



**Memo**

To: Mayor Samuelson, City Council

From: Jeff Arango, AICP, CFM

Date: December 1, 2011

**Subject: Building Permit Fees (Second Reading)**

The planning department, as part of its annual review of development fees, has conducted a review of building permit fees that included comparing Langley's building permit fees with neighboring jurisdictions and assessing the appropriate size and budget of the building department based on building activity in recent years. The building department budget was reduced in 2009 due to the downturn in the real estate market and building activity. Since 2009 Langley has experience three straight years of modest activity that warrants an assessment of building fees and the building department budget. The issue is timely as the planning department continues to be restructured following the resignation of the two department planners earlier this year.

*Building Department Budget and Fees*

The current building department budget is approximately \$40,000 per year and was based on approximately \$4.8 million dollars in building permit activity. Since 2008, the year the current budget is based on, the city has seen reduced building activity of approximately \$2 million dollars in permit activity. The amount of the building department budget should reflect current and anticipated building activity since the fees are based, in part, on recovering a certain percentage of the department budget, currently set at 75%. A reduction in the building department budget will therefore result in a reduction in building permit fees.

The proposed building permit fee schedule reduces the fees by approximately 27%. For a 2,000 square foot house the permit fee will be reduced from \$5600 to \$4100, which is also more

in line with the amount of time it takes for the building official to review permits and conduct inspections. See Attachment A for the proposed building permit fee schedule.

*Permit Coordinator*

The concept of having a designated staff person in the city serve as the "permit coordinator" by taking in and processing all permit applications and coordinating review by other city staff was first proposed in 2009 by former planning director Larry Cort as part of the building department assessment and restructuring that occurred at that time. The planning department is proposing to implement that recommendation by making the building official the central permit coordinator for the city. Under the proposal the building officials current 20 hours per week will be split between the building department (10 hours per week) and planning department (10 hours per week). The 10 hours per week in the planning department will include serving as the permit coordinator, managing all enforcement actions for violations of the Langley Municipal Code regarding both building and land use permits, and handling minor land use permit actions. Additional work in planning may include applying for and managing grant applications, managing the building and land use permit files, research and other duties as assigned by the director of community planning. The proposed restructuring will result in greater efficiency in administering building and development permits, allow the director of community planning to focus on long range planning and urban design projects and result in a significant reduction in the community planning department budget from the 2010. The anticipated reduction in general fund contributions to the planning department budget is approximately \$63k or 35%. The budget includes pro-rated benefits for the building official/permit coordinator.

<b>Planning Department Budget</b>	<b>2011</b>	<b>2012</b>
<b>Total Budget</b>	\$223,989	\$151,807
<b>Revenue Estimate</b>	\$41,000	\$32,360
<b>General Fund Expenditures</b>	\$182,989	\$119,447
<b>Reduction in General Fund Expenditures</b>	n/a	-35%

**CITY OF LANGLEY**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF LANGLEY, WASHINGTON amending LMC 15.04.Exhibit A - Building Permit Fees.**

**WHEREAS**, RCW 19.27.050 requires counties and cities to enforce the state building code; and

**WHEREAS**, the city has adopted and shall enforce the state building code; and

**WHEREAS**, building permit fees and plan review fees collected from the applicant should be adequate to cover the department costs to provide plan review and building inspection services, but should not be greatly in excess of the actual costs to perform the work; and

**WHEREAS**, the revised building fee schedule will reduce building permit fees by approximately 27% and better align permit fees and the building department budget with the amount of building activity.

**WHEREAS**, the building department budget, which in part determines the building fees, should appropriately reflect the amount of anticipated building activity in the city and should be reviewed annually; and

**WHEREAS**, the city recognizes the need to purchase, update, and maintain computers, hardware, software, information technologies and other technology related equipment that will ultimately lead to efficiencies in processing permits; and

**WHEREAS**, other jurisdictions in the state of Washington have established a fee increment as part of their land use and building fee schedules for purchasing, maintain, and upgrading technology related equipment and training.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF LANGLEY DO ORDAIN AS FOLLOWS:**

**Section 1. Exhibit 15.04A (Revised) – Building Permit Fees** is attached hereto and incorporated herein by reference is hereby adopted.

