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COMMITTEE MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: City Manager Jorge M. Gonzalez 

DATE: July 13, 2011

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF May 25, 2011.**

OLD BUSINESS

NEW BUSINESS

- 1. Discussion regarding ordinances related to modifications to the Building, Fire, Planning and Public Works Department Fees and resident and business concerns that Building Department Fees are too high**

ACTION

The Committee asked that the revised ordinance be brought back to the June 23, 2011 Finance & Citywide Projects Committee meeting for review prior to presentation at the July Commission meeting.

The Committee also recommended that the City should continue to evaluate the fee comparisons to other jurisdictions' for all departments combined, and provide those findings to the Committee.

City Manager Jorge Gonzalez presented and gave a brief history of the item.

The Building Development Process in the City of Miami Beach includes the Building Department, the Fire Department's Prevention Services Division, the Public Works' Engineering Division, and the Planning Department.

Budget & Performance Improvement Director Kathie Brooks stated that JRD & Associates had been retained to compare fees to other jurisdictions and that Maximus Consulting had been retained to review the status of implementation. Assistant Building Director Kristin Tigner stated that the jurisdictions examined by JRD & Associates were Coral Gables, Doral, Miami, Miami-Dade County, and Pinecrest. JRD conducted a comparative analysis of the 20 most common/revenue-producing permit types for the Building Department and six (6) Right of Way permit types, and proposed new fees for 12 of these permit types. Additionally, it appears that, currently, for new commercial

construction, Miami Beach's fees are significantly lower than the others analyzed. The findings by JRD & Associates state that they concur with Maximus Consulting's approach and methodology in determining the building permit fees for Miami Beach; JRD also concurs, in general, with the time associated with building plan reviews and inspections, as determined by Maximus and the City; and JRD strongly recommends that City staff performing plan reviews and inspections track their times to perform these functions and that technology be utilized to the fullest extent to assist in the recording of these times.

Jorge Duyos, President of JRD & Associates, presented the fee comparisons.

Commissioner Jonah Wolfson stated that the comparisons needed to include all fees (Fire, Planning and Zoning, and Public Works fees), and not just Building Department fees, in order to assess whether the fees are inline with other jurisdictions.

Chairperson Deede Weithorn stated that the decision that should be made is whether the City wants to be inline with other cities or use a cost recovery method. Discussion ensued.

Chairperson Weithorn stated that the average cost of the fee, for all fees, should be determined, and then compared to the City's fee currently in place and if the City's fee is 15-20% outside of the average, the fee should be changed.

Public comment included concerns with the fees for existing buildings and not new construction.

Ms. Brooks reviewed the Maximus findings and stated that Maximus had determined that the objectives of moving to a simplified fee structure, having a "revenue neutral" impact with the new fee structure, and applying fees correctly have been met. Ms. Brooks stated that at the time of the fee study in 2009, Maximus had determined that revenue recovery for the Building Department was approximately 100 percent (\$9.5 million in cost versus \$9.7 million in revenues), but only 90% for all four departments in the building development process (\$14.3 million in cost versus \$11.5 million in revenues). Under the fee structure recommended by Maximus, revenues for the Building Department were expected to decline to \$8.1 million (to be offset by the use of Building reserves), and revenues for Planning, Public Works and Fire were projected to increase by \$1.5 million, although still not reflecting recovery of 100 percent of costs as the proposed fee structure contemplated discounts for residential permits, small projects, and for "green" initiatives. The total revenues were projected to remain at levels similar to prior to the change in the fee structure.

Per Maximus' review, actual revenues collected by the Building department over the past year did in fact decline to \$7.8 million while revenues for the other departments increased. The total revenues collected across all four departments was \$11.1 million as compared to the \$11.5 million collected prior to the change in the fee structure. In fact revenues collected as a percent of the 2009 costs declined from 80 percent to 78 percent. Based on Maximus' estimates of FY 2010/11 costs, cost recovery is now at 74 percent.

Ms. Tigner stated the following proposed modifications recommended by the Administration and some of the Committee members during individual briefings:

- specialty permits: additional fee categories are recommended for frequently requested smaller permits that are interdisciplinary in nature
- new categories: to account for less commonly pulled permit types

- revised permit fees: revisited times allocated to a process based on concerns raised by staff and/or customers
- multiple fee levels: creating multiple fee levels for a category based on the level of complexity of the work
- add language related to permits for Fire, Planning and Public Works consistent with the language which already exists for Building regarding discretion by the specific departments if there is not a permit type for a permit application
- modify the expired permit renewal fee to incentivize compliance
 - reapplications within 180 days of expiration of permit: proposing a fee of 25% of the original permit fee (effectively a 75% credit), plus a \$57 processing fee
 - reapplications after 180 days of the expiration date of the permit: proposing a fee 25% of the original permit fee (also a 75% credit) plus 20% of the new permit fee
- incentivize installation of storm shutters by feeing permit applications with a flat fee of \$25 or \$30 per opening
- further decrease crane fees based on time blocking the road (half day or full day)
- if new condo/new hotel construction permit fees are low, they should be raised to the rates they should be and offer a short-term discount
- add language so that permit fees are re-evaluated (for example, every 3 years)
- add a trigger on higher-level evaluation of fees
 - Building Director has to approve all fees in excess of certain dollar amount and/or certain percentage of value of construction

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