

Memorandum



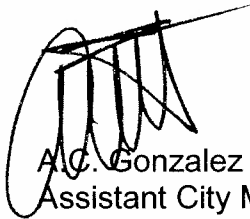
Date: July 30, 2010

To: City Council Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Ann Margolin, Steve Salazar

Subject: Effective Business Strategies to Support Sustainable Growth

On Monday, August 2, the Economic Development Committee will be briefed on the recommended adjustments to Sustainable Development and Constructions existing fee structure. A copy of the briefing Material is attached for your review.

If you need further information please call Theresa O'Donnell at 214 670-4127.



A.C. Gonzalez
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Theresa O'Donnell, Director Sustainable Development & Construction
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

Effective Business Strategies to Support Sustainable Growth

Sustainable Development and Construction – Enterprise Program

August 2, 2010



Purpose

- To recommend adjustments to the existing Building Inspection Enterprise Fund fee structure to recover the true costs of delivering services to our customers

Covered in this briefing

- Quick overview of BI and Zoning Divisions
- Recent economic trends in development industry
- Impact of the current budget and staffing levels
- Transitioning the Department
- Potential fee adjustments
- Potential organizational changes
- Recommendations
- Questions

Overview

Building Inspection

- The Building Inspection Office is charged with
 - Ensuring compliance with construction standards
 - Enforcing City codes
 - Archiving/record keeping of permits
- Services provided include:
 - Issuing building permits and Certificates of Occupancy
 - Reviewing and approving site and construction plans for compliance with zoning and building codes
 - Researching information about development activity, past uses on property, allowed uses, etc.
 - Performing construction inspections
 - Responding to Open Records Requests

