

Memorandum

City of Lawrence

Planning & Development Services

TO: David L. Corliss, City Manager

FROM: Barry Walthall, Building Official

CC: Scott McCullough, Planning & Development Services Director

Date: February 28, 2012

RE: 2012 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 2012 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 2012 was \$746,613.

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 2012 and the 2013 license years at \$65. 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 2012 was \$68,215. Total 2012 revenues collected from building permit fees and license fees were \$814,828.

Type of Fee	Amount
Building permit fees	\$ 746,613
License fees	\$ 68,215
Total Revenue	\$ 814,828

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 merger 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 2012 Year End Report.

2006 Policy Statement Neighborhood Resources Dept.	2012 Year End Report Planning & Development Services Dept.	2012 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	\$ 88,883
Mechanical Inspector	Building Inspector II	\$ 84,999
Structural Inspector	Plans Examiner¹	\$ 61,242
Electrical Inspector	Building Inspector II	\$ 88,533
Inspections Supervisor	Senior Plans Examiner^{2,3}	\$ 95,885
Codes Enforcement Manager	Building Codes Manager	\$ 104,116
One Secretary/Receptionist	One Admin Support III	\$ 39,967
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	\$ 29,748
	20 % Planning & Development Services Director	\$ 36,556
One additional secretary/receptionist	One additional Admin Support III	\$ 28,738
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)	\$ 25,262

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

Budgeted Costs (utilities, supplies, janitorial, phone, parking expenses, uniforms, travel, continuing education, etc.)	Same	\$ 45,591 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	\$ 18,001
Fire Department:	Same	
10 % of salary & benefits of Fire Marshall	Same	\$ 13,116
25 % of salary & benefits of 1 Fire Inspection Officer	Same	\$ 30,799
5 % of salary & benefits of 1 Fire Prevention Inspector	Same	\$ 5,817
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 2012 FTE employees #s (per Policy Statement) 2012 ratio = 8.65/790.67</i>	
City Commission	Same	\$ 645
City Manager's Office	Same	\$ 8,091
Administrative Services Dept.	Same	\$ 12,444
Finance Department	Same	\$ 3,353
Legal Department (including Municipal Court)	Same	\$ 20,179
Information Systems Dept.	Same	\$ 8,583
Total Expenses		\$ 859,553

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 2012 annual revenue of \$814,828 falls short of expenditures of \$859,553 by \$44,725 or by approximately 5%.

2012 Total Revenue:	\$814,828
2012 Total Expenditures:	\$859,553

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

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 2012 is:

2011 Cumulative Past Overage	\$0
Less 2012 Expenditures Exceeding Revenues	\$44,725
2012 Cumulative Past Overage Amount	\$0

The percent CPOA for 2012 as described in Section 5-174 is 0%.

2012 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, 2011, and 2012. For purposes of reporting 2012 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 \$344,383:

2011 Cumulative Expenditures Exceeding Revenues	\$ 299,658
Plus 2012 Expenditures Exceeding Revenues	\$ 44,725
2006 through 2012 Cumulative Expenditures Exceeding Revenues	\$ 344,383

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, including one demolition permit and nine permits for new single-family dwellings, 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 \$9,049.75.

Additionally, there were 26 public projects that would have resulted in fees in the amount of \$37,904.40 in 2012. 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	\$ 9,049.75
Public Projects	26	\$ 37,904.40
Total	36	\$ 46,954.15

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 \$861,782.15; this exceeds expenses of \$859,553 by \$2,229, or 0%, for 2012.

With unrealized revenue included, the percent CPOA for 2012 is zero.

Total Unrealized Revenue since 2006 is \$410,173:

2011 Cumulative Unrealized Revenues	\$363,219
Plus 2012 Unrealized Revenues	\$ 46,954
2006 through 2012 Cumulative Unrealized Revenues	\$410,173

Taking into account cumulative unrealized revenue since 2006, revenues have exceeded 2012 expenditures by \$65,790, or 7.6%:

2006 through 2012 Cumulative Unrealized Revenues	\$410,173
Less 2006 through 2012 Cumulative Expenditures Exceeding Revenues	\$344,383
Total Cumulative Realized and Unrealized Revenues Exceeding 2012 Expenditures	\$ 65,790

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 2012 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 2012 Expenditures

Utilities		2,197
Office Supplies		1,691
Books		2,615
Other Supplies		1,897
Training		2,161
Vehicle Allowance		502
Equipment & Vehicle Repairs		4,985
Gasoline		6,901
Janitorial		1,717
Telephone		7,722
Printing		329
Uniforms		208
Computers and Equipment		
Software Licenses	9,682	
Office PC replacement	2,167	
Office Equipment	817	<u>12,666</u>
Total		45,591