Cost of Services (User Fee) Study for Department of Sustainable Development – Engineering Division

CITY OF FORT LAUDERDALE, FLORIDA

matrix consulting group

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1. Executive Summary

The report, which follows, presents the results of the Cost of Services (User Fee) Study conducted by the Matrix Consulting Group for the Engineering Division of the Department of Sustainable Development for the City of Fort Lauderdale.

1 PROJECT BACKGROUND AND SCOPE OF WORK

The Matrix Consulting Group analyzed the cost of service relationships that exist between fee for service activities as it relates to development permit reviews by the Engineering Division. The fees analyzed in this study not only focused on engineering review and inspection services, but also services provided for which the Division is not currently charging any fees such as Development Review Committee Support, Building Permit Review, review of franchise utility and private commercial infrastructure permits, and Bond Processing fees. The results of this Study provide a tool for understanding current service levels, the cost and demand for those services, and the fee amounts that would need to be charged to achieve 100% cost recovery.

2 GENERAL PROJECT APPROACH AND METHODOLOGY

The methodology employed by the Matrix Consulting Group is a widely accepted "bottom up" approach to cost analysis, where time spent per unit of fee activity is determined for each position within a Department or Division. Once time spent for a fee activity is determined, all applicable City costs are then considered in the calculation of the "full" cost of providing each service. The following table provides an overview of the cost components used to establish the "full" cost of providing services included in this Study:

Table 1: Cost Components Overview

Cost Component	Description
Direct	Fiscal Year 2018/19 Budgeted salaries, benefits and allowable expenditures.
Indirect	Division and departmental administration / management and clerical support, along with Citywide overhead as calculated through the City's Cost Allocation Plan.

Together, the cost components in the table above comprise the calculation of the total "full" cost of providing any particular service, regardless of whether a fee for that service is charged.

The work accomplished by the Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Staff Interviews:** The project team interviewed Engineering division staff regarding their need for clarification to the structure of existing fee items, addition of new fee items, as well as regarding the time estimates for processing engineering permits.

- **Data Collection:** Data was collected for each permit / service, including time estimates and volume of activity. In addition, all budgeted costs and staffing levels for Fiscal Year 18/19 were entered into the Matrix Consulting Group's analytical software model.

- **Cost Analysis:** The full cost of providing each service included in the analysis was established.

- **Review and Approval of Results with City Staff:** Department and City management have reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations are provided in subsequent chapters of this report.

3 CURRENT COST RECOVERY

When comparing fee-related budgeted expenditures with fee-related revenue the City of Fort Lauderdale's Engineering Division is under-recovering its costs by approximately $1.9 million and recovering about 27% of its fee-related costs annually. The following table outlines these results on a departmental basis:

Table 2: Departmental Cost Recovery Based on Fee-Related Revenue & Expenditures

Department / Division	Fee-Related Revenue	Fee-Related Cost	Annual Surplus / (Deficit)	Cost Recovery %
Engineering	$699,000[1]	$2,595,825	($1,896,824)	27%

The detailed documentation of the Study will show an over-collection for certain fees (on a per unit basis), and an undercharge for others. Overall, the Division is providing an annual subsidy to fee payers for fee-related services associated with Engineering Services.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Commission members and City staff, and do not represent a recommendation for where or how the Commission should set fees. The setting of the "rate" or "price" for services, whether at 100 percent full cost recovery or

[1] The fee-related revenue of $699,000 is not captured in this report based upon permit volume activity, but rather based upon actual revenue collected by the Division for Engineering job cost permits as well as Premium Fee for Building / Construction Permit reviews.

lower, is a policy decision to be made only by the Commission, often with input from City staff and the community.

4 CONSIDERATIONS FOR COST RECOVERY POLICY AND UPDATES

The Matrix Consulting Group recommends that the City use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy, and also to implement a mechanism for the annual update of fees for service.

1 Adopt a Formal Cost Recovery Policy

The Matrix Consulting Group strongly recommends that the Commission adopt a formalized, individual cost recovery policy for each department included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. The Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice.

