

CITY OF DUNWOODY

41 Perimeter Center East
Dunwoody, GA 30346
Phone: 678.382.6700 • Fax: 678.382.6701
www.dunwoodyga.gov

MEMORANDUM

To: Mayor and City Council

From: Warren Hutmacher, City Manager

Date: September 28, 2009

Subject: Discussion of Permit Fees

City staff has been asked to review building permit fees for both residential and commercial structures. In an attempt not to rehash information you have already reviewed in this memo, I have attached two previous memorandums on this subject to this memo to provide you with the appropriate background information.

I have recommended a 25% reduction in building permit fees for residential structures. (Resolution attached)

Since our last discussion, I have met with three commercial developer/builders that predominantly work in the Dunwoody area to listen to their concerns regarding the commercial building permit fees the City of Dunwoody currently charges.

The conversation was productive, and I carefully considered their concerns and discussed them with our staff. Their main concerns were as follows:

1. Our fees are too high compared to the rest of the Metro Area and are much higher than fees charged in DeKalb County.
2. We do not allow for private engineering inspections.
3. Our previous analysis on commercial building fees for Council was incomplete and contained errors.

I pulled this off the agenda for last week to take the time to conduct an updated analysis on commercial fees (see attached) and to assess our aggregate fees in relation to our expenses in administering the building inspection function.

My findings are that our costs are in line with other metro area communities. However, we are considerably higher in fees than DeKalb County.

I have also concluded that our pro forma (see attached) shows that our expected revenue in FY 2009 will not meet the costs of our expenses. This is not a profit center for the City of Dunwoody at our current rates.

In reviewing DeKalb County rates and revenue estimates, I have concluded that DeKalb County Development Fund is expected to lose \$2.7 million in FY 2009. Their low rates for building permits and the dramatic drop off in the economy have forced the County to supplement their revenue in the Development Fund with General Fund and Unincorporated Fund and lay off dozens of employees.

The City of Dunwoody offers a high level of inspection and plan review services and charges a fair rate for this service. I recommend no changes at this time for commercial permits.

Pro forma – Plan Review and Building Inspection Services

Revenue:

Permit Fees (FY 2009 – estimated):	\$500,000
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Expenses:

Contract payment to Clark Patterson Lee for:

Management of Development Staff (25% time allocation)	\$43,750
Process permitting applications	\$84,645
Engineering review of site plans	\$125,000

City of Dunwoody Expenses:	\$253,395
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Clark Patterson direct expenses for staff outside of the contract

Chief Building Official and 1 FT and 1 PT Building Inspector	\$320,522
Expenses related to inspection activities (including vehicles)	\$148,400

Clark Patterson Lee Expenses (outside of contract fee):	\$468,922
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Total Revenue:	\$500,000
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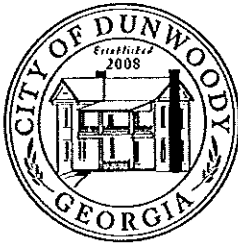
Total Expenses:	\$722,317
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Net Income/Loss:	(\$222,317)
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Commercial Permit Fee Comparisons of Several Metro Atlanta Jurisdictions

