



Building Department Fees...you need a plan

Bryan Spain - Building Official - City of Solvang
Jeff Janes - Building Official - Building Official / Interwest
Consulting Group

BACKGROUND

- According to State of California (State) law, building permit fees cannot exceed the reasonable estimated cost of providing service.
- So, some of the questions we would ask about your building department are:
 - Are regular cost of service studies conducted? If so, how often?
 - Is the fee structure based on a cost revenue allocation method?
 - Does it account for end-of-fiscal-year works-in-progress?
 - Could your city or county building permit fees be able to withstand public and political scrutiny?

Today's Panel:

Nicole Kissam - Director

NBS Financial Consulting Group

William Kelley - Building Official

County of Marin

Will Crew - Building Official

Interwest Consulting Group - Regional Manager



Building Department Fees...you need a plan

Nicole Kissam - Director

NBS Financial Consulting Group

NBS Presentation Topics

- 1 User Fee Principles and Guidance
- 2 Key Issues Framing a Fee Study
- 3 Basic Costing Methodology
- 4 Policy Setting Considerations
- 5 Best Management Practices

User Fee Study

User Fee Study

*Defines full cost
recovery potential of
individually-based
services*

User Fee Study Guidance

- **Proposition 26**
Article XIIC § 1(e)(3) Inspections and Regulatory Permits are exempt ...however are still limited to the local government's reasonable costs.
- **CA Government Code § 66014(a)**
“...fees may not exceed the estimated reasonable cost of providing the service for which the fee is charged”

User Fee Study

YES

Cost recovery opportunities

YES

**Implemented by City Council/
elected governing body**

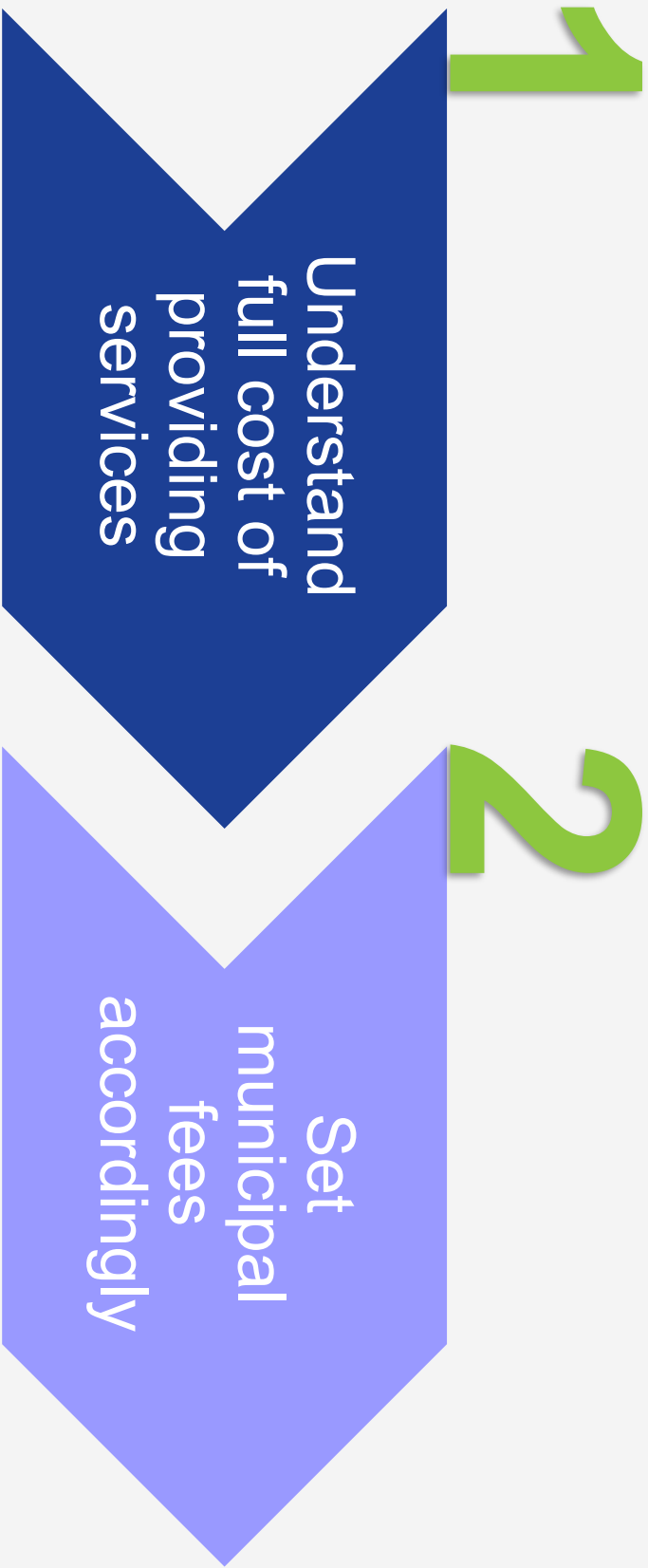
NO

**Taxes, fines, development impact
fees, utility rates, etc.**

Benefits of Realigning User Fees

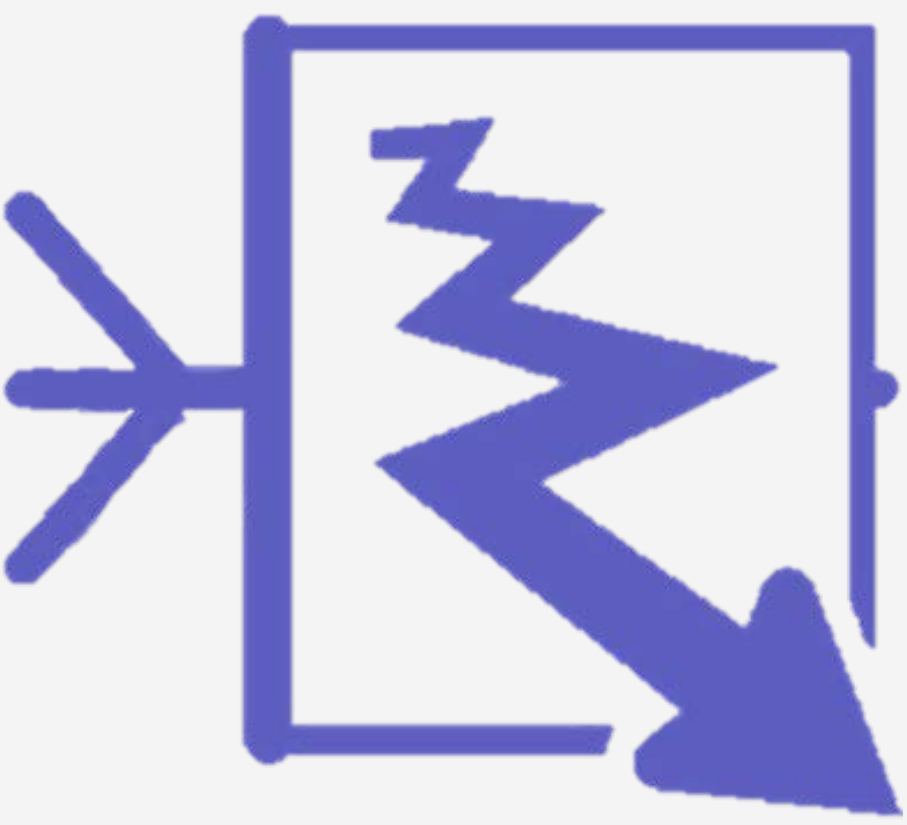
- 1 Reduce or clarify subsidies
- 2 Revenue for new, current, and previously eliminated services
- 3 Fund the department efficiently
- 4 Cost recovery policy and procedure

Basic Fee Setting Approach



21st Century Building Department

- More constraints, requirements & costs
- Decline in new construction
- Increase in remodels & improvements permits
- Customer influence on unpermitted construction
- Service levels subject to policy & funding



Elements of Fee Analysis

Important

Considerations:



Fee Structure Design

Flat Fees

Variable Fees based on project characteristics –
valuation or other approach?