2 Adopt an Annual Fee Update / Increase Mechanism

The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in previous studies, and to account for any major shifts in cost components or organizational structures. The Matrix Consulting Group believes it is a best management practice to perform a complete update of a Fee Assessment every 3 to 5 years.

In between comprehensive updates, the City could utilize published industry economic factors such as CPI or other regional factors to update the cost calculations established in the Study on an annual basis. The City could also consider the use of its own anticipated labor cost increases such as step increases, benefit enhancements, or cost of living raises. Alternatively, the project team will provide the City with a user fee model, which can be utilized to update time estimates and costs on an annual basis. Utilizing an annual increase mechanism would ensure that the City receives appropriate fee and revenue increases that reflect growth in costs.

2. Legal Framework and Policy Considerations

A "user fee" is a charge for service provided by a governmental agency to a public citizen or group. In Florida, there are no specific constitutional laws or state provisions under which outline or limit the way local government can establish or administer Engineering Review Fees.

1 GENERAL PRINCIPLES AND PHILOSOPHIES REGARDING USER FEES

Local governments are providers of many types of general services to their communities. While all services provided by local government are beneficial to constituents, some services can be classified as globally beneficial to all citizens, while others provide more of a direct benefit to a specific group or individual. The following table provides examples of services provided by local government within a continuum of the degree of community benefit received:

Table 3: Services in Relation to Benefit Received

"Global" Community Benefit	"Global" Benefit and an Individual or Group Benefit	Individual or Group Benefit
• Police • Park Maintenance	• Recreation / Community Services • Fire Suppression / Prevention	• Building Permits • Planning and Zoning Approval • Site Plan Review • Engineering Development Review • Facility Rentals

Funding for local government is obtained from a myriad of revenue sources such as taxes, fines, grants, special charges, user fees, etc. In recent years, alternative tax revenues, which typically offset subsidies for services provided to the community, have become increasingly limited. These limitations have caused increased attention on user fee activities as a revenue source that can offset costs otherwise subsidized (usually) by the general fund. In Table 3, services in the "global benefit" section tend to be funded primarily through voter approved tax revenues. In the middle of the table, one typically finds a mixture of taxes, user fee, and other funding sources. Finally, in the "individual / group benefit" section of the table, lie the services provided by local government that are typically funded almost entirely by user fee revenue.

The following are two central concepts regarding the establishment of user fees:

- **Fees should be assessed according to the degree of individual or private benefit gained from services.** For example, the processing and approval of a land use or building permit will generally result in monetary gain to the applicant,

whereas Police services and Fire Suppression are examples of services that are essential to the safety of the community at large.

- **A profit-making objective should not be included in the assessment of user fees.** Local government is generally not able to generate a profit, as such fees should be reviewed to ensure there is no excessive profit generation.

Therefore, it is commonly accepted that user fees are established at a level that will recover up to, and not more than, the cost of providing a particular service.

2 GENERAL POLICY CONSIDERATIONS REGARDING USER FEES

Undoubtedly, there are programs, circumstances, and services that justify a subsidy from a tax based or alternative revenue source. However, it is essential that jurisdictions prioritize the use of revenue sources for the provision of services based on the continuum of benefit received.

Within the services that are typically funded by user fees, the Matrix Consulting Group recognizes several reasons why City staff or the Commission may not advocate the full cost recovery of services. The following factors are key policy considerations in setting fees at less than 100 percent of cost recovery:

- **Limitations posed by an external agency.** The State or an outside agency will occasionally set a maximum, minimum, or limit the jurisdiction's ability to charge a fee at all. An example includes time spent copying and retrieving public documents.

- **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may provide better compliance from the community. For example, if the cost of a permit for changing a water heater in a residential home is higher than the cost of the water heater itself, many citizens will avoid pulling the permit.

- **Effect on demand for a particular service.** Sometimes raising the "price" charged for services might reduce the number of participants in a program. This is largely the case in Recreation programs such as camps or enrichment classes, where participants often compare the City's fees to surrounding jurisdictions or other options for leisure activities.

- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole. Examples include Recreation programs, Planning Design Review, historical dedications and certain types of special events.

The Matrix Consulting Group recognizes the need for policies that intentionally subsidize certain activities. The primary goals of a User Fee Study is to provide a fair and equitable basis for determining the costs of providing services.

Once the full cost of providing services is known, the next step is to determine the "rate" or "price" for services at a level which is up to, and not more than the full cost amount. The City Commission is responsible for this decision, which often becomes a question of balancing service levels and funding sources. The placement of a service or activity within the continuum of benefit received may require extensive discussion and at times fall into a "grey area". However, with the resulting cost of services information from a User Fee Study, the Commission can be assured that the adopted fee for service is reasonable, fair, and legal.

3. User Fee Study Methodology

The Matrix Consulting Group utilizes a cost allocation methodology commonly known and accepted as the "bottom-up" approach to establishing User Fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The components of a full cost calculation are typically as follows:

Table 4: Full Cost Calculation Components

Cost Component	Description
Direct	Salaries, benefits and direct divisional expenditures.
Departmental Overhead	Division or Departmental administration / management and clerical support.
Citywide Overhead	City costs associated with central services such as payroll, human resources, budgeting, City management, etc. Calculated by the City through a separate study.

The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Calculate fully burdened hourly rates by position, including direct & indirect costs;
- Develop time estimates for each service included in the study;
- Ensure that not more than 100% of a position's time is allocated between fee & non-fee services.

The results of these allocations provide detailed documentation for the reasonable estimate of the actual cost of providing each service.

One of the key study assumptions utilized in the "bottom up" approach is the use of time estimates for the provision of each fee related service. Utilization of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and processes unique to the City of Fort Lauderdale developed these estimates.

The project team worked closely with staff in developing time estimates with the following criteria:

- Estimates are representative of average times for providing services. Estimates for extremely difficult or abnormally simple projects are not factored into this analysis.

- Estimates reflect the time associated with the position or positions that typically perform a service.

- Estimates provided by staff are reviewed and approved by the division / department, and often involve multiple iterations before a Study is finalized.

- Estimates are reviewed by the project team for "reasonableness" against their experience with other agencies.

- Estimates were not based on time in motion studies, as they are not practical for the scope of services and time frame for this project.

The Matrix Consulting Group agrees that while the use of time estimates is not perfect, it is the best alternative available for setting a standard level of service for which to base a jurisdiction's fees for service.

The alternative to time estimating is actual time tracking, often referred to as billing on a "time and materials" basis. Except in the case of anomalous or sometimes very large and complex projects, the Matrix Consulting Group believes this approach to not be cost effective or reasonable for the following reasons:

- Accuracy in time tracking is compromised by the additional administrative burden required to track, bill, and collect for services in this manner.

- Additional costs are associated with administrative staff's billing, refunding, and monitoring deposit accounts.

- Customers often prefer to know the fees for services in advance of applying for permits or participating in programs.

- Applicants may request assignment of less expensive personnel to their project.

- Departments can better predict revenue streams and staff needs using standardized time estimates and anticipated permit volumes.

Situations arise where the size and complexity of a given project warrants time tracking and billing on a "time and materials" basis. The Matrix Consulting Group has recommended taking a deposit and charging Actual Costs for such fees as appropriate and itemized within the current fee schedule.

4. Results Overview

The motivation behind a cost of services (User Fee) analysis is for the City Commission and Engineering services staff to maintain services at a level that is both accepted and effective for the community, and also to maintain control over the policy and management of these services.

It should be noted that the results presented in this report are not a precise measurement. In general, a cost of service analysis takes a "snapshot in time", where a fiscal year of adopted budgeted cost information is compared to the same fiscal year of revenue, and workload data available. Changes to the structure of fee names, along with the use of time estimates allow only for a reasonable projection of subsidies and revenue. Consequently, the Commission and City staff should rely conservatively upon these estimates to gauge the impact of implementation going forward.