**Section 2. Severability.** If any section sentence clause or phrase of this Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

**Section 3. Effective Date.** This Ordinance shall be in full force and effect five (5) days after publication and posting of an approved summary thereof, consisting of the title.

**PASSED BY THE CITY OF COUNCIL OF THE CITY OF LANGLEY**, and approved by the Mayor at a regular public meeting held this \_\_\_\_ day of \_\_\_\_\_, 2011

ATTEST:

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**DEBBIE L. MAHLER**, Director of Finance/City Clerk

APPROVED AS TO FORM:

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**GRANT K. WEED**, City Attorney

## LMC 15.04.Exhibit A –Building Permit Fees

### **Determine the Permit Fee Multiplier:**

1. Based on historical records, determine the total annual construction value which has occurred within the jurisdiction for the past year.
2. Determine the percentage (%) of the building department budget expected to be provided by building permit revenue.

$$\text{Permit Fee Multiplier} = \frac{\text{Bldg. Dept. Budget} \times (\%)}{\text{Total Annual Construction Value}}$$

Total Annual Construction Value

### **Budget Calculation**

The building official operates on a \$26,200 budget, and it expects to cover 57.25 percent of that from building permit fees.

The total annual construction value which occurred within the jurisdiction in the previous year is \$2,000,000.

$$\text{Permit Fee Multiplier} = \frac{\$26,200 \times 57.25\%}{\$2,000,000} = 0.0075$$

\$2,000,000

### **Permit Fee**

The permit fee is determined using the building gross area, the Square Foot Construction Cost and the Permit Fee Multiplier.

$$\text{Permit Fee} = \text{Gross Area} \times \text{Square Foot Construction Cost} \times \text{Permit Fee Multiplier}$$

### **Example**

Type of Construction: Single Family Residential

Area: 1st story = 2,000 sq. ft.

Permit Fee Multiplier = 0.0075

Use Group: R-3

1. Gross area:

$$\text{Home} = 1 \text{ stories} \times 2,000 \text{ sq. ft.} = 2,000 \text{ sq. ft.}$$

2. Square Foot Construction Cost:

$$\text{\$165/sq. ft.}$$

3. Permit Fee:

$$\text{Single family home} = 2,000 \text{ sq. ft.} \times \text{\$165/sq. ft} \times 0.0075 = \text{\$2,475}$$

$$4. \text{ Plan Review Fee} = \text{Building Permit Fee} \times .65 = \text{\$2,475} \times .65 = \text{\$1,609}$$

$$\text{Total fee equals building permit fee plus plan review fee} = \text{\$2,475} + \text{\$1,609} = \text{\$4,084}$$

Proposed Fee:  $\text{\$4,084}$  compared to Current Fee for same example  $\text{\$5,602}$ ; a difference of  $\text{\$1,518}$

A decrease in total fee of 27%

Budget (50%)	Recovery	Construction Value	Factor	SF	Cost per ft	Proposed Fee
\$26,200.00	57.25%	\$2,000,000.00	0.0075	1000	\$165	\$1,237
				2000	\$165	\$2,475.
				3000	\$165	\$3,712
				4000	\$165	\$4,950
				5000	\$165	\$6,187

Square Footage	Value Current (\$175/SF)	Permit Fee Current	Review Fee Current	Total Fee
1000	\$175,000.00	\$2,170	\$1,411	\$3,581
2000	\$350,000.00	\$3,395	\$2,207	\$5,602
3000	\$525,000.00	\$4,570	\$2,971	\$7,541
4000	\$700,000.00	\$5,845	\$3,799	\$9,644
5000	\$875,000.00	\$7,070	\$4,596	\$11,666

Square Footage	Proposed (\$165/SF)	Permit Fee Proposed	Review Fee Proposed	Total Fee
1000	\$165,000.00	\$1,237	\$804	\$2,041
2000	\$330,000.00	\$2,475	\$1,609	\$4,084
3000	\$495,000.00	\$4,570	\$2,971	\$7,541
4000	\$660,000.00	\$4,950	\$3,217	\$8,167
5000	\$825,000.00	\$6,187	\$4,022	\$10,209