and maintain accurate permit records. Some governments' systems allowed staff to track electronic application submissions; these systems typically also allowed applicants to view the status of their application. Some systems could send messages to applicants requesting additional information or corrections.

Nonetheless, there are opportunities to use IT systems to further improve communications – internally and with applicants – and maintain accurate permit records. For example, Kittitas had a public portal to communicate with applicants, although it only worked for civil and building permits. Similarly, Richland used an IT system to track civil and building permits, but did not use the system for

land use permits. In late 2022, Richland worked with a consulting firm to audit its development review, permitting and inspection functions. Richland is in the process of implementing the recommendations from that report, which includes a new permitting system for all permit types.

Most had partially implemented staffing flexibility plans for high-volume periods

Four audited governments used on-call contractors as a staffing contingency to help manage periods of high permit volume. However, three of them – Kittitas, Richland and Snohomish – had those contracts in place for only part of the audit period, while Shoreline had them in place for the entire audit period. In addition to an on-call contractor, Shoreline also used part-time temporary staff to manage periods of high permit volume.

Two governments – Bellingham and Vancouver – did not have staffing contingency plans in place during the audit period. Bellingham established a new contract for these services in February 2023. Vancouver engaged a consultant to help process certain complex building permit applications but not specifically to deal with periods of high permit volume. Instead, the city planned to meet 120-day performance with permanent staff.

Managers from two governments said they do not regard on-call consultants as an effective solution due to the steep learning curve to familiarize themselves with the complexities of local codes. One manager said the additional time needed to review consultant work for quality control would be better spent reviewing permits.

Audited governments could improve their implementation of continuous improvement practices

The sixth theme in the leading practices listed in Exhibit 10 concerns continuous improvement in local government permits. It advises governments to analyze their permitting process, track and review their performance for various measures such as timeliness, and track costs associated with permit activities. To fully implement a continuous improvement effort around permitting, the Office advises mapping the current permitting process, then analyzing the steps for problems that slow processes or decision-making, or generate rework. By doing so, those involved in the process might identify tasks that could be eliminated or combined, points of poor communication, understaffing or inadequate cross-training, and any number of other possible areas for improvement. Governments then decide what options exist for change and develop recommendations that address the specific issues they identified. Finally, they put changes in place, measure results and repeat the process regularly. We considered that an audited government had fully implemented this practice if it did at least one element in each of the audit years.

Three governments—Bellingham, Snohomish and Vancouver—had conducted process improvement projects to streamline parts of their permitting processes. However, none of the audited governments had processes in place to regularly review permit processing times to put changes in place and measure results in each year of the audit period. When asked why, one manager said that staff focus had shifted to other priorities, such as pandemic response and implementing new IT systems. Managers from Kittitas said the county had made process improvements. However, we did not see documented evidence showing the efforts undertaken.

Two other governments addressed this leading practice after the period of our review. In early 2023, Richland received the report from its 2022 consulting engagement, so any resulting changes it decides to make fall outside our review period. Shoreline held a two-day workshop in May 2023 to review its permitting processes to identify areas for future improvements.

Given the value that analyzing permit review processes, performance and costs could offer, the State Auditor's Office has arranged for its Center for Government Innovation to offer all local governments – not only those involved in this audit – a free, voluntary webinar in 2024. This webinar will focus on the principles and practices involved in continuous improvement. By gaining a better understanding of continuous improvement, attendees will be able to make better decisions about how using its techniques can further improve their permit review process.

Only one-third of local governments statewide published required annual performance reports on permit processing times

Results in brief

Certain local governments must post annual reports on permit review timeliness. Beyond state law requirements, sharing permit review times with applicants helps ensure predictability, and is therefore a leading practice for all governments. However, only one-third of local governments publicly report on permit timeliness, and even fewer included all information required by law. We examined 18 published government reports on permit processing time, and only four reports contained most required elements.

Revisions to a chapter of state law (RCW 36.70B.080) will change reporting requirements starting in 2025. In addition, the Department of Commerce will have a new role in the process for annual permit reports.

Certain local governments must post annual reports on permit review timeliness

State law requires all counties west of the Cascades with populations greater than 150,000 as of 1996 to publicly report how long it takes them to review permits. Within those counties, cities with populations of at least 20,000 must also report this information. These reports must be posted annually on the local governments' websites and include the following information:

- The total number of complete applications received during the year
- The number of applications where a final decision was made within the 120-day deadline (or other deadline established by the local government)
- The number of applications where a final decision was made after the deadline
- The number of applications where a deadline extension was mutually agreed to with the applicant
- The average processing time and associated standard deviation

Beyond the state law requirements, sharing permit review times with applicants helps ensure predictability, a key Growth Management Act goal. Governments can also use this information internally to identify areas where process improvements may be needed. Therefore, although not a requirement for all governments, this is a leading practice for all governments.

For this portion of our audit work, we surveyed other local governments that are required to post these reports, so that we could measure statewide compliance with this requirement. Our survey population included 45 required governments: 42 responded, for a 93 percent response rate. For more details on our survey methodology, see Appendix B.

Only one-third of local governments publicly report on permit timeliness, and even fewer included all information required by state law

Of the six audited governments, four are required to publish permit performance reports. Two – Bellingham and Snohomish County – did not publicly post this information. When asked why they did not do so, staff said other matters had taken precedence. Officials at Bellingham said that they had published permit performance metrics under a previous mayor but had stopped for unknown reasons; the planning director said the city intended to resume publishing this information but had not yet done so.

Another 29 governments also failed to publish annual permit timeliness reports, which means only one-third of required local governments did post them.

The surveyed governments that said they did not post permit performance reports offered three main reasons for not complying with state law:

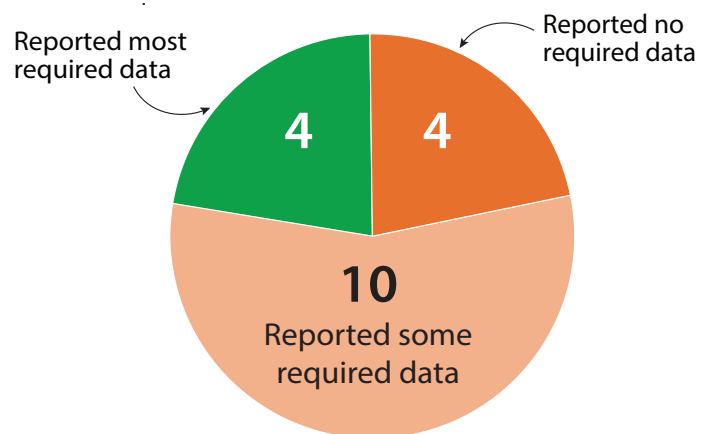
- Most governments mentioned limitations in their IT systems, including having older systems that lacked the functionality necessary to track the data or produce the reports, as well as working to develop and implement new systems.
- Thirteen governments said they had concerns about the quality of the data they would report.
- Seven governments said they were not aware of the requirement or believed the requirement did not apply to them.

Of those that did report, few included all required information

We examined 18 published government reports on permit processing time, and found 10 – including two audited governments, Shoreline and Vancouver – included at least some of the elements required by law. Three of these reports included only one permit type (such as including only land use permits but not building or civil permits), even though they included most or all required statistics. Reports published by four more governments contained most required elements; however, only one of them included the number of applications where deadline extensions were used. Finally, four surveyed governments said they published performance reports, but what they provided did not meet any of the requirements in state law. One of these governments provided a link to its report, but we were unable to find the report from the government’s main website. This indicated it was not publicly accessible, and we therefore classified it as not meeting the legal requirements. See Exhibit 11 for a breakdown of performance reporting results.