Discussion of results in the following chapters is intended as a summary of extensive and voluminous cost allocation documentation produced during the Study. The results of this analysis will be presented as follows:

- **Introduction:** provides information regarding the services provided by the division.
- **Modifications or Issues:** discussions regarding any revisions to the current fee schedule, including elimination or addition of fees.
- **Detailed "Per Unit" Results:** comparison of the full cost of providing each unit of service to the current fee for each unit of service (where applicable).
- **Annualized Results:** utilization of volume of activity estimates annual subsidies and revenue impacts were projected.
- **Funding Breakout:** evaluation of the breakout of the funding sources of the Engineering Division on a per unit and annual basis.
- **Jurisdictional Comparison:** a brief comparison of current permits and services with other local jurisdictions.

The full analytical results were provided to City staff under separate cover from this summary report.

5. Engineering Division Fee Schedule Modifications

The Engineering Division is part of the Department of Sustainable Development. The Engineering Division is responsible for the review, administration, and processing of engineering permits and any development activity that occurs within the City's Right-Of-Way (ROW). Additionally, the Engineering staff also provides Site Plan reviews (as a member of the Development Review Committee), on-site paving, grading, drainage, utility reviews for Building Permits, review of private franchise utility and communication facility construction permits in the Public Right-of-Way. These reviews verify compliance with state and local ordinances regarding development standards. The following subsections discuss the permits evaluated in this study in the context of proposed modifications made to the current fee schedule, the detailed per unit results, annual results, and comparative survey of some sample fee scenarios.

In discussion with Engineering staff there were a variety of modifications proposed to the current fee schedule, in association with the rollout of the new permitting software system in Fall of 2019. The purpose of these modifications was to not only clarify the existing fee schedule but to also streamline the existing fee schedule. The following subsections discuss the major modifications proposed to the fee schedule:

1 TRANSITION OF JOB COST FEES TO FLAT FEES

Currently, the majority of right-of-way permit review and inspection activities on the current fee schedule are based upon the estimated cost of constructing the improvements included in the permit. However, in discussion with staff it was determine that certain fees can be charged as flat fees as the review and inspection is fairly standardized for those services, these include the following fees:

- Engineering Landscaping (Residential vs. Commercial)
- Street Light in ROW
- Boat Lift

The transitioning of these fees to flat fees will not only provide greater transparency to applicants regarding their fees but also be simpler for counter staff to administer since it eliminates the need to verify construction cost estimates and calculate formulas.

2 INTRADEPARTMENTAL SUPPORT FEES

Engineering staff also provide reviews for site plan applications and construction permit applications that are processed through the Urban Design and Planning Division (UD&P) Division and the Building Division, respectively. The main objectives of the engineering reviews are to verify compliance with the City's Uniform Land Development Regulations

and the federal, state and local engineering standards applicable to the proposed improvements. The project team worked with the staff to identify for each specific division – Planning and Building, the specific areas of support that are provided. Similar to the new fees, the primary purpose of this activity is to identify activities and functions performed by the division in relation to other fee-related activities. The following list shows by division the specific fee-related services that are provided by Engineering:

- **Urban Design and Planning – Development Review Committee:**

  - DRC Site Plan Level I / Admin Review
  - DRC Site Plan Levels II – IV Reviews
  - Pre-Application Meeting
  - Vacation
  - Plat

- **Building – Construction Permit Applications:**

  - Single Family Residential
  - Duplex / Triplex / Small Commercial
  - Large Commercial Projects
  - Docks / Seawalls
  - Temporary Structures in Easements
  - Demolitions (Residential, Small Commercial, Large Commercial)
  - Residential Additions
  - Driveways and On-Site Paving
  - Miscellaneous
  - Foundation / Phase Permits (Commercial, Residential)
  - Early Start / Site Clearing and Grading Inspection (Residential, Commercial)
  - Final Survey (Residential, Partial or Temporary CO, Commercial)

It is important to note that in December 2018 the Department of Sustainable Development implemented a new fee called the “Premium Fee”. This fee was meant to partially offset review and inspection costs for the above listed permit types by the Zoning, Landscaping and Engineering disciplines. This premium fee was set as a flat fee rate with an additional variable fee based on a percentage of the construction value. This fee was intended to be an interim measure until a more detailed fee analysis could be conducted for each of those disciplines. This study has resulted in a more in-depth evaluation of the support for these fees and as such the fees determined through this study are being recommended to replace the engineering component of the Premium fee currently in effect.