	In DeKalb County*	City of Dunwoody	City of Sandy Springs	City of Johns Creek	City of Alpharetta	City of Snellville	City of Decatur
Impact Fee	\$ -	\$ -	\$ 6,063.51	\$ -	\$ 15,150.00	\$ -	\$ 600.00
Impact Fee	\$ -	\$ 650.00	\$ 650.00	\$ -	\$ -	\$ -	\$ -
Estimated Review Fee	\$ 1,550.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 1,000.00	\$ 1,376.00
Erosion Control	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 300.00
NPDES	\$ 200.00	\$ 15,550.00	\$ 15,550.00	\$ 15,550.00	\$ 10,000.00	\$ 500.00	\$ 200.00
Land Disturbance	\$ 1,500.00	\$ 8,875.00	\$ 12,082.00	\$ 14,582.00	\$ 14,582.00	\$ 21,311.00	\$ 400.00
Water Impact Fee, Tap & Meter (2" connection)	\$ 8,875.00	\$ 4,954.50	\$ 9,655.00	\$ 17,342.00	\$ 17,342.00	\$ 36,349.00	\$ 8,375.00
Sewer Impact (2" connection)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Review Fee	\$ -	\$ -	\$ 100.00	\$ 300.00	\$ 1,401.08	\$ 100.00	\$ 450.00
Building permit	\$ 3,549.59	\$ 4,707.48	\$ 1,298.75	\$ 1,298.75	\$ 2,802.15	\$ 4,297.20	\$ 3,490.00
Electrician	\$ 369.16	\$ 855.07	\$ 219.81	\$ 219.81	\$ -	\$ -	\$ -
Plumber	\$ 369.16	\$ 855.07	\$ 219.81	\$ 219.81	\$ -	\$ -	\$ -
HVAC	\$ 369.16	\$ 855.07	\$ 219.81	\$ 219.81	\$ -	\$ -	\$ -
Low Volt	\$ -	\$ 855.07	\$ 219.81	\$ 219.81	\$ -	\$ -	\$ -
Certificate of Occupancy	\$ 25.00	\$ 50.00	\$ 25.00	\$ 50.00	\$ 200.00	\$ 25.00	\$ 50.00
TOTAL	\$ 21,961.56	\$ 38,607.26	\$ 46,703.51	\$ 50,402.00	\$ 61,877.23	\$ 63,982.20	\$ 20,895.50
			<i>subs estimated</i>				
5000 sq. ft. Business (office use) with IB type construction							
Cost/S.F. for Type IB construction per International Code Council = \$137.72							
building valuation =	\$ 688,600.00						

* DeKalb uses the 2006 ICC data valuation table - the Cost/SF for type IB construction is \$136.02. The Building valuation is therefore 5000 x 136.02 = \$680,100



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MEMORANDUM

To: Mayor and City Council

From: Warren Hutmacher, City Manager

Date: August 17, 2009

Subject: Discussion of Permit Fees

Following the lifting of the moratorium on building permits, the Community Development Department began issuing building permits near the end of January 2009. Since that time the department and City Council members have received some comments that our residential and commercial permit fees are high in comparison to our neighboring cities. Staff has compiled some data and statistics to provide context for this discussion item. Please see the attached charts to compare the fees Dunwoody charges vs. the fees charged by our neighbors. To put some of the data in perspective, here are a few pertinent facts:

- The City of Dunwoody has issued 1,057 building permits in FY 2009. Of those permits, the average permit cost was \$253. Eighty five percent (85%) of all of our permits issued were for less than \$335.
- The City of Dunwoody pays 80% of all permit revenues to Clark Patterson Lee for building permit inspections. The City retains 20% of the revenue to cover other costs related to the building permit process. The rule of thumb is that the revenue earned from building permits should be generally equal to the costs of the operation. The City of Dunwoody pays no fee in our contract with Clark Patterson for building inspection services. However, our contract with Clark Patterson Lee includes the costs associated with the Development Coordinator position and all civil engineering fees related to land development and erosion control inspections. These costs are approximately \$275,000. The City anticipates that in FY 2009, the total revenue generated from building permit fees will be \$500,000. The 20% share the City generates as revenue to the City would equal \$100,000. The \$400,000 Clark Patterson anticipates in revenue this year will not significantly exceed their costs in FY 2009 for providing this service. Therefore, our fees are not only in line with our expenses, they do not come close to covering all of our costs.
- The building permit fee is calculated by determining the costs of the construction and multiplying that amount by .008. The construction costs is determined by using market based data provided to the City by the International Building Council. Most other cities allow the developer to provide their estimated construction costs without any verification.

Setting the appropriate rate is a policy decision for the City Council. The City of Dunwoody should consider setting its fee structure based on market competitiveness, the cost of providing the services related to development and construction, and the unique financial structures of the City.

Please review the following data. If you feel adjustments are necessary to our rate structure, staff is prepared to make recommendations at the next regular meeting on August 24th.

Residential Building Permit Fee Comparison

	Boxwood house In Dekalb County	Boxwood house City of Dunwoody	Boxwood house City of Sandy Springs	Boxwood house City of Johns Creek	Boxwood house City of Alpharetta	Boxwood house City of Snellville	Boxwood house City of Decatur
Impact Fee	Unknown	No Charge	1,481.45	No Charge	1,940.00	No Charge	No Charge
Review Fee	Unknown	No Charge	100.00	100.00	1,262.44	100.00	No Charge
Building permit	2,077.52	4,513.69	2,025.35	1,833.19	2,574.89	3,391.52	2,800.43
Electrician	208.61	698.30	325.05	271.23	100.00	No Charge	100.00
Plumber	240.64	698.30	325.05	271.23	100.00	No Charge	100.00
HVAC	252.98	698.30	325.05	271.23	100.00	No Charge	100.00
Low Volt	50.00	698.30	325.05	271.23	100.00	No Charge	100.00
Certificate of Occupancy	25.00	50.00	25.00	25.00	100.00	25.00	25.00
TOTAL	\$ 2,854.75	\$ 7,356.89	\$ 4,932.00	\$ 3,043.10	\$ 6,277.33	\$ 3,516.52	\$ 3,225.43

