




CITY OF DORAL

Office of the City Manager

Letter to Council

LTC No.: 043-2020

To: The Honorable Mayor and Members of the City Council

From: Albert P. Childress 
City Manager

Date: December 23, 2020

Subject: **Permit Fees Utilization Report and Upcoming Change in Fees**

This Letter to Council (LTC) summarizes the results of the 2020 PMG Associates “Permit Utilization Report” and provides information regarding the changes to the 2021 permit fees that will be submitted to the Mayor and Council-members for consideration at the January 2021 City Council meeting.

In 2019, the State of Florida ratified House Bill No. 127 during their regular legislative session. This legislation required the following: “By December 31, 2020, the governing body of a local government that provides a schedule of fees shall create a building permit and inspection utilization report and post the report on its website. The information in the report shall be derived from relevant information available in the most recently completed financial audit. After December 31, 2020, the governing body of a local government that provides a schedule of fees shall update its building permit and inspection utilization report before making any adjustments to the fee schedule.”

On February 12, 2020, Resolution 20-14 was approved by Mayor and Council-members to adopt the City of Miami Contract No. 501331 for the procurement of miscellaneous management advisory consulting services. The adoption of this contract allowed the City to complete the required building inspection and utilization report and ensure building permitting fees cover expenditures.

On Friday, March 6th, 2020, the Building Department requested fee proposals for the scope of services outlined in the statute. Quotes were requested from Milian Swain (MSA), PMG Associates, Management Partners and JRD & Associates. The Building Department selected PMG Associates as they were the lowest bidder and could perform the work requested.

Principals Phil Gonot and Corey O’Gorman of PMG Associates, Inc. met with Building and Finance staff to gather the necessary financial data for the preceding four years to analyze the department’s usage of permit fee revenue and operational expenses. The team also conducted a competitive market analysis of surrounding jurisdictions. The goal of the analysis was to leverage a net zero profit user fee-based department as required by the statute. The final report will be posted on the city’s website by December 31, 2020 and is attached for your reference.

The report examined the following:

- Market analysis comparing base permit fees for common project types with 8 other municipalities
- Department Revenue and Expenditures for previous fiscal years
- Indirect expense allocation
- Permit activity and volume for previous fiscal years
- Top ten permit types by volume

Some of the findings:

- Opportunity to recover base permit cost for permits at \$115
- Opportunity to create an easier-to-navigate fee schedule by aligning all base permit fees across all disciplines
- Economic opportunities
 - Commercial and industrial new construction decreases from \$1.60 to \$0.50 per square foot
 - Cell tower, antennae, etc. decreases from \$200 to \$115 per application
 - Reducing unnecessarily burdensome fees
 - Reduce inspection and certification fees for boiler program to encourage compliance
 - Reduced shutters and windows for both residential and commercial applications to \$0.13 per square foot
- There is an average **decrease in permit fees of -10.51%** of those fees affected by the study
- Pro forma analysis indicates there is a potential growth in revenue of 9.9%
- The study examined potential increases/decreases for FY2019 based on the analysis and the findings are commensurate with the Pro Forma of a modest increase of just over \$200,000.

The 2020 Building Department Fee Schedule A (Exhibit A) will also include a provision for use of a Private Provider which was not previously published. The use of Private Providers is authorized by Florida Statute 553.791, Alternative Plans Review and Inspection. Private Providers may review the following disciplines only: Building, Roofing, Structural, Electrical, Mechanical and Plumbing. All other disciplines (Zoning, Floodplain, Public Works, etc.) will be reviewed by the City or outside agencies (Fire, DERM, DOH, etc.) The reduction is applied to base permit fees only. Base permit fees do not include local, administrative, impact or other fees outside of base permit fees.

Lastly, as a result of the study and the simultaneous implementation project for the EnerGov Project, the Building Department found an opportunity to **remove all upfront fees**. The Department expects that this will remove a burden on some applicants and provide an opportunity to use the new software system's "Estimating Tool" to better plan their project costs. A new application fee of only \$25 will be assessed once the electronic documents are received, validated, and distributed for review by the permit technicians. This non-refundable fee covers the intake costs associated with receiving electronic documents. Refer to Exhibit C.1 – Table 6 for more information on typical processing costs per permit.

A red-lined version of the current fee schedule is provided in Exhibit A – Building Department Fee Schedule "A" 2021 and Exhibit B – 2021 Comparative Table summarizes the changes to the 2021 Fee Schedule "A".

Should you have any questions, please do not hesitate to contact my office.

c: Mari Gallet, Deputy City Manager
Jane Decker, Acting Building Director and Building Official

Exhibit I – Building Department Annual Performance & Permit Fee



**BUILDING DEPARTMENT ANNUAL PERFORMANCE
& PERMIT FEE UTILIZATION REPORT**

Report Year: FY2019¹

Reporting Dates: October 1, 2018 to September 30, 2019

PERFORMANCE STATISTICS FY2019	
Customer Service Activity	
Customers Assisted - In-person ²	13,741
Customer Assisted – Design Professional Meetings	42
Customers Assisted - Online Chat Portal	223
Customers Assisted - Via Telephone	17,717
Permitting Activity	
Building Permit Applications Received	6,792
Building Permit Applications Approved (Issued) Permits Issued	4,364
Inspection Activity	
Inspections Requested	30,683
Inspections Conducted	30,678
Permit Completion / Occupancy Data	
Temporary Certificates of Occupancy Issued	205
Certificates of Occupancy Issued	224
Private Provider Activity	
Inspections by a Private Provider	64
Plans Reviews by a Private Provider	0
Audits Performed on Inspections by a Private Provider	28
Other Permissible Activities not contemplated above	0
Building Department Positions	37 FTE
BUDGETING STATISTICS	
Expenditures	
Direct Expenditures (unaudited) ³	\$3,991,020
Indirect Expenditures (unaudited) ⁴	\$2,224,589
Total Expenditures (unaudited)	\$6,215,609
Revenue	
Revenue from Base Permit Fees (unaudited) ³	\$6,559,288
Revenue from Fines (unaudited) ³	\$0.00
Previous Balance Carryforward	\$4,264,090
Balances Refunded by Local Government	\$0.00
Other Sources Revenue or Interest	\$0.00
Estimated Surplus Fund Balance⁵	\$4,607,769

¹ FY2019 Unaudited numbers; Completed audit expected March 2021.

² No data from March 23, 2020 through June 5, 2020 during DGC Closure.

³ Source: Finance Department Records (Unaudited or FY19)

⁴ Source: 2017 Cost Allocation Study by Sequoia Consulting

⁵ Source: If no separate fund exists, amount reserved in General Fund for exclusive use of Building Department