

Memorandum

City of Lawrence

Planning & Development Services

TO: David L. Corliss, City Manager

FROM: Barry Walthall, Building Codes Administrator

CC: Scott McCullough, Planning & Development Services Director

Date: February 23, 2011

RE: 2010 Year End Revenue and Expenditure Report

The purpose of this memorandum is to report building permit fee revenues and expenditures for the Planning and Development Services Department, Development Services Division (hereinafter "DSD"), in regulating building activity in the 2010 calendar year. This report is required pursuant to Section 5-174 of the City Code. The Policy Statement adopted concurrently with the passage of Ordinance 8008 (hereinafter "the Policy statement") provides specific criteria to determine the costs of regulating building activity. A detailed list of revenues and expenditures reasonably related to the regulation of building activity within the City is included as part of this report.

In 2007, the Neighborhood Resources Department merged with the Planning Department. The Planning and Development Services Department now regulates building activity within the City. Although some of the employee positions referenced in the Policy Statement have changed, this report is guided by the definitions in Section 5-174 of the City Code and by the Policy Statement.

Revenues

Building permit fees are collected for all new construction, remodel, electrical, mechanical, plumbing and miscellaneous building permits. Building permit fee revenue for 2010 was \$643,606.

Additionally, DSD administers the contractor licensing program, for which licensing fees are collected. Administration of this program includes issuing new and renewal licenses, collecting and monitoring certificates of liability and workers compensation insurance, and monitoring contractor's continuing education. Contractor license fees were received for both the 2010 license year, at \$200, and the 2011 license year at \$65. For 2010 contractor licenses, \$135 was paid by the city to Johnson County Licensing for continuing education for each contractor that registered for classes with their program. The City also paid \$135 for contractors attending City sponsored education programs held locally. Beginning in 2011, the City will no longer pay for contractor education. Trades licenses are also issued by DSD for mechanical, electrical and plumbing trades workers at \$20 for new licenses and \$10 for renewals.

Revenue collected from licenses in 2010 was \$98,050, less \$35,763 for contractor continuing education expenses for a net of \$62,287. Total 2010 net revenues collected from building permit fees and contractor and trades licenses were \$705,893.

Type of Fee	Amount
Building permit fees	\$ 643,606
Licensing fees less contractor education expenses	\$ 62,287
Total Revenue (Permit fees and net license fees)	\$ 705,893

Expenses Reasonably Related to the Regulation of Building Activity

Section 5-174 of the City Code requires the Department, in determining whether a cost is related to regulating building activity, to be guided by the definitions in Section 5-174 and the Policy Statement adopted concurrent with the code provisions. To account for the merge of Neighborhood Resources Department with the Planning Department, the following table is provided setting forth the requirements of the Policy Statement and the employee positions and calculations used in the 2010 Year End Report.

2006 Policy Statement Neighborhood Resources Dept.	2010 Year End Report Planning & Development Services Dept.	2010 Year End Report
100% salaries, benefits, including health insurance, taxes and retirement contributions paid by the City for the following positions:	100% salaries, benefits, including health insurance, taxes and retirement contributions paid by the City for the following positions:	
Plumbing Inspector	Building Inspector II	\$ 85,668
Mechanical Inspector	Building Inspector II	\$ 80,168
Structural Inspector	Plans Examiner¹	\$ 55,842
Electrical Inspector	Building Inspector II	\$ 84,614
Inspections Supervisor	Senior Plans Examiner^{2,3}	\$ 92,567
Codes Enforcement Manager	Building Codes Administrator	\$ 101,096
One Secretary/Receptionist	One Admin Support III	\$ 35,014
50% salaries, benefits, including health insurance, taxes and retirement contributions paid by the City:	50% salaries, benefits, including health insurance, taxes and retirement contributions paid by the City:	
Neighborhood Resources Director	30% Asst. Planning & Development Services Director	\$ 35,378
	20% Planning & Development Services Director	\$ 28,279
One additional	One additional Admin Support III	\$ 24,316

¹ Plans Examiner position replaced one Building Inspector II position, beginning August 2008

² Senior Plans Examiner position replaced Plan Review Manager position in July 2008

³ Plan Review Manager position had replaced the Inspections Supervisor position in April 2006

secretary/receptionist		
65% salaries, benefits, including health insurance, taxes and retirement contributions paid by the City:	65% salaries, benefits, including health insurance, taxes and retirement contributions paid by the City:	
Zoning Enforcement Ofcr. (site plan review)	25% Code Enforcement Manager (site plan review position is vacant; the Code Enforcement Manager is performing essential functions of the vacant position)	\$ 22,493
Budgeted Costs (utilities, supplies, janitorial, phone, parking expenses, uniforms, travel, continuing education, etc.)	Same	\$ 48,899 ⁴
Capital Expenditures (in direct support of the regulation of building activity)	Same	\$ 0
Shared Rent – Neighborhood Resources Dept./Fire Dept. allocated at 27.5% to reflect amount of space used in regulation of building activity	Same	\$ 18,002
Fire Department:	Same	
10% of salary & benefits of Fire Marshall	Same	\$ 17,023
25% of salary & benefits of 1 Fire Inspection Officer	Same	\$ 29,638
5% of salary & benefits of 1 Fire Prevention Inspector	Same	\$ 4,550
Fire Administration	Same	\$ 9,000
Overhead Costs reasonably attributed to the regulation of building activity, allocated at a ratio of 9.05 (FTE employees engaged in the regulation of building activity) to the total number of FTE employees engaged by the City	<i>The ratio is adjusted with 2010 FTE employees #'s (per Policy Statement) 2010 ratio = 8.65/771.5</i>	
City Commission	Same	\$ 626
City Manager's Office	Same	\$ 8,148
Administrative Services Dept.	Same	\$ 11,840
Finance Department	Same	\$ 3,300
Legal Department (including Municipal Court)	Same	\$ 16,207
Information Systems Dept.	Same	\$ 8,600

⁴ See the Table at the end of the Year End Report for a breakdown of these Budgeted Costs.

Total Expenses	\$ 821,273
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Annual Building Permit Fee Revenue Excess or Short Fall

Section 5-174 of the City Code requires the Year End Report to include a calculation of the total amount by which building permit fee revenue exceeds or is exceeded by, the total expenditures reasonably related to the regulation of building activity. The 2010 annual revenue of \$705,893 falls short of expenditures of \$821,273 by \$115,380 or by approximately 14%.

2010 Total Revenue:	\$705,893
2010 Total Expenditures:	\$821,273

Section 5-174 also requires that each successive year end report include a calculation of the Cumulative Past Overage Amount (CPOA). The CPOA is the cumulative total of the building permit fee revenue excess or shortfall for the previous calendar year (as reflected in the yearend report for that calendar year) and the building permit fee revenue excess or shortfall from all previously prepared year end reports. The CPOA can never be less than zero, and amounts from years previous to 2006 are not to be considered.

The CPOA for 2010 is:

2009 Cumulative Past Overage	\$0
Less 2010 Expenditures Exceeding Revenues	\$115,380
2010 Cumulative Past Overage Amount	\$0

The percent CPOA for 2010 as described in Section 5-174 is 0%.

2010 Revenue Short Fall

The 2009 reporting year was the first year since reporting began in 2006 that total cumulative revenues did not exceed expenditures. This trend continued in 2010. For purposes of reporting 2011 annual building permit fee revenue excess or short fall, the CPOA and percent CPOA will be carried forward as zero. However, staff will also track the cumulative total of actual short fall or overage annually. The actual amount that expenditures have exceeded revenues since reporting began in 2006 is \$243,561:

2009 Cumulative Expenditures Exceeding Revenues	\$ 129,152
Plus 2010 Expenditures Exceeding Revenues	\$ 114,409
Cumulative Expenditures Exceeding Revenues	\$ 243,561

Unrealized Revenue

Waived fees for affordable housing activities and public projects do not satisfy the definition of a building permit fee in Section 5-174 and are not included in the report as revenues received. There were ten permits issued for affordable housing projects for which the City waived fees to provide for a "Matching Contribution" for grant funds received under the Home Investment Partnerships Program (HOME). The total amount of fees waived for these projects was \$13,303.

Additionally, there were 16 public projects that would have resulted in fees in the amount of \$67,131 in 2010. The City does not assess building permit fees for these public projects.

Unrealized Revenue	Number of Permits	Amount
Matching Contributions for HOME grant funds	10	\$ 13,303
Public Projects	16	\$ 67,131
Total	26	\$ 80,434

During previous reporting cycles DSD has received public comment suggesting this unrealized revenue should be included in the calculation of the Cumulative Past Overage. Including unrealized revenue for matching contributions and public projects results in revenues of \$786,327; this falls short of expenses of \$821,273 by \$34,945, or 4%, for 2010.

With unrealized revenue included, the percent CPOA for 2010 is zero.

Conclusion

Pursuant to Section 5-174 of the City Code, if the overage exceeds 20%, the department shall recommend to the City Commission a reduced building permit fee schedule. Cumulative overages for 2010 and previous years did not exceed 20%. Because the percent Cumulative Past Overage Amount does not exceed 20%, no action is recommended related to the increase or decrease in the building permits fee schedule.

Detailed 2010 Expenditures

Utilities		2,218
Office Supplies		2,278
Books		3,440
Other Supplies		2,434
Training		1,867
Vehicle Allowance		502
Equipment & Vehicle Repairs		3,551
Gasoline		5,542
Janitorial		2,416
Telephone		4,738
Printing		462
Uniforms		0
Computers and Equipment		
Software Licenses	18,195	
Office PC replacement	1,117	
Office Equipment	139	19,451
Total		48,899