Overall, the three required elements least likely to be included were the number of permits with deadline extensions, the number of permits that met review deadlines and the number that did not.

Exhibit 11 – Most permit performance reports lacked some or all required information



Source: Auditor analysis of government report data.

Revisions to state law will change reporting requirements starting in 2025

Governments that are required to post permit performance reports will soon be required to adjust the content of their reports. These changes narrow the types of permits that must be included in the reports. Some formerly reported data will be eliminated, including the number of permits that did and did not meet review deadlines and the number of permits where deadline extensions were used. New required data will include the number of decisions issued for certain types of permits and the average number of days from submittal to final decision.

The Department of Commerce will play a new role in coordinating the reports from local governments and publishing the information statewide. Commerce will be required to develop a report template for all reporting governments to use. This change offers the agency an opportunity to educate local governments about their reporting responsibilities. Doing so could help improve reporting by governments that were unaware of reporting requirements or that believed it did not apply to them. (See Appendix C for a summary of the changes made under the revised law.)

State Auditor's Conclusions

As a former county executive, I found this performance audit spoke directly to the complexities and challenges of processing development permits within the timelines established by the Growth Management Act. Local governments work hard to ensure each permit accounts for the important goals of the Act, including protecting sensitive lands and ensuring new buildings are safe. At the same time, timeliness and predictability in permitting are critical to ensuring Washington can keep pace with its rapid economic and population growth.

As this report explains, audited local governments often met the statutory requirement to process permits within 120 days. However, actual processing times varied widely due to many factors. These can include the complexity of the development, waiting for applicants to submit corrected or missing information, and too few permitting staff.

Of the report's recommendations to improve permitting timeliness, I would emphasize continuous improvement. By focusing on issues solidly within its control, such as mapping existing processes, accurately recording work time and analyzing performance, a government of any size can become more efficient.

I like to call this type of improvement "straightening the pipes." The State Auditor's Office offers robust support to such efforts through our Center for Government Innovation. To date, we have helped 30 cities and eight counties improve their permitting through detailed process improvement programs. I encourage local governments to consider the lessons contained in this report and take advantage of the free continuous improvement webinar we will arrange in 2024.

Recommendations

For the six audited cities and counties

To address permit review performance that does not achieve 120-day compliance, as described on pages 13-23, we recommend the agencies:

1. Implement continuous improvement methods, or continue work in progress, which can include:
 - Building detailed flowcharts of existing process
 - Ensuring the accuracy of data by promptly recording when applications are submitted, deemed complete, sent out for more information and approved
 - Calculating work time, wait time, and overall performance
 - Analyzing the results
 - Developing change recommendations
 - Implementing changes and measuring results
2. Analyze cost of service and staffing levels needed to achieve 120-day performance, such as determining the direct labor and overhead for each type of permit.

To address a lack of transparency and predictability for permit applicants in their jurisdiction, as described on pages 24-26 and 32-34, we recommend the agencies:

3. Develop clear policies or procedures governing deadline extensions, which can include:
 - At what point(s) in the review process it is appropriate to initiate an extension
 - What types of circumstances warrant an extension
 - Standard lengths of time for extensions or how to determine the length of time
4. Establish longer deadlines for permit types that are known to take longer, with written justification
5. Prepare for the updated permit performance reporting requirements that will go into effect in 2025 by assessing their ability to meet the requirements and developing any necessary capabilities (such as information systems) to produce those reports.

6. Configure electronic permit tracking systems to ensure they have information that is necessary for analyzing permit performance and regularly report permit review performance. This would also include the ability to report applicant time versus government time.

For Snohomish County

To address permit review performance that does not achieve 120-day compliance, as described on pages 22-23, we recommend it:

7. Continue efforts to fill all vacancies in the permitting departments at both the county and department levels

Guidance for all Washington cities and counties

We consider the audit results so broadly applicable that it is in the state's best interest for every county and city that issues permits to undertake any relevant and repeatable practices reported by the governments that participated directly in the audit. We therefore suggest all Washington cities and counties consider implementing the practices highlighted in this report.

We also suggest all such local governments attend a no-cost, informative webinar – provided by the State Auditor's Office Center for Government Innovation – to learn about process improvement methods and services the Center offers. Using Lean methodologies, the Center has helped local government permit teams make successful process improvements for more than 10 years.

The webinar will take place in June 2024. Interested governments can learn more and sign up on our website at sao.wa.gov/the-audit-connection-blog/local-compliance-gma-permit-timelines-varies-widely-audit-finds

Agency Response

Contents	Page
Response from City of Bellingham	39
Response from City of Richland	41
Response from City of Shoreline	42
Response from City of Vancouver	44
Response from Kittitas County	45
Response from Snohomish County	47



Planning and Community Development Department
City of Bellingham

March 26, 2024

Honorable Pat McCarthy
Washington State Auditor's Office
Insurance Building, P.O. Box 40021
Olympia, WA 98504-0021

Dear Auditor McCarthy:

On behalf of the city of Bellingham, thank you for the opportunity to review and respond to the State Auditor's Office Performance Audit on the "Growth Management Act: County and city compliance with the state's 120-day permitting requirement" (Report). We appreciated being involved in the audit and look forward to implementing many of the recommendations outlined in the report, some we've already done and/or begun. Additionally, we appreciated working with the audit team as they were helpful and professional throughout the audit.

As noted in the Report, the audit period (2019-2022) covered an extremely rare time for our city, nation and world as the COVID-19 pandemic significantly impacted our daily lives, including the permitting realm. Locally, we were forced to shift some of our permitting staff to other pandemic-related work. Retirements and staff vacancies also significantly impacted review timeframes. For example, during the audit period, of the 18 dedicated permitting services staff, 9 of those positions were at one-point vacant.

The report also acknowledges the complexity of land use permitting with evolving regulations such as critical areas and stormwater, many of which the State mandates. Bellingham is boarded by Bellingham Bay to the west, the Chuckanut mountains to the south, Lake Whatcom Reservoir to the east and substantial wetlands and streams to the north and throughout the city. These factors complicate permitting reviews and require additional reports and time for review; we commonly note that all the easy land has been developed.

The city of Bellingham believes in continued process improvements in permitting performance and began utilizing LEAN methods to help reduce redundancy and "waste" throughout the land use permitting review process beginning in 2015. Those initial changes helped refine our reviews and resulted in reducing the number of required meetings, speeding up completeness review and shaving valuable time from the overall permitting process. Though time saving strategies were gained in that initial LEAN review, it is acknowledged we need to continuously improve our processes (Report Recommendation).

We would like to note that during the time period between 2015 and today, the City has made smaller improvements such as using templates for minor critical area permits and internal checklists for building

Planning
210 Lottie Street
Bellingham, WA 98225
Phone: (360) 778-8300
Fax: (360) 778-8302
TTY: (360) 778-8382
Email: planning@cob.org
www.cob.org/planning

Community Development
210 Lottie Street
Bellingham, WA 98225
Phone: (360) 778-8300
Fax: (360) 778-8302
TTY: (360) 778-8382
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www.cob.org/planning

Building and Development Services
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Phone: (360) 778-8300
Fax: (360) 778-8301
TTY: (360) 778-8382
Email: permits@cob.org
www.cob.org/permits

permit submittals that may not have been reflected in the report. Bellingham city departments continually make small improvements in our processes that may not be officially documented but are none the less being implemented.

