



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#22-0885

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Greg Chavarria, City Manager

DATE: September 22, 2022

TITLE: Second Reading – Ordinance Amending the City of Fort Lauderdale Code of Ordinances Chapter Nine Building and Construction, Article Two Permits and Inspections, Division Two Fees to Adjust Building Fees for Services Related to Land Development and Permitting - **(Commission Districts 1, 2, 3 and 4)**

Recommendation

Staff recommends the City Commission consider an ordinance amending the City of Fort Lauderdale Code of Ordinance Chapter Nine Building and Construction, Article Two Permits and Inspections, Division Two Fees to adjust building fees for services related to land development and permitting.

Background

According to Section 553.80, Florida Statutes, a local government may not carry forward financial reserves exceeding the average of its operating budget for the previous four fiscal year allocated to the enforcement of the Florida Building Code.

To comply with this statutory requirement, the Building Services Division, which issues permits for construction, remodeling, and other activities, conducted a fee study in 2018 to complete a detailed analysis of the building permit fees based on the actual cost to deliver the services. The recommendations from this study resulted in a reduction in building permit fees that has been in effect since October 2018.

The restructuring and reduction of building permit fees resulted in an overall decrease in annual building fund revenue from \$23.4 million in FY 2018 to \$17.7 million in FY 2021. In tandem with an increase in operational expenses, the Division has been operating in a deficit to draw down the building fund balance to align with the statute.

Based on the FY 2022 Building Special Revenue Fund Financial Sustainability Analysis Report produced by Stantec Inc. (Exhibit 1) in February 2022, the Building Fund reserves are now in compliance with Section 553.80, Florida Statutes. Due to the City's effort to draw down the Building Fund reserves to achieve statutory compliance by operating in a deficit, building permit fees now need to be adjusted to offset the Division's operational

expenses related to permitting and enforcement of the Florida Building Code and to remain financially sound by recovering the full cost of services provided. To achieve full cost recovery for operational expenses, it is recommended that a fee adjustment will need to occur in two parts, with the first going into effect in FY 2023 and with the possibility of a second part in FY 2024. The fee adjustment for FY 2024 will require a future ordinance amendment.

Current building permit fees are built around a base/minimum fee of \$105 or a percentage of the overall project construction value, whichever greater. Over the recommended two-year implementation period, this proposal will increase the Building Permit Fee Schedule by 25% for permit fees charged as a percentage of the overall construction value of a project to align with the recommendations in the Stantec analysis. This ordinance amendment for FY 2023 will increase master, stand-alone, and trade permit fees from 1.25% of total construction value to 1.5% total construction value. In FY 2024, the second phase of the fee increase will be proposed to increase master, stand-alone, and trade permit fees if the increase is still needed to fully offset operational expenses.

Staff will work with the Office of Management and Budget and Stantec to evaluate building fees annually to ensure that fees are aligned with the volume of workload and operational costs to maintain that service level.

Resource Impact

By adjusting the building fees, building permit fee revenue is expected to increase by approximately four million from FY2022 to FY2023.

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term financial planning

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are United

This item supports the *Advance Fort Lauderdale 2040* Comprehensive Plan specifically advancing:

- The Business Development Focus Area
- The Economic Development Element
- Goal 2: Enhance the economic competitiveness of Fort Lauderdale through policies that encourage retention and recruitment of business and industry which provide living-wage employment and increased training and competitiveness of the local workforce.

Attachments

Exhibit 1 – FY2022 Building Special Revenue Fund Financial Sustainability
Analysis Report

Exhibit 2 – Ordinance

Prepared by: John Travers, Building Official, Development Services Department

Department Director: Christopher Cooper, AICP, Development Services Department