

ESTABLISHING BUILDING PERMIT FEES

City Council Work Session

OVERVIEW

- ▶ Minnesota State Building Code Requirements
- ▶ Plan Review Process
- ▶ Inspection Process
- ▶ Expense Analysis
- ▶ Revenue Analysis
- ▶ Current Fee and Valuation Table
- ▶ Feedback from State Building Official Office

ORIGINS OF BUILDING CODE

- ▶ International Code Council (ICC)
- ▶ ***Adopted by Minnesota Legislature (as State Building Code)***
 - ▶ Administered by Department of Labor and Industry (DLI)
 - ▶ City must comply with current version to administer Building Code
 - ▶ Few optional sections (Ramsey no longer has adopted any optional section)

MINNESOTA STATE BUILDING CODE

- ▶ Permits Required
- ▶ Establishing Fees

PERMITS REQUIRED

- ▶ Construct, enlarge, alter, repair, move, demolish or change occupancy
- ▶ Erect, install, enlarge, alter, repair, remove, convert, or replace any gas, mechanical, electrical, plumbing system, or other equipment
- ▶ Installation of which required by Code

PERMIT EXEMPTIONS

▶ Building

- ▶ 1 story detached accessory structures that does not exceed 120 sq. ft.
 - ▶ Fences not over six (6) feet
 - ▶ Oil derricks
 - ▶ Retaining walls that are not over four (4) feet
 - ▶ Water tanks supported directly upon grade
 - ▶ Sidewalks and driveways that are not part of an accessible route
 - ▶ Decks and platforms not more than 30 inches above adjacent grade
 - ▶ Painting, papering, tiling, carpeting, cabinets, countertops, and similar finish work
 - ▶ Temporary motion picture, television, and theater stage sets and scenery
 - ▶ Prefabricated swimming pools installed entirely above ground accessory to dwelling units [...] not exceeding 5,000 gallons in capacity and 24 inches in depth
 - ▶ Window awnings supported by an exterior wall that do not project more than 54 inches [...]
 - ▶ Movable cases, counters, and partitions not over five (5) feet, nine (9) inches in height
 - ▶ Agricultural buildings (defined in MS 16B.60)
 - ▶ Swings and other playground equipment
- ▶ For any potential Gas, Plumbing and Electrical-see Chapter 1300

ESTABLISHING FEES

- ▶ Fee schedule adopted by municipality
- ▶ Plan review fee required
- ▶ Fee commensurate with service
- ▶ Permit fee shall be based on valuation

FEE EXEMPTIONS

- ▶ Exempt from fee
 - ▶ Minor work
- ▶ May be charged fixed-fee
 - ▶ 1 and 2 family dwelling maintenance permits for roofing, siding, windows, doors, or other minor projects
 - ▶ Plumbing, mechanical, electrical, or other building service equipment systems
 - ▶ Replacement of a residential fixture or appliance cannot exceed the permit fee limitation

PLAN REVIEW FEE

- ▶ 65% the cost of a Building Permit
 - ▶ 25% for Master Plan/Duplicate Plans

LEAGUE OF MINNESOTA CITIES RESPONSE

- ▶ 2003 LMC Fee Schedule
 - ▶ Many fee schedules based on this
 - ▶ Update of 1997 UBC Fee Schedule
 - ▶ **NO LONGER PUBLISHED BY LMC**
- ▶ Elk River and Shakopee litigation
- ▶ Annual analysis of expenses and revenues
- ▶ *“In adopting building and development fees, cities should not blindly rely on boilerplate fee schedules that may have been established without closely reviewing the costs associated with the services provided.”*

METHODOLOGY FOR EXPENSE REVIEW

- ▶ Identify all direct cost associated with the building code administration activities
 - ▶ Easy Step (General Fund Account #240)
- ▶ Identify city's general overhead charges
 - ▶ IT, building, utilities, vehicles, insurance, other staffing and counsel
- ▶ Interview other departments to determine percentage of time spent on building code administration
- ▶ Arrive at overall annual cost
- ▶ Estimate potential valuation and set fees accordingly

GENERAL EXPENSE FINDINGS

- ▶ Largely unchanged since 2008
- ▶ Overall expenses reduced
 - ▶ Reduction in staffing levels
 - ▶ Based on reduction of level of demand
- ▶ Line item expenses increased
 - ▶ Per hour of inspection time
 - ▶ 2003 LMC Table = \$47/hr.
 - ▶ 2012 Inspectron Contract = \$50/hr.
 - ▶ Fuel costs
- ▶ Need to identify additional, related costs (overhead)

PRIMARY REVIEWERS/ADMINISTRATORS

| Staff | |
|------------------------------------|--|
| Building Official (Contracted) | |
| Building Inspector (Contracted) | |
| Permit Technician | |
| Community Development Secretary | |
| Development Services Manager | |
| Associate Planner/Env. Coordinator | |
| Civil Engineer | |
| Engineering Tech IV | |
| Engineering Tech II | |