Prior to being notified of the audit, the City identified the need to contract with outside companies to help with permit volume and has since been utilizing this strategy to help with review timelines (Report Recommendation). Additionally, we have hired a Permit System Business Analyst to help identify opportunities to increase effectiveness in our permitting processes and added a new plans examiner position to help speed the review process. The analyst has already made recommendations, such as mapping processes, creating reports to track performance and creating standard operating processes to ensure consistent, reliable and accurate use of permit tracking software (Report Recommendation). A primary future role of the analyst will be to review our current permitting software to ensure we meet the updated permit performance reporting requirements beginning in 2025 (Report Recommendation).

We appreciate the information provided in the Report, and if not already, plan on implementing the recommendations outlined. We also intend to take advantage of the continuous improvement workshop offered by the Auditor's Office in 2024.

The city of Bellingham understands the importance of permitting in relation to needed housing production and is dedicated to finding strategies and procedures to continually improve our land use review process.

Sincerely,



Blake Lyon
Planning and Community Development Director



Kurt Nabbefeld
Development Services Manager

Cc: Carolyn Cato, Senior Performance Auditor
James Geluso, Performance Auditor

CITY OF RICHLAND
OFFICE OF THE CITY MANAGER

625 Swift Boulevard, MS-4
Richland, WA 99352
(509) 942-7390



March 07, 2024

The Honorable Pat McCarthy
Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Ms. McCarthy,

RE: SAO Performance Audit

Thank you for the opportunity to review and respond to the Growth Management Act: County and city compliance with the state's 120-day permit requirement performance audit dated February 27, 2024. We appreciate the professionalism of your staff throughout the process and the observations and recommendations made as part of this audit.

The City of Richland makes a concerted effort to serve the development community in a professional, courteous, and expeditious manner. We believe that this performance audit illustrates our commitment to excellence and provides valuable guidance and recommendations that will improve the service we provide to our community.

We agree with the recommendations provided in the performance audit, and the City of Richland intends to incorporate them into our development and review process. In fact, we will implement a new tracking software system within the next few months to address many of the recommendations provided in the performance audit.

As part of the performance audit, it was pointed out that the City of Richland had initiated waivers to extend deadline dates. This procedure was in place for less than six months and impacted only three or four applications. This practice was discontinued before the commencement of the performance audit.

Once again, thank you for the opportunity to participate in the performance audit process and for the recommendations that have been offered. The suggestions provided will be beneficial as we move forward with our commitment to serve the public.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Amundson'.

Jon Amundson, ICMA-CM
City Manager

cc: Joe Schiessl, Deputy City Manager
Kerwin Jensen, Development Services Director
Mike Stevens, Planning Manager

CITY OF RICHLAND | WWW.CI.RICHLAND.WA.US

**SHORELINE CITY COUNCIL**

Mayor Chris Roberts
Deputy Mayor Laura Mork
Councilmember Annette Ademasu
Councilmember Eben Pobee
Councilmember John Ramsdell
Councilmember Betsy Robertson
Councilmember Keith Scully

March 20, 2024

The Honorable Pat McCarthy
Washington State Auditor
PO Box 40031
Olympia, WA 98504

Dear Ms. McCarthy:

The City of Shoreline (City) appreciates the opportunity to respond to the Washington State Auditor's Office (SAO) performance audit, "Growth Management Act: County and City Compliance with the State's 120-day Permitting Requirement." We thank your team for their thorough evaluation and recommendations.

The City's mission statement is "Fulfilling the community's vision through highly valued public services." The permitting process is one of many public services we provide to our community, and the timeliness and efficiency of the process are integral to the level of service we provide.

The performance audit highlighted several details and included six recommendations that apply to the City. Below is the City's response to the audit and its recommendations.

Permit Complexity

The City appreciates the performance audit noting that available vacant land can be difficult to build on and that regulations have grown more complex over the last few decades, while the 120-day deadline has remained unchanged. The City would further note that in Shoreline's context there is very little vacant land, and the majority of our development applications are redevelopment of sites within areas the City has upzoned to encourage significant amounts of new housing and development near regional transit such as the two light rail stations that will open for service later this year. These planning efforts to get as many people and jobs as possible near transit, we believe, advance citywide and regional goals toward housing and climate. Each of these redevelopment sites contain unique challenges such as aging or undersized utility infrastructure, stormwater management constraints, or vehicle access limitations that can add to the overall review timeline.

Process Improvements

In January 2024 the City kicked-off a permit process improvement effort that will evaluate the entire process using principles of continuous improvement. This effort will include hiring an outside consultant to bring the necessary capacity and perspective to objectively identify process bottlenecks and redundancies and to establish an implementation roadmap that will streamline

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the process. The City will also work with local builders, developers, and stakeholders to get their perspectives on the most challenging parts of the process and how to change them.

Through this review and implementation of process improvements the City will also incorporate necessary changes to comply with SB 5290, which go into effect in 2025, by having a better understanding of which permit types are likely to take longer so that written justification can be provided, and to document and develop clear policies and procedures for all staff including those necessary that will govern deadline extensions.

Through this permit process improvement work we anticipate implementing recommendation nos. 1 and 3-6.

Cost of Service and Staffing Levels

Recommendation number 2 of the performance audit is to analyze cost of service and staffing levels needed to achieve 120-day performance. With better documentation and a road map of how to streamline the process as noted above, the City anticipates being able to more effectively measure the typical amount of staff time it takes to review and process each permit type. With staff time identified, the costs and appropriate staffing levels could be estimated. This analysis would likely not occur until after the permit process improvement work is completed.

Reporting on Permit Processing Times

The performance audit notes that only one-third of local governments report on permit timelines, and even fewer included all information required by law. In recent years the City has reported on its website the average permit turnaround times for a variety of permit types. Future City efforts will include a more thorough reporting of timelines as well as including all required elements noted within statute and the recently passed provisions under SB 5290.

Key Performance Indicators

A citywide effort is getting underway to develop Key Performance Indicators (KPIs) to track and report on the performance of the City's services. While the KPI initiative is citywide, it will be closely coordinated with the permit process improvement work noted above so that when improvements are implemented there will be a system of tracking performance to address those areas that are not meeting performance targets in a more ongoing and regular basis.

Again, thank you for your staff's collaboration and careful review of our permitting processes and timelines.

Sincerely,



Bristol S. Ellington
City Manager

cc: Mayor and Councilmembers
Andrew Bauer, Director of Planning and Community Development



March 26, 2024

Pat McCarthy, State Auditor
Washington State Auditor's Office
PO Box 40031
Olympia, WA 98504

Dear Ms. McCarthy:

I am writing to express my appreciation to you and your staff for their work on the recent audit of the City of Vancouver's performance in meeting the state's 120-day timeline requirement for land use, engineering and building application reviews.

Throughout the audit, which took just over a year to complete, the SAO team (led by Carolyn Cato, with Robert Evashenk as our assigned auditor) thoroughly explained the steps involved, data needed, and the methodology to be used in analyzing the data. The SAO team was open to our feedback and suggestions, responsive to questions, and helpful in expanding our understanding of the analysis behind the numbers.

While we are pleased the final report indicates that the City of Vancouver is meeting the state requirements in most categories, we acknowledge that there are some minor areas where improvement is needed, such as annually publishing all of the required review performance data and tightening up internal procedures related to requests for timeline extensions on individual projects.

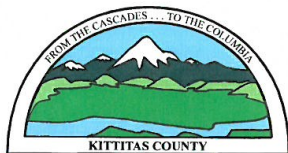
On behalf of the City of Vancouver team, thank you again for the professionalism your team exhibited in working with us to complete this audit. We look forward to future check-ins so we can share our progress in implementing identified improvements to our procedures and reporting.