The calculation of these fees will allow the division to more accurately capture costs associated with reviewing permitting processes that are administered by these divisions. Additionally, it will ensure that if the City chooses to charge fees for these services it can recover for the time spent by Engineering staff to review these permits and applications.

3 NEW FEES

Engineering staff currently provides a variety of services for which it does not assess any fees. Through this process, staff wanted to identify these services even if no fees are implemented for these activities, these fees include:

- Administrative Fees for revisions, extensions, and renewals
- Bond processing and refunds
- Sidewalk and Seawall Waiver Requests
- Applications for Water Services
- Water & Wastewater FDEP Permit Processing Fee
- Revocable Licenses
- Maintenance Declarations
- Easements
- Franchise Utilities
- Expedited Review

The results of these proposed modifications would allow the Engineering Division to more accurately account for all the services that its providing within its division as well as other City Departments.

6. Detailed "Per Unit" Results

The Engineering Services Division provides a variety of services as it relates to reviewing and inspecting development projects. During this process, the project team worked with the Division to classify these services into major categories. The following subsections discuss the total cost per unit calculated through the study for these major service areas. The total cost calculated in these subsections includes direct costs, departmental overhead, and citywide overhead.

1 ENGINEERING SERVICES – FLAT FEES

The first section explored by the project team with the Division was in relation to the flat fees provided specific to Engineering services. The following table shows for each flat fee line item, the total cost per unit calculated, and the associated surplus / (deficit):

Table 5: Total Cost Per Unit Results – Engineering Services – Flat fees

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Special Inspection - After Hours:			
Base Fee (3 hr min at Overtime Rate)	$80	$268	($188)
Each Addl. Hour		$70	
Engineering Dewatering[2] + Inspection Hrly	$80	$188	($108)
Engineering - MOT (Closure of Right-of-way)[2] + Inspection Hrly	$80	$206	($126)
Newsrack fee	$125	$134	($9)
Engineering - Mitigation Fee[2] + Inspection Hrly	$80	$165	($65)
Engineering Transit	$191[3]	$175	$16
Engineering Miscellaneous Permit	$80	$160	($60)
Temporary Right-of-Way Permit (i.e. crane)[2] + Inspection Hrly	$80	$957	($877)
Engineering Monitoring Well	$80	$115	($35)

As the table indicates that Engineering services is under-recovering for the majority of its flat fees. On average the per unit cost recovery for flat fees for engineering services is approximately 67%.

Along with evaluating existing flat fees for Engineering Services, the project team worked with the City and the Division to identify and categorize services currently being provided based upon job cost, but could be charged as flat fees. The transitioning of job cost to flat fees allows the Division to more accurately collect its fees upfront from the applicant and mitigate the need for tracking time for these services. The following table shows for the new / proposed flat fees, the total cost per unit calculated through the study.

[2] The total cost calculated for this fee is only representative of review time, inspection for this fee would be billed based upon actual hours of inspection conducted.
[3] The $191 current fee is based on $101.95 minimum permit fee as well as $44.50 per 0.25 hours and the time estimate assumes 0.5 hour of inspection, so it is $101.95 + $44.50*2 (2 increments of 0.25 hours) to equal $190.95.

Table 6: Total Cost Per Unit Results – Engineering Services – New / Proposed Flat Fees

Fee Name	Total Cost Per Unit
Change of Contractor	$101
Engineer Re-Review – per ½ hour	$60
Engineer Re-Inspection – per ½ hour	$55
Inspection Hourly Rate – per hour	$110
Permit Revision Fee – per revision	$115
Expired Permit Renewal Fee	$25
Permit Extension Fee	$25
Lost Plan Renewal Fee	$96
Engineering - Landscaping:	
Residential	$175
Commercial	$590
Engineering - Street Lighting in ROW	$295
Sidewalk Waiver Requests	$175
Seawall Waiver Requests	$175
Engineering - Boat Lift	$230

Based upon the proposed / new fees, the Engineering Landscape Commercial has the highest cost at $590 while Expired Permit Renewal Fee and Permit Extension fee have the lowest cost at $25.

