



STAFF REPORT

TO: Honorable Mayor and Members of the Council
FROM: Barbara Carroll, Director of Community Development
DATE: August 2, 2019
SUBJECT: Discussion of Building Permit Fees

BACKGROUND:

Since 1999, the building permit fee for new construction, additions, and alterations has been determined by an equation that is designed to recoup 40% of the costs of the Building Inspection Division. Each year, staff is to review the new construction valuation and Division expenses for the previous year and adjust a permit fee modifier so that a 40% recovery rate of division expenses can be maintained. Due to several factors, including wanting to spur economic development during the recession, the permit fee modifier was not annually adjusted until 2016. It was increased in 2016 and 2017 and kept the same in 2018. Attached is a comparison of Warrensburg building fees compared to other cities in Missouri. This does not take into account Public Works fees.

Year	Construction Valuation	Building Permit Fee Modifier	Recovery Rate	Revenues
2013	\$21,018,060	.00217	27%	\$49,843
2014	\$16,724,323	.00217	21%	\$48,475
2015	\$37,697,344	.00217	37%	\$59,688
2016	\$20,871,630	.00302	29%	\$101,715
2017	\$23,100,973	.00355	28%	\$84,829
2018	\$25,415,009	.00355	41%	\$93,212

While the permit fee modifier was not increased in 2018, Council did approve and establish a re-inspection fee structure to be collected prior to the re-inspection occurring. The re-inspection fees were established shown below. The fee went into effect December 1, 2018 and five 3rd Inspections totaling \$500 have been collected since that time. No 4th or higher inspections have been necessary.

1 st Inspection	Included in Permit fee
2 nd Inspection (first re-inspection)	\$0
3 rd Inspection (second re-inspection)	\$100
4 th Inspection (third re-inspection)	\$200
5 th and higher Inspection (fourth+ re-inspection)	\$250

The recovery rate in 2018 went up significantly because expenses went down significantly therefore recouping at a higher rate. In prior years, expenses included wages and benefits for a full-time property maintenance code inspector and in 2018 that positions was part-time property maintenance code inspector and part-time GIS coordinator. Only half the wages and benefits were included in the building division expenses.

It is important to note, the construction valuation is on the day the permit is applied for and the revenue is on the day the permit is paid for and issued. These can fall in different years. Looking forward to FY20, the building division expenses will go back up because we will go back to a full-time property maintenance code inspector. Staff projects permit activity and construction valuation to stay at the same level as 2019. At the current permit fee modifier level, that would equal about a 28% recovery rate for 2020.

Modifier	Est. Recovery Rate	Estimated Revenues
.00355	28%	\$71,400
.00383	30%	\$76,500
.00446	35%	\$89,250
.00510	40%	\$102,000

Impact to Building Permit Fee for Single Family House

Attached is a spreadsheet showing the impact the above modifiers would have on the fees for a single family home in Warrensburg.

ISSUE:

Whether or not to increase the building permit fee modifier and therefore increase building permit fees.

STRATEGIC PLAN:

The Strategic Plans calls for maintaining a financially stable local economy and City government that meets community needs and to increase economic development and marketing efforts to recruit new businesses to our community.

FISCAL IMPACT:

The FY20 proposed budget includes \$80,000 in building permit fee revenues.

ECONOMIC BENEFITS/IMPACT:

Increasing the building permit fee modifier will increase building permit fees for all types of construction in the City.

RECOMMENDATION:

Staff is seeking direction on whether or not the Council wants to increase the modifier, and if so, to what recovery rate?

- Attachments:
1. Survey of other communities building permit fee levels
 2. Different modifier levels impact on building permit fees for single-family house

Building Permit Survey - 2019 Data
Building Fees

Single Family		
City	Bldg Permit Fee	# Permits Issued
Maryville	\$172	8
Osage Beach	\$400	23
Jefferson City	\$500	47
Lee's Summit	\$700	339
Excelsior Springs	\$734	Not Provided
Warrensburg current (.00355)	\$848	20
Sedalia	\$1,219	12
Blue Springs	\$1,266	142
Kirksville	\$1,747	24
Grain Valley	\$2,240	Not Provided
Grandview	\$5,465	Not Provided

Four-Plex		
City	Bldg Permit Fee	# Permits Issued
Maryville	\$150	0
Lee's Summit	\$648	3
Excelsior Springs	\$919	Not Provided
Jefferson City	\$925	0
Sedalia	\$1,129	0
Warrensburg current (.00355)	\$1,200	0
Osage Beach	\$1,408	17
Blue Springs	\$1,984	31
Grain Valley	\$2,442	Not Provided
Kirksville	\$3,637	6
Grandview	\$8,363	Not Provided

Commercial Tenant Finish		
City	Bldg Permit Fee	# Permits Issued
Maryville	\$75	22
Warrensburg current (.00355)	\$355	30
Kirksville	\$382	12
Lee's Summit	\$400	66
Jefferson City	\$500	155
Sedalia	\$619	6
Osage Beach	\$770	31
Excelsior Springs	\$949	Not Provided
Blue Springs	\$1,342	83
Grain Valley	\$2,178	Not Provided
Grandview	\$5,076	Not Provided

New Commercial Building		
City	Bldg Permit Fee	# Permits Issued
Maryville	\$250	10
Excelsior Springs	\$1,149	Not Provided
Lee's Summit	\$1,200	20
Jefferson City	\$1,500	12
Warrensburg current (.00355)	\$1,700	6
Sedalia	\$1,819	7
Osage Beach	\$2,120	13
Blue Springs	\$2,854	37
Kirksville	\$2,978	5
Grain Valley	\$3,960	Not Provided
Grandview	\$13,154	Not Provided

2019 Annual Building Permit Fee Review
August 2019

28% Recovery Status Quo	house	garage	unfinished basement
Gross Area in sq. ft.	1500	440	1500
x cost/sq. ft.	\$122.46	\$48.73	\$22.45
x permit fee modifier	0.00355	0.00355	0.00355
Fee	\$652	\$76	\$120
Building Permit portion of Fees	\$848		
Driveway, sewer & sidewalk fees	\$325		
TOTAL FEE	\$1,173		0% fee increase

30% Recovery	house	garage	unfinished basement
Gross Area in sq. ft.	1500	440	1500
x cost/sq. ft.	\$122.46	\$48.73	\$22.45
x permit fee modifier	0.00383	0.00383	0.00383
Fee	\$704	\$82	\$129
Building Permit portion of Fees	\$915		
Driveway, sewer & sidewalk fees	\$325		
TOTAL FEE	\$1,240		6% fee increase

35% Recovery	house	garage	unfinished basement
Gross Area in sq. ft.	1500	440	1500
x cost/sq. ft.	\$122.46	\$48.73	\$22.45
x permit fee modifier	0.00446	0.00446	0.00446
Fee	\$819	\$96	\$150
Building Permit portion of Fees	\$1,065		
Driveway, sewer & sidewalk fees	\$325		
TOTAL FEE	\$1,390		19% fee increase

40% Recovery	house	garage	unfinished basement
Gross Area in sq. ft.	1500	440	1500
x cost/sq. ft.	\$122.46	\$48.73	\$22.45
x permit fee modifier	0.00510	0.00510	0.00510
Fee	\$937	\$109	\$172
Building Permit portion of Fees	\$1,218		
Driveway, sewer & sidewalk fees	\$325		
TOTAL FEE	\$1,543		32% fee increase