Sincerely,

A handwritten signature in black ink that reads "Chad Eiken".

Chad Eiken, AICP, Director
Community Development Department
(360) 487-7882
chad.eiken@cityofvancouver.us

P.O. Box 1995 | Vancouver, WA 98668-1995 | 360-487-8000 | TTY: 711 | cityofvancouver.us



KITTITAS COUNTY DEPARTMENT OF PUBLIC WORKS

Mark R. Cook, PE Director

March 26, 2024

Ms. Carolyn Cato
Senior Performance Auditor
Office of the Washington State Auditor
Insurance Building
PO Box 40021
Olympia, WA 98504-0021

RE: Kittitas County Permitting Audit
Proposed Action Addressing Deficiencies

Dear Ms. Cato:

We have reviewed the State Auditor's Office recommendations resulting from our GMA Permit Timeliness Performance Audit – Kittitas County, and we offer the following response to audit recommendations.

1. Staff Improved Use of SMARTGOV Permitting Software 2024 Work Program.
Criteria No. 4 – Implementation of leading practice to help meet the 120-day requirement.

Kittitas County utilizes SMARTGOV as our permitting software. This software issues permits and allows staff the ability to track project performance timelines with the software package. The audit affirms the need for management to instill accurate data uploads into the software by permitting staff. To that end, management will convey our value for timely use of the software, particularly when stopping the permit process owing to applicant performance issues. Management recognizes the need to accurately track applicant performance and the need to pause permitting timelines due to poor or non-existent applicant response.

2. Continuous Improvement – 2024 Building and Land Use Flow Charts
Criteria No. 4 – Implementation of leading practice to help meet the 120-day requirement.

We have produced draft process flow charts documenting the building permit and common land use processes. Pending final acceptance by the Board of County Commissioners, these flow charts will be finalized and be made available on the Community Development Services website and be made available on the permit counter.

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Dept. of Public Works
Page 2

3. 2024 Community Development Services (CDS) and Public Works (PW) Quarterly Mining of Permit Data.
Criteria No. 4 and 5 – Implementation of leading practice to help meet the 120-day requirement.
Criteria No. 8 – Specify in Writing time period review periods established beyond 120 days.
Criteria No. 9 – Written policy on when it is appropriate to use a deadline extension.

Staff has confirmed the ability to query SMARTGOV on a quarterly basis mining permit data. Using “Permit Statistics Compared to Processing Target”, we will write queries to SMARTGOV mining quarterly data sets. The CDS and PW directors will analyze the queries identifying specific permits that are tending “long” on the timeline. This allows the interaction between management and permitting staff to determine if the issue is applicant performance or a larger process issue. Over the course of one year’s time, management will have the data necessary to adjust the 120-day permit compliance period legislatively. Adjustments are expected to result in augmented performance timelines and associated permit costs.

An ancillary benefit to quarterly data mining is identifying necessary or appropriate time extensions on a case-by-case basis. Our experience confirms that some applicants simply cannot meet performance expectations. The quarterly data enables management to interact with permitting staff and the applicant to mutually agree to appropriate time extensions. The process can be replicated and repeated for numerous permit applications. It also serves to set applicant expectations for staff performance. The process will be monitored in the first year to determine if a written policy is necessary regarding time extensions.

Sincerely,



Mark R. Cook
Public Works Director/Community Development Services Director

C: Kittitas County Board of County Commissioners
Josh Fredrickson, In-coming PW Director
Chad Bala, In-coming Community Development Services Director

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**Snohomish County****Planning and Development
Services**

March 27, 2024

State Auditor Pat McCarthy
Office of the Washington State Auditor
Olympia, WA 98504

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Dave Somers
County Executive

Dear Auditor McCarthy,

On behalf of Snohomish County, thank you for the performance audit of the *Growth Management Act: County and city compliance with the state's 120-day permitting requirement*. We appreciate how your audit team worked with us and the other jurisdictions to provide a comprehensive report on the requirements, audit findings, and challenges faced by local jurisdictions. Through the audit we received clarification and interpretation of the requirements which we previously did not have.

Permitting is very important to Snohomish County. We have reviewed the report and recommendations, and we want you to know we are working very hard to overcome the challenges we face in permitting development in our county. The challenges of approving permits within established time frames are significant. Some of these include the following:

- We are currently experiencing a severe staffing shortage of engineers who are a critical component of our permit review process. As such, we have hired consultants to help us with the backlog of permits under review.
- The increasing complexity of land use regulations and building codes has over the years negatively impacted our time frames. Because reviews are taking longer than they used to, we may need to hire more staff. We are conducting a thorough staffing analysis as part of our 2025-2026 biennial budget development.
- We are identifying key issues that are critical to our success and that will help us meet the new time frames established in Senate Bill 5290. We are participating in the Department of Commerce's Permit Review Work Group to better understand all the issues related to the new requirements, share our experiences, and provide feedback to the legislature.
- One reason our time frames are longer than other jurisdictions, and why we used waivers (which we thought were allowed), is because of our customer service values. We have tried to work with applicants as long as it takes to achieve full compliance with county and state regulations, rather than deny their application. If several rounds of review are required on a project, it will take longer to reach a decision. We are exploring ways to still live up to our core values and also meet time frames.
- We are reviewing our permit tracking system and making improvements to streamline the intake and processing of electronic submittals.

Once again, thank you for team's work on this audit. We recognize we have room for improvement, and we are taking specific and appropriate steps to achieve the legislature's goals for improving permit review time frames.

Sincerely,

Michael McCrary

Michael McCrary
Director, Planning and Development Services

Appendix A: Initiative 900 and Auditing Standards

Initiative 900 requirements

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorized the State Auditor’s Office to conduct independent, comprehensive performance audits of state and local governments.

Specifically, the law directs the Auditor’s Office to “review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts.” Performance audits are to be conducted according to U.S. Government Accountability Office government auditing standards.

In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor’s Office evaluates the relevance of all nine elements to each audit. The table below indicates which elements are addressed in the audit. Specific issues are discussed in the Results and Recommendations sections of this report.

I-900 element	Addressed in the audit
1. Identify cost savings	No.
2. Identify services that can be reduced or eliminated	No.
3. Identify programs or services that can be transferred to the private sector	No.
4. Analyze gaps or overlaps in programs or services and provide recommendations to correct them	No.
5. Assess feasibility of pooling information technology systems within the department	No.

I-900 element	Addressed in the audit
6. Analyze departmental roles and functions, and provide recommendations to change or eliminate them	No.
7. Provide recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	No.
8. Analyze departmental performance data, performance measures and self-assessment systems	Yes. The audit analyzed permit data on review timeliness at the six audited governments.
9. Identify relevant best practices	Yes. The audit used leading practices identified by the Governor's Office of Regulatory Assistance for local government permitting processes.

Compliance with generally accepted government auditing standards

We conducted this performance audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with generally accepted government auditing standards as published in *Government Auditing Standards* (July 2018 revision) issued by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The mission of the Office of the Washington State Auditor

To provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective. The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic [subscription service](#). We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program. For more information about the State Auditor's Office, visit www.sao.wa.gov.

Appendix B: Objectives, Scope and Methodology

Objectives

The purpose of this performance audit is to assess how local governments process permit applications. The audit addresses the following objectives:

1. To what extent are local governments complying with the 120-day rule, including the annual reporting requirement?
2. Are local governments using processes appropriately for project permit reviews that exceed 120 days?

