

CITY OF WARRENSBURG
COMMUNITY DEVELOPMENT

August 9, 2021

Honorable Mayor and
Members of the City Council
City of Warrensburg, Missouri

Dear Mayor and Council Members:

SUBJECT: An Ordinance Amending Chapter 6, Article II of the Code of City Ordinances of the City of Warrensburg, Missouri, Regarding the Minimum Building Permit Fee

BACKGROUND:

Annually, City staff reviews the building permit fees in order to recommend any changes in the fees prior to the next fiscal year beginning on October 1. This gives builders, contractors, and citizens time to factor any new fees into upcoming projects and construction bids.

Annual Permit Fee Review

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
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
2020	\$14,762,579	.00446	28%	\$68,977

The recovery rate in 2020 decreased because of the lower overall construction valuation and fewer building permits due to Covid-19 while building division expense held even. 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 FY22, staff projects permit activity and construction valuation to decrease slightly from 2020 levels and the building division expenses to remain the same. At the current permit fee modifier level, that would equal a 20% recovery rate for 2021.

While an estimated 20% recovery rate is half the goal of 40%, staff is not recommending an increase in the permit fee modifier and building permit fee this year. As you can see, with the same modifier in 2019, the recovery rate was 53%. Staff feels as the economy recovers from Covid-19 and projects that were put on hold are given the green light and supply chain issues resolved, permit activity and the construction valuation will naturally go up. We do not want to

stifle this recovery within our local economy. If the construction valuation for 2020 exceeds \$10,000,000 the recovery rate will increase above 20%.

Minimum Permit Fee Review

The building code currently includes a minimum building permit fee of \$30. The applies to most types of building permits. It does not apply to demolition, house moving, or sign permits. Additionally, there can also be Public Works fees on top of the minimum building permit fee.

The minimum building permit fee was set at \$25 in 2001 and later increased to \$30 in 2008. The fee is intended to cover the costs incurred by staff in reviewing the plans, issuing the permit, and inspecting the work.

Between January 1, 2021 and July 8, 2021 of this year 69 of 136 permits were charged the \$30 minimum permit fee. Those permits were primarily for residential and commercial alterations and addition, decks, driveways, electrical service connections and upgrades, generators, parking lot repairs, plumbing and pools. Staff costs for each of these permits individually range from \$60 to \$120 depending upon the number of required inspections. The average cost per permit is \$76 and the median cost per permit is \$73. Staff is recommending an increase in the minimum building permit fee to \$75 starting October 1, 2021.

ISSUE: To consider an ordinance increasing the minimum building permit fee to \$75.

STRATEGIC PLAN:

The Strategic Plan includes a goal to allocate resources efficiently to maintain existing infrastructure, while forecasting future needs and properly providing standards that ensure quality infrastructure for future growth.

FISCAL IMPACT:

There will be a slight increase in revenues collected annually.

ECONOMIC BENEFITS/IMPACT:

N/A

RECOMMENDATION:

Staff recommends approval of the ordinance.

Sincerely,



Barbara Carroll
Director of Community Development

Attachment: 1. Ordinance

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 6, ARTICLE II OF THE CODE OF CITY ORDINANCES OF THE CITY OF WARRENSBURG, MISSOURI REGARDING THE MINIMUM BUILDING PERMIT FEE

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WARRENSBURG AS FOLLOWS:

Section 1. That Section 6-18 (12) (C) is amended to read as follows. All other portions of Section 6-18 (12) are to remain intact.

(c) *Minimum Permit Fee.* The minimum building permit fee shall be \$75 unless otherwise established by ordinance or resolution for specific work.

Section 2. If any clause, section or other part of this section shall be held invalid or unconstitutional by any court of competent jurisdiction, the remainder of this ordinance shall not be affected thereby, but shall remain in full force and effect.

Section 3. It is intended that Section 1 of this ordinance be incorporated into the Code of Ordinances of the City of Warrensburg.

Section 4. That this ordinance shall become effective on October 1, 2021.

Read two times and passed by the City Council this ____ day of _____, 2021.

ATTEST:

Scott Holmberg, Mayor

Cindy Gabel, City Clerk