

10 YFSP Update

Permitting & Inspection Cost Recovery Analysis



The 10 YFSP Strategies...



- ✓ *Strategy 1:* Economic Development
- ✓ *Strategy 2:* Reduce expenditure growth rate
- ✓ *Strategy 3:* Increase investment returns
- ❑ *Strategy 4:* Evaluate fees and cost recovery
- ❑ *Strategy 5:* Replace GF support of Roads Capital Fund
- ❑ *Strategy 6:* Possible implementation of a B&O Tax
- ❑ *Strategy 7:* Possible Levy Lid Lift renewal

Permitting & Inspection Cost Recovery Analysis

- FCS Group
 - Local Expertise
 - Proven Cost Recovery Model
- Project Manager – Peter Moy, Principal
- Project Analyst – Christine Elting

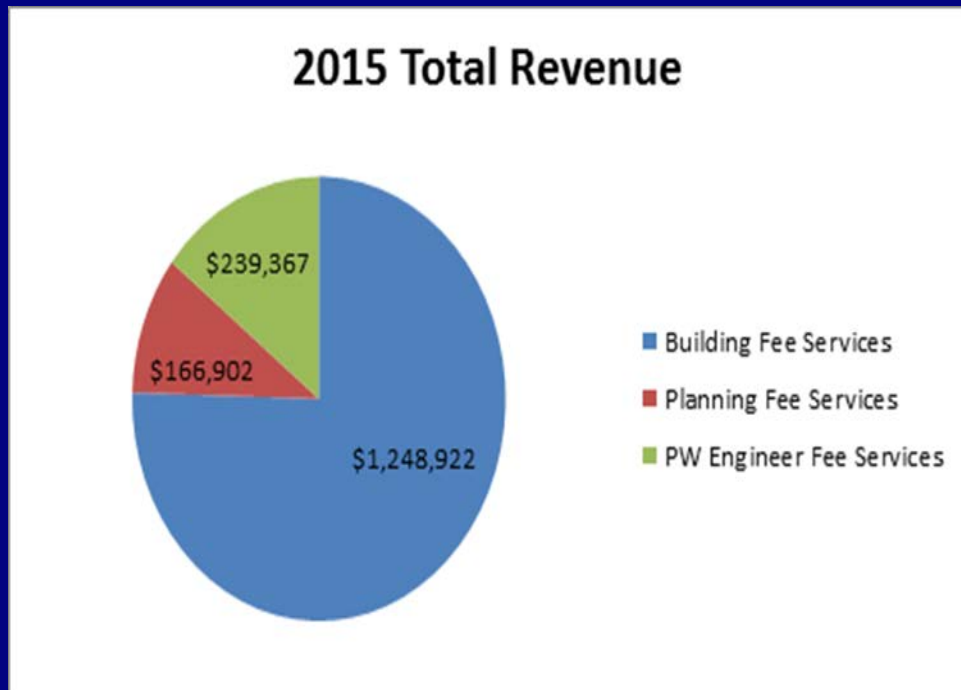
FCS Group Agenda

- Cost Recovery Methodology
- Analysis Results
- Comparison to other Cities
- Rate Setting Considerations

Cost Recovery Recommendations Background

- Building Permit Fees 75% of Permit Revenues

| Permit Category | Current Cost Recovery |
|-------------------------------|-----------------------|
| Building and Inspection Fees | 75% |
| City Planning Fees | 27% |
| Public Works Engineering Fees | 32% |



Recommendations

- Adjust hourly rate to \$180
- Adjust all fees for cost recovery objectives
- Where practical move to a flat rate
- Increase minimum hours where appropriate

Cost Recovery Recommendations Building Permits

| Current Rate Calculation Methodology | Recommended Changes |
|---|---|
| Construction Valuation (Industry Standard) | <ul style="list-style-type: none">• Increase rates to median for valuations over \$1,000,000• No change for valuations under \$1,000,000 |
| Minimum Hourly Fee + Additional Hours | <ul style="list-style-type: none">• Evaluate opportunities to create fees for specific activities |
| Minimum Hourly Fee + Per Fixture Fee | <ul style="list-style-type: none">• Maintain current structure |