Fees based on actual time tracked (with deposits
managed as needed)

Defining Total Costs

DIRECT

- Salaries and benefits
- Services and supplies

INDIRECT

- Program, division, departmental, agency-wide

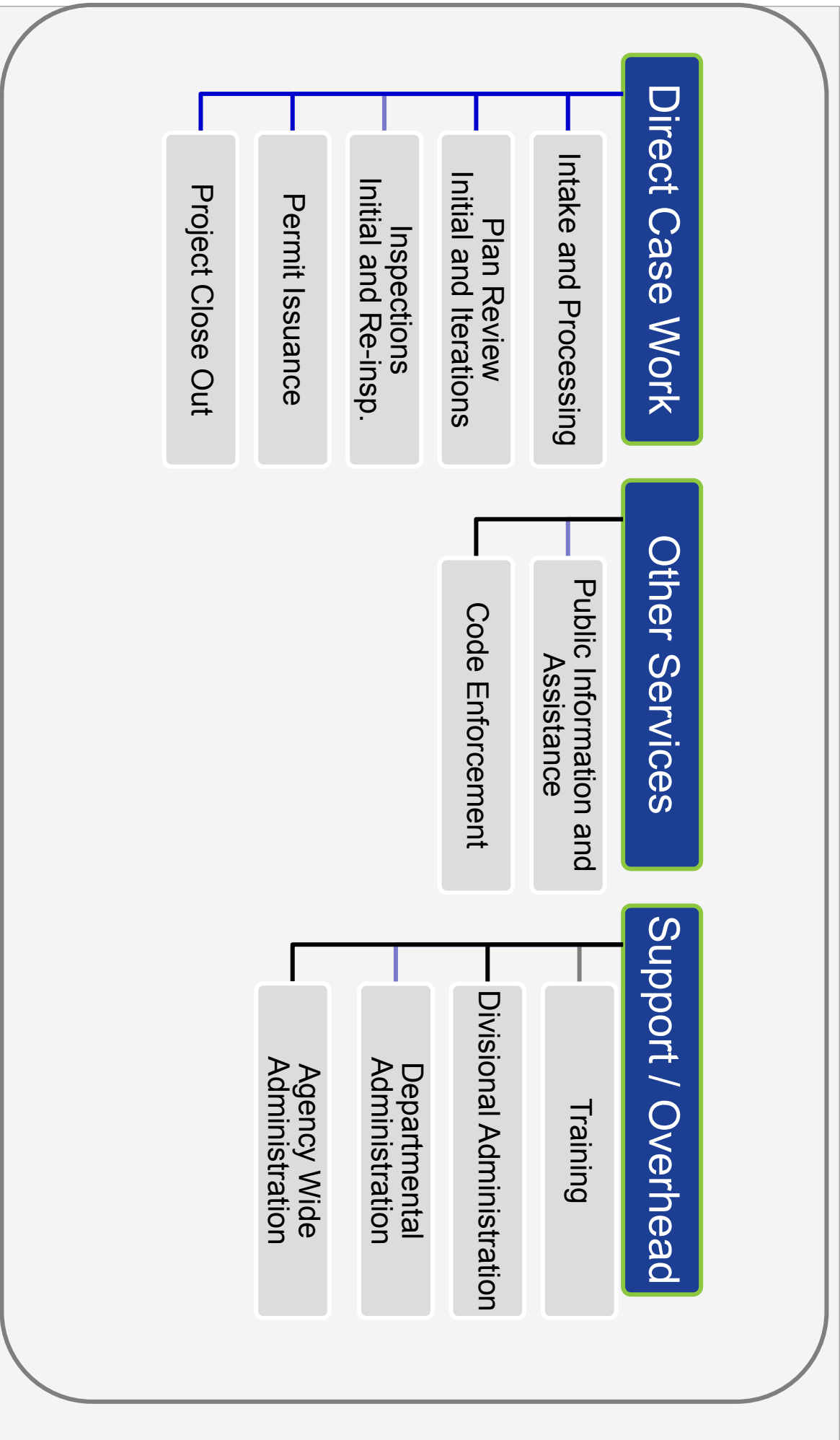
SUPPORT

- Review required from internal departments for approval

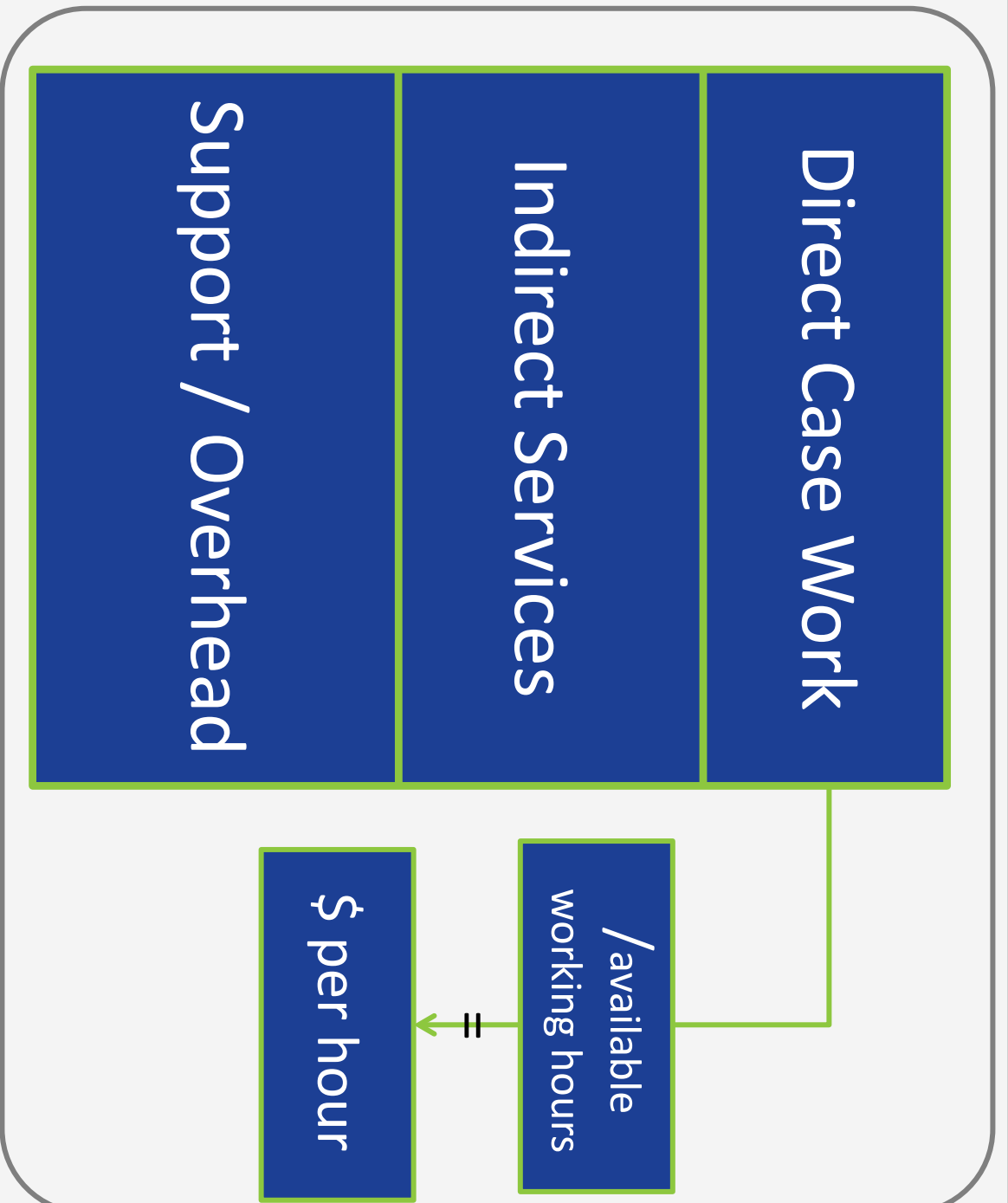
SYSTEMS and MAINTENANCE

- On-going and projected technology costs and maintenance, imaging costs, etc.