For reporting purposes, the audit results have been organized into key findings. The messages relate to the original objectives as follows:

- Audited governments met state-mandated permitting deadlines inconsistently in some areas, sometimes by wide margins (pages 13-26) – This finding addresses Objective 1 and 2.
- Although already using many leading practices, audited governments could adopt practices to further improve permit review times (pages 27-31) – This finding addresses Objective 1.
- Only one-third of local governments statewide published required annual performance reports on permit processing times (pages 32-34) – This finding addresses Objective 1.

Scope

This audit examined how long it took selected local governments to process permits associated with building and development. It also reviewed these governments' permitting processes to identify opportunities to better assist applicants and reduce overall application time. Our audit period was calendar years 2019 through 2022.

We selected six local governments for this audit. Our goal when selecting governments was to include a good mix of cities and counties on both sides of the Cascades. We chose high-growth areas with a variety of population sizes and considered urban and rural designations for counties and population density for cities. The six governments we selected include four cities and two counties: four west of the Cascades and two east. The audited governments are listed in the sidebar.

Local governments included in this audit

- City of Bellingham
- City of Richland
- City of Shoreline
- City of Vancouver
- Kittitas County
- Snohomish County

Methodology

We obtained the evidence used to support the findings, conclusions, and recommendations in this audit report during our fieldwork period (January to September 2023), with some additional follow-up work afterward. To address the audit objectives, we used a variety of qualitative and quantitative approaches, which are summarized below.

Reviewed laws and identified leading practices

We reviewed state law related to the “120-day rule” for permit approval time to identify requirements for local government permit processes (RCW 36.70A and RCW 36.70B). We also reviewed the state building code, as defined in Washington laws and regulations, which adopts the International Building Code (RCW 19.27.031 and WAC 51-50-003). The International Building Code includes certain types of permits, such as for grading and utilities, which we distinguished as “civil” permits in our audit report. We conducted online research to identify relevant leading practices. The Office for Regulatory Innovation and Assistance (ORIA) published the guide “Local Government Permitting: Best Practices,” which addressed permit processes. The full report, published in 2008, is available on the ORIA website. In determining implementation status for governments, we assessed factors such as whether governments used the practice for all three permit types and whether the governments used the practice for the audit period.

Interviewed local government staff and reviewed supporting documentation

We conducted interviews with staff at each audited government’s relevant department(s) to gain an understanding of their permitting processes. We also requested and reviewed policies, procedures, local ordinances and regulations when applicable, and other relevant documentation to assess permitting processes and compare them to legal requirements and leading practices, and to verify information from our interviews.

Evaluated permit data

We requested permit data from the six audited governments, covering all permit applications submitted during calendar years 2019 through 2022, to determine timeliness of government review and final decisions.

Data reliability testing

For each audited government, we met with relevant staff to gain an understanding of the government’s permitting systems. We also wanted to determine whether they could provide sufficient and appropriate data for us to evaluate how long it took to fully process permit applications. We gained an understanding of the quality controls each government had in place to ensure permit data was accurate and complete. However, we did not evaluate governments’ system controls for their permitting systems.

After receiving data sets from each government, we conducted preliminary assessments on their reliability. These tests included checking to ensure that the number of records matched what we were told were sent and comparing the totals to other information sources. However, few governments had previously published this data and so this resulted in inconclusive tests to verify the completeness of the data. Although we could not verify the full completeness of the data, we believe we have sufficient data to perform our analysis. We also checked for appropriate date ranges, missing data fields and illogical results. We found in most data sets there were some records with dates in an illogical order, so we excluded those records from the final analyses. We also followed up with government staff as necessary to clarify any unusual data observations to determine if they were caused by errors in the data.

Next, we conducted detailed accuracy testing on a sample of permit records. We specifically tested key dates in the data – such as the start of review, final decision and when applications were sent back for revisions, when available – to determine if the data matched underlying records. We designed our tests to give us a 95 percent confidence that the error rate for the tested dates was within 5 percent. The tests went as follows:

1. Randomly selected 16 land use permit records and 16 building and civil permit records
2. Compared the key dates in each record to underlying documentation, such as stamped applications, notices of final decision and communications between government staff and permit applicants
3. If any of the records had dates that were more than four days different between the data and supporting documents, we randomly sampled approximately 16 additional records to review

We determined that the data was sufficiently reliable to determine whether permits were reviewed within 120 days. However, we determined the data was not reliable for our original audit purpose of reporting the average number of days that permit review takes. We made our assessment based on the combined results of all analyses described above. Two key issues were:

1. Inconclusive completeness tests for most data sets because few governments had previously published reports of the data
2. Inconclusive or failed accuracy tests for some data sets, meaning we found differences of more than four days

When we determined the data was not reliable for our original purpose, we used an alternative approach. We specifically analyzed permit review times in several ranges as further described below. The difference in the determination for this alternative analysis was that in the previous analysis, we considered records a match if they were within four days. In the new analysis, records are a match if they are within the same range of time (that is, 0-60 days, 61-120 days, etc.). We designed our alternative tests to give us a 95 percent confidence that the error rate for the tested dates was within 5 percent (with one exception, see Limitation: Richland). We determined the data was reliable for this alternative purpose because it relies on a lower accuracy of data (ranges of time versus matches within four days). Despite shortcomings of the data, we expect there is a high level of interest for the data in the final report and we believe we have sufficient data to perform our analysis.

In addition, our overall data reliability assessment includes a limitation for one government, and an exception for another government.

Limitation: Richland

We accepted a larger margin of error for Richland land use data. Specifically, we calculated Richland land use data with 95 percent confidence and an error rate of 12.5 percent resulting in a range of 0.5 to 29 percent. This difference in methodology was due to time constraints related to on-site testing at Richland – we were unable to select additional records to review when two of the 16 land use records did not match to supporting documentation within our threshold. Because we could not take an additional sample, we adjusted the margin of error.

Exception: Bellingham

For Bellingham's land use data, we used a random sample of 25 permits to test the accuracy of the dates, we found that dates were not reliably entered into the data system and therefore not sufficiently reliable for any of our audit purposes. Of the 25 randomly selected land use permits tested, 11 (44 percent) did not match supporting documentation. Ten of the 11 errors were due to the data set showing an approval date that was later than the actual approval date. Four of the errors were extreme – ranging from 318 days (10 months) to 393 days (13 months). According to Bellingham's planning director, the approval date recorded in the system is updated when documents are uploaded, or when the case is closed. In the body of the report, the results of Bellingham land use data reflect what we observed when we inspected the sample of 25 permits, that is, the true application and approval time for each, and whether the permits met or exceeded the 120-day timeline. We then calculated that extrapolating the random sample to the population would have an estimated error rate of plus or minus 19 percent with 95 percent confidence for the portion processed either within or more than 120 days. Because of the large error rate, we limited our conclusions to the random sample.

Data analysis

We analyzed the local governments' permitting data to calculate how many days elapsed between the date an application was determined to be complete (the start of the 120-day timeline) and the date a final decision was made. When the data was available, we excluded time when the government returned the application to the applicant for additional information or corrections; only two governments, Snohomish County and Vancouver, provided data that allowed us to do so consistently.

Rather than simply calculate the overall number and percentage of permit applications that met or exceeded the 120-day requirement, we assigned each application to a category based on how long the review took. These categories were: 0-60 days, 61-120 days, 121-180 days, 180-365 days, and more than 365 days. Analyzing the data in these categories allowed us to provide some additional detail about whether permits took significantly longer than 120 days to process within the reliability of the governments' data.