Overview

Zoning and Planning Division

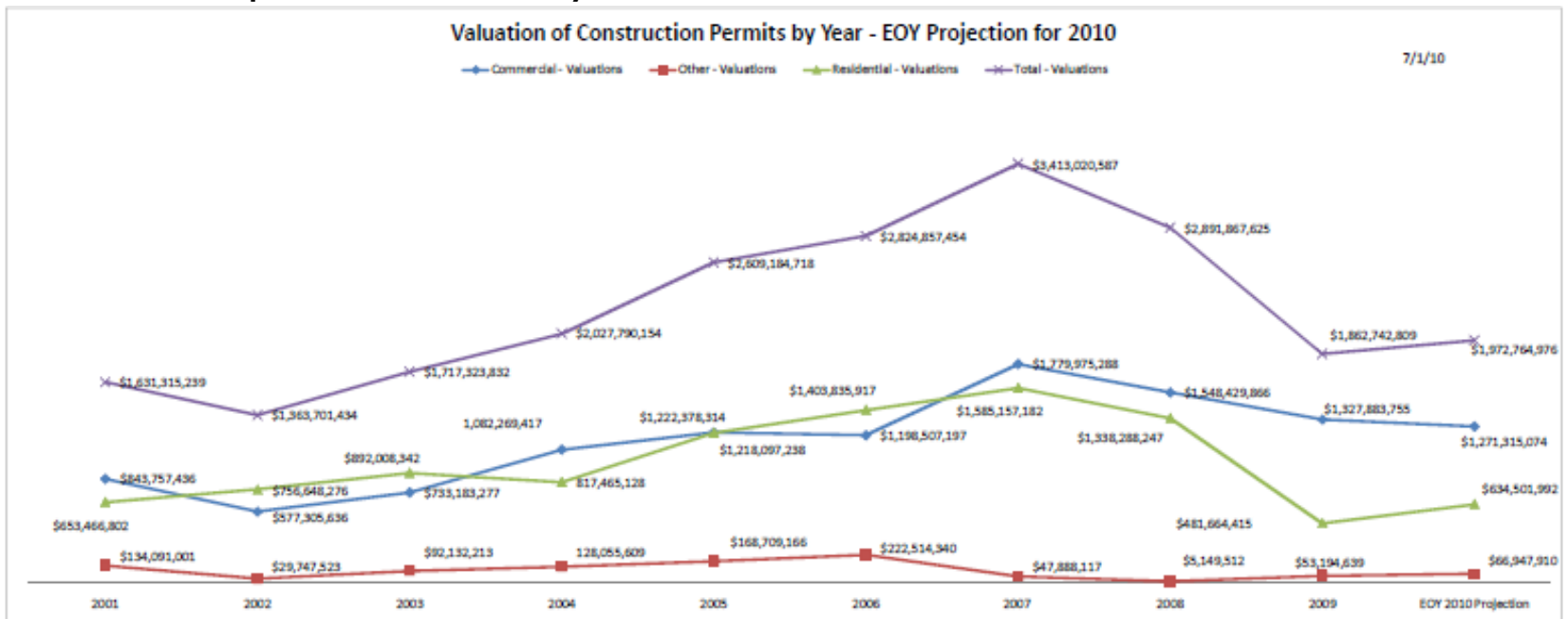
The Zoning/Planning is responsible for

- Reviewing and processing: zoning requests, SUPs, variances, special exceptions, street name changes, plats, development code amendments and other miscellaneous land use applications
- Maintaining the official zoning maps and providing all legally required notification
- Providing staff support for the Council Transportation and Environmental Committee, City Plan Commission, Board of Adjustment, Landmark Commission, the Zoning Ordinance Advisory Committee, and other affiliated subcommittees and task forces



Impact of the Recent Economic Downturn on the Enterprise Fund

- Comparing FY 06-07 to FY 08-09
 - Revenues generated from fees fell by 34%
 - Customer load fell by 16%
 - Number of building permits issued fell by 12%
 - Inspections fell by 17%



Impact on the Current Budget and Staffing Levels

- Budgeted funding and revenues were reduced by 48%
- Staff was reduced by 51%
- Staffing assignments and allocations were adjusted to meet anticipated workload
- Core functions were prioritized
- All specialized services were eliminated

Impact on current budget and staffing levels

Significant and sudden reduction in staff has resulted in a sharp increase in customer complaints and dissatisfaction

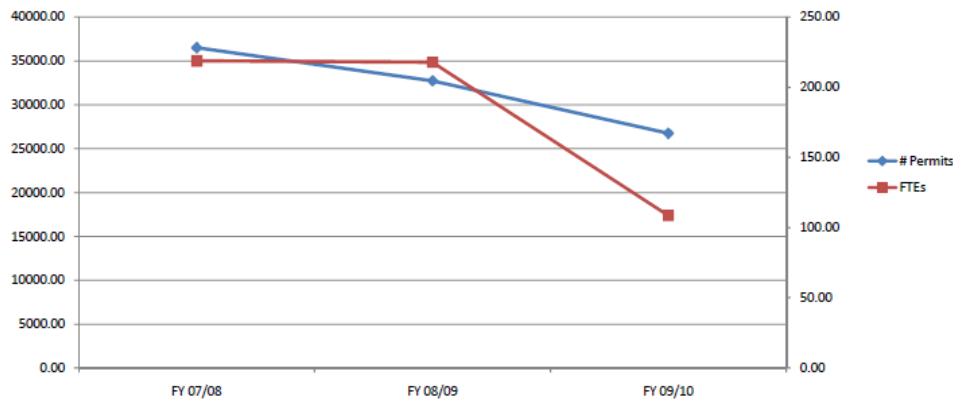
- Length of time to review and approve construction plans increased
- Length of time to review and process zoning cases increased
- Length of time to provide inspections increased
- Staff not readily accessible for consultation, information requests and reviews
- Continued demand/expectation for services that were eliminated

Transitioning the Department

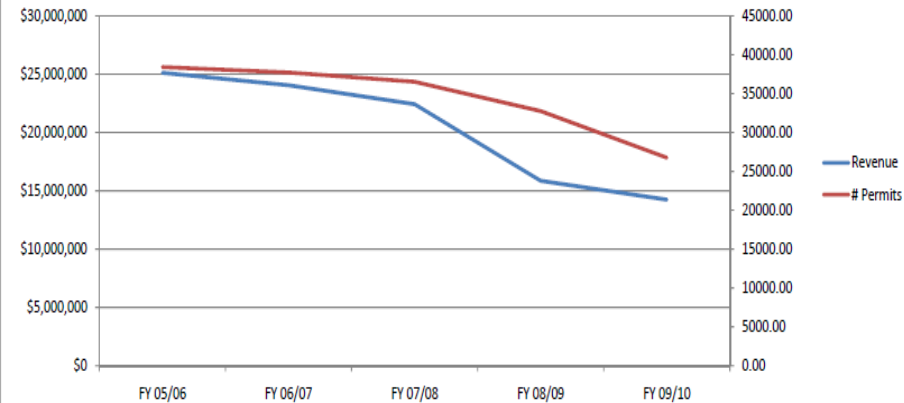
Managing the Gap

- Funding and revenues declined much greater and faster than workload
 - Workload decreased between 12% and 42%
 - Revenues decreased between 30% and 50%
 - Staffing levels were reduced by 50%

Number of Building Permits Issued vs. FTEs



Number of Building Permits Issued vs. Revenue



Transitioning the Department

Changing our business model

New economic circumstances have forced an assessment of the construction and development industry and a new approach to our service delivery

Initiated discussions with key industry stakeholders

- Listen and understand their priorities and challenges
- Explore new opportunities and expectations
- Re-examine performance targets
- Realign staffing to meet mission critical tasks
- Reach agreement on service delivery and fee adjustments

Fee Adjustments

- FY 10-11 Proposal – Building Inspections
 - Adjust fees to better capture actual costs
 - Increase revenue projections to realign the organization with customer expectations
 - Restructure staffing levels to improve customer service and response time

Fee Adjustments

- FY 10-11 Proposal – Zoning
 - Create new fees to allow for accelerated zoning review
 - Adjust fees to realize full cost recovery on “under-valued” work, such as PD amendments
 - Eliminate fee exemptions for certain types of uses.

- Critical factor in re-aligning business model
 - Prioritize and limit staff time on uncompensated work, cases and hearing
 - Fairness and equity to our customers

Continued Analysis and Due Diligence

- Staff continues to
 - Monitor key workload indicators and revenues on daily and weekly basis
 - Perform in-depth revenue analysis
 - Scrutinize fee structure to discover gaps and undervalued and “free” work and services

Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Multi Family Development Permit Fee is based on the number of units	\$215 per unit	\$225 per unit	\$20,000
Register new types of contractors similar to those currently registered. Annual registrations to be required for: residential general, commercial general, concrete/ asphalt /paving, demolition, landscape contractors, commercial pool, fence, back flow testers contractors and energy code providers	\$0	\$120	\$457,200

Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Single Trade Permits	\$60	\$100	\$852,960
Building Inspection Board Fees for appeals to BI Board (Consistent with Board of Adjustment fees)	\$0	\$600	\$1,200
Reinspection fee	\$25	\$75	\$144,760
Unauthorized cover up fee for any work concealed without first obtaining the required inspection	\$0	\$200	\$10,000
Expedited Priority Inspection (same day call BEFORE 2:00PM)	\$0	\$250	\$25,000

Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Expedited Priority Inspection (same day call AFTER 2:00PM). Replaces current after hour inspection	\$173	\$300	\$30,000
After hour release for gas and electric	\$0	\$50	\$10,200
Record change on registrations	\$10	\$30	\$3,000
Temporary Certificate of Occupancy (CO) Extension (record change)	\$0	\$30	\$7,200

Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Duplicate CO	\$0	\$30	\$4,500
Parking agreement amendment/termination	\$0	\$100	\$600
Zoning determination letter (similar to zoning verification letter). This fee is only for the letter. Includes up to one hour of research time.	\$0	\$100	\$1,200
Zoning research only fee	\$0	\$50 per hour	\$600

Building Inspection Proposed Fees for FY10-11

Permit Service/Justification	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Plan reviews, site verification and inspections for installation or construction of signs	\$0	\$75	\$138,750
<u>Pre-Development meetings:</u> structure is less than or equal to 25,000 sq ft.	\$0	\$250	\$13,750
structure is greater than 25,000 and less than 50,000 sq ft.	\$0	\$500	\$27,500
structure is greater than or equal to 50,000 sq ft.	\$0	\$750	\$37,500

Building Inspection Proposed Fees for FY10-11

Green Plan Review/Conservation District Plan Review/Other Consultation/Zoning/Building	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
<p>Consultations - Fee per hour after free 20 minutes (in person meetings). Staff time required to guide applicants requiring this level of service. These fees do not apply to customers that come in to discuss an active permit application.</p>	\$0	\$50 per hour	\$7,500

Building Inspection Proposed Fees for FY10-11

Plan Reviews	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Conservation District reviews when building permit is required; Covers cost of performing review (checking ordinance, copying plans, entering Posse information, correspondence with applicant)	\$0	10% of building permit valuation per application	\$60,000
Conservation District review when building permit is not required. *Online permit will be available free of charge for simple permit requests.	\$0	\$50 per application	\$6,000

Building Inspection Proposed Fees for FY10-11

Plan Reviews	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Overtime (OT) Review - per trade (no meeting with staff required). Pays staff OT for plan reviews. Work assignments based on criteria that qualifies plan reviewer to work OT.	\$0	\$250 per hour	\$12,500
Expedited Plan Review per trade	\$0	\$250 per hour	\$25,000
Historic District - building permit surcharge for performing review (check ordinance, copy plans, etc.)	\$0	10% of valuation	\$24,000

Building Inspection Proposed Fees for FY10-11

Plan Reviews	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Expedited Plan Review (no meeting with staff; partial team, less than 3 trades)	\$500	\$600	\$38,000
Express Plan Review (includes meeting with all trades simultaneously, plus coordinator's time. Does not include permit application fees.	\$500	\$1,000 per hour	\$30,000
Projected New Revenue- BI			\$1,988,920

Current Planning Inspection Proposed Fees for FY10-11

Current Planning	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Eliminate fee exemptions for schools and governmental entities	\$0	varies	\$30,000
Historic Districts - Certificate of appropriateness review for "full process" (Task Force, Landmark Commission) cases only.	\$0	\$300 SF/ \$600 Com per case	\$78,000
Historic Districts - Certificate of appropriateness review for Routine Maintenance cases only	\$0	\$25 per case	\$7,925

Current Planning Inspection Proposed Fees for FY10-11

Current Planning	Current Minimum Fee (\$)	Proposed Fee (\$)	Projected FY10-11 Additional Revenue (\$)
Amendment to planned development district or institutional overlay district site plan and/or conditions only	\$0	varies	\$25,000
Certificate of demolition	\$0	\$1,000	\$29,000
Projected New Revenue- Current Planning			\$169,925

Organizational Changes

- Restructure current staff, eliminate some positions, and add positions to staff specific functional areas to
 - Enhance productivity, accountability and responsiveness
 - Improve Customer Service
- New functional areas
 - Customer Consultation Center and Training
 - Rapid Response Team
 - Plan Review Teams assigned to a specific Inspection District

Organizational Changes

- Provide new Customer Consultation Center
- Provide new Rapid Response Team
- Integrate the Green Team into core functions



Staff Recommendation

- Staff is seeking support for the recommended fee adjustments that are supported by our industry
- Direct staff to process the necessary amendments to the fee schedules that would make these changes effective immediately

Questions