*estimate

4,814 sq. ft. home, 708 sq. ft. garage and 2,817 sq. ft. unfinished basement

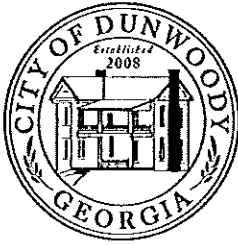
Commercial Building Permit Fee Comparison

	In DeKalb County	City of Dunwoody	City of Sandy Springs	City of Johns Creek	City of Alpharetta	City of Snellville	City of Decatur
Impact Fee	No Charge	32,182.55	No Charge	No Charge	15,150.00	No Charge	No Charge
Review Fee	No Charge	100.00	100.00	100.00	1,401.08	100.00	No Charge
Building permit	5,754.60	1,298.75	1,298.75	1,298.75	2,802.15	4,297.20	3,626.00
Electrician	884.44	219.81	219.81	219.81	100.00	No Charge	100.00
Plumber	884.44	219.81	219.81	219.81	100.00	No Charge	100.00
Unable to Calculate	884.44	219.81	219.81	219.81	100.00	No Charge	100.00
Plumber based on information	884.44	219.81	219.81	219.81	100.00	No Charge	100.00
HVAC	884.44	219.81	219.81	219.81	100.00	No Charge	100.00
Low Volt	50.00	25.00	25.00	25.00	200.00	25.00	50.00
Certificate of Occupancy							
TOTAL	\$ -	\$ 9,342.36	\$ 34,485.55	\$ 2,503.00	\$ 19,953.23	\$ 4,422.20	\$ 4,076.00

*estimate

*estimate

5000 sq. ft. Business with IIB type construction



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MEMORANDUM

To: Mayor and City Council

From: Warren Hutmacher, City Manager

Date: August ²⁴~~17~~, 2009

Subject: Discussion of Permit Fees

After careful consideration of the comments made by the public and the Mayor and Council at the August 17th work session, I have met with the Community Development staff and further analyzed our permit fee structure.

I recommend to the City Council to modify the fee structure to reduce the multiplier for residential construction by a factor of 25%, which will reduce the cost of these permits by the same amount. I feel that this reduction will move the City closer to the rates of our neighbors and competitors in the region.

As I discussed with you at the ast meeting, I feel that is appropriate and necessary to evaluate our permit fee structure outside of a vacuum. Every city is unique and our overall tax structure, including permit fees makes up very competitive with other jurisdictions. To recap, the City has a very low millage rate and does not have access to Local Option Sales tax funds (LOST). When looked at it in totality, it is a compelling argument that builders and developers will find Dunwoody an attractive place to make investments due to the overall cost of doing business in the City and in combination with the high level of services we provide.

Lastly, in the aggregate, the City loses money on permit fees in relation to the costs we incur to provide this service. Therefore, I recommend holding off on any other changes to our fee chart except for the 25% reduction in residential construction fees recommended above.

Attached to this memo is a resolution for your consideration that will modify the fee chart as described above.

**A RESOLUTION AMENDING CERTAIN BUILDING PERMIT FEES IN THE CITY
OF DUNWOODY**

WHEREAS, the Charter of the City of Dunwoody authorizes the City to provide for the general health, safety and welfare of the citizens of the City; and

WHEREAS, the Charter of the City of Dunwoody further authorizes the City to provide for planning, signage and development within the City of Dunwoody; and

WHEREAS, the City of Dunwoody previously passed Resolution 2008-12-34, adopting a Planning and Zoning Fee Schedule, including a fee schedule for Building Permit Fees; and

WHEREAS, the City Council desires to differentiate between two classes of development -- commercial and residential -- and amend certain building permit fees for residential construction in order to encourage high quality infill housing stock construction and development in a premier residential community of the City of Dunwoody; and

WHEREAS, such amended building permit fees are presented in an updated Fee Schedule attached hereto and incorporated herein by reference as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council for the City of Dunwoody, while in session on August 24, 2009, as follows:

SECTION 1. That the amended schedule of fees for building permits in the City of Dunwoody, as attached hereto and incorporated herein as Exhibit A, is hereby adopted; and

SECTION 2. That the staff is hereby authorized and directed to implement the Schedule of Fees herein; and

SECTION 3. That Exhibit "A" is hereby incorporated and made a part of this Resolution as if fully set forth herein.

SO RESOLVED AND EFFECTIVE, this the 24th day of August, 2009.

Approved:

Ken Wright, Mayor

Attest:

Sharon Lowery, City Clerk
Seal

CITY OF DUNWOODY FEE SCHEDULE

PLANNING AND ZONING FEES - EXHIBIT A Rezoning						
	TO:	ACREAGE				
		0 to 5	5+ to 10	10+ to 20	20+ to 100	100+
REZONING FROM ANY DISTRICT	R-200, R-150, R-100, R-85, R-75, R-60, R-A8, R-CH,	\$500	\$1,000	\$1,500	\$2,000	\$2,500 plus an additional \$40 per acre for any portion thereof over 100 acres. Maximum fee = \$10,000
	R-CD, R-DT, RM-150, RM-100, RM-85, RM-75, RM-HD, MHP, TND, NNC, O-I, O-D, NS, C-1, C-2, M, M-2, Pc,	\$750	\$1,500	\$2,000	\$2,500	\$3,000 plus an additional \$50 per acre for any portion thereof over 100 acres. Maximum fee = \$10,000
	OCR, O-I-T	Any acreage: \$2,000 plus \$50 per acre or any portion thereof. Maximum fee = \$10,000				
USE PERMIT	Mobile Home	\$250				
	All Other Use Permits	\$500				
CONCURRENT VARIANCES	Single Family Residential Districts: R-200, R-150, R-100, R-85, R-75, R-60, R-A8, R-CH,	\$250 plus \$50 for each additional concurrent variance requested on the same piece of property				
	Multi-Family and all Non-Residential R-CD, R-DT, RM-150, RM-100, RM-85, RM-75, RM-HD, MHP, TND, NNC, O-I, O-I-T, O-D, NS, C-1, C-2, M, M-2, Pc, OCR, O-I-T	\$350 plus \$100 for each additional concurrent variance requested on the same piece of property				
MODIFICATIONS	Any modification request	\$300 plus \$100 for each additional modification request on the same piece of property				

Variances		
MINOR VARIANCE, ADMINISTRATIVE VARIANCE, ADMINISTRATIVE MINOR VARIANCE, PRIMARY VARIANCE, SECONDARY VARIANCE, BUILDING CODE VARIANCE	Single-Family Residential Zoning Districts	\$250 plus \$50 for each additional variance request on the same piece of property
	Multi-Family Districts, Non-Residential Districts, and Commercial Uses in Residential	\$350 plus \$100 for each additional variance request
	All Signs	\$350 plus \$100 for each additional variance request

Other		
ADMINISTRATIVE PERMIT	Event Type	Fee
	Festival/Event (horseshow, music festival, etc.)	\$50 plus \$10 per day
	Events, Outdoors Seasonal (Christmas trees, pumpkins, etc.)	50
	Roadside Vendors	\$50 plus \$10 per day
	Roadside Produce Stand	50
ZONING CERTIFICATION LETTER	Fee	
	\$30	

Construction Permit Fees

ADMINISTRATIVE FEE	\$25 for all new permits and reissue of permits, certificates of occupancy, inspection sheets, and for installation lists when not attached to combination building permits	
	Building permits will be calculated based on the tables below	
	Use	Permit Fee
		\$8 per \$1000 (commercial) \$6 per \$1000 (residential) Construction valuation listed below (or otherwise noted)
VALUATIONS FOR USES NOT COVERED UNDER THE ICC BUILDING VALUATION DATA CONSTRUCTION COST TABLE	Patio Cover, Deck, Balcony	\$15 per square foot
	Enclosed Patio, Sunroom, Screened Room	\$30 per square foot
	Shed Storage Building	\$20 per square foot
	Fences 6' in height or taller	\$1 per square foot
	Pools (value per square foot)	\$180 per square foot
	Public Garages	\$47 per square foot
	Retaining Wall (value per linear foot)	
	8' or less in height	\$10 per square foot
	More than 8' in height	\$20 per square foot
	Tenant OR Interior Finish Improvements	\$50 per square foot
SUBDIVISION DEVELOPMENT SIGN FEES	Sign type	
	24" Stop Sign, Street Sign(s), post, and sign bracket	\$165 per sign
	30" Stop Sign, Street Sign(s), post, and sign bracket	\$175 per sign
	Speed limit sign, post, bracket with Watch for Children	\$125 per sign
	Speed limit sign, post, bracket	\$125 per sign
	30" Yield Sign, post, bracket	\$125 per sign
	No Outlet sign	\$125 per sign
VALUATIONS FOR USES LISTED IN THE ICC BUILDING VALUATION DATA CONSTRUCTION COST TABLE	Use	Valuation
	New One & Two Family Residential	Use ICC Building Valuation Data Table, latest published edition
	New Non-Residential & Multi-Family	Use ICC Building Valuation Data Table, latest published edition
	The following valuation shall be used for the valuation of separate permits pertaining to the same structure: a. Building shell only: 80% of valuation above b. Mechanical only: 15% of valuation above c. Plumbing only: 15% of valuation above d. Electric only: 15% of valuation above	
OTHER FEES	Permit or Fee Type	Fee
	Building for retaining wall - site plan review	\$100 per review
	Inspections outside of normal business hours	\$150/hour (min 2 hours)
	Reinspection fees	\$50/hour (min 1 hour)
	Inspections for which no fee is specifically indicated	\$50/hour (min 1 hour)
	Demolition Permit	100
	Tree Replacement Fund Donation	\$1,000 per 1.0 unit of density credit required
	COMPONENT PERMITS not to be used for remodeling or new construction	\$50 minimum see permit forms for additional fees
	Final Certificate of Occupancy	\$50

Review Fees

SKETCH PLANS	Use	Cost Per Unit
	Residential	\$350 plus \$5 per lot
	Commercial	\$350 plus \$5 per acre
LAND DISTURBANCE PERMIT	Use	Cost Per Unit
	Residential	\$350 plus \$20 per lot
		Additional review fee of \$200 assessed for the second and subsequent re-submittal of plans
	Commercial	\$350 plus \$20 per acre
		Additional review fee of \$200 assessed for the second and subsequent re-submittal of plans
FINAL PLAT	\$350 plus \$5 per lot	
MINOR SUBDIVISION	\$350	

Permit Fees			
LAND DEVELOPMENT	Inspection	Cost Per Unit	
	Road Vert. & Sect.	\$16 per linear foot	
	Curb and Gutter	\$6.50 per linear foot	
	Base and Paving	\$25 per linear foot	
	Commercial Driveway	\$0.75 per square foot	
	Storm Drainage	\$20 per linear foot	
	Wastewater	\$22 per linear foot	
	Water Main	\$16 per linear foot	
	Sidewalk	\$2 per square foot	
	Other		
	Permit Fees	Cost Per Unit	
	Street Name Markers/Intersection	\$75 per intersection	
	Traffic Signs/Intersection	\$65 per intersection	
	Land Disturbance Permit	Fee	
	LDP	\$125	
	Fees for Land Disturbance Permits		
	Valuation	Fee	
	\$1 to \$5,000	\$300	
	\$5,001 to \$20,000	\$300 for the first \$5,000 and \$150 for each additional \$1,000, or fraction thereof	
	\$20,001 to \$100,000	\$2,250 for the first \$20,000 and \$100 for each additional \$1,000, or fraction thereof	
	\$100,001 to \$250,000	\$10,550 for the first \$100,000 and \$50 for each additional \$1,000, or fraction thereof	
\$250,001 to \$500,000	\$18,050 for the first \$250,000 and \$25 for each additional \$1,000, or fraction thereof		
\$500,001 to \$1,000,000	\$24,300 for the first \$500,000 and \$15 for each additional \$1,000, or fraction thereof		
\$1,000,001 and up	\$31,800 for the first \$1,000,000 and \$10 for each additional \$1,000, or fraction thereof		

Sign Permit Fees		
REVIEW FEE	\$15	
SIGN PERMIT	Sign Message Area Size	Flat Fee
	1 to 50 square feet	\$50
	51 to 100 square feet	\$100
	101 to 150 square feet	\$150
	151 to 200 square feet	\$200