

M E M O R A N D U M

TO: Tom Harmer, Town Manager

FROM: Allen Parsons, AICP
Director, Planning, Zoning and Building Department

DATE: April 5, 2019

SUBJECT: Building and Fire Permitting Fee Study and Recommendations

Recommended Action

Accept the findings of the Comprehensive Fee Study Report and Staff fee recommendations as reflected in draft Resolution 2019-03 and forward the Resolution to the May 6, 2019 Regular Meeting for formal action.

Background

The Town of Longboat Key's (Town's) Planning, Zoning and Building Department and Fire Marshal are responsible for overseeing the effective, efficient, fair, and safe enforcement of the Town's Building, Housing, Plumbing, Electrical, Mechanical, and Life/Safety Codes. The permitting and inspection processes provide assurance that buildings and structures have been reviewed and inspected for compliance with the applicable building and life/safety Codes, the Town's ordinances, environmental and flood protection requirements. The Town's building permitting program helps to ensure that all structures and buildings within the Town are safe, and sound for residents and visitors. The application of construction standards, gives building occupants the best chance to avoid fire, structural failure or something as simple as a child getting their head caught between stair posts. A building permit is required for new construction, renovations, the installation of heating and cooling systems, or any plumbing or electrical work.

The permitting and inspection work is primarily performed by the Building Division, which operates as an "Enterprise Fund"¹ The Town conducts periodic examinations of the various user and regulatory fees it collects. Routinely examining the costs of providing fee related services and making deliberate decisions about the recovery of costs and fee modifications helps the Town maintain its fiscal sustainability and respond to the changing needs of citizens, changes in regulations, and changes in the local, regional and National economies.

The Town has engaged the services of BerryDunn (via RFP# 17-036) to assist with analyzing the Town's costs of providing building and fire permit fee related services. The outcomes and recommendations of their study are intended to comply with applicable State and Town laws including providing confirmation that any fees are an equitable and legally defensible level of cost recovery to allow the Building Division to generally operate

¹ An Enterprise Fund is one that is established by a governmental entity to account for operations of an enterprise activity. Enterprise funds generally are segregated as to purpose and use from other funds and accounts of the governmental entity with the intent that revenues generated by the enterprise activity and deposited to the enterprise fund will be devoted principally to funding all operations of the enterprise activity.

without a subsidy from the General Fund. The Town last analyzed its building and fire permit fees in 2010 and last updated fee amounts in 2011 (Resolution 2011-27).

The Scope of Services the Town directed the consultant team to perform is summarized below:

- Provide a review and analysis of all identifiable direct costs² for Building and Fire permits and inspections, with an analysis of cost recovery levels up to 100%.
- Provide a review and analysis of amortized capital costs and costs incurred by other Town departments providing support to Building Division, including recommendation of an indirect cost allocation charged to the Building Enterprise Fund.
- Development of a comprehensive user fee schedule accurately reflecting costs of services rendered in an electronic model in Excel, which will be used to monitor performance and adequacy of fees in future years.
- Provide an identification of any existing or new services that the Town is currently not charging or recovering costs for and proposing a recovery rate.
- Provide in the study a comparative fee analysis of comparable jurisdictions (Cities of Sarasota, Sanibel Island & Venice).
- Provide recommendations of amended fees; including development of an electronic model in Excel, which will be used to monitor performance & adequacy of fees.

Beginning in November 2018, staff worked with the consultant to analyze each of the Building and Fire permit and inspection activities and associated fees for service generally involving the following steps:

- Staff Interviews: The consultant team interviewed staff regarding their needs for clarification to the structure of existing fee items, or for addition of new fee items.
- Data Collection: Data was collected for each permit activity and item, including time estimates and volume of activity. In addition, all budgeted costs and staffing levels for Fiscal Year 2019 (FY19) were entered into the consultant's analytical software model.
- Cost Analysis: The full cost of providing each service included in the analysis was established in accordance with generally accepted accounting principles.
- Review and Recommendations by Department Staff: Staff reviewed and approved the documented results and provided proposed fee recommendations based on the principles below.

The following guiding principles were used by the staff in providing recommendations:

² Direct costs were calculated based on the level of staff effort, annual demand, and hourly rates determined through budget appropriations. The methodology employed in establishing the full cost of providing services is a widely known and accepted "bottom up" approach to cost analysis, where time spent per unit of fee activity is determined for each position within a department. Once time spent for a fee activity is determined, all applicable costs are then considered in the calculation of the full cost of providing each service.

- Principle 1: Generally aim for full cost recovery levels. (Direct labor, other dept. support, allocation of non-personnel expense, indirect cost, capital costs)
- Principle 2: Review fees in comparison to peer jurisdictions.
- Principle 3: Maintain sensitivity to cost recoveries for lower cost construction items (e.g. shed permit) in order to avoid incentivizing unpermitted work.

The results of this analysis are provided in the consultant's report in an Excel model that may be used as a tool for understanding current service levels, the cost and demand for those services, and what fees for service could be to achieve full cost recovery along with staff's recommendations.

The overall analysis indicates that the Town's construction permits recovery rate³ is 74% with 26% being absorbed primarily by existing fund balance. The FY19 budget anticipates \$1,191,358 in revenue and \$1,608,798 in operating and capital costs, resulting in a potential \$417,440 loss, which would be anticipated to be covered by the Town's \$1,200,984 reserve balance. Maintaining such a cost recovery approach is unsustainable in the long term.

The Fee Study provides an analysis and recommendations with regard to the building and fire permit and inspection service categories. The consultant concurs with the following:

- 57 service category increases;
- 3 service category decreases; and
- 13 service categories remaining the same.
- No change in Fire fee prices is recommended at this time.

The staff recommended fee updates would result in a recovery rate of 96% and would generally maintain the existing fund balance. Staff is working with the Town Manager to establish fund balance guidelines that will be utilized going forward to assist with overall fiscal management of the Building Enterprise fund to be self-sustaining and resilient in the face of various uncertainties.

Should the Town Commission agree with the proposed methodology, a recommended fee schedule (Resolution 2019-03) has been developed to:

1. Incorporate the estimated fully burdened cost of staff completing a building permitting/inspection task based on the BerryDunn analysis.
2. Eliminate the non-refundable 25% partial-application fee that is paid up front for new construction/renovation building permit applications. This partial fee has not been able to be assessed since the advent of the Town's conversion to the BS&A enterprise system in March 2017. The software firm indicates such a deposit approach cannot be accommodated in their system. The recommended Fee Schedule will require full payment at issuance of the permit. This will be consistent with other flat fee type of permit applications requiring payment at time of issuance of the permit. Staff believes this change will not result in significant risk of work

³ Recovery rate is the amount of revenue received compared to the cost for providing services.

being done without receiving payment. Experience with fee payments indicates a high confidence level in contractors paying applicable fees.

