

Memorandum

City of Lawrence

Planning & Development Services

TO: David L. Corliss, City Manager

FROM: Kurt Schroeder, Asst. Director of Planning & Development
Barry Walthall, Building Official

CC: Scott McCullough, Planning & Development Services Director

Date: February 27, 2014

RE: 2013 Year End Revenue and Expenditure Report

The purpose of this memorandum is to report calendar year 2013 permit fee revenues and expenditures for the Development Services Division of the Planning and Development Services Department, (hereinafter "DSD"), for the regulation of building activity during 2013. 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 2013 was \$781,895.

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 2013 was \$71,760. Total 2013 revenues collected from building permit fees and license fees were \$853,655.

Type of Fee	Amount
Building permit fees	\$ 781,895
License fees	\$ 71,760
Total Revenue	\$ 853,655

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 2013 Year End Report.

2006 Policy Statement Neighborhood Resources Dept.	2013 Year End Report Planning & Development Services Dept.	2013 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	\$ 92,818
Mechanical Inspector	Building Inspector II	\$ 89,895
Structural Inspector	Plans Examiner¹	\$ 65,856
Electrical Inspector	Building Inspector II	\$ 90,315
Inspections Supervisor	Senior Plans Examiner^{2,3}	\$ 98,194
Codes Enforcement Manager	Building Codes Manager	\$ 104,505
One Secretary/Receptionist	One Admin Support III	\$ 55,461
50% salaries, benefits, including health insurance, taxes and retirement contributions paid by the City:	Partial salaries, benefits, including health insurance, taxes and retirement contributions paid by the City:	
Neighborhood Resources Director	30% Asst. Planning & Development Services Director⁴	\$ 15,601
	40% Asst. Planning & Development Services Director⁵	\$ 14,716
	20% Planning & Development Services Director	\$ 31,541
One additional secretary/receptionist	One additional Admin Support III	\$ 24,900

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

⁴ Assistant Director Swarts retired 3/22/2013

⁵ Assistant Director Schroeder start date 8/5/2013; salary calculated at 40% to reflect percent of time spent in regulation of building activity

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)	\$ 26,712
Budgeted Costs (utilities, supplies, janitorial, phone, parking expenses, uniforms, travel, continuing education, etc.)	Same	\$ 44,887 ⁶
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	\$ 13,475
25% of salary & benefits of 1 Fire Inspection Officer	Same	\$ 31,631
5% of salary & benefits of 1 Fire Prevention Inspector	Same	\$ 6,110
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 = 8.65/796.17</i>	
City Commission	Same	\$ 707
City Manager's Office	Same	\$ 8,969
Administrative Services Dept.	Same	\$ 12,796
Finance Department	Same	\$ 3,433
Legal Department (including Municipal Court)	Same	\$ 21,021
Information Systems Dept.	Same	\$ 9,153
Total Expenses		\$ 889,696

⁶ See the Table at the end of the Year End Report for a breakdown of these Budgeted Costs.

Annual Building Permit Fee Revenue Excess or Shortfall

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 2013 annual revenue of \$853,655 falls short of expenditures of \$889,696 by \$36,041 or by approximately 4%.

2013 Total Revenue:	\$853,655
2013 Total Expenditures:	\$889,696

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 Year End Report for that calendar year) and the building permit fee revenue excess or shortfall from all previously prepared year end reports. Per Section 5-174 of the City Code, the CPOA can never be less than zero, and amounts from years previous to 2006 are not to be considered.

The CPOA for 2013 is:

2012 Cumulative Past Overage	\$0
Less 2013 Expenditures Exceeding Revenues	\$36,041
2013 Cumulative Past Overage Amount	\$0

The percent CPOA for 2013 as described in Section 5-174 is 0%.

2013 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 years 2010 through 2013. For purposes of reporting 2013 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 \$380,424:

2012 Cumulative Expenditures Exceeding Revenues	\$ 344,383
Plus 2013 Expenditures Exceeding Revenues	\$ 36,041
2006 through 2013 Cumulative Expenditures Exceeding Revenues	\$ 380,424

Unrealized Revenue

Waived fees for affordable housing activities and City projects⁷ 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 11 permits issued for affordable housing projects for which the City waived fees to provide for a

⁷ City projects for which permit fees are waived include permits for City owned facilities or properties and agencies under the direct purview of the City of Lawrence, including Lawrence Memorial Hospital, the Lawrence Public Library, and the Lawrence Douglas County Housing Authority. Permit fees are not waived for permits for county or state projects (including projects for Douglas County, USD 497, and University of Kansas projects under City of Lawrence jurisdiction).

“Matching Contribution” for grant funds received under the Home Investment Partnerships Program (HOME). The total amount of fees waived for these projects was \$10,911.

Additionally, there were 34 City projects that would have resulted in fees in the amount of \$97,635 in 2013. Building permit fees are not assessed for these City projects.

Unrealized Revenue	Number of Permits	Amount
Matching Contributions for HOME grant funds	11	\$ 10,911
Public Projects	34	\$ 97,635
Total	45	\$ 108,546

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 City projects results in revenues of \$962,202; this exceeds expenses of \$889,696 by \$72,505, or 8%, for 2013.

With 2013 unrealized revenue included, the percent CPOA for 2013 is 8%.

Total Unrealized Revenue since 2006 is \$518,721:

2012 Cumulative Unrealized Revenues	\$ 410,173
Plus 2013 Unrealized Revenues	\$ 108,547
2006 through 2013 Cumulative Unrealized Revenues	\$ 518,720

Taking into account cumulative unrealized revenue since 2006, revenues have exceeded 2013 expenditures by \$138,296, or 15.5%:

2006 through 2013 Cumulative Unrealized Revenues	\$ 518,720
Less 2006 through 2013 Cumulative Expenditures Exceeding Revenues	\$ 380,424
Total Cumulative Realized and Unrealized Revenues Exceeding 2013 Expenditures	\$ 138,296

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 2013 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 2013 Expenditures (per Footnote 6 of Table)

Utilities		2,128	
Office Supplies		1,938	
Books		1,149	
Other Supplies		3,047	
Training		1,643	
Vehicle Allowance		498	
Equipment & Vehicle Repairs		5,441	
Gasoline		6,958	
Janitorial		1,575	
Telephone		5,072	
Printing		472	
Uniforms		700	
Computers and equipment			
Software Licenses	9,682		
Office computer replacement	4,525		
<u>Office equipment</u>	59	<u>14,266</u>	
Total			44,887