Annual Time Analysis



FBHR – Cost Per Hour Calculation



Hourly Rate Outcomes

- ✓ “Billable” rate by employee class and/or unique division
- ✓ Composite rate by type of service

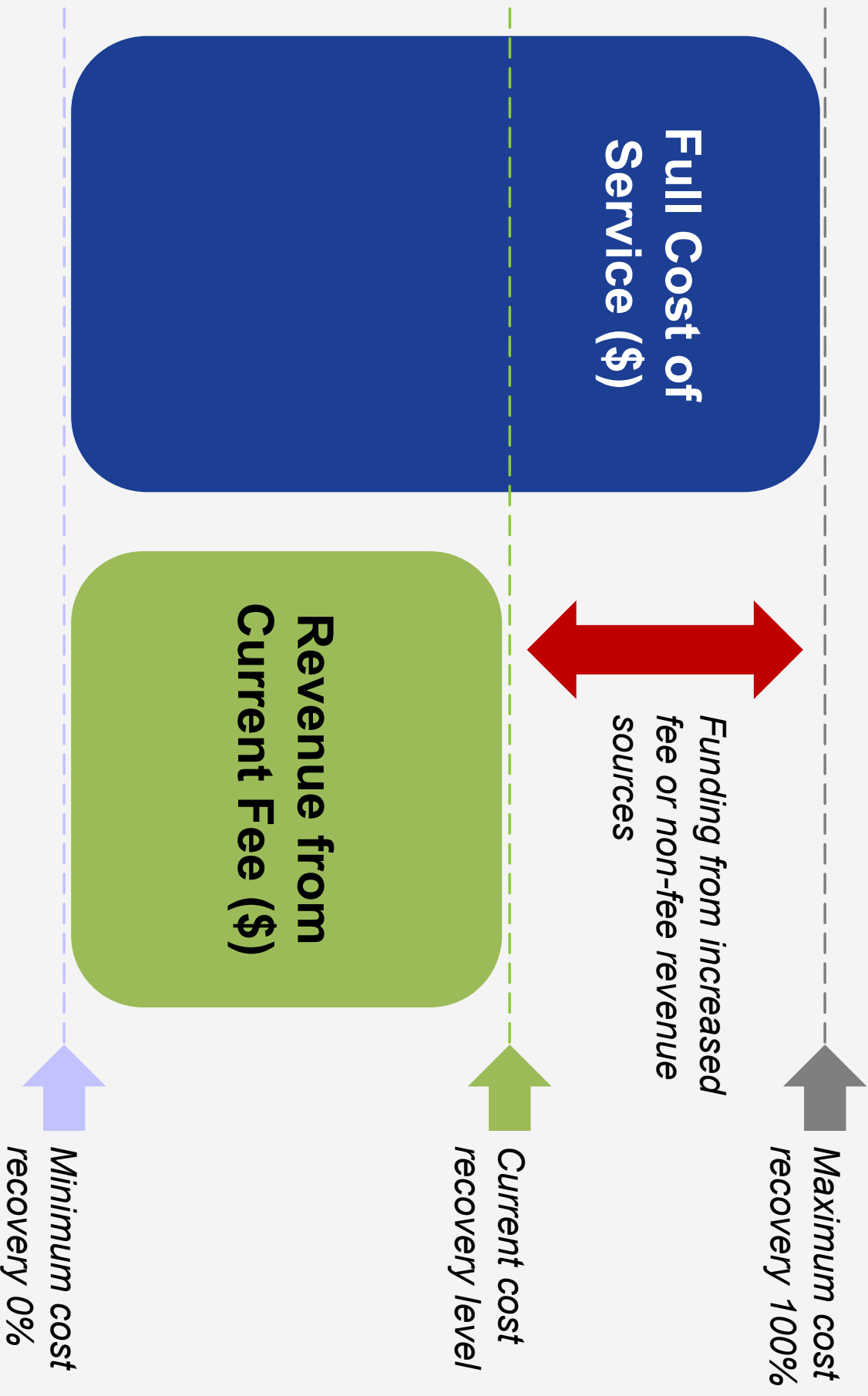
Cost per Fee Item

Time to
Complete



FBHR

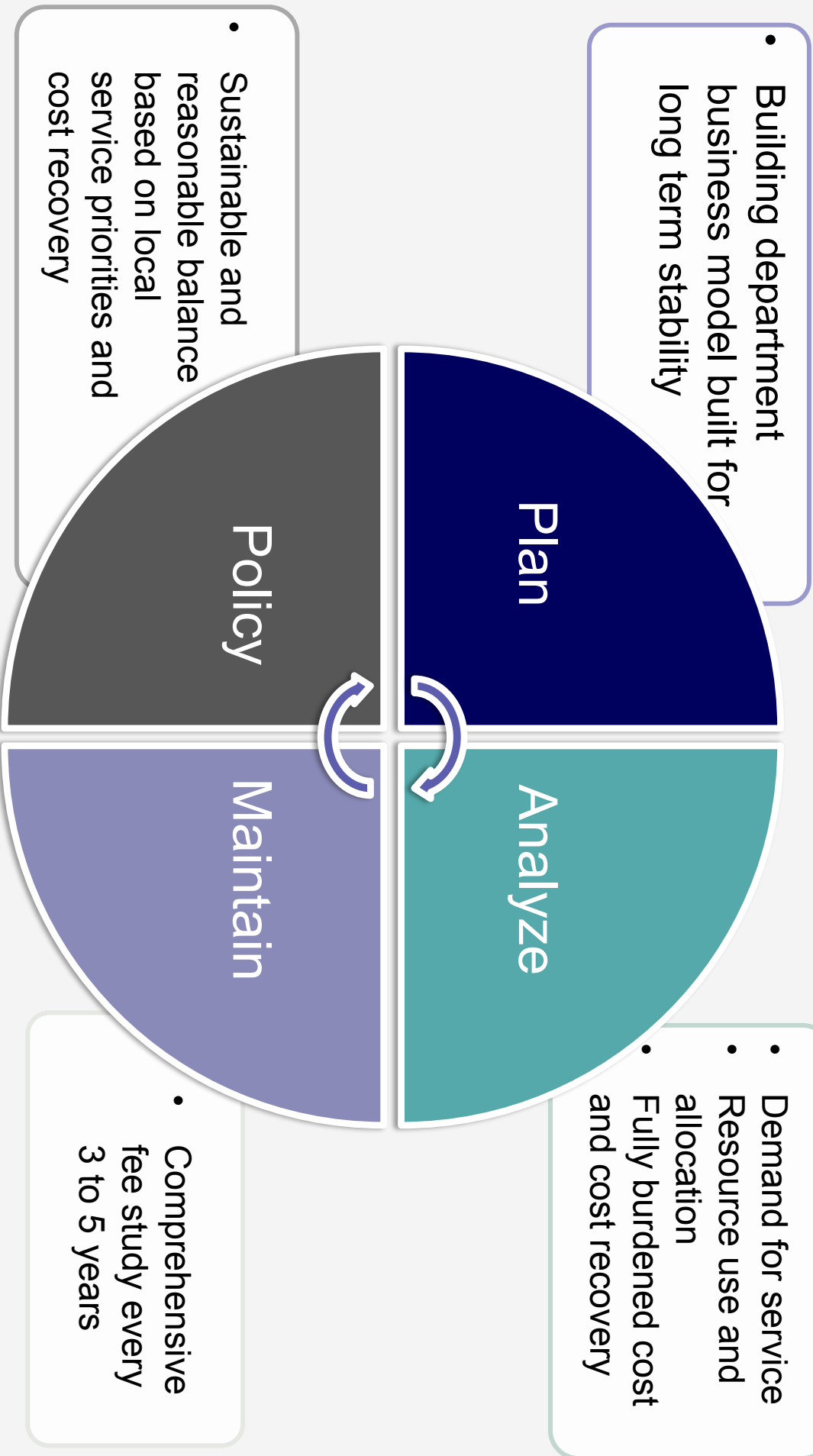
COST vs. PRICE



Why Not 100% Cost Recovery?



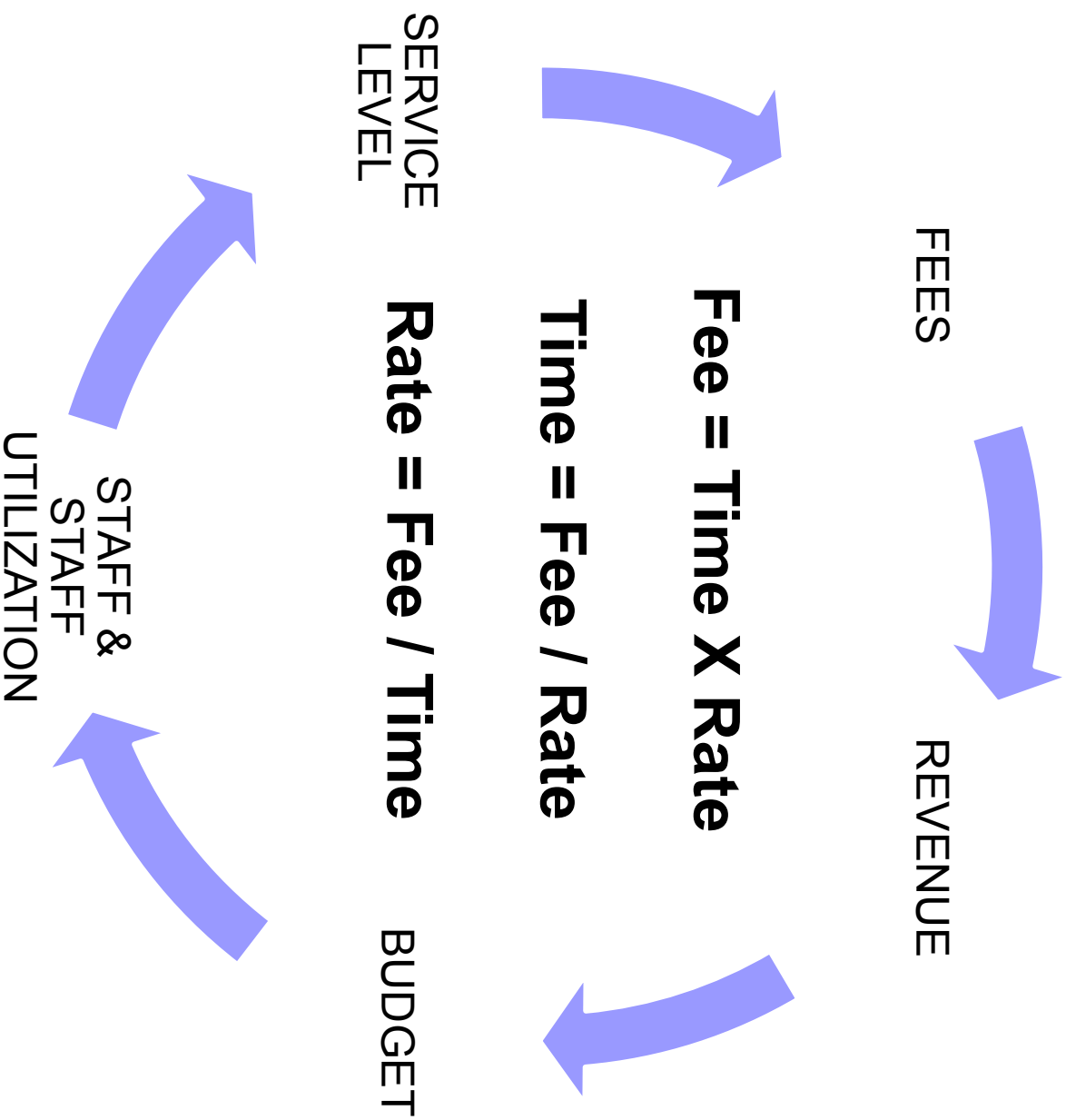
21st Century Building Department – BMP's





Building Department Fees...you need a plan

William Kelley - Building Official, County of Marin

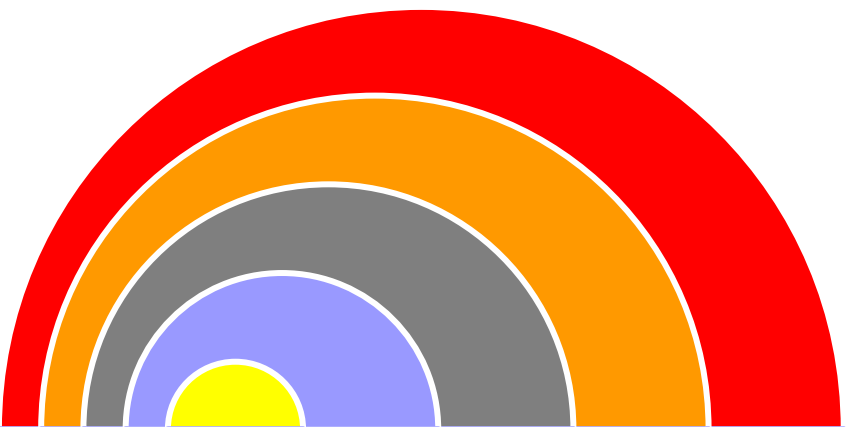


The Marin Model -lessons learned

#1 Know your *business*

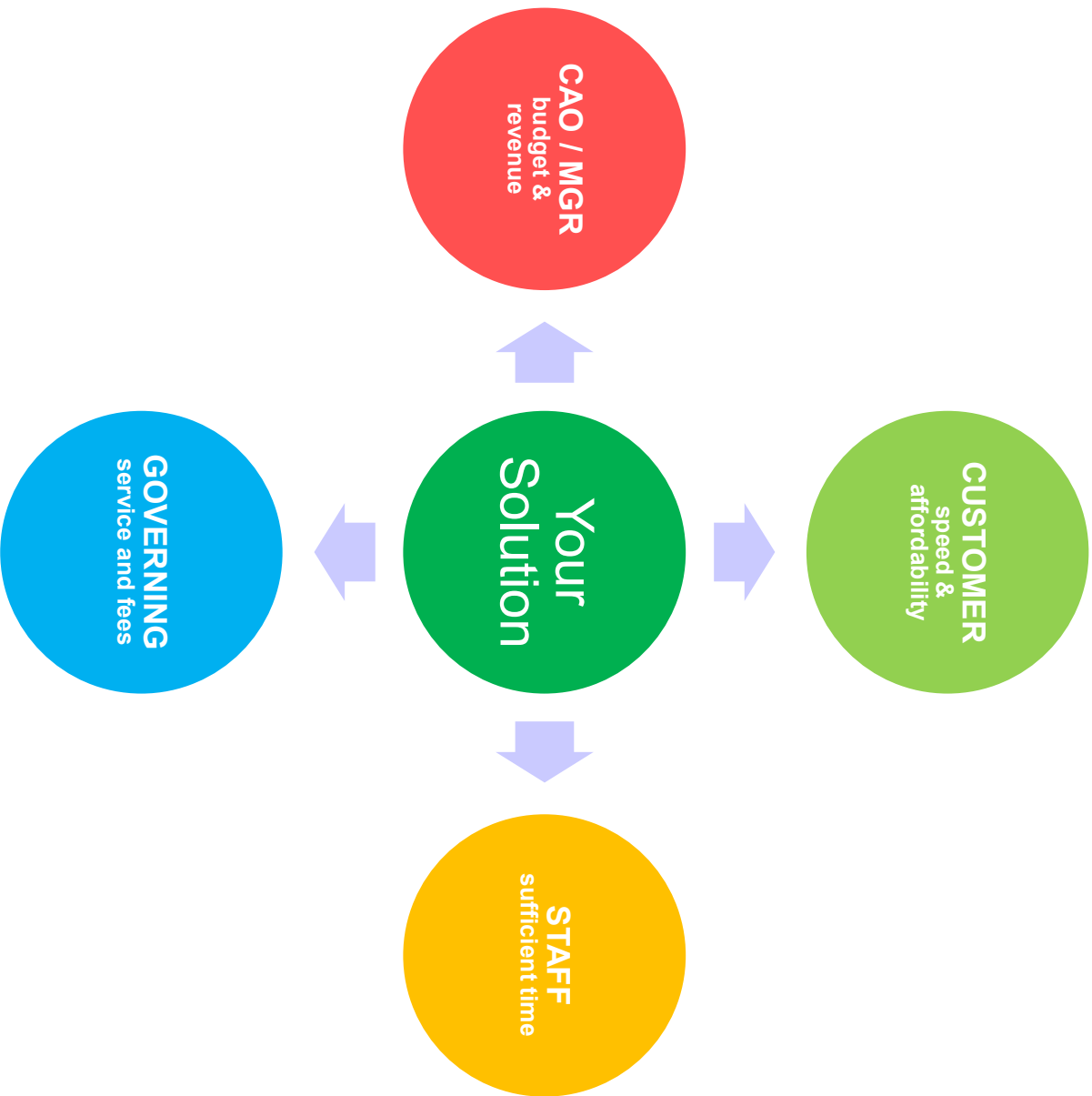


#2 *Understand your limits*



Fees not to exceed area average
100% cost recovery
Home improvement market
No resale inspections
Passive code enforcement

#3 Understand your stakeholders

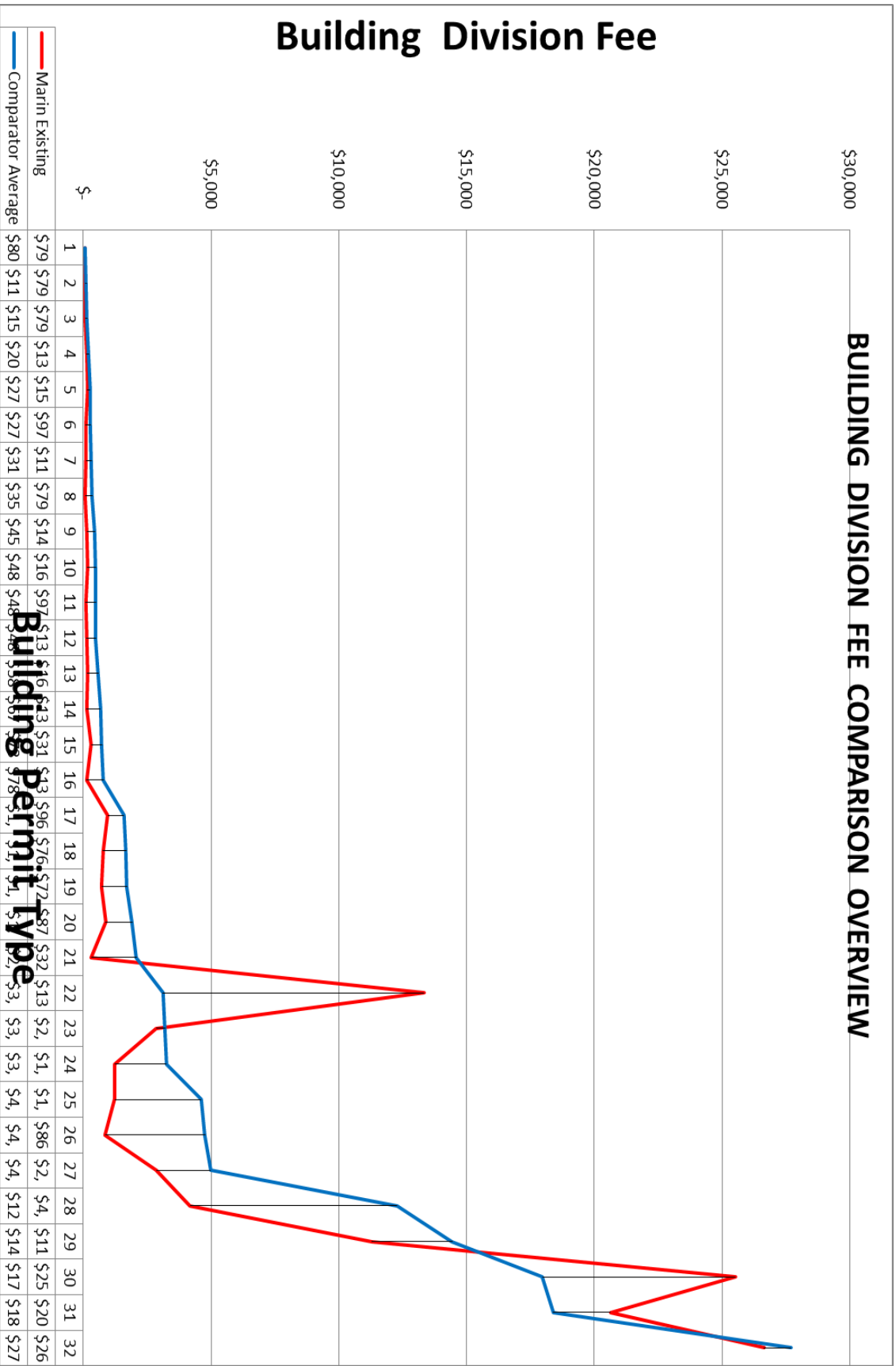


The Marin Model -real world example

#1 Quantify Permit Demand – Types, Size and Frequency

Fee Code # by Permit 'Type'	Occupancy/Fee Title	Review Type	FY 16-17 Actual Fee Frequency	FY 17-18 Projected Fee Frequency	FY 17-18 Projected %
30, 31, 32	All Commercial Uses	ENG	6	6	0.2%
25, 26	Comm Res & Multi-Family Res	ENG	0	0	0.0%
46	Moderate & Low Hazard Storage	ENG	0	0	0.0%
14	Fence or Wall	ENG	0	0	0.0%
65	Flag, Light, Sign Pole	ENG	6	6	0.2%
12	Attached & Detached Access -Util Uses	ENG	86	86	2.4%
11	Structural Retaining Walls	ENG	93	93	2.6%
59	Window/Door - Struc	ENG	10	10	0.3%
91	Barge Transfer	ENG	0	0	0.0%
66	Above Ground Tank	ENG	0	0	0.0%
10	Struc. Pool, Spa or Hot Tub	ENG	35	35	1.0%
47	Storage Racks	ENG	0	0	0.0%
20.6, 20.7	Factory or Modular Home	ENG	1	1	0.0%
35	Shell Buildings - All Commercial Uses	ENG	0	0	0.0%
55	Pile, Piers & Foundations	ENG	9	9	0.2%
20, 20.1 - 20.3, 27, 28, 29	SFD	ENG	46	46	1.3%
21, 22	Structural Res Remodel & Addn	ENG	243	243	6.7%
36	Comm Coach Install	FT	8	8	0.2%
40, 41, 42	Agricultural -Util Uses	FT	2	2	0.1%
33, 34	Comm Int Non-Structural Remodel - All Uses	FT	26	26	0.7%
20.4, 20.5	Manufactured Home	FT	1	1	0.0%
92	Misc	FT	37	37	1.0%
30, 61, 63, 6	Rooftop PV & Thermal Systems	EXPRESS	303	303	8.4%
23, 24, 70	Interior Non-Structural Res Remodel & Alt Replacement Job Card	EXPRESS	440	440	12.1%
90	Demolition	EXPRESS	0	0	0.0%
62	Standard plan Non-Structural Retaining wall	EXPRESS	31	31	0.9%
11, 1	Non-Structural Skylight Install	EXPRESS	0	0	0.0%
57, 1	Uncovered Decks & Patios	EXPRESS	2	2	0.1%
13	Minor Repairs	EXPRESS	67	67	1.8%
54	Window/Door - Non Struc	ONLINE	81	81	2.2%
58	Reroofing	ONLINE	294	294	8.1%
53	Siding & Stucco	ONLINE	533	533	14.7%
56	Mechanical Permits	ONLINE	70	70	1.9%
51	Plumbing/Gas Permits	ONLINE	380	380	10.5%
52	Electrical Permits	ONLINE	356	356	9.8%
50	Electrical Permits	ONLINE	462	462	12.7%
	Engineering Review (ENG) SUM:		535	535	0.0%
	Fast-Track Review (FT) SUM:		74	74	2.0%
	Express Permitting Review (EXPRESS) SUM:		924	924	25.5%
	Online Permitting (ONLINE) SUM:		2095	2095	57.7%
	SUM TOTALS:		3,628	3,628	100.0%
	Eligible for Same-Day Permitting:			3,019	83.2%

#2 Compare Existing Fees



#3 Quantify Available Staff Resources that will Perform the Work

2008 fee study billable hour ranges:	HIGH	LOW						
Permit Tech FTE:	1,779	1,348	86% - 65%	4.25	Permit Tech FTE @	925	annual billable hours =	3,931
Engr Review FTE:	1,748	1,322	84% - 64%	3.25	Engr Review FTE @	1280	annual billable hours =	4,160
Plan Review FTE:	1,748	1,322	84% - 64%	3.75	Plan Review FTE @	985	annual billable hours =	3,694
Inspection FTE:	1,760	1,222	85% - 59%	4.75	Inspection FTE @	1350	annual billable hours =	6,413

#4 Quantify Annual Budget and Recovery Targets

FY 17-18 Hourly Cost:	\$256.74	42%	FY 09-10 Hourly Rate:	\$180.76	
FY 17-18 Unanticipated Hourly Cost:	\$25.55		FY 17-18 Expense Budget:	\$4,672,082	
FY 17-18 Cost/Rate Differential:	\$75.98		FY 17-18 Unanticipated Cost:	\$465,036	
FY 17-18 Hourly Rate to recover unanticipated cost:	\$206.31		FY 17-18 Recovery %:	100%	
		14%	FY 17-18 Recovery \$:	\$4,672,082	

Total Projected Workload Cost:	\$4,679,820	Total Projected Fee Revenue:	\$3,294,828
Recovery \$ Comparison:	\$7,738	Recovery \$ Comparison:	-\$1,377,254
Recovery % Comparison:	100%	Recovery % Comparison:	71%