In addition to these fee items, the City also wanted to identify a penalty fee, known as an After the Fact Fee. As this is a penalty the City is recommending to set this fee at double the permit fee.

2 ENGINEERING SERVICES – JOB COST FEES

The City of Fort Lauderdale similar to other Engineering agencies charges for plan check and inspection services of major construction projects based upon the cost of the work performed in the right-of-way. These types of fees are typically known as job cost fees, as the fee calculated is based on a percentage of the total cost of the job.

In order to calculate the total cost based upon project job cost, the project team worked with Division staff to collect time estimate information based upon different job project values as well as based upon the type of the project and work being performed (i.e. sidewalk, water, stormwater, etc.). The total time collected accounted for any administrative work that needed to be done related to project intake and closeout, the review and re-review of project plans, as well as inspection and re-inspection of those projects over the life of the project. The following table shows by the type of project, the current percentage of job cost charged, the calculated percentage of job cost, and the associated surplus / (deficit):

Table 7: Total Cost Per Unit Results – Engineering Services – Job Cost Fees

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Sidewalk, Curb, Paving, Concrete, etc. - % Of Job Cost	5%	2%	3%
Water & Sewer - % Of Job Cost	5%	3%	2%
Stormwater - % Of Job Cost	5%	2%	3%
General Right-of-Way Construction - % of Job Cost	5%	2%	3%

As the table indicates, the City is currently over-recovering for all of its job cost-based fees. The City's current fee of 5% of the job cost accounts for more than the average time estimated for administrative, plan check and inspection services.

It is important to note that the current engineering fees do not identify a maximum fee amount. The Engineering Division may want to consider setting a maximum fee amount, this amount could be different for the four different categories, but that would help ensure there are no outrageous fee amounts charged if a project has a significantly high improvement cost. The other option that the division may consider in those types of scenarios is to establish a development agreement rather than charging fees based upon the fee schedule.

In addition to the fees noted above, the Engineering Division also support the Public Works Division in the review and inspection of Sewer Laterals. As this fee is administered by the Public Works Department it was not included in this analysis and was not costed out. The City of Fort Lauderdale currently charges $2,000 base fee and 7% of the job cost as the fee for sewer laterals.

3 ENGINEERING SERVICES – DEVELOPMENT REVIEW COMMITTEE

As a member of the Development Review Committee (DRC), the Engineering Division provides reviews for site plans, site plan amendments, vacations, plats and other activities to verify that the adequacy requirements of the City's Uniform Land Development Regulations are satisfied. The Division does not currently have a mechanism in place to charge for these review services. The project team worked with staff to identify the specific services and the time spent reviewing these activities. The following table shows for DRC-related activities, the total cost per unit calculated through this study:

Table 8: Total Cost Per Unit Results – Engineering Services – DRC Support

Fee Name	Total Cost Per Unit
DRC Site Plan Level I - Admin Review	$505
DRC Site Plan Levels II - IV	$2,399
Pre-Application Meeting	$205
Right-of-Way Vacation	$1,061
Plat	$1,146

Based upon the services indicated, the Engineering Division provides the least amount of support as it relates to Pre-Application Meetings resulting in a cost of $205, compared to DRC Site Plan Levels II-IV of $2,399, to which it provides the maximum amount of support.

The Division should work with departmental managers to charge for their services either as a separate fee on Engineering fee schedule, or built into the total fee charged by the Urban Design and Planning Division. This will ensure that the Division is able to account for its support on DRC fees.

4 ENGINEERING SERVICES – BUILDING / CONSTRUCTION PERMIT APPLICATIONS

The Engineering Division reviