



STAFF REPORT

TO: Honorable Mayor and Members of the Council
FROM: Barbara Carroll, Director of Community Development
DATE: August 18, 2020
SUBJECT: Annual Building Permit Fee Review

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. Below is the previous 5 year history for building permit fees. This does not take into account Public Works fees.

Year	Construction Valuation	Building Permit Fee Modifier	Recovery Rate	Revenues
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
2019	\$24,716,518	.00446	53%	\$87,887

The recovery rate in 2019 increased mainly because expenses were down therefore recouping at a higher rate. In prior years, expenses included wages and benefits for a full-time property maintenance code inspector and in 2019 that was a part-time position for 9 months and vacant for the last 3 months of the year. Additionally, there were no EnerGov implementation fees in 2019, just the annual maintenance fee. 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 FY21, the building division expenses will return to normal levels since the full-time property maintenance code inspector position was filled in early 2020. Staff projects permit activity and construction valuation to decrease slightly to \$20,000,000. At the current permit fee modifier level, that would equal a 40% recovery rate for 2021.

ISSUE:

To annual review the building permit fees.

STRATEGIC PLAN:

The Strategic Plans calls for maintaining a financially stable local economy and City government that meets community needs.

FISCAL IMPACT:

The FY21 proposed budget includes \$55,000 in building permit fee revenues.

ECONOMIC BENEFITS/IMPACT:

No increase is recommended.

RECOMMENDATION:

Staff does not recommend changing the building permit fee modifier or increasing building permit fees.