#5 Quantify Initial Time Budgets for Each Staff Member and Each Permit Type

BILLABLE STAFF TIME AND UTILIZATION FOR EACH PERMIT TYPE

#5	Budgeted Average Permit Tech Hrs	Annual Permit Tech % of Billable Time	#5	Budgeted Average Structural Review Hrs	Annual Structural Reviewer % of Billable Time	#5	Budgeted Average Code Review Hrs	Annual Code Reviewer % of Billable Time	# of Inspections Rptd by Code	Ave # of Inspection Steps	Ave Length in Minutes of Each Inspection Stop	#5	Budgeted Average Inspection Hrs	Annual Inspector % of Billable Time	#5	Budgeted Average Code Enforcement Hrs	Annual Code Enforcement % of Billable Time	Budgeted Average Total Hrs per Permit Utilized	Annual Staff Utilization of Billable Time	
																				Annual Permit Tech % of Billable Time
1.54	6.16	0.22%	18.96	75.84	2.92%	14.86	59.44	2.29%	14	23	72	27.47	109.88	2.41%	13.75	825.00	50.37%	62.83	251	1.77%
2.93	114.27	4.14%	2.54	99.06	3.81%	1.17	46.63	1.76%	7.5	7.25	19	2.32	90.48	1.98%	13.75	825.00	50.37%	8.96	349	2.47%
2.88	14.45	0.52%	8.92	44.60	1.72%	3.85	19.25	0.74%	8	5	55	4.62	23.10	0.51%	13.75	825.00	50.37%	20.28	101	0.72%
2.81	14.05	0.51%	0	0.00	0.00%	5.06	25.30	0.97%	9	7	43	5.06	25.30	0.55%	13.75	825.00	50.37%	12.93	85	0.46%
3.6	39.60	1.43%	28.97	316.67	12.26%	18.24	200.64	7.72%	13	17.5	89	25.92	285.12	6.25%	13.75	825.00	50.37%	76.73	844	5.96%
3.53	716.59	25.96%	9.66	1,980.98	75.42%	4.7	954.10	36.70%	11	13.5	36	8.07	1,638.21	35.89%	13.75	825.00	50.37%	25.96	5,270	37.21%
3.11	699.75	25.35%	0	0.00	0.00%	5.15	1,159.75	44.57%	6.5	5.5	70	6.46	1,453.50	31.85%	13.75	825.00	50.37%	14.72	3,312	23.39%
1.25	133.75	4.65%	0.75	80.25	3.09%	0.75	80.25	3.09%	4	4.5	21	1.58	169.06	3.70%	13.75	825.00	50.37%	4.33	463	3.27%
1.15	12.65	0.46%	0	0.00	0.00%	0	0.00	0.00%	1	1	45	0.75	8.25	0.18%	13.75	825.00	50.37%	1.9	21	0.15%
1.25	3.75	0.14%	0.9	2.70	0.10%	0	0.00	0.00%	2	2	15	0.5	1.50	0.03%	13.75	825.00	50.37%	2.65	8	0.06%
1.25	2.50	0.09%	1.65	3.70	0.14%	0	0.00	0.00%	2	2	18	0.6	1.20	0.03%	13.75	825.00	50.37%	3.7	7	0.05%
0.3	38.70	1.40%	0.2	25.80	0.99%	0.5	64.50	2.48%	3	1.2	25	0.5	64.50	1.41%	13.75	825.00	50.37%	1.5	194	1.37%
2	4.00	0.14%	6	12.00	0.46%	0.5	1.00	0.04%	4	4.5	27	2	4.00	0.09%	13.75	825.00	50.37%	10.5	21	0.15%
1	31.00	1.12%	0	0.00	0.00%	0	0.00	0.00%	6.2	2	44	1.45	44.95	0.98%	13.75	825.00	50.37%	2.45	76	0.54%
1.15	103.50	3.75%	1	90.00	3.46%	0	0.00	0.00%	4.1	4.3	8	0.54	46.80	1.06%	13.75	825.00	50.37%	2.69	242	1.71%
1.15	470.35	17.04%	0	0.00	0.00%	0	0.00	0.00%	4	2.7	13	0.57	233.13	5.11%	13.75	825.00	50.37%	1.72	703	4.97%
1	46.00	1.67%	0.4	18.40	0.71%	0.75	34.50	1.33%	6	5	6	0.5	23.00	0.50%	13.75	825.00	50.37%	2.65	122	0.86%
0.5	0.50	0.02%	0.15	0.15	0.01%	0.25	0.25	0.01%	4	2	8	0.25	0.25	0.01%	13.75	825.00	50.37%	1.15	1	0.01%
2	46.00	1.67%	2.15	49.45	1.80%	2.3	52.90	2.03%	6	5	36	3	69.00	1.51%	13.75	825.00	50.37%	9.45	217	1.53%
1	212.00	7.88%	0	0.00	0.00%	0.15	31.80	1.22%	1.5	1.5	15	0.37	78.44	1.72%	13.75	825.00	50.37%	1.82	322	2.28%
1	7.00	0.25%	1.2	8.40	0.32%	0.25	1.75	0.07%	4	2.5	37	1.55	10.85	0.24%	13.75	825.00	50.37%	4	28	0.20%
1.2	1.20	0.04%	0.9	0.90	0.03%	0.2	0.20	0.01%	3	2	27	0.9	0.90	0.02%	13.75	825.00	50.37%	3.2	3	0.02%
0.25	15.00	0.54%	0	0.00	0.00%	0	0.00	0.00%	1	2	120	4	240.00	5.26%	13.75	825.00	50.37%	18.00	1,080	7.63%
0.3	68.70	2.49%	0	0.00	0.00%	0	0.00	0.00%	2	1	32	0.54	123.66	2.71%	13.75	825.00	50.37%	0.84	192	1.36%
0.23	59.57	2.16%	0	0.00	0.00%	0	0.00	0.00%	3	1	13	0.21	54.39	1.19%	13.75	825.00	50.37%	0.44	114	0.80%
0.28	68.64	2.49%	0	0.00	0.00%	0	0.00	0.00%	2	1	22	0.36	95.04	2.08%	13.75	825.00	50.37%	0.62	164	1.16%
1.992	72%	2.791	10.7%	2.698	10.4%	4.018	88%	11,500	81%											
938	34%	0	0%	32	1%	878	19%	2,679	19%											
1,605	58%	2,459	96%	2,463	95%	3,626	79%	10,193	72%											
1,113	40%	292	11%	267	10%	756	17%	2,429	17%											
197	7%	0	0%	0	0%	273	6%	470	3%											
2,930	105%	2,791	107%	2,730	105%	4,898	107%	14,172	100%											

RELATIONAL UNIFIED MANAGEMENT TOOL FOR MODELING BUILDING DEPARTMENT WORK, TIME, COSTS AND REVENUE

Project Name: Calbo Training Institute
 Project Location: 1234 Main Street, San Francisco, CA

Project Start Date: 01/15/2020
 Project End Date: 12/31/2020

#3 Staff Resources

Project Manager	1
Project Engineer	2
Construction Manager	3
Quality Control	4
Site Supervisor	5

#4 Budget & Recovery

Initial Budget	\$1,200,000
Final Budget	\$1,150,000
% Budget Recovery	100%
Final Revenue	\$1,180,000

#5 Budget

Initial Budget	\$1,200,000
Final Budget	\$1,150,000
% Budget Recovery	100%
Final Revenue	\$1,180,000

#6 Budget

Initial Budget	\$1,200,000
Final Budget	\$1,150,000
% Budget Recovery	100%
Final Revenue	\$1,180,000

#7 Budget

Initial Budget	\$1,200,000
Final Budget	\$1,150,000
% Budget Recovery	100%
Final Revenue	\$1,180,000

#8 Budget

Initial Budget	\$1,200,000
Final Budget	\$1,150,000
% Budget Recovery	100%
Final Revenue	\$1,180,000

PERMIT AND FREQUENCY

BUILDABLE STAFF TIME AND UTILIZATION FOR EACH PERMIT TYPE

FEE S AND REVENUE

Permit Type	Frequency	Staff Resources	Budget	Revenue	Costs	Profit
1. General Building	1	1 PM, 2 PE, 3 CM, 4 QC, 5 SS	\$100,000	\$120,000	\$80,000	\$40,000
2. Electrical	1	1 PE, 2 CM, 3 QC, 4 SS	\$80,000	\$100,000	\$60,000	\$40,000
3. Mechanical	1	1 PE, 2 CM, 3 QC, 4 SS	\$120,000	\$150,000	\$90,000	\$60,000
4. Plumbing	1	1 PE, 2 CM, 3 QC, 4 SS	\$90,000	\$110,000	\$70,000	\$40,000
5. Fire	1	1 PE, 2 CM, 3 QC, 4 SS	\$110,000	\$130,000	\$80,000	\$50,000
6. Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$70,000	\$90,000	\$50,000	\$40,000
7. Landscaping	1	1 PE, 2 CM, 3 QC, 4 SS	\$60,000	\$80,000	\$40,000	\$40,000
8. Temporary Construction	1	1 PE, 2 CM, 3 QC, 4 SS	\$50,000	\$70,000	\$30,000	\$40,000
9. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$40,000	\$60,000	\$20,000	\$40,000
10. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$30,000	\$50,000	\$15,000	\$35,000
11. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$20,000	\$40,000	\$10,000	\$30,000
12. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$10,000	\$20,000	\$5,000	\$15,000
13. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
14. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
15. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
16. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
17. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
18. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
19. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
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27. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
28. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
29. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
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46. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
47. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
48. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
49. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
50. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
51. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
52. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
53. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
54. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
55. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
56. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
57. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
58. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
59. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
60. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
61. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
62. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
63. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
64. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
65. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
66. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
67. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
68. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
69. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
70. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
71. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
72. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
73. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
74. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
75. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
76. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
77. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
78. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
79. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
80. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
81. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
82. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
83. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
84. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
85. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
86. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
87. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
88. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
89. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
90. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
91. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
92. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
93. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
94. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
95. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
96. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
97. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
98. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
99. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500
100. Temporary Sign	1	1 PE, 2 CM, 3 QC, 4 SS	\$5,000	\$10,000	\$2,500	\$7,500

