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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 complied 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	Unkown	No Charge	1,481.45	No Charge	1,940.00	No Charge	No Charge
Review Fee	Unkown	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	15,150.00	No Charge	No Charge
Review Fee		No Charge	100.00	100.00	1,401.08	100.00	No Charge
Building permit		5,754.60	1,298.75	1,298.75	2,802.15	4,297.20	3,626.00
Electrician	Unable to Calculate	884.44	219.81	219.81	*100.00*	No Charge	*100.00*
Plumber	based on information	884.44	219.81	219.81	*100.00*	No Charge	*100.00*
HVAC		884.44	219.81	219.81	*100.00*	No Charge	*100.00*
Low Volt		884.44	219.81	219.81	*100.00*	No Charge	*100.00*
Certificate of Occupancy		50.00	25.00	25.00	200.00	25.00	50.00
TOTAL	**$ -**	**$ 9,342.36**	**$ 34,485.55**	**$ 2,303.00**	**$ 19,953.23**	**$ 4,422.20**	**$ 4,076.00**
					**estimate*		**estimate*

5000 sq. ft. Business with IIB type construction