OVERHEAD

- ▶ Finance
- ▶ Administration
- ▶ IT
- ▶ Contract Management

ADDITIONAL EXPENSE REVIEW CONSIDERATION

- ▶ General resident support without Building Permit
- ▶ Administration of Property Maintenance Code
- ▶ Mix of City Staff and Contracted Services
 - ▶ Continuity of service levels
- ▶ Stabilize Building Permit Fees by maximizing existing resources
 - ▶ Cost savings measures

WORKLOAD ANALYSIS

- ▶ Working as efficiently as possible
 - ▶ Minor modifications to shifting duties as previously indicated
 - ▶ At top end of maintaining acceptable level of service
 - ▶ 5-10 day Permit Review Timeframe
 - ▶ Phone calls response time is 3-5 days
 - ▶ Would like to reduce this to 1-2 days

SHIFTING RESPONSIBILITIES

- ▶ Plan Review and General Code Questions
 - ▶ Expand Permit Technician Duties for smaller reviews
- ▶ Zoning Permits as Automatic Response
 - ▶ Reduce workload on Planning Division
 - ▶ Net savings in time to Property Maintenance Code Enforcement
- ▶ E-Permits
 - ▶ Reduce workload on Permit Technician
 - ▶ Net savings in time to Plan Review during off-peak times
- ▶ Expand Backup for Permit Technician
 - ▶ Community Development Secretary
 - ▶ Temporary help for data entry
- ▶ Landscape and Tree Inspections
 - ▶ Part of Final Inspection

COST SAVINGS MEASURES

- ▶ E-Permits
 - ▶ Reduce data entry
 - ▶ \$2,000 Capital Cost
- ▶ In-Field Inspection Entry and Scheduling
 - ▶ Reduce duplicative data entry
 - ▶ Reduce paper
 - ▶ Streamline scheduling
- ▶ Zoning Permits
 - ▶ Not required by MSBC
 - ▶ Proactive approach to previous enforcement issues
 - ▶ Change to Over the Counter/e-Permits
 - ▶ \$25 to \$5
- ▶ Scheduling
 - ▶ Scheduling Window
 - ▶ Schedule Next Available AM or PM
 - ▶ Reduce gaps between inspections and need to return to office

REVENUE ANALYSIS

- ▶ Valuation-Based
- ▶ Flat-Rate

FLAT FEE ANALYSIS

- ▶ Based on number of trips
 - ▶ Currently \$47 per hour
 - ▶ Contract rate is \$50 per hour
 - ▶ Factor administration time (scheduling, data entry)
 - ▶ Factor overhead time (support services)
- ▶ Previous State Building Official's Office Feedback
 - ▶ No more Flat-Fee permits
 - ▶ In response to Flat-Fee Basement Finish Permit

FLAT FEE PERMITS

| Permit | Current Fee | |
|---|-------------|--|
| AC Replacement | \$47 | |
| Deck Permit | \$47 | |
| Demolition Permit | \$94 | |
| Fireplace Permit | \$94 | |
| Furnace Replacement | \$47 | |
| Gas Water Heater Replacement | \$47 | |
| Lawn Irrigation Connection (Res.) | \$47 | |
| Lawn Irrigation Connection (Comm.) | \$60 | |
| New Mechanical (Residential) | \$150 | |
| Remodel/Repair Mechanical (Residential) | \$94 | |
| New Plumbing (Residential) | \$200 | |
| Remodel/Repair Plumbing (Residential) | \$94 | |

FLAT FEE PERMITS (CONTINUED)

| Permit | Current Fee | |
|-----------------------------|-------------|--|
| Re-roof (Residential) | \$94 | |
| Re-siding (Residential) | \$94 | |
| Replacement Windows | \$94 | |
| Septic System (Residential) | \$150 | |
| Septic System (Commercial) | \$250 | |
| Septic Tank (Residential) | \$150 | |
| Septic Pumping | \$10 | |
| Site Evaluation Fee | \$47 | |
| Swimming Pool | \$125 | |
| Water Softener Permit | \$15 | |

SAMPLE SINGLE FAMILY HOME

- ▶ Examples of 2012 Permits

ICMA REVIEW

- ▶ Center for Performance Measurement (CPM)

RECOMMENDATIONS

- ▶ Adjust Fixed Rate Fees
- ▶ Maintain Valuation Based Fees
- ▶ Review escrow requirements and alternatives
- ▶ Shift duties as indicated
- ▶ Amend Zoning Permit to Over the Counter and Reduce to \$5
- ▶ Eliminate Zoning Permit for Swimming Pools not covered by MSBC
- ▶ Eliminate Zoning Permit for driveways (ROW Permit required)
- ▶ Implement e-Permits
- ▶ Implement field technology