Category	Value	Percentage
Permit Fee Revenue	\$1,500,000	95%
Construction Revenue	\$1,500,000	95%
Other Revenue	\$1,500,000	95%
Construction Costs	\$1,500,000	95%
Other Costs	\$1,500,000	95%
Profit	\$1,500,000	95%
Revenue Total	\$4,500,000	95%
Costs Total	\$4,500,000	95%
Profit Total	\$4,500,000	95%

Understanding each existing/proposed fee

EX: Residential Deck Permit (Fee Code 13) – Flat rate

Fee (governs) = \$783 [\$783 / \$180.80/hr = 4.33 Hours

Permit Tech = 1.25 hrs

Structural Review = .75 hrs

Code Review = .75 hrs

Inspection = 1.58 hrs

Annual Projected Revenue = \$783 x 107 = \$83,781

Recognizing the Controlling Variable:

Time – Fees – Budget – Revenue

Building Staff Favor ‘Time’

Governing Boards Favor ‘Fees’

Administrators Favor ‘Budget & Revenue’

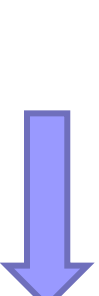
Balancing Staff Time with Fees and Revenue

RELATIONAL UNIFIED MANAGEMENT TOOL FOR MODELING BUILDING DEPARTMENT WORK, TIME, COSTS AND REVENUE

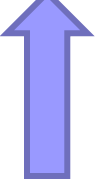
Permit Type	Annual Permit Qty	Average Permit Total Hrs	Annual Staff Hours	Annual Revenue	Annual Costs	Net Revenue
#1 Permit Type	31	15	465	\$255,000	\$105,000	\$150,000
	31	15	465	\$255,000	\$105,000	\$150,000
	31	15	465	\$255,000	\$105,000	\$150,000
	31	15	465	\$255,000	\$105,000	\$150,000
#2 Staff Resources	31	15	465	\$255,000	\$105,000	\$150,000
	31	15	465	\$255,000	\$105,000	\$150,000
	31	15	465	\$255,000	\$105,000	\$150,000
#3 Budget & Recovery	31	15	465	\$255,000	\$105,000	\$150,000
	31	15	465	\$255,000	\$105,000	\$150,000
	31	15	465	\$255,000	\$105,000	\$150,000
	31	15	465	\$255,000	\$105,000	\$150,000

PERMIT TYPE AND FREQUENCY: BLUABLE STAFF TIME AND UTILIZATION FOR EACH PERMIT TYPE: FEES AND REVENUE

Item	Permit Type	Annual Permit Qty	Average Permit Total Hrs	Annual Staff Hours	Annual Revenue	Annual Costs	Net Revenue		
NEW CONST	#1 Permit Type	4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		4	15	60	\$30,000	\$12,000	\$18,000		
		REG FEE ITEMS	#1 Permit Type	4	15	60	\$30,000	\$12,000	\$18,000
				4	15	60	\$30,000	\$12,000	\$18,000
4	15			60	\$30,000	\$12,000	\$18,000		
4	15			60	\$30,000	\$12,000	\$18,000		
4	15			60	\$30,000	\$12,000	\$18,000		
4	15			60	\$30,000	\$12,000	\$18,000		
4	15			60	\$30,000	\$12,000	\$18,000		
4	15			60	\$30,000	\$12,000	\$18,000		
4	15			60	\$30,000	\$12,000	\$18,000		
4	15			60	\$30,000	\$12,000	\$18,000		



Rebalancing to the Controlling Variable





Building Department Fees...you need a plan

Will Crew - Building Official, Interwest Consulting Group

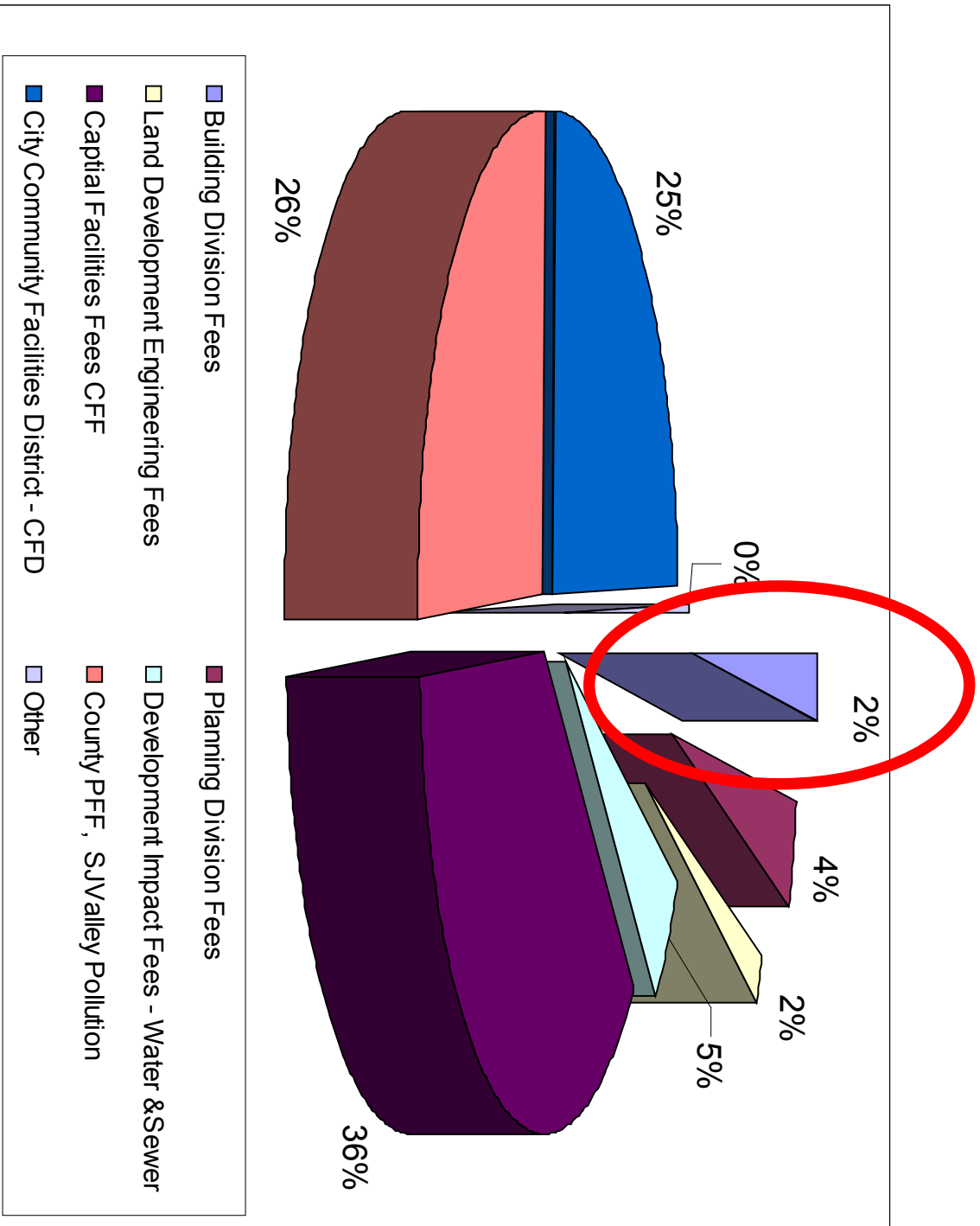
The City of Modesto - Effects of the Great Recession

- 2007-2008 drastic decline in permit revenue
- Costs exceeded revenue by nearly 1 million dollars
- Valuation based fees with no clear nexus
- Fees out of balance
 - Large Commercial fees exceeded costs of the service
 - Small residential fees failed to cover costs of service
 - Unhealthy reliance of SFD fees

The City of Modesto - Effects of the Great Recession

- Upper management call for drastic staffing cuts (some needed)
- Unpopular time to raise fees
 - Constant clambering regarding fees too high
- Comprehensive Fees Task Force Created (Council Committee)
 - Balanced cross section of community representatives
 - BIA
 - Contractors/Developers
 - Former State Representative
 - Local Architect
 - Council Members
 - Community and Economic Development Director - Chair

Development User Fees vs. Improvement Fees



Analysis of the Problem: Valuation Based Fees

- Building Fees: Higher the cost of construction, higher the fee.
 - \$15k = \$379 + MPE's per sqft
 - \$ 1mil = \$ 7,609 + MPE's per sqft
- May not always relate to cost of service
- Government Code 66014 (a), "fees shall not exceed the estimated reasonable cost of providing service for which fee is charged"
- Attorney General concluded valuation tables are not reasonable.