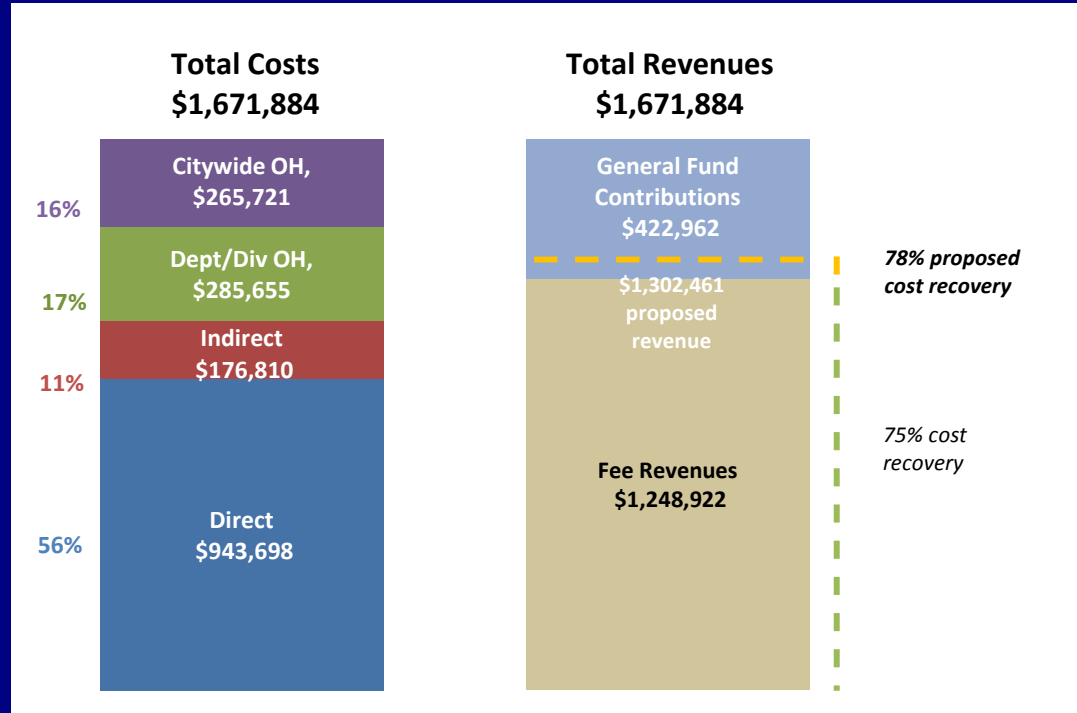
Cost Recovery Recommendations Building Permits

Estimated Impact of
recommendations on
Cost Recovery

75%



78%



Cost Recovery Recommendations

Planning Fees

| Current Rate Calculation Methodology | Recommended Changes |
|--|--|
| Minimum Hourly Fee + Additional Hours | <ul style="list-style-type: none">• Adjust most permits to a flat fee• Maintain minimum hour + additional hours for highly variable• Evaluate opportunities for new fees |

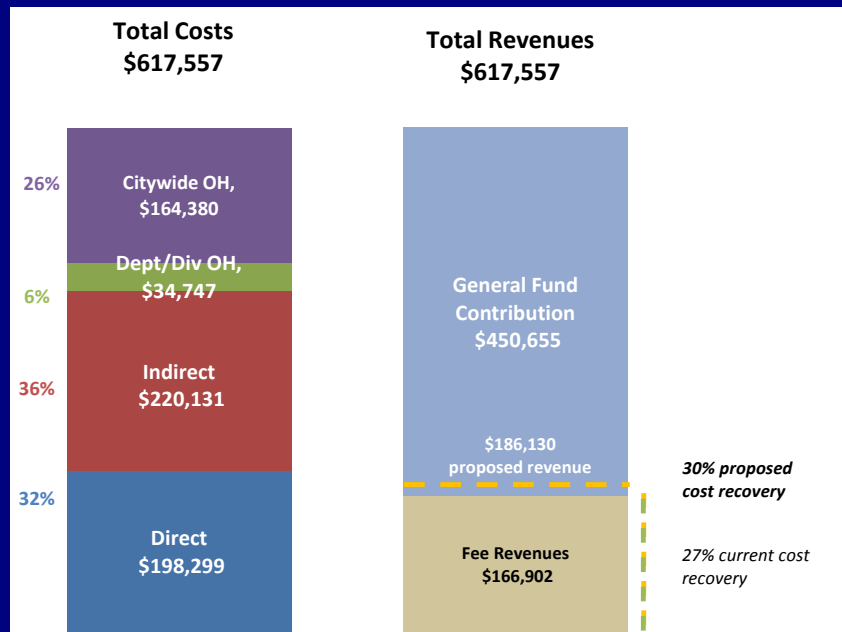
Cost Recovery Recommendations Planning Fees

Impact of recommendations
on Cost Recovery

27%



30%



Cost Recovery Recommendations Engineering Fees



| Current Rate Calculation Methodology | Recommended Changes |
|---------------------------------------|--|
| Minimum Hourly Fee + Additional Hours | <ul style="list-style-type: none">• Maintain minimum hour + additional hours for highly variable• Evaluate opportunities for new fees |

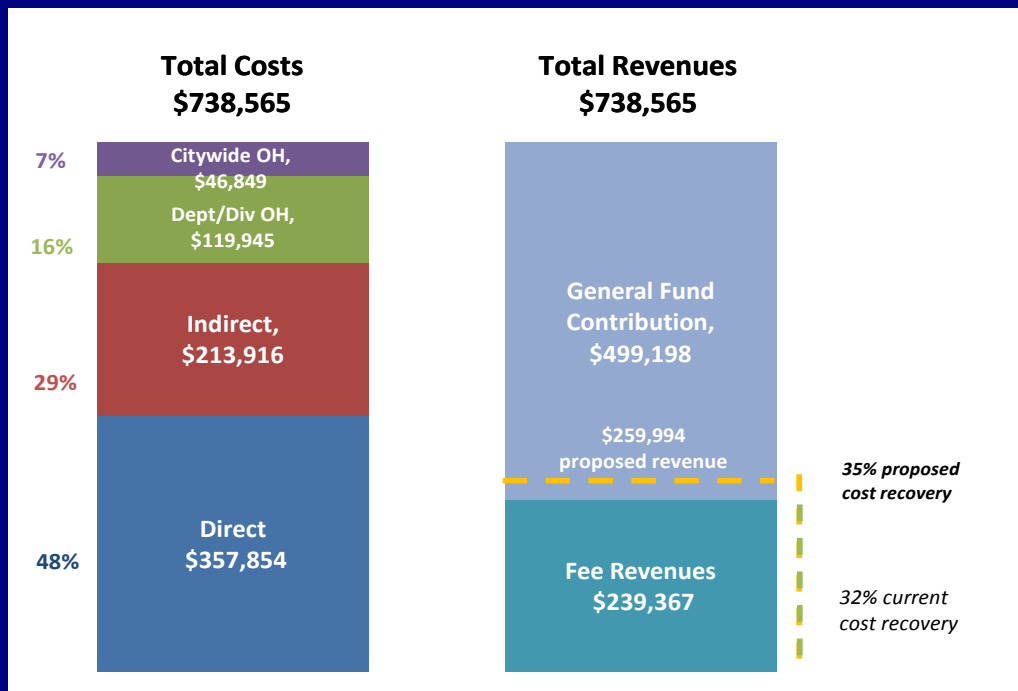
Cost Recovery Recommendations Engineering Fees

Estimated Impact of
recommendations on
Cost Recovery

32%



35%



How do we achieve Cost Recovery Goals?

| Individual Permit Cost Recovery Level | Rationale | Example Permits |
|---------------------------------------|--|--|
| 80-100% | Individuals or businesses are the primary beneficiaries of a financial gain | Rezone, Short Plat |
| 50-80% | Public benefit derived or to ensure the cost does not discourage permitting. | Conditional Use Permit, Historic Landmark review |
| Less than 50% of Full Cost | Applied to permits where the cost associated with issuing the permit is higher than the benefit received | Tree removal, Residential Demolition |

Additional Recommendations

- Maintain an “Other Permits” Hourly Rate
- Round the fees to simplify calculations
- Continue to adjust rates CPI-U annually
- Full analysis every 3-4 years
- Flat fee for public hearings @ full cost

Other Opportunities

- Evaluate Potential New Fees
- Improved Time Tracking and Process Improvements
- Evaluate the potential for imposing a technology fee to develop a Permitting Technology reserve

Summary

- Recommendations increase our cost recovery rate & stay in the “market”
- Recommendations generate approximately \$100K per year– additional \$1M over 10 YFSP

Council Questions/Discussion

- Does Council concur with staff recommendations?
 - Cost Recovery Objectives
 - Rate Setting Methodology
 - Other

Next Steps

- Implement recommendations with Council feedback into 2017 Fee Schedule
- Review with Council during Budget Process