Judgmental selection of land use permits to identify factors of delay

We judgmentally selected land use permits from all six audited governments that exceeded the 120-day timeline to review. Our selection included a variety of land use permit types from each audited government. These permits provided examples of causes for delay that governments may encounter while processing permits. This selection of permits was not statistically significant and cannot be used to project results to the total number of each government's permits.

Conducted a survey of selected cities and counties

Survey design and population

We designed a short online survey to determine whether governments required to post public reports on their permit review time performance as specified in state law did so, and to learn the reasons why for those that did not. We sent our surveys to the planning or building department director at each selected government. We asked governments that said they did report for the online location of their report. We asked governments that said they did not report to identify key reasons why they did not; the survey included an option for free response. The online survey was open from May 1 through 19, 2023. We conducted email follow-up with governments that did not respond within the first two weeks to encourage them to participate.

To determine the correct survey population, we first identified all governments required by state law to post these reports. Required governments are all counties west of the Cascades with populations of more than 150,000 in 1996, and all cities within those counties with populations of 20,000 or more. We used population information from the Office of Financial Management to identify counties with populations of more than 150,000 as of 1996, and cities within those counties with populations of 20,000 or more as of 2020. We relied on information from the Washington State Department of Commerce to classify counties as west or east of the Cascades. A total of 49 local governments met the criteria to be included in the survey population. We then excluded the four governments already selected as part of this audit, and sent our survey to a total of 45 governments.

Figure 1 sets out a complete list of the 49 counties and cities required to publish reports. The four excluded from the survey are marked with an asterisk.

Figure 1 – The 49 counties and cities required to report performance on permit review timeliness

* *These communities were included in the audit, and excluded from the audit survey.*

<ul style="list-style-type: none"> ■ Clark County <ul style="list-style-type: none"> • Battle Ground • Camas • Vancouver* 	<ul style="list-style-type: none"> • Mercer Island • Redmond • Renton • Sammamish • SeaTac • Seattle • Shoreline* • Tukwila 	<ul style="list-style-type: none"> ■ Snohomish County* <ul style="list-style-type: none"> • Edmonds • Everett • Lake Stevens • Lynnwood • Marysville • Mill Creek • Mountlake Terrace • Mukilteo
<ul style="list-style-type: none"> ■ King County <ul style="list-style-type: none"> • Auburn • Bellevue • Bothell • Burien • Covington • Des Moines • Federal Way • Issaquah • Kenmore • Kent • Kirkland • Maple Valley 	<ul style="list-style-type: none"> ■ Kitsap County <ul style="list-style-type: none"> • Bainbridge Island • Bremerton 	<ul style="list-style-type: none"> ■ Thurston County <ul style="list-style-type: none"> • Lacey • Olympia • Tumwater
	<ul style="list-style-type: none"> ■ Pierce County <ul style="list-style-type: none"> • Bonney Lake • Lakewood • Puyallup • Tacoma • University Place 	<ul style="list-style-type: none"> ■ Whatcom County <ul style="list-style-type: none"> • Bellingham*

We included five additional governments in our survey. They met the population requirements for reporting but were located east of the Cascades, and therefore not required to report their performance. We included them to determine if any governments not required to report nonetheless published information on their permit review times. However, even though all five responded, we ultimately decided not to include their results in the report.

Survey response

Of the 45 surveyed governments, 42 responded, for a 93 percent response rate.

Response validation

For those governments that responded that they posted reports on their permit review time performance, we obtained the posted reports and reviewed them against the required elements in state law. However, we did not test one of the required elements – variance of actual performance – because we found the meaning of this element to be ambiguous. We also searched the public websites of the three governments that did not respond to our survey to see if they posted reports. All did so, and we reviewed those we found.

Data limitations and extrapolating results

Our survey included all governments required to report on permit review time performance, so the results demonstrate the overall level of compliance with state law. The responses from required governments about why they did not post reports are similarly representative of the entire state because it included all required governments.

In addition, for those governments that said they did not post permit performance reports, we did not search their websites to corroborate their responses. It is therefore possible that some governments that said they do not post these reports do include some or all the information listed in state law on their websites.

Work on internal controls

Internal controls were significant within the context of the audit objectives. We assessed each local government's design for specific controls to determine if they would be capable of achieving their objectives. We also assessed whether these controls were in place during the audit period. However, we did not assess the operational effectiveness of these controls. We specifically evaluated the following controls:

- **Timeliness of permit review.** We evaluated whether the local governments had established review time periods for each type of project permit as required by state law. We also evaluated whether local governments published annual reports on permit performance statistics. We interviewed government officials and reviewed documents such as local ordinances and reports to determine if these controls were in place. Several governments did not publish annual permit reports, which represents a deficiency in internal control. We did not assess the operational effectiveness for these controls where they did exist.
- **Sufficient staffing to assist applicants and meet permit review timelines.** We evaluated whether the local governments had designated staff positions to assist applicants during the permit process. We also evaluated whether local governments had any staffing contingencies such as on-call contractors to respond to periods of high permit activity. We interviewed government staff and reviewed documents such as position descriptions and contracts to determine if these controls were in place. We did not assess the operational effectiveness for these controls.
- **Education and outreach to permit applicants.** We evaluated whether the local governments had developed educational and outreach materials to explain the permit process to applicants and help them understand how to submit complete applications. We interviewed government staff and reviewed documents such as permit checklists and other application materials to determine if these controls were in place. We did not assess the operational effectiveness for these controls.
- **Monitoring and continuous improvement of permitting processes.** We evaluated whether the local governments monitored their permitting processes and conducted continuous improvement efforts related to ensuring they met the 120-day review timeline. We interviewed government staff and reviewed documents such as project charters and reports to determine if these controls were in place. We did not assess the operational effectiveness for these controls.

- **Policies and procedures to define deadline extension processes.** We evaluated whether the local governments had adopted policies or procedures that defined when it would be appropriate to extend established permit review deadlines and the process for doing so. None of the governments had adopted documented policies or procedures for this topic: this represents a deficiency in internal control.

In addition, we gained an understanding of the system controls in place for the local governments' permitting systems as part of our data analysis. However, we determined that information system controls were not significant to answering our audit objectives, and we therefore did not evaluate the effectiveness of these controls.

Appendix C: Upcoming Changes to State Law

As noted throughout the report, legislation passed during the 2023 session will make several changes to the state laws relevant to this audit. This bill, Second Substitute Senate Bill 5290, makes the following changes starting January 1, 2025, to requirements regarding the time periods local governments must establish for reviewing permit applications. **Figure 2** compares current and new state law requirements.

Figure 2 – Comparison of key requirements in current and new state law

Current State Law Requirements

1. Local governments must establish time periods to review permits that do not exceed 120 days, except in certain circumstances
2. This requirement specifically included building permits
3. The law was not clear whether the time periods should be based on calendar or business days
4. The law was not clear whether the time periods included only time spent by governments reviewing applications or all time from start to finish
5. The law did not indicate what would happen if applicants made significant changes to their application
6. The law did not indicate what would happen if governments did not meet the time periods

New State Law Requirements

1. Local governments must establish time periods to review permits that do not exceed:
 - 65 days for permits that do not require public notice
 - 100 days for permits that require public notice
 - 170 days for permits that require public notice and a public hearing
2. The reference to building permits has been removed from the law
3. The law now clearly states the time periods are based on calendar days
4. The law now clearly states that the time periods only include time for government review and exclude time for applicants to provide updates or corrections
5. The law now states that the time periods start over if applicants make significant changes that would make the project no longer meet completeness requirements
6. The law now states that if governments do not meet the time periods, they must refund a portion of the applicant fee.