Cost Based Solution

- Directly related to service provided
 - Time studies performed
 - Staffing and overhead analysis performed
 - Includes direct and indirect costs
- Leveled fees and provided transparency
- Increases fees for smaller permit categories
- Some permit categories fee decreases
- Provides flexibility

Matrix Study

	Average Volume / Year	Current Fee Per Unit	Full Cost Recovery per Unit	Subsidy (Annual)	% Increase (for full cost recovery)
Water Heaters	118	\$81.00	\$265.00	\$21,712.00	227%
Res. Reroof	611	\$192.00	\$278.00	\$52,546.00	45%
HVAC Changeouts	425	\$86.00	\$265.00	\$76,075.00	208%
Service Changes	265	\$87.00	\$265.00	\$47,170.00	205%
Residential Garage/Carport	23	\$338.00	\$1,026.00	\$15,824.00	204%
Res. Patio	66	\$211.00	\$529.00	\$20,988.00	151%
Residential Remodel	259	\$519.00	\$702.00	\$47,397.00	35%
TOTAL SUBSIDY NEEDED				\$281,712.00	

Proposed Plan to Council

NEW CONSTRUCTION AND TENANT IMPROVEMENTS		
Commercial w/o interior impr.	D*	decrease
Residential Custom Home / Duplex (5,000 s.f or less)	F**	same or lower
Residential Tract - Production Home	F	Increase
TI (<3,000 s.f.)	F	same or lower
MINOR REMODELS / IMPROVEMENTS		
Residential Remodel	F	Increase
Residential Garage	F	increase
Minor Residential Improvements: Such as Deck, Patio Cover, Carport, Awning, Balcony, Deck, covered Porch, Enclosed Patio		
Re-roof - Residential	F	Increase
MPE SIMPLE STAND ALONE PERMITS		
Minor MPE Single / COMBO	F	increase
E - PV Systems - Residential	F	same or lower
E - PV Systems - Commercial	D	decrease

* Deposit Fee

** Fixed Fee

Proposed Plan to Council

Small Project Permit Fees City of Modesto Building Safety Division

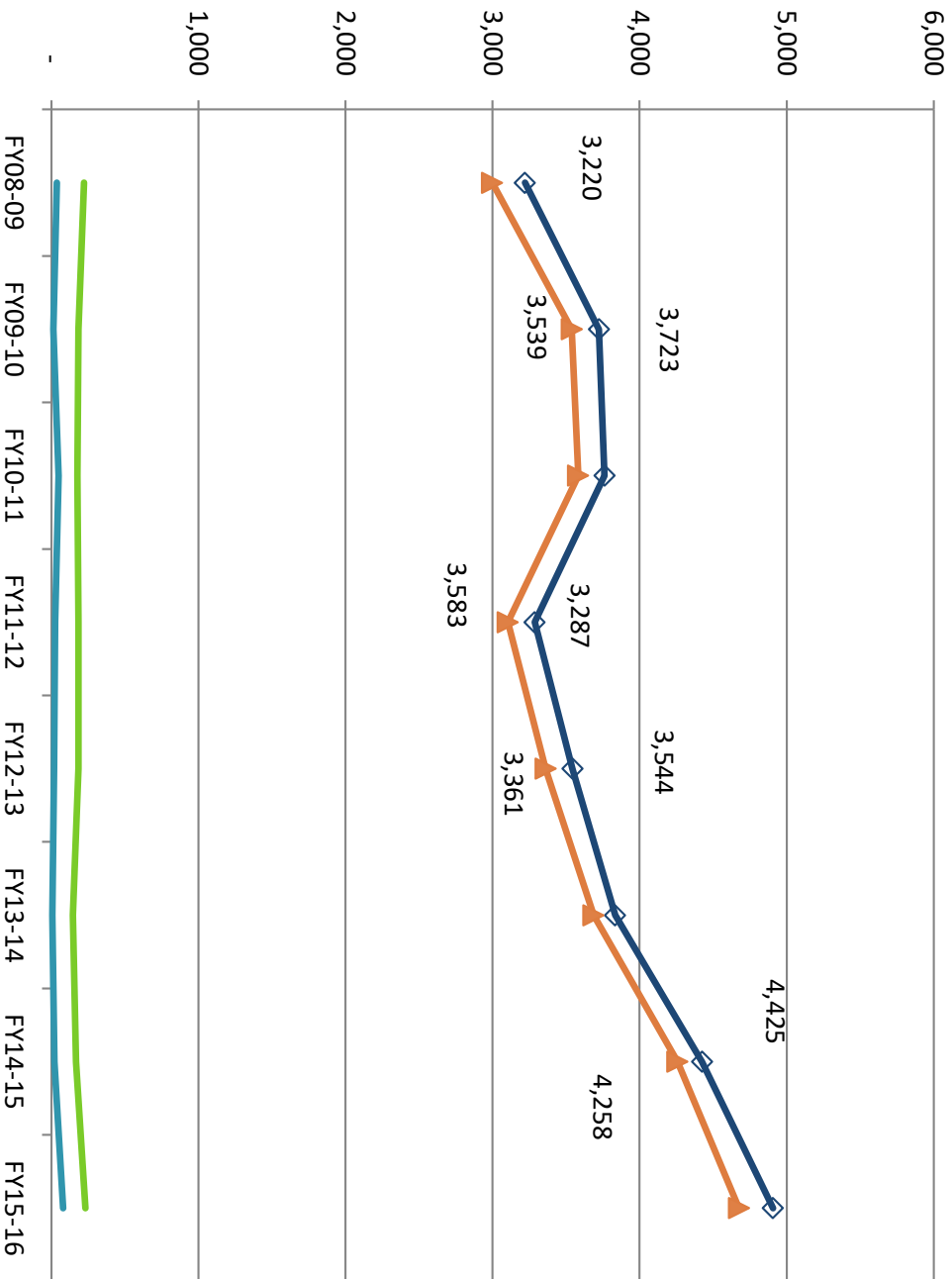
Table M-1

(Based on Matrix Consulting Group User Fee Study)

Permit Category	Avg Volume / Year	Current Fee Per Unit	Full Cost Recovery per Unit	Remd Fee Per Unit	Avg Val of Project*	Remd Fee% of Val	Current Fee % of Val	Subsidy (Annual)	% Increase (for recmd fee)	% Increase (for full cost recovery)
Water Heaters	118	\$81.00	\$265.00	\$110.00	\$790.33	14%	10%	\$18,290.00	36%	227%
Res. Reroof	611	\$192.00	\$278.00	\$278.00	\$8,069.97	3%	2%	\$0.00	45%	45%
HVAC Changeouts	425	\$86.00	\$265.00	\$190.00	\$8,809.81	2%	1%	\$31,875.00	121%	208%
Service Changes	265	\$87.00	\$265.00	\$190.00	\$2,542.87	7%	3%	\$19,875.00	118%	205%
Residential Garage/Carport	23	\$338.00	\$1,026.00	\$750.00	\$16,802.43	4%	2%	\$6,348.00	122%	204%
Res. Patio	66	\$211.00	\$529.00	\$390.00	\$5,460.26	7%	4%	\$9,174.00	85%	151%
Residential Remodel	259	\$519.00	\$702.00	\$702.00	\$26,051.77	3%	2%	\$0.00	35%	35%
TOTAL ANNUAL COST					\$1,447,912.00					
ANNUAL REVENUE					\$1,098,714.00					
BUDGET DEFICIT					\$349,198.00					
SUBSIDY W/O FEE INCREASE - SMALL PROJECT PERMITS ONLY									81% of budget deficit	
ANNUAL REVENUE INCREASE w/RECOMMENDED FEE										56% of budget deficit
TOTAL SUBSIDY NEEDED w/ RECOMMENDED FEE										6% of budget

*Sample data from Jan 2008 to December 2009

Results



- ◆ Total Permits
- ◆ SFD Only
- ▲ 0-50K Valuation
- ◆ All Others

Permit Revenue vs Expense





QUESTIONS?



THANK YOU!!!