3. Maintain a \$3.00 per square foot fee for new construction/renovation permit.
4. Introduce a new \$10 per \$1,000 cost of improvements, over and above base construction values for certain permits, providing for a cost recovery mechanism that allows for additional cost recovery for projects that entail additional work at larger scales (e.g. seawalls, window replacements).
5. Update flat fees for the majority of different types of jobs and independent permits. As recognized by staff, the Commission, and the contractors, there are many types of projects for which the estimated fully burdened cost of performing the plan review and inspections services would be too high. In an effort to keep the fees reasonable and not deter individuals from obtaining the necessary building permit, flat fees which may be considerably lower than the cost of performing the work are included in the recommended fee schedule. Because the safety of the owners and occupants are the utmost concern, the permitting and inspection for many of these types of jobs is imperative. As such, keeping the cost of permitting for the independent permits reasonable is essential. There are also jobs for which a flat permit fee makes more sense as they are typically very standard jobs that have little deviation. In most cases, the cost of performing these plan review and inspection services would be recuperated.
6. Establish reasonable fees for services that are currently provided at no charge such as a Zoning Exception and Preliminary Plan Review meeting, that may be assessed following multiple no-cost review meetings and at which an applicant seeks to have detailed review of preliminary plans. These types of tasks are often time consuming for staff.
7. Establish updated hourly rates for staff members based on the fully burdened rates, as applicable for Building and Fire services.
8. Establish that the Town's permit and inspection fees are indexed to the Consumer Price Index (CPI) for inflation to avoid periodic jumps in fees as charges are reassessed in approximate five year increments.
9. Be implemented on October 1, 2019, to allow for contractor notification and preparation of applicable programming changes to the Town's enterprise permit application and issuance system.

In addition, staff will be incorporating an Indirect Cost Rate of 28.3%, per a method authorized by Federal Rules (2 CFR Part 200) of the total payroll of the departments providing direct support to the Planning, Zoning and Building Department, including Town Manager, Town Clerk, Finance, Information Technology, Support Services (Human Resources/Purchasing), and Public Works (Facilities) Departments, into the Town's annual budget.

Staff has shared notice of the Fee Study and its consideration at the Town Commission April 15, 2019 Regular Workshop Meeting with almost 4,700 contractors that have done business with the Town both past and present. In addition, staff held an overview and

feedback session with the contractors who do the most repeat business with the Town, in various disciplines, on April 11, 2019, to inform and seek their feedback on proposed changes.

Staff Recommendation

Accept the findings of the Comprehensive Fee Study Report and Staff fee recommendations as reflected in draft Resolution 2019-03 and forward the Resolution to the May 6, 2019 Regular Meeting for formal action.

Attachments

- A. BerryDunn Draft Comprehensive Fee Study Report
- B. Draft Updated Fee Resolution # 2019-03
- C. April 15, 2019 Regular Workshop Agenda Item PowerPoint Presentation



Town of Longboat Key



Comprehensive Fee Study Report

Draft

April 5, 2019

Prepared for:

Town of Longboat Key
501 Bay Isles Road
Longboat Key, FL 34228

Town of Longboat Key
Comprehensive Fee Study

Current Environment Analysis Report

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Table i: Version History of the Report

Version	Delivered Date	Update Reason
Draft 1	April 5,, 2019	Delivered to Town Project Manager for Review

1.0 INTRODUCTION

This section describes the background of the project, the format of the Comprehensive Fee Study Report (Report), and the work performed in the development of the Report.

1.1 Project and Report Background

The Town of Longboat Key (the Town) has retained Berry Dunn McNeil & Parker, LLC (BerryDunn) to assist with documenting and assessing the Town's current fee structure, costs of delivering development service, and recommendations for fee changes. The focus of this Report is to document the current fee structure, determine permit fee needs and costs sharing. In addition, policy discussions around recovery of fees up to 100%, indirect cost approach and new methodologies for permit fee calculations. The last major fee schedule update was in October 2010.

1.2 Report Format

This Report consists of four sections and one exhibit, as described below:

1. **Introduction.** This section describes the background of the project, the format of the Report, and the work performed in the development of the Report.
2. **Comprehensive Fee Study Findings and Recommendations.** This section provides a description of the findings, as well as a summary of the findings based on permit processing time estimates.
3. **Next Steps.** This section describes the future activities of the project, including recommended next steps.
4. **Building and Fire Fee Schedules.** This section contains the Building and Fire fee schedules and fee recommendations.
5. **Additional Recommendations.** This section contain additional findings and recommendations discovered during the onsite.
6. **Exhibits.** The full fee analysis workbooks are contained in this section.

1.3 Approach and Work Performed

The approach the Town directed the consultant team to use is based on the following actions:

- Review costs of service for Building and Fire permits and inspections
- Calculate costs based on level of staff effort, annual demand, and hourly rates determined through budget appropriations, indirect costs, and amortized capital
- Provide analysis of cost recovery levels up to 100%
- Review fee schedules for comparable jurisdictions

The following guiding principles were used by the Town in providing recommendations.

- Principle 1: Generally aim for full cost recovery levels. (Direct labor, other dept. support, allocation of non-personnel expense, indirect cost, capital costs)
- Principle 2: Review fees in comparison to peer jurisdictions.
- Principle 3: Maintain sensitivity to cost recoveries for lower cost construction items (e.g. shed permit) in order to avoid incentivizing unpermitted work.

Section 2.0, Town Findings, outlines in more detail an analysis of the Report.

In November 2018, BerryDunn facilitated a series of meetings with Town staff involved in the planning and land development process. The purpose of those meetings was the confirmation of costs for service items based on permit type and reviewed indirect costs. The meetings focused on the following groups:

Table 1.0: Meeting Groups

Meeting Groups	
No.	Groups
1	Finance Department
2	Town Manager
3	Fire Department, Fire Prevention Division (Fire Prevention)
4	Building Department (Building) and Inspections
5	Planning and Zoning
6	Code Enforcement

1.4 Indirect Costs Approach

The PZB Department receives support from other Town departments. The departments identified as indirect costs are Town Manager, Town Clerk, Finance, I.T., Support Services (Human Resources/Purchasing), Facilities and General Services. BerryDunn determined indirect costs using a method authorized by federal rules (2 CFR Part 200). The indirect costs approach are as follows:

- The department costs of providing indirect cost services were identified.
- Personnel costs from each department's budget were isolated.
- The cost of the indirect department pool was calculated and divided by the total payroll of the direct departments, yielding a 28.3% indirect cost rate.
- The indirect cost of each office was identified.

The total indirect costs identified was \$258,009, vs. a 2018/19 budget figure of \$265,000. Table 1.1 depicts the historical indirect transfers to the General Fund.

Table 1.1: Indirect Transfers to the General Fund

History of Indirect Transfers to the General Fund		
Year	Transfer Amount	Remarks
2014	\$365,000	
2015	\$365,000	
2016	\$383,000	
2017	\$420,450	
2018	\$265,000	Reduction in 2018 due to direct charge out of legal to the budget
2019	\$258,009	Total allocation under proposed methodology

1.5 Fees versus Taxes versus Budget

Fees are used for purchases of service such as a review of a building application or rental of a park gymnasium. The fee prices should reflect the costs of the work being performed by the Town. By paying these fees, citizens are entitled to receive services at an understood level of customer service. The fees paid relieve citizens of the burden of paying for discretionary services they do not use.

Taxes are for the general revenue requirements of the Town. Level of services from the taxes are defined by the local jurisdictions which is different from fees tied to specific services.

A fee study analyzes financial reports at the entity level to create financial analyses at the level of individual services. Labor is the largest element of cost. BerryDunn facilitated a discussion of how the Town's staff perform each fee activity. BerryDunn traced other appropriated expenses to show how they also support services. An amortized annual capital cost that supports operations.

1.6 Town Development Activity

The Town's development activity over the past four years has remained relatively consistent. The following table and chart depicts the development activity from 2015 through 2018.

Table 1.2 2015 – 2018 Development Activity

Type	2015 – 2018 Development Activity			
	2015	2016	2017	2018
Permits	3,764	3,460	3,836	3,859
Inspections	7,322	7,385	6,766	7,055
Valuation	\$81.2M	\$69.6M	\$80.6M	\$81.6M

1.7 Common Terms and Acronyms

The following table contains common terms and acronyms used throughout this Report, along with the associated definitions and explanations.

Table 1.3: Common Terms and Acronyms

Common Terms and Acronyms		
No.	Term/Abbreviation	Definition/Explanation
1	BerryDunn	Berry Dunn McNeil & Parker, LLC., the consulting firm retained by the Town to assist with this project
2	BS&A	The Town's current permitting system
3	Building	Building Department
4	Fire Prevention	Fire Department, Fire Prevention Division
5	FTE	Full-Time Equivalent
6	PZB	Planning, Zoning, and Building
7	Report	Comprehensive Fee Study Report
8	RFQ	Request for Qualifications
9	Town	The Town of Longboat Key

2.0 COMPREHENSIVE FEE STUDY FINDINGS AND RECOMMENDATIONS

This section provides a description of the findings, as well as a summary of the findings based on permit processing time estimates.

PZB is responsible for reviewing development plans for compliance with code, as well as conducting site inspections to confirm that projects are being built according to approved plans. PZB charges in a variety of ways. For simple permits where the amount of work triggered by an application is relatively predictable, PZB charges fixed prices, also known as “flat fees.”

Fire Prevention is also involved in reviews related to these developments, which it charges in separate permit billings. Fire Prevention has other billed activities as well (e.g., annual fire permits).

2.1 Comparable Jurisdictions

The comparable jurisdictions were identified in collaboration between BerryDunn and the Town Project Manager. Table 2.0 are the comparable jurisdictions along with the year of their last major fee update.

Table 2.0: Jurisdictional Population and Fee Update year

Jurisdiction	Population (U.S. Census Bureau)	Last Major Fee Update
Town of Longboat Key	7,292	2010
City of Sarasota	56,994	2010
City of Sanibel Island	7,363	2018
City of Venice	23,020	2002

Table 2.1 depicts the number of staff per 1,000 residents performing development services such as building and inspection services.

Table 2.1 Development Service Employees per 1,000 residents

Jurisdiction	Population (U.S. Census Bureau)	Development Services* Employees Per 1,000
Town of Longboat Key	7,292	1.04

City of Sarasota	56,994	1.39
City of Sanibel Island	7,363	1.47
City of Venice	23,020	1.92

*Development services is comprised of the comparable building and inspection staff.

The Town's FTE count per 1,000 residents is the lowest of the comparable jurisdictions. The 1.04 per 1,000 residents is indicative of the Town producing similar comparable service using less staff.

2.2 Summary of Findings

Table 2.2 Departmental Findings

Departmental Findings	
1	The National Association of Home Builders (NAHB) has stated that construction permit fees are typically 1.7% of total project costs. The Town's construction permit fees are 1.6% of the \$81 million of construction done in 2018. At the Town staff recommended level, fees are 1.8% of construction value, and at full cost recovery, fees are 2.0% of construction value.
2	The Town's fees should be indexed to inflation. The Town's permit and inspection fees should be indexed to the Consumer Price Index (CPI) for inflation.
3	Comparable jurisdictions' approach to charging fees is a hybrid approach of flat fees, costs per incremental valuation, and/or percentage of valuation. The Town's permit and inspection fees are proposed to be flat fees with costs per incremental valuation consistent with surrounding jurisdictions. The consultant concurs.
4	Recovery rates for construction permits are based on local policy decisions. The Town's construction permits recovery rate is 74% with 26% being absorbed primarily by the general fund. Our definition of "cost" is one that is fully-burdened, which may make the net cost recovery look lower than expected if "cost" was not defined inclusively.
5	National construction permit review hourly rates range from \$75 in rural areas to \$150 in metropolitan areas. These rates are fully burdened. The Town is within the Sarasota metropolitan area, which is considered an urban metropolitan area. The Town's hourly cost is \$112.90 for review of construction permits, which is within the range expected.
6	There are 73 current building permit and inspection service categories. BerryDunn concurs with the following: <ul style="list-style-type: none"> • 57 service category increases, 3 decreases and 13 remain the same • 10 fee categories are proposed to be eliminated.

Departmental Findings															
	<ul style="list-style-type: none"> 19 fee categories are proposed to be combined or modified to better reflect services performed. Combination of flat fees and square footage calculations are proposed to be used. 														
7	<p>The Building fees charged for cost per square foot and based on valuation are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: black; width: 20%;"></td> <td>Cost per square foot</td> </tr> <tr> <td style="background-color: black;"></td> <td>Current Price per square foot of job</td> </tr> <tr> <td style="background-color: yellow; text-align: center;">\$3.00</td> <td>Department Recommends</td> </tr> <tr> <td style="background-color: black;"></td> <td></td> </tr> <tr> <td style="background-color: black;"></td> <td>Annual Value of construction permitted, 2018</td> </tr> <tr> <td style="background-color: black;"></td> <td>Cost per \$1,000 of construction project value over and above the base construction value</td> </tr> <tr> <td style="background-color: yellow; text-align: center;">\$10.00</td> <td>Department Recommends (New Method)</td> </tr> </table>		Cost per square foot		Current Price per square foot of job	\$3.00	Department Recommends				Annual Value of construction permitted, 2018		Cost per \$1,000 of construction project value over and above the base construction value	\$10.00	Department Recommends (New Method)
	Cost per square foot														
	Current Price per square foot of job														
\$3.00	Department Recommends														
	Annual Value of construction permitted, 2018														
	Cost per \$1,000 of construction project value over and above the base construction value														
\$10.00	Department Recommends (New Method)														
8	<p>The currently hourly cost charged for Fire is \$75.00, but the actual cost is \$76.88. Current fees recover 98% of costs. There is no current charge for annual Fire inspections. Some local governments charge for the service. There are 49 fee categories are proposed to be eliminated. Three new fee categories have been added.</p>														

2.3 Summary of Recommendations

BerryDunn recommends that the Commission accept recommendations presented in Table 2.3.

Table 2.3 Departmental Recommendations

Departmental Recommendations	
1	<p>BerryDunn supports the Departmental Recommendations proposed fees including a 96% recovery rate with the adoption of the following modifications.</p> <ol style="list-style-type: none"> There are 10 Building fee categories are proposed to be eliminated. There are 19 Building fee categories proposed to be combined or modified to better reflect services performed. There are 49 Fire fee categories proposed to be eliminated due to non-use or consolidation.

Departmental Recommendations	
2	Three new Building fee categories are proposed to be adopted. <ul style="list-style-type: none">a. New and/or change out of gated access pointb. Pre-Submittal meetingc. Other administrative services requiring written documentation
3	No change in Fire fee prices is recommended at this time.
4	The Town's permit and inspection fees should be indexed to the Consumer Price Index (CPI) for inflation.
5	The Town should consider an appropriate reserve amount to cover costs of service through completion of a project.
6	The Town's permit and inspection fees are proposed to be flat fees with costs per incremental valuation consistent with surrounding jurisdictions. The consultant concurs.
7	The fee model produced by the consultant should be maintained by the Town to update future fees.

3.0 Next Steps

This section describes the future activities of the project, including recommended next steps.

These next steps are summarized in the table below.

Table 3.0: Next Steps

Next Steps
BerryDunn recommends that the Commission accept the findings and recommendations presented and move to prepare a fee resolution for hearing and adoption at their next Commission meeting.
BerryDunn will provide the fee model that can be maintained by the Town.

4.0 BUILDING AND FIRE FEE SCHEDULES

This section contains the Building and Fire fee schedules overview. The detail analysis is contained in the attached workbooks.

Table 5.0: Workbook Structure Overview Building and Fire

Workbook Structure Overview		
No.	Table	Purpose
1	Cover	Contact information for the consultants that developed these findings.
2	Summary	Contains a high-level comparison of current revenue and actual cost by fee category (construction permits, flat fee permits, miscellaneous permits, and zoning applications).
3	Hourly Rate	For this purpose, we need an hourly rate. We follow the Federal rules for cost accounting (2 CFR Part 200) that indicate that the rate should reflect an hour of assignable employee time, not an hour of paid time. Paid time includes paid leave (vacation, sick, holiday, etc.). An employee is generally paid for a 2,080-hour base year, but net of paid leave, is assignable for less than 2080. We use the latter base to determine an hourly rate.
4	Minimum fee	For the most part, formulas for construction permits do a good job of varying a fee based on the cost of the construction work. For very small projects, strict application of the formula may result in permit fees that are mathematically accurate, but insufficient to fund the minimum work on an application. This worksheet determines the lowest fees that would apply to very small projects.
5	Construction fees – calculated	For the model, the approach begins with total departmental costs and subtracts the costs associated with flat fees (e.g., the categories of Flat Fees, Miscellaneous permits, and Zoning Applications).
6	Flat Fees	This table uses staff-provided data about the time requirements of various simple permits and extends that time by the hourly rate to determine the cost of these permits.
7	Misc. Permits	Same method as “Flat Fees” above.
8	Zoning Applications	Same method as “Flat Fees” above.
9	Indirect Expense	Incorporates a finding from the Town’s latest central services cost allocation report of the cost of Town support services to PZB.
10	Assignable Hours	Staff receive paid leave for vacation, sick time, holidays, and occasional other authorized uses. Some also receive overtime assignments. If all activities were paid by taxes, there would be no

Workbook Structure Overview		
No.	Table	Purpose
		need to address this, but to reflect the true cost of fee services, we follow the federal cost accounting rules and identify not only total paid hours, but also total assignable hours. The cost of an activity is based on the cost of assignable hours. This means that every fee service will identify a cost that includes the paid leave accrual associated with the work.
11	Annualized Technology Cost	Amortizes capital expenses for technology to support PZB so that the cost may be expressed as a percent of the cost of any permit. This is the most common way that other cities charge for the technology they use to perform their services.

5.0 ADDITIONAL RECCOMENDATIONS

This section describes the future activities of the project, including recommended next steps.

5.1 Summary of Recommendations and Considerations

The following table contains seven recommendations and considerations, as identified by BerryDunn and for consideration by the Town Project Management Team. These recommendations and considerations are based on discussions with the Town and focus on business efficiency, professional consultant assistance, and increased use in technology and staffing considerations.

Table 4.0: Recommendations and Considerations

Recommendations and Considerations	
1	As a best management practice, staffing levels and service delivery should be evaluated periodically. A staffing-level evaluation should be conducted periodically, and should consider planned or eligible retirements, changing staff capacity, changes in technology, and process improvements to evaluate impacts to budget and future fees.
2	The Town should establish a professional planning, building, engineering, and inspection consultant list to augment staff during the development process. The Town should conduct a professional consultant Request for Qualifications (RFQ) solicitation. A list of qualified professional can be maintain and called upon for services needed during peak or resource-constrained times. The RFQ list can be updated every few years to minimize the impacts on procurement staff.
3	The existing BS&A software should be expanded to allow for more functionality. The BS&A software can be expanded to include building and fire permit submittals, reviews, inspections, and reports. The expanded functionality of the system will provide contractors and staff with more insight about the building and development process.
4	Funding should be planned for training on the expanded software. Department-wide training should be funded to allow staff to use the full capability of BS&A. On-going funding for training of future system enhancements or staff refreshers should be planned for in the annual budget.
5	The existing business process should be periodically evaluated against performance measurements. The existing business process should be periodically evaluated against the Town’s established performance measurements or best management practices.

Recommendations and Considerations

6	<p>Minimum fees should be established for flat fees. Construction permit formulas do an accurate job of varying a fee based on the cost of the construction work. But for very small projects, strict application of the formula may result in permit fees that are mathematically accurate, but insufficient to fund the minimum work.</p>
7	<p>PZB should consider increasing its fund balance in the Building Enterprise Fund to account for a possible downturn in the economy. PZB should look at a fund balance sufficient enough to cover expenses for contractor services if a downturn in the economy occurs. The best management practices to address fund balance reserves are 3 to 18 months. The length of time should be sufficient to allow for the building services to be completed with the fee paid by the contractor.</p>

6.0 EXHIBITS

6.1 Exhibit A Building Fee Workbook

6.2 Exhibit B Fire Fee Workbook

6.3 Exhibit C Zoning Fee Workbook

ATTACHMENT "A"

RESOLUTION 2019-03

A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING AND REPLACING THE USER FEE SCHEDULE FOR BUILDING PERMIT FEES AND FIRE FEES ASSOCIATED WITH PERMITTING; ADOPTING THE FEE SCHEDULE RECOMMENDATIONS OF BERRYDUNN, LLC; ADOPTING AN ANNUAL ADJUSTMENT RATE TO THE FEE SCHEDULE BASED UPON THE CONSUMER PRICE INDEX (CPI); PROVIDING FOR REPEAL OF ALL RESOLUTIONS IN CONFLICT HERewith; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS , Ordinance 98-24 establishes that permit application fees associated with Town Code Chapters 150, 151, 152, 153, 154, 155, 157, 158, and 160 be set by resolution of the Town Commission ;and

WHEREAS , the Town Commission passed Resolution 98-18, which was subsequently amended by Resolution 02-06, Resolution 05-15, Resolution 2008-32, and Resolution 2011-27 , to set certain application/filing fees; and

WHEREAS , the Town Commission desired to consolidate permit fees into one schedule by incorporating permit application fees associated with Town Code Chapters 98 and 156; and

WHEREAS , the Town hired Berry Dunn ("Consultant") to conduct user fee studies of the existing Town building and fire user fees charged by the Town's building and fire plans reviewers and inspectors for the issuance of building permits and other related services; and

WHEREAS , the Consultant determined that certain Town staff time charges associated with the completion of many review and inspection services are not being fully recovered by the Town; and

WHEREAS , the Consultant determined that the existing fee schedule used by the Town did not fully recover the cost of the Town staff time provided, and therefore the Consultant proposed a revised fee cost schedule that more accurately will reimburse the Town for the actual Town staff services provided; and

WHEREAS , the Town Commission determined that it is in the best interests

of the Town to amend the fee schedule for the Planning, Zoning and Building Department and adopt the fee schedule proposed by the Consultant that changes existing fee amounts and proposes new user fees; and

WHEREAS, based upon the recommendation of the Consultant, the Town Commission also determined that it is in the best interest of the Town to also adopt an annual adjustment rate that increases annually based on the Consumer Price Index (CPI).

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN OF LONGBOAT KEY, FLORIDA, THAT:

SECTION 1. The Whereas clauses above are ratified and confirmed as true and correct, and are fully incorporated herein by reference. .

SECTION 2. The Comprehensive Fee Study Report prepared by Berry Dunn dated April 5, 2019, attached as Exhibit A, is hereby adopted and incorporated fully by reference.

SECTION 3. The fees and charges set forth in Exhibit "B" of this Resolution based upon the recommendations within the Berry Dunn Comprehensive Fee Study Report are hereby adopted.

SECTION 4. Effective October 1, 2019, the fee and charge schedule provided for in Exhibit B shall be adjusted annually each October 1st in accordance with the Consumer Price Index (CPI) to address inflation. The Town shall measure the CPI using the Consumer Price Index for the South Urban Region, All items – All Urban Wage Earners and Clerical Workers, published by the United States Department of Labor Department of Labor statistics (Series ID=CWUR0300SA0). If the source of the CPI is discontinued or substantially altered, the Town may select another relevant price index published by the United States government or by a reputable publisher of financial and economic indices. The Town shall determine the annual CPI based upon a comparison of the calendar year as measured from January to December of the preceding year, and comparing that rate to the calendar year immediately preceding that year. The CPI shall be rounded to the nearest hundredth of a percent.

SECTION 5. Resolutions 98-18, 02-06, 05-15, 2008-32, 2011-24, 2011-27, and any portion of other Resolutions in conflict with this Resolution are hereby repealed.

SECTION 6. If any section, subsection, sentence, clause, or provision of this Resolution is held invalid, the remainder of the Resolution shall not be affected.

SECTION 7. This Resolution shall become effective on October 1, 2019.

Adopted at a meeting and public hearing of the Town Commission held on this ____ day of _____, 2019.

George L. Spoll, Mayor

ATTEST:

Trish Shinkle, Town Clerk

Attachment: Exhibit "A"

EXHIBIT "A"

PLANNING, ZONING AND BUILDING DEPARTMENT FEES

The Planning, Zoning and Building Department shall collect from each applicant for a permit the following fees as required by Title 15, Chapters 150-160 of the Town of Longboat Key Code of Ordinances. In addition to the following fee amounts, applicants for Building, Shoreline Construction, Dredging and Filling, Electrical, Flood Control, and Plumbing permits, as well as Subdivision modifications, Zoning Code applications, and Comprehensive Plan amendments shall be responsible for all costs of advertising and other expenses reasonably incurred by the Town in connection with the processing of the application.

Charges for services not specifically listed in the following shall be calculated based on actual staff time provided for the service. Absent an adopted hourly rate within this resolution, staff time charges shall be at the employee's fully burdened rate for the Department. When necessary, additional consultant or Town Attorney charges may be applicable.

Staff time charges per hour (per staff person per hour): \$113.00

FLORIDA BUILDING CODE PERMIT FEES

These costs include hourly staff charges for each review after the third permit application plan review, Town Attorney expenses as submitted by the attorney, and fees and expenses as submitted by consultants deemed necessary by the Town. Changes or alterations to a permit are charged staff time for the initial review and any additional reviews.

Failure to obtain any and all required approvals prior to commencing work shall result in fines and penalties as set forth in the respective standards and codes, including a penalty of one hundred percent as set forth in section 108.2 of the Florida Building Code.

Fees for building permitting and inspection services shall be as follows:

1. Building Permit - The intent of the Minimum Threshold Permit is to provide a new permit and fee that capture smaller projects, which do not fit into an existing permit category. The additional fees related to Mechanical, Plumbing, and Electrical Permits are not required for Minimum Threshold Permits. The Minimum Threshold Permit is not intended to replace other required permits. The Town's Building Official (or designee) will determine the use of a Minimum Threshold Permit based upon the scope of work proposed.
 - a. Commercial (400 square feet or less) \$1,000.00
 - b. Residential (400 square feet or less) \$1,000.00
 - c. Interior Alteration (400 square feet or less) \$1,000.00

2. Building Application / Processing shall be payable at the time the building Permit is issued \$3.00 per square foot for the job
3. Some Building Application/Processing Fee based on a flat fee of the cost of construction not to exceed amount. If the cost of construction value is greater than the flat fee additional fees will apply \$10.00 per \$1,000 of construction value above flat fee
4. Staff Plan Review Charges after the third review (per person per hour) \$113.00
5. Changes or alterations to a permit (per person per hour) \$113.00
6. Moving Fee - The Fee for moving any building or structure \$450.00
7. Swimming Pool/Spa \$450.00
8. Pool Resurfacing \$250.00
9. Deck \$180.00 flat fee plus \$10.00 per \$1,000.00 of construction value over \$5,000.00
10. Lanai and Screen Enclosures \$100.00 flat fee plus \$1.00 per square over 35 square*
11. Roof Repair \$100.00 flat fee plus \$1.00 per square over 35 square*
12. Roof Recovering \$310.00 flat fee plus \$1.00 per square over 35 square*
13. Reroof \$310.00 flat fee plus \$1.00 per square over 35 square*
14. Roof Replacement \$310.00 flat fee plus \$1.00 per square 35 square*
15. Residential Dock \$450.00 flat fee plus \$10.00 per \$1,000.00 of construction value over \$20,000.00
16. Davit, Lift, or Hoist \$450.00 flat fee plus \$10.00 per \$1,000.00 of construction value over \$20,000.00
17. Seawalls \$450.00 flat fee

plus \$10.00 per \$1,000.00 of construction value over \$30,000.00

- | | |
|---|--|
| 18. Gutter, Soffits, Siding, and Facia | \$250.00 |
| 19. Pre-Construction/Pre-Engineered Shed | \$100.00 |
| 20. Solar Energy System | \$395.00 flat fee
plus \$10.00 per \$1,000.00 of construction value over \$2,500.00 |
| 21. Demolition Fee | \$400.00 |
| 22. Permanent Free-Standing Sign | \$400.00 flat fee
plus \$10.00 per \$1,000.00 of construction value over \$2,000.00 |
| 23. Permanent Sign Non-illuminated | \$140.00 |
| 24. Illuminated Sign | \$170.00 |
| 25. Concrete Repair | \$280.00 flat fee
plus \$10.00 per \$1,000.00 of construction value over \$5,000.00 |
| 26. Garage Door | \$60.00 |
| 27. Windows/Sliding Glass Doors/Entry Doors (up to five) | \$60.00 |
| 28. Windows/Sliding Glass Doors/Entry Doors (over five) | \$60.00 flat fee
plus \$10.00 per \$1,000.00 of construction value over \$2,500.00 |
| 29. Shutters | \$60.00 |
| 30. Stairs | \$285.00 flat fee
plus \$10.00 per \$1,000.00 of construction value over \$2,500.00 |
| 31. Privacy Walls | \$285.00 flat fee
plus \$10.00 per \$1,000.00 of construction value over \$5,000.00 |
| 32. Handrails | \$255.00 flat fee
plus \$10.00 per \$1,000.00 of construction value over \$3,500.00 |
| 33. Other work requiring a building permit that cannot be evaluated on a square footage basis. At the discretion of the Building Official | \$255.00 flat fee
plus \$10.00 per \$1,000.00 of construction value over \$3,500.00 |
| 34. Re-Inspection during Normal Business Hours | \$85.00 |

- | | |
|---|----------|
| 35. Additional Inspection | \$85.00 |
| 36. Certificate of Occupancy (including Temporary C.O.) | \$550.00 |

*Square refers to ten-foot by ten-foot area.

Fees for Building Official Administrative Services shall be as follows:

- | | |
|--|---------------------------------|
| 1. Renewal of Building Permit (all trades) | \$85.00 |
| 2. Change of Contractor | \$85.00 |
| 3. Transfer of Permit | \$85.00 |
| 4. Revoked Permit | \$500.00 |
| 5. Lost Plan Replacement | \$225.00 plus duplication costs |
| 6. Stop Work Order (residential) | \$160.00 |
| 7. Stop Work Order (non-residential) | \$275.00 |
| 8. Letters of Determination | \$225.00 |
| 9. Appeals to the Building Official | \$225.00 |
| 10. Appeals of the Building Official's Decision | \$366.00 |
| 11. All other administrative services of the Building Official that requires written Documentation | \$170.00 |
| 12. Pre-Construction/Pre-Application Meetings (at the discretion of the Planning, Zoning, and Building Director) | \$260.00 |

Fees for heating, air conditioning, refrigeration, ventilation, and electrical permitting and inspections shall be as follows:

- | | |
|---|----------|
| 1. New Residential Living and Commercial Working Area (per square foot)
\$0.10 per square foot | |
| 2. Alterations, Additions, and Repairs | \$150.00 |
| 3. Commercial Boiler | \$150.00 |
| 4. Air Conditioning Systems or A/C Change Out | \$150.00 |

5. New Electrical Service or Electrical Change Out	\$150.00
6. Commercial Site Lighting	\$200.00
7. Sprinkler Pump or Pool Pump	\$60.00
8. Construction or Sales Trailer	\$150.00
9. Temporary Electric Service	\$100.00
10. Other HVAC or electrical Permitted Work	\$150.00

Fees for plumbing permits shall be as follows:

1. New Construction, Alterations, Additions, and Repairs	\$150.00
2. Fixture Charge (per fixture in addition to plumbing permit)	\$10.00
3. Water Heater	\$90.00
4. Pool Heater	\$90.00
5. Commercial LP Gas Tank	\$115.00
6. LP Gas System	\$115.00
7. Backflow Preventer	\$115.00
8. Construction/Sales Trailer	\$150.00
9. New Water Service	\$115.00
10. Sewer	\$115.00
11. Water and Venting Piping	\$145.00
12. Septic tanks, Grease traps, Oil Separators	\$145.00
13. Other Plumbing Permitted Work	\$150.00

Fees for fire prevention permitting and inspections shall be as follows:

1. New Construction – Building Permit Fees: Fire Plan Review
 - a. Residential Plan Review \$75.00
 - b. Parking Garage Plan Review (exception: one and two-family structures) \$100.00
 - c. Commercial Structures Plan Review
 1. up to 1,500 square feet \$100.00
 2. > 1,501 square feet – 5,000 square feet \$125.00
 3. > 5,001 square feet – 10,000 square feet \$150.00
 4. > 10,001 – 20,000 square feet \$175.00
 5. > 20,001 – 40,000 square feet \$200.00
 6. > 40,001 – 60,000 square feet \$225.00
 7. > 60,001 – 80,000 square feet \$275.00
 8. > 80,001 – 10,000 square feet \$325.00
 9. > 100,001 \$325.00 square feet plus \$0.25 each additional square foot
 - d. Docks – multifamily, community, commercial and public docks \$75.00
 - e. Miscellaneous plan review for job scope not listed \$75.00
 - f. Pre-application plan review \$75.00
 - g. Re-examination of plans due to corrections, changes or alterations, prior to or after permit issuance \$75.00 per hour or fraction thereof
2. Inspection – Inspection fees include inspections required for issuance of Certificate of Occupancy (CO) and Certificates of Use (CU)
 - a. Residential Occupancy Construction Inspection Fees \$75.00 per hour or fraction thereof
 - b. Commercial Occupancy Construction Inspection Fees
 1. up to 1,500 square feet \$75.00
 2. > 1,502 square feet – 5,000 square feet \$100.00
 3. > 5,001 square feet – 10,000 square feet \$125.00
 4. > 10,001 square feet – 20,000 square feet \$150.00
 5. > 20,001 square feet – 40,000 square feet \$175.00
 6. > 40,001 square feet – 60,000 square feet \$205.00
 7. > 60,001 square feet – 80,000 square feet \$225.00
 8. > 80,001 square feet – 100,000 square feet \$275.00
 9. > 100,001 square feet \$325.00 plus \$0.25 each additional square foot thereof
 - c. Docks – multifamily, community, commercial and public docks \$75.00
 - d. Pre-inspection when required prior to issuance of permit \$75.00
 - e. Miscellaneous inspection fee for use not listed \$75.00

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|---|----------|
| 3. Fire Sprinkler System: | |
| a. New system plan review: up to 12 sprinkler heads | \$150.00 |
| b. New system plan review: each head or device after the first 12 | \$1.00 |
| c. Alterations plan review | \$100.00 |
| d. Rough inspection | \$75.00 |
| e. Witness inspection and re-inspection: above-ground pressure test | \$150.00 |
| f. Witness fire main pressure test: inspection and re-inspection | \$150.00 |
| 4. Back Flow Preventer: | |
| a. Fire main plan review | \$75.00 |
| b. Inspection and re-inspection | \$150.00 |
| 5. Fire Pump: | |
| a. Plan Review | \$100.00 |
| b. Acceptance Test | \$150.00 |
| 6. Standpipe System: | |
| a. Plan Review | \$100.00 |
| b. Inspection | \$100.00 |
| 7. Hood Suppression: | |
| a. Plan Review | \$75.00 |
| b. Acceptance Test | \$150.00 |
| 8. Penetrations and/or Fire Stopping Inspections | \$75.00 |
| 9. Halon System: | |
| a. Plan Review | \$75.00 |
| b. Inspection | \$100.00 |
| 10. New Fire Alarm System: | |
| a. New system plan review: up to 12 devices | \$125.00 |
| b. New system plan review: each head or device after the first | \$1.00 |
| c. Acceptance test | \$225.00 |
| d. Retest | \$75.00 |
| 11. Smoke Evacuation System: | |
| a. Plan Review | \$100.00 |
| b. Acceptance test | \$100.00 |
| 12. Fuel Storage Tank: (above and below ground) | |
| a. Plan Review | \$75.00 |
| b. Inspection | \$75.00 |
| 13. Single-Station Smoke Alarm Retrofit – Multifamily Buildings (Plan Review) | |

and Inspection)	\$100.00
14. Alterations to Existing Fire Alarm Systems:	
a. Plan Review	\$100.00
b. Acceptance test	\$150.00
15. Other Life Safety Systems:	
a. Plan Review	\$75.00
b. Acceptance test	\$150.00
16. Special Event (Plan Review and Inspection	\$75.00
17. Fireworks Display:	
a. Plan Review	\$75.00
b. Inspections	\$75.00
c. Watch fee for Fire Department Staff	\$75.00 per staff person per hour
18. Fire Truck Stand-By (includes two firefighters/paramedics)	\$75.00 per staff person per hour
19. Fire Boat Stand-By (includes two firefighter/paramedics)	\$75.00 per staff person per hour
20. Site Plan or Plat Review	\$75.00 per staff person per hour
21. Outline Development Plan Review	\$75.00 per person per hour
22. Parking Lot Plan Review	\$75.00 per person per hour
23. Additional Fire Department Staff Report	\$50.00 per person per hour
24. Fire Marshal Consultant Fee	\$75.00 per hour - minimum one hour

SHORELINE CONSTRUCTION CODE PERMIT FEES

The Planning, Zoning and Building Department shall collect from each applicant for a shoreline construction permit the following fee as required by Chapter 151. The fee shall be \$50.00 per linear foot of proposed shoreline construction.

1. Fee for off-shore and on-shore areas to be filled not in excess of one square acre
 - \$50.00/acre
 - a. For each additional off-shore acre or fraction thereof to be filled \$15.00/acre
 - b. For each on-shore cubic yard (cy) of fill \$0.01/cy
 - c. Canal maintenance work \$50.00/acre

TREE CODE PERMIT FEES

The Planning, Zoning, and Building Department shall collect from each application for a tree permit the following fee as required by Chapter 98.

FLOOD CONTROL CODE VARIANCE FEES

The Planning, Zoning and Building Department shall collect from each application for variance from the flood control code the following fee as required by Chapter 154.

Variance application fee	\$450.00
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PLANNING AND ZONING APPLICATION/PROJECT DEPOSITS

A deposit shall be required for all applications with an asterisk or double asterisk under the following fee schedule. Staff will withdraw funds from the initial deposit on a monthly basis to pay all costs in connection with the processing of the application. In the event that the initial deposit falls below \$250.00, an additional deposit equal to fifty percent of the original deposit will be required. If the processing costs exceed the deposits, all additional costs will be billed to the applicant. Unused funds from the deposits will be refunded after all invoices and outstanding charges for processing the application have been paid.

A single asterisk (*) denotes that an initial deposit of \$1,000 shall be required.

A double asterisk (**) denotes that an initial deposit of \$3,000 shall be required

SUBDIVISION CODE FEES

The Planning, Zoning, and Building Department shall collect from each applicant for subdivision approval the following fees as required by Chapter 157.

1. Preliminary plan	\$180.00
2. Final plat	\$252.00
3. Lot line adjustment (Section 157.32 Lot Line Adjustments)	\$252.00
4. Filing fee	\$450.00

ZONING CODE FEES

The Planning, Zoning, and Building Department shall collect the following fees as required by Chapter 158.

1. Application for Certificate of Occupancy r Temporary Certificate of Occupancy	\$150.00 per unit
2. Zoning Determination Letter	\$75.00
3. Appeal of a decision of the Town Manager or designee	\$450.00*
4. Application for Variance	\$450.00*
5. Application for Special Exception	\$450.00*
6. Application for Rezoning (including CORD)	\$900.00**
7. Application for Site Plan Review	\$360.00**
8. Application for Commercial Site Plan Review	\$725.00**
9. Application for Outline Development Plan Review	\$275.00**
10. Application for Development Agreement	\$5,000.00
11. Temporary Use Permits	
a. Model homes or apartments	\$135.00
b. Real estate office limited to sales of dwelling units on those premises	\$135.00
c. Construction material and equipment storage	\$45.00
d. All temporary uses	\$45.00
12. Application for Vested Right Determination	\$450.00**
13. Application for Site Plan Exemption	\$75.00
14. Application for Zoning Code Text Amendment	\$900.00**
15. Application for Letter of No Objection	\$100.00
16. Application for physical address change	\$100.00

COMPREHENSIVE PLAN FEES

The Planning, Zoning, and Building Department shall collect the following fee for each Comprehensive Plan text or map amendment application as required by Chapter 160. If a rezoning application is submitted, the rezoning fee shall also be paid.

Fee for each Comprehensive Plan text or map amendment	\$725.00**
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CONSUMER PRICE INDEX ADJUSTMENT

Effective October 1, 2019, the fee and charge schedule provided for above shall be adjusted annually each October 1st in accordance with the Consumer Price Index (CPI) to address inflation.



Building/Fire Fee Study

Town Commission Regular Workshop Meeting
April 15, 2019



Building/Fire Fee Study

Discussion Items:

- Building/Fire Fees Purpose/Background
- Consultant Presentation on Fee Study
- Staff Recommendation/Next Steps

1. Introductions
2. Project Background/Approach
3. Comprehensive Fee Study Summary
4. Questions and Discussion
5. Additional Information

1: Introductions





Fred Turnier, MPA, AICP



Bruce Cowans, MA

- **Permit Fee Clients**
 - Cities of Tampa, Cape Coral, Cocoa, Miami Beach, Hollywood, and Melbourne
 - Counties of Alachua, Hillsborough, Manatee, Monroe, Nassau, Pasco, Polk, Sarasota and Wakulla
 - Extensive National experience (Hundreds of studies)
- **Other Public Sector Florida Clients**
 - Cities of Boca Raton, Coral Springs, Homestead, Ormond Beach and Port Orange

2: Project Background/Approach



Project Background

- The Town of Longboat Key (the Town) retained BerryDunn to assist in determining more accurate accounting of Building Division and Fire Division permit costs.
- The Town adopted its last major fee update in October 2010.

- Fees are *charges for service*. The prices should reflect the costs of the work. By paying fees, citizens are entitled to receive services at an implicit level of customer service.
- Fees relieve citizens of the burden of paying for discretionary services they do not use.
- Taxes do not entitle citizens to specific levels of service, but are simply for the general revenue requirement of the Town.
- The Town does not charge for all services, and this study identifies some potential new fees.

- The Town protects public health, safety, and welfare through the planning for, and the permitting and inspection of, development projects.
 - Full-service Planning, Zoning, and Building (PZB) Department.
 - Part-time fire marshal assigned to review and inspect development.
 - 8.35 Full Time Equivalents (FTE's) assigned to Building Permit Review.
 - As needed, the Town contracts with third party professionals.

- The following guiding principles were used by the Town in providing recommendations.
 - Principle 1: Generally aim for full cost recovery levels. (Direct labor, other dept. support, allocation of non-personnel expense, indirect cost, capital costs)
 - Principle 2: Review fees in comparison to peer jurisdictions.
 - Principle 3: Maintain sensitivity to cost recoveries for lower cost construction items (e.g. shed permit) in order to avoid incentivizing unpermitted work.

Comparable Jurisdictions

Jurisdiction	Population (U.S. Census Bureau)	Last Major Fee Update
Town of Longboat Key	7,292	2010
City of Sarasota	56,994	2010
City of Sanibel Island	7,363	2018
City of Venice	23,020	2002

- The comparable jurisdictions were identified in collaboration between BerryDunn and the Town Project Manager

Comparable Development Services



Jurisdiction	Population (U.S. Census Bureau)	Development Services* Employees Per 1,000
Town of Longboat Key	7,292	1.04
City of Sarasota	56,994	1.39
City of Sanibel Island	7,363	1.47
City of Venice	23,020	1.92

***Building/Inspection Staff**

Indirect Costs Approach

- The PZB Department receives support from other Town departments. Currently the Town allocates indirect costs based on a methodology developed in 2010. BerryDunn determined indirect costs using a method authorized by Federal rules (2 CFR Part 200).
 - The consultant approach to indirect costs is known as a “simplified indirect cost rate” and is derived from 2 CFR Part 200. We identified a total of indirect cost of \$258,009, vs. a 2018/19 budget figure of \$265,000.
 - We conclude that the Town’s practice is valid. But staff may wish to use our template to update indirect costs in the future.

Building Fund

	FY 18 Actual	FY 19 Budget	FY 19 If Proposed Fee Changes were Implemented 10/1/18
Revenue	\$1,292,923	\$1,191,358	\$1,557,627
Operating Costs	(\$1,645,192)	(\$1,528,195)	(\$1,528,195)
Capital Costs	(\$22,703)	(\$80,603)	(\$80,603)
Net	(\$374,972)	(\$417,440)	(\$51,171)
Reserve Balance	\$1,200,984	\$783,544	\$1,149,813

2015 – 2018 Development Activity

Calendar Year				
Type	2015	2016	2017	2018
Permits	3,764	3,460	3,836	3,859
Inspections	7,322	7,385	6,766	7,055
Valuation	\$81.2M	\$69.6M	\$80.6M	\$81.6M

3: Comprehensive Fee Study Summary



Flat Fee Cost Determination

Building Permitting & Inspection Services Examples

	Current Fee	Annual Demand	Intake	Review	Inspect	Scan & Document	Zoning	Total	Cost	Net	Recommendation
Deck	\$180	5	0.75	0.50	1.00	1.50	1.00	3.75	\$423.38	(\$243.38)	<u>\$180 flat plus \$10 per \$1,000 value</u>
Wall Sign	\$100	10	0.25	0.25	0.50	.25	0.25	1.25	\$141.13	(\$41.13)	<u>\$140</u>
Demo lition	\$400	50	0.75	0.25	1.00	0.75	0.50	3.25	366.93	\$33.07	<u>\$400</u>

Summary of Findings

	Existing Conditions		Net Recovery		
	FY19 Revenue	Cost	\$	%	General Fund
TOTAL	\$1,277,817*	\$1,730,030	(\$454,213)	74%	26%
Building	\$1,166,605	\$1,618,646	(452,041)	72%	-
Fire	\$111,212*	\$113,384	(2,172)	98%	-
	* Fire Revenues are separate from Building Fund Revenues				

- The National Association of Home Builders (NAHB) has stated that construction permit fees are typically 1.7% of total project costs.
 - The Town's construction permit fees are 1.6% of the \$81 million of construction done in 2018. At the Town staff recommended level, fees are 1.8% of construction value, and at full cost recovery, fees are 2.0% of construction value.
- The Town's fees should be indexed to inflation.
 - The Town's permit and inspection fees should be indexed to the Consumer Price Index (CPI) for inflation.

- Comparable jurisdictions' approach to charging fees is a hybrid approach of flat fees, costs per incremental valuation, and/or percentage of valuation.
 - The Town's permit and inspection fees are proposed to be flat fees with costs per incremental valuation consistent with surrounding jurisdictions. The consultant concurs.
- Recovery rates for construction permits vary from jurisdiction to jurisdiction based on local policy decisions.
 - The Town's construction permits recovery rate is 74% with 26% being absorbed primarily by the general fund. Our definition of "cost" is one that is fully-burdened, which may make the net cost recovery look lower than expected if "cost" was not defined inclusively.

- National construction permit review hourly rates range from \$75 in rural areas to \$150 in metropolitan areas. These rates are fully burdened. The Town is within the Sarasota metropolitan area, which is considered an urban metropolitan area.
 - The Town's hourly cost is \$112.90 for review of construction permits, which is within the range expected.
 - The Town's fee resolution should be updated to improve recovery from fees that use an hourly rate.

- There are 73 current building permit and inspection service categories. BerryDunn concurs with the following:
 - 57 service category increases, 3 decreases and 13 remain the same
 - 10 fee categories are proposed to be eliminated.
 - 19 fee categories are proposed to be combined or modified to better reflect services performed.
 - Combination of flat fees and square footage calculations are proposed to be used.

Building Findings and Recommendations (Con't)

The Building fees charged for cost per square foot and based on valuation are as follows:

\$3.03	Cost per square foot
\$3.00	Current Price per square foot of job
\$3.00	Department Recommends
\$81,623,792	Annual Value of construction permitted, 2018
\$12.00	Cost per \$1,000 of construction project value over and above the base construction value
\$10.00	Department Recommends (New Method)

- The currently hourly cost charged is \$75.00, but the actual cost is \$76.88.
- Current fees recover 98% of costs.
- There is no current charge for annual Fire inspections. Some local governments charge for the service.
- 49 fee categories are proposed to be eliminated. Three new fee categories have been added.

1. BerryDunn supports the Departmental Recommendations proposed fees including modifications.
 - a) There are 10 Building fee categories are proposed to be eliminated.
 - b) There are 19 Building fee categories proposed to be combined or modified to better reflect services performed.
 - c) There are 49 Fire fee categories proposed to be eliminated due to non-use or consolidation.

2. Three new Building fee categories are proposed to be adopted.
 - a) New and/or change out of gated access point
 - b) Pre-Submittal meeting
 - c) Other administrative services requiring written documentation
3. No change in Fire fee prices is recommended at this time.

4. The Town's permit and inspection fees should be indexed to the Consumer Price Index (CPI) for inflation.
5. The Town should consider an appropriate reserve amount to cover costs of service through completion of a project.
6. The Town's permit and inspection fees are proposed to be flat fees with costs per incremental valuation consistent with surrounding jurisdictions. The consultant concurs.
7. The fee model produced by the consultant should be maintained by the Town to update future fees.

- BerryDunn recommends that the Commission accept the findings and recommendations presented and move to prepare a final fee resolution for hearing and adoption at their next Commission meeting.

Thank You!



BerryDunn

100 Middle Street

Portland, Maine 04104

Tel: 207-775-2387



Fiscal Choice

790 West Frontage Road Suite 110

Northfield, Illinois 60093

Tel: 847-441-4175



Building/Fee Study Next Steps

Adoption of Resolution 2019-03 at May 6, 2019 Regular Meeting

The Resolution will include:

1. Incorporate the estimated fully burdened cost of staff completing a building permitting/inspection task based on the BerryDunn analysis.
2. Eliminate the non-refundable 25% partial-application fee that is paid up front for new construction/renovation building permit applications. This partial fee has not been able to be assessed since the advent of the Town's conversion to the BS&A enterprise system in March 2017. The software firm indicates such a deposit approach cannot be accommodated in their system. The application fees for all other flat fee type of application will continue to be required prior to issuance of the permit.
3. Maintain a \$3.00 per square foot fee for new construction/renovation permit.
4. Introduce a new \$10 per \$1,000 cost of improvements, over and above base construction values for certain permits, providing for a cost recovery mechanism that allows for additional cost recovery for projects that entail additional work at larger scales (e.g. seawalls, window replacements).



Building/Fee Study Next Steps Continued

Adoption of Resolution 2019-03 at May 6, 2019 Regular Meeting

The Resolution will include:

5. Update flat fees for the majority of different types of jobs and independent permits. As recognized by staff, the Commission, and the contractors, there are many types of projects for which the estimated fully burdened cost of performing the plan review and inspections services would be too high. In an effort to keep the fees reasonable and not deter individuals from obtaining the necessary building permit, flat fees which may be considerably lower than the cost of performing the work are included in the recommended fee schedule. Because the safety of the owners and occupants are the utmost concern, the permitting and inspection for many of these types of jobs is imperative. As such, keeping the cost of permitting for the independent permits reasonable is essential. There are also jobs for which a flat permit fee makes more sense as they are typically very standard jobs that have little deviation. In most cases, the cost of performing these plan review and inspection services would be recuperated.
6. Establish reasonable fees for services that are currently provided at no charge such as a Zoning Exception and Preliminary Plan Review meeting, that may be assessed following multiple no-cost review meetings and at which an applicant seeks to have detailed review of preliminary plans. These types of tasks are often time consuming for staff.
7. Establish updated hourly rates for staff members based on the fully burdened rates, as applicable for Building and Fire services.
8. Establish that the Town's permit and inspection fees are indexed to the Consumer Price Index (CPI) for inflation to avoid periodic jumps in fees as charges are reassessed in approximate five year increments.
9. Be implemented on October 1, 2019, to allow for contractor notification and preparation of applicable programming changes to the Town's enterprise permit application and issuance system.



Next Steps

- Town Commission/Public input on Fee Study
- Resolution 2019-03 at May 6, 2019 Town Commission Regular Meeting
- Implementation of Fee Recommendations on October 1, 2019, including: Notification of contractors; Preparations to update Enterprise Fee System.

End of Agenda Item