The bill also makes the changes regarding the annual permit performance reports certain local governments are required to post publicly. These changes are compared in **Figure 3**.

Figure 3 – Comparison of key requirements for performance reporting in current and new state law

Current State Law Requirements

1. Counties with populations greater than 150,000 as of 1996, and cities within those counties with populations of at least 20,000, must post annual reports publicly on their websites with information on their permit timeliness performance
2. Required governments must report the following information:
 - a. The total number of complete applications received
 - b. Number of applications where the final decision was issued before the established deadline
 - c. Number of applications where the final decision was issued after the established deadline
 - d. Number of applications where a deadline extension was used
 - e. Variance of actual performance to the established deadline
 - f. Average processing time and standard deviation
3. State law did not indicate that governments should send the information to any other entity

New State Law Requirements

1. No change in state law
2. Required governments must report the following information:
 - a. The permit time periods established for specific permit types
 - b. The total number of decisions issued for specific permit types
 - c. The number of decisions for each permit type that included consolidated review
 - d. The average number of days for each permit type from submittal to decision
 - e. The total number of days for each application for specific permit types counting only government review time
 - f. The total number of days excluded from the above calculation (that is, total applicant time)
3. State law now requires governments to send their reports to the Department of Commerce by March 1 each year.
4. State law requires the Department of Commerce to report on the data it receives from local governments
5. State law requires the Department of Commerce to develop a report template for local governments.

Appendix D: Local Building Codes and Processing Times

Current state law (RCW 36.70B.080) requires that permits be completed within a “time period for local government actions” of no more than 120 days. Each of the six county and city governments have detailed in their codes how they interpret that phrase, elaborating on what time periods are not included when they count days. We found no court rulings or Attorney General opinions that would clarify the statute. A law effective in 2025 will change the definition to explicitly not include times that the local government is waiting for an answer from the applicant.

Below are sections of code from the six county and city governments that address the issue. All six use identical or similar language. Emphasis is added throughout.

Local government	page
City of Bellingham	61
City of Richland.....	63
City of Shoreline	64
City of Vancouver.....	65
Kittitas County	66
Snohomish County	67

City of Bellingham

Bellingham Municipal Code 21.10.080 Time frames for review.

A. RCW 36.70B.070 and 36.70B.080 require that permit processing time frames be established. **Decisions on Type I, II, III and VII applications shall be made within 120 days** from the date of a determination that the application is complete unless a shorter time is required by city ordinance or state statute. **A decision on a Type V-A application shall be made within 180 days. No time frames are established for Type V-B or VI applications. Exceptions to these time frames are:**

1. **Substantial project revisions made by an applicant**, in which case the time frame will be calculated from the time the city determines the revised application to be complete.
2. **A mutual agreement by the applicant and director to an extension of time.**
3. **Applications that require an amendment** to the comprehensive plan or a development regulation.
4. Applications for a project requiring an approval for siting of **an essential public facility** as provided in RCW 36.70A.200.
5. Applications for which the city makes **written findings that a specified amount of additional time is needed for processing of specific complete project permit applications or project types** (RCW 36.70B.080 (1)).
6. Type V-A applications that are **remanded to the planning commission** from the city council.

B. The time limit does not include:

- Any period of time during which **the applicant has been requested by the city to correct plans, perform required studies, or provide additional required information.** The period shall be calculated from the date the city notifies the applicant of the need for additional information until the earlier of the date the city determines whether the additional information satisfies the request for information or 14 days after the date the information has been provided to the city. If the city determines that the information submitted by the applicant is insufficient, it shall notify the applicant of the deficiencies and the procedures under BMC 21.10.190(B) shall apply as if a new request for studies had been made.
- The time required to **prepare and issue a draft and final environmental impact statement (EIS)** in accordance with the State Environmental Policy Act.
- Any period for **administrative appeals of project permits, if an open record appeal hearing or a closed record appeal, or both, are allowed.** The time period for consideration and decision on appeals shall not exceed:
 - o Ninety days for an open record appeal hearing; and
 - o Sixty days for a closed record appeal.

C. *Preliminary Plats.* Pursuant to RCW 58.17.140, preliminary plats of any proposed subdivision and dedication shall be approved, disapproved, or returned to the applicant for modification or correction within 90 days from the date of filing thereof unless the applicant consents to an extension of such time

period or the 90-day limitation is extended to include up to 21 days as specified under RCW 58.17.095(3). The 90-day period shall not include the time spent preparing and circulating an environmental impact statement by the local governmental agency.

D. *Final Plats (Type I) and Short Plats.* Pursuant to RCW 58.17.140, final subdivision approvals and short plats shall be approved, disapproved, or returned to the applicant within 30 days from the date of filing a complete application, unless the applicant consents to an extension of such time period. [Ord. 2018-12-036 § 44; Ord. 2004-12-088; Ord. 2004-09-065].

City of Richland

Richland Municipal Code 19.60.090 Calculation of time periods for issuance of notice of final decision.

A. In determining the number of days that have elapsed after the local government has notified the applicant that the application is complete for purposes of calculating the time for issuance of the notice of final decision, the following periods shall be excluded:

1. Any period during which **the applicant has been requested by the city to correct plans, perform required studies, or provide additional required information, including any additional information requested by a city hearing or decision-making body.** The period shall be calculated from the date the city notifies the applicant of the need for additional information until the earlier of the date the local government determines whether the additional information satisfies the request for information or 14 days after the date the information has been provided to the city;
2. If the city determines that the information submitted by the applicant under subsection (A)(1) of this section is insufficient, it shall notify the applicant of the deficiencies and the procedures under subsection (A)(1) of this section shall apply as if a new request for studies had been made;
3. Any period during which **an environmental impact statement is being prepared** following a determination of significance pursuant to Chapter 43.21C RCW, if the city ordinance has established time periods for completion of environmental impact statements, or if the local government and the applicant in writing agree to a time period for completion of an environmental impact statement;
4. Any period for **administrative appeals of project permits, if an open record appeal hearing or a closed record appeal, or both, are allowed.** The time period for consideration and decision on appeals shall not exceed:
 - a. Ninety days for an open record appeal hearing;
 - b. Sixty days for a closed record appeal.

The parties may agree to extend these time periods;

5. **Any extension of time mutually agreed upon by the applicant and the local government;** and
 - a. The time limits established in this title do not apply if a project permit application:
 - i. **Requires an amendment to the comprehensive plan** or a development regulation;
 - ii. Requires approval of the **siting of an essential public facility** as provided in RCW 36.70A.200;
 - iii. Is an application for a permit or approval described in RMC 19.20.070; or
 - iv. Is **substantially revised by the applicant**, in which case the time period shall start from the date at which the revised project application is determined to be complete.

City of Shoreline

Shoreline Municipal Code 20.30.140 Permit processing time limits.

