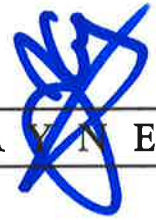




VILLAGE OF KEY BISCAYNE



Office of the Village Manager

MEMORANDUM

Village Council
Mayra P. Lindsay, *Mayor*
Franklin H. Caplan, *Vice Mayor*

Luis F. de la Cruz
Gary R. Gross
Allison McCormick
Brett G. Moss
Katie Petros

Village Manager
John C. Gilbert

DATE: March 6, 2018
TO: Honorable Mayor and Members of the Village Council
FROM: John C. Gilbert, Village Manager
RE: Building Division Permit Fee Methodology

RECOMMENDATION

The Building Division has been working with our consultant, JRD & Associates, on establishing long range permit fees. The goal of the new permit fees is to achieve revenue neutrality as required by law, be transparent for ease of monitoring, uniformly applied for consistency and easy to understand and calculate.

The Building Division has been using temporary permit fees since February 2017 established to address concerns for a growing reserve and inequitable permit fees. These temporary fees are currently generating a deficit revenue stream.

During the October 24, 2017 Council meeting, our consultant presented recommendations based on a single percentage fee. This fee method represented a simple and easy way of calculating permit fees. However, the concerns raised over this recommendation was that a permit fee could grow beyond the actual cost of the services provided for high valued jobs. The consultants were asked to revisit and consider limiting the permit fee.

The consultants have recently submitted a final recommendation introducing a two-tiered approach. They have recommended a square foot calculation for new construction and a percentage based fee with a maximum permit fee for all other permits.

Staff has reviewed the recommendation and offers the following proposal:

1. The square foot method is to be used for new construction on residential and commercial uses at the rate of \$1.90 per square foot with no maximum permit fee.
2. All other permits will use 2.30% of value of construction with a minimum \$100 permit fee per trade and a maximum permit fee of \$18,000.
3. Both permit fees methodologies are inclusive of administrative, plan review, inspections and all applicable building division trade permits.

4. Separate fees for Zoning, Planning, Public Works and Fire are assessed.

The introduction of a maximum permit fee for the percentage based permits eliminates the concerns for a permit fee growing beyond the cost to service the project. Staff feels that this combination is the right fee methodology for the Village. I am recommending that Council approve staff's approach to a two-tiered permit fee methodology.

Building Permit Fee Comparison Chart

Fee Method	Description	Benefit	Drawback	Revenue Neutral?	Remarks
Current Fees (Temporary Fees)	<ul style="list-style-type: none"> ✓ \$0.70/SF New Construction and Renovation ✓ Min/Max Permit Fees \$100/\$10,000 ✓ 1% based on value for all other permits 	<ul style="list-style-type: none"> ✓ Temporarily reduce permit fees 	<ul style="list-style-type: none"> ✓ Trade permit fees additional ✓ Uses square footage calculations on renovation 	No, currently generating a deficit	<ul style="list-style-type: none"> ✓ Temporary fees adopted as a stop gap measure ✓ Renovation fees converted from percentage to square footage
Consultant's Recommendation #1	<ul style="list-style-type: none"> ✓ 2.35% based on value for all permits types 	<ul style="list-style-type: none"> ✓ Easy to calculate ✓ Transparent ✓ Consistently applied based on value ✓ Inclusive of trade permit fees ✓ No minimum fee 	<ul style="list-style-type: none"> ✓ No maximum permit fee 	Yes, extensive analysis	<ul style="list-style-type: none"> ✓ 90% of residential permits fall within the \$0 to \$50,000 range with an average permit fee of \$214 ✓ 76% of non-residential permits fall within the \$0 to \$50,000 range with an average permit fee of \$291
Consultant's Final Recommendation	<ul style="list-style-type: none"> ✓ \$1.30/SF New Construction and Renovations ✓ 2.30% based on value for renovations all other permits ✓ Min/Max Permit Fees \$100/\$25,000 	<ul style="list-style-type: none"> ✓ Inclusive of trade permit fees ✓ Minimum and Maximum permit fees 	<ul style="list-style-type: none"> ✓ Difficult to apply square footage for renovation permits ✓ Not easier to calculate than recommendation #1 ✓ Not as transparent as recommendation #1 	Yes, based on updated report	<ul style="list-style-type: none"> ✓ Two-tier calculation ✓ Maintains difficult application of square footage for renovation
Staff's Final Recommendation	<ul style="list-style-type: none"> ✓ \$1.90/SF for New Construction ✓ 2.30% based on value for renovations and all other permit ✓ Min/Max Permit Fees \$100/\$18,000 	<ul style="list-style-type: none"> ✓ Addresses new construction and renovations separately ✓ Adds maximum permit fee of \$18,000 for percentage based permits 	<ul style="list-style-type: none"> ✓ Lessens the transparency of a single percentage permit fee. 	Similar to both recommendations provided by consultant	<ul style="list-style-type: none"> ✓ Addresses the concerns for a permit fee rising above actual cost to service for percentage based permits.