



CITY COUNCIL AGENDA ITEM

To: Mayor Graham and City Council
From: Ted Shekell, Planning Director
Jeff Stehman, Building and Zoning Supervisor
Date: July 27, 2005
Subject: Resolution No. ____: A resolution setting forth a revision to permit fee schedule for the City of O'Fallon, Illinois.

List of committees that have reviewed: The Community Development Committee reviewed the ordinance and unanimously recommends adoption.

Background: This resolution to increase fees for all Building Permits, Occupancy Permits and associated fees. The last fee increase that the city approved for Building Permits was in 1997 and the Occupancy Permit fees have not increased since implementation of the Occupancy Permit Program in 1991.

Building Permit Fees: To calculate building permit fees, the City adopted the BOCA "Type of Construction Method" in 1997, which uses the Type of Construction Table" and "Gross Area Modifier" to arrive at an average "Cost of Construction". Cost of Construction has had small periodic adjustments yearly through the "Gross Area Modifier" from 1997 thru 2002. This modifier helped adjust fees to reflect building material and labor cost fluctuations that ultimately affect the cost of construction. We use the City of O'Fallon Multiplier of .005 X Cost of Construction to determine the Building Permit Fee. While the Gross Area Modifier adjusts construction costs, there has not been any increase in our local modifier to reflect the city's cost of performing the service we provide.

We have determined that our cost of the services provided in the application submittal, plan review, permit issuance and inspection process is below the amount recovered through building permit fees and therefore not adequate to maintain those services at the present level. We had previously discussed increasing the City of O'Fallon Multiplier from .005 to .006. as a way to increase those fees. Since BOCA merged with the nations other code organizations, there have not been adjustments to the BOCA Type of Construction Table or the Gross Area Modifier. The last adjustment was in the fall of 2002.

ICC has now developed "Building Valuation Data" that uses a "Square Foot Construction Cost Table" to determine Construction Cost. This system is similar to the BOCA method and will be adjusted every six months to ensure the figures reflect actual cost averages. This figure is then used with the City of O'Fallon Multiplier to determine permit fees. The significance of both of these systems is that we do not rely on building cost figures supplied by the applicant as a means for determining Cost of Construction.

We are proposing adoption of the new ICC method of using the Building Valuation Data as the basis in determining Construction Cost. In doing comparisons with those figures and using our existing multiplier of .005, it appears that our permit fees will be increased more than necessary, therefore to implement this new system we will need to lower our multiplier to .004. This will give us the required increase of a little over 15% average. This will also put in place a system that will be adjusted every

six months, changing with market fluctuations in construction cost. This is fair for the builder and for the city.

To summarize, our department has determined a fee increase on building permits is necessary and we also have a need to update the method of calculating construction cost. By adopting the ICC method of using average building valuation data, that is periodically updated, and decreasing our multiplier from .005 we can accomplish this. I have included a comparison sheet that shows our current permit fees on three separate residential structures and two commercial structures and how they would be affected by this change. I will also distribute some additional fact sheets at the July 25 meeting.

Occupancy Permit Fees: The City's Occupancy Permit fee charged for all property maintenance inspections is currently \$35. It has been \$35 since the City started the Occupancy Permit Program in 1991. In 2002 we also added all commercial structures to the program, with annual inspections of certain higher hazard buildings. These are also being inspected for \$35.

We are proposing that the fee for a property maintenance inspection of any single family residential unit and commercial structures up to 4000 sq. ft. be increased to \$50. The proposed permit fee structure for commercial buildings over 4000 sq. ft. is listed below:

\$60	4000 to 20,000 sq. ft.
\$2	per 10,000 sq. ft. over 20,000 sq. ft.
\$10	if equipped with sprinkler system
\$5	if equipped with kitchen fire suppression system
\$5	if equipped with fire alarm
\$60	Motel/hotels, plus \$25 per story over one story

We feel that these proposed fees for residential and commercial occupancy permits are more representative of the costs incurred in performing the respective inspections. If we based the fee increase solely on the low end side of the cost of living index increases over the last 14 years, we would be at \$50 at this time.

With the new code adoption ordinance that went into affect January 1, 2005 we increased the time limit that an occupancy permit was valid far from 1 year to 2 years and also since that time, we do not require an occupancy permit on new homes until after 3 years. This should help offset some of the cost to the public that will be felt with the proposed increase.

The City of O'Fallon Occupancy Permit Program for both residential and commercial structures is a very comprehensive and effective program, while still being structured in a way that it is customer friendly for the applicants. Our process does not hold up sales or occupancy of structures through the inspection and permit process. Through its implementation, the property and housing stock within the City is well maintained and safe. This has had a major impact on the ability for property owners here to see their property continue to increase in value, which in turn improves the EAV for the City.

Summary of Permit Fee Increases

In addition to the building permit fee and occupancy permit fee, the resolution will also include several other small increases in building permit and inspection associated fees, such as zoning fees, pools, decks and electrical permits. These should bring all the building, occupancy and inspection fees to an adequate level.

Our department has had to grow significantly over the last 10 years to adequately keep pace with this fast growing community's growth of the built environment. We have had to make the best use of our resources, both staff and equipment, in order to provide as high of level of service as possible. We can proudly say that we have one of the most professional building and inspection staff's in the metropolitan area, which has been a huge factor in O'Fallon being known as a quality built and well maintained community. We have been able to do that with minimal amount of fee increases over the last 14 years. This fee increase will allow our department to continually perform and improve the services provided to the City of O'Fallon.

Legal Considerations, if any: None

Budget Impact: The proposed fee schedule that will be put in place by passage of this resolution is intended to supplement the operating budget of the Planning and Zoning department, specifically building inspection and occupancy inspection division. That will bring the fees collected from those functions closer to the actual costs of providing those services at the current level, thus making permit fees a truly user based fee.

Staff recommendation: Approval.