- A. **Decisions under Type A, B or C actions shall be made within 120 days** from the date of a determination that the application is complete. Exceptions to this 120-day time limit are:
4. **Substantial project revisions made or requested by an applicant**, in which case the 120 days will be calculated from the time that the City determines the revised application to be complete.
 5. The time required to **prepare and issue a draft and final Environmental Impact Statement (EIS)** in accordance with the State Environmental Policy Act.
 6. Any period for **administrative appeals of project permits**.
 7. **An extension of time mutually agreed upon in writing by the Department and the applicant**.
 8. **Amendments to the Comprehensive Plan or Code**.
- B. The time limits set for Type A, B, and C actions do not include:
1. Any period of time during which **the applicant has been requested by the Department to correct plans, perform studies or provide additional information**. This period of time shall be calculated from the date the Department notifies the applicant of the need for additional information, until the date the Department determines that the additional information satisfies the request for such information or 14 days after the date the information has been provided to the Department, whichever is earlier.
 2. If the Department determines that the additional information submitted to the Department by the applicant under subsection (B)(1) of this section is insufficient, the Department shall notify the applicant of the deficiencies, and the procedures provided in subsection (B)(1) of this section shall apply as if a new request for studies has been made.
- C. If the Department is unable to issue its final decision on a project permit application within the time limits provided for in this section, it shall provide written notice of this fact to the project applicant. The notice shall include a statement of reasons why the time limit has not been met and an estimated date for issuance of the notice of decision. (Ord. 406 § 1, 2006; Ord. 238 Ch. III § 4(g), 2000).

City of Vancouver

Vancouver Municipal Code 20.210.040 Type I Applications.

E. Review by Planning Official. Unless accompanied with a SEPA checklist review the planning official shall **approve, approve with conditions, or deny a Type I application within 28 calendar days** after the date the application was accepted as fully complete; provided, that **an applicant may agree in writing to extend the time** in which the planning official shall issue a decision. Qualifying Planned Actions and other projects which involve a SEPA Review shall be reviewed within 60 days of a fully complete determination. **Time spent by the applicant to revise plans or provide additional studies or materials requested by the city shall not be included in the maximum permitted review period.** The planning official may consider new evidence the applicant introduces with or after such a written request for extension. The planning official's decision shall address all of the relevant approval criteria applicable to the development application.

20.210.050.H Type II Applications

H. Timeline to make Final Decision. The Final Decision on a Type II application shall be made and mailed pursuant to Section 20.210.050(I) VMC **not more than 120 calendar days (90 days for short subdivisions)** after the date a fully complete determination is made. This period shall not include:

1. Time spent by the **applicant to revise plans or provide additional studies or materials** requested by the city.
2. Time spent **preparing an environmental impact statement.**
3. Time **between submittal and resolution of an appeal.**
4. **Any extension of time mutually agreed upon by the applicant and the city in writing.**

20.210.060.G Type III Applications

G. Timeline to Make Final Decision.

The Final Decision on a Type III application shall be made and mailed pursuant to Section 20.210.050(H) (1) VMC **not more than 120 calendar days (90 days for subdivisions)** after the date a fully-complete determination is made. This period shall not include:

1. Time spent by the **applicant to revise plans or provide additional studies or materials** requested by the city.
2. Time spent **preparing an environmental impact statement.**
3. Time **between submittal and resolution of an appeal.**
4. **Any extension of time mutually agreed upon by the applicant and the city in writing.**

Kittitas County

Kittitas County Code 15A.03.040 Determination of complete application.

1. Within 14 days after an applicant has submitted to the permitting agency additional information identified by the permitting agency as being necessary for a complete application, the permitting agency shall notify the applicant whether the application is complete or what additional information is necessary. **In determining the number of days that have elapsed** after Kittitas County has notified the applicant that the application is complete, **the following periods shall be excluded:**

- a. **Any period during which the applicant has been requested by Kittitas County to correct plans, perform required studies, or provide additional required information.** The period shall be calculated from the date Kittitas County notifies the applicant of the need for the additional information until the earlier of the date Kittitas County determined whether the additional information satisfies the request for information or 14 days after the date the information has been provided to Kittitas County.
- b. **Any period during which an environmental impact statement is being prepared** following a determination of significance pursuant to Chapter 43.21C RCW, if Kittitas County and the applicant in writing agree to a time period for completion of an environmental impact statement.
- c. **Any period of administrative appeals of project permits**, if an open record hearing or a closed record appeal, or both, are allowed. The time period to consider and decide such appeals shall not exceed:
 - i. Ninety days for an open record appeal hearing;
 - ii. Sixty days for a closed record appeal; and
 - iii. The parties to an appeal may agree to extend these time periods.
- d. **Any extension of time mutually agreed upon by the applicant and Kittitas County.**
- e. **These time limits do not apply to a project permit application, if the project:**
 - i. Requires **an amendment to the comprehensive plan or a development regulation;**
 - ii. Requires approval of a new fully contained community as provided in RCW 36.70A.350, a master planned resort as provided in RCW 36.70A.360, or the siting of an essential public facility as provided in RCW 36.70A.200;
 - iii. **Is substantially revised by the applicant**, in which case the time period shall start from the date at which the revised project application is determined to be complete.
- f. If Kittitas County is unable to issue its final decision within the time limits provided, it shall provide written notice of this fact to the applicant. The notice shall include a statement of reasons why the time limits have not been met and an estimated date of issuance of the notice of final decision.
- g. Applications shall be void if they remain incomplete for more than 180 days.
- h. This section shall apply to project permit applications filed on or after the date of adoption of this title.

Snohomish County

Snohomish County Code 30.70.110 Processing timelines.

- (1) **Notice of final decision on a project permit application shall issue within 120 days** from when the permit application is determined to be complete, unless otherwise provided by this section or state law.
- (2) In determining the number of days that have elapsed after an application is complete, the following periods shall be excluded:
 - (a) Any period during which the county asks **the applicant to correct plans, perform required studies, or provide additional required information**. The period shall be calculated from the date the county mails notification to the applicant of the need for additional information until the date the county determines whether the additional information satisfies the request for information, or 14 days after the applicant supplies the information to the county, whichever is earlier. If the information submitted by the applicant under this subsection is insufficient, the county shall mail notice to the applicant of the deficiencies and the provisions of this subsection shall apply as if a new request for information had been made;
 - (b) Any period during which **an environmental impact statement is being prepared**;
 - (c) A period, not to exceed 30 calendar days, during which **a code interpretation is processing in conjunction with an underlying permit application** pursuant to chapter 30.83 SCC;
 - (d) The period specified for **administrative appeals of project permits**;
 - (e) Any period during which **processing of an application is suspended** pursuant to SCC 30.70.045(1)(b);
 - (f) Any period during which **an agreement is negotiated or design review is conducted** for an urban center pursuant to SCC 30.34A.180(1) or 30.34A.180(2); and
 - (g) Any period of time mutually agreed upon by the applicant and the county.
- (3) The time periods established by this section shall not apply to a project permit application:
 - (a) That requires an amendment to the comprehensive plan or a development regulation in order to obtain approval;
 - (b) That is substantially revised by the applicant, in which case a new 120-day time period shall start from the date at which the revised project application is determined to be complete;
 - (c) That requires approval of a development agreement by the county council;
 - (d) When the applicant consents to an extension; or
 - (e) During any period necessary for reconsideration of a hearing examiner's decision.
- (4) Subject to all other requirements of this section, notice of final decision on an application for a boundary line adjustment shall be issued within 45 days after the application is determined complete.

- (5) The county shall notify the applicant in writing if a notice of final decision on the project has not been made within the time limits specified in this section. The notice shall include a statement of reasons why the time limits have not been met and an estimated date of issuance of a notice of final decision.
- (6) Failure of the county to make a final decision within the timelines specified by this chapter shall not create liability for damages.
- (7) Timelines for processing shoreline substantial development, shoreline conditional use and shoreline variance permits shall be in accordance with the provisions of this chapter unless otherwise specified in chapter 30.44 SCC.
- (8) Timelines for processing personal wireless service facility permits shall be in accordance with the provisions of SCC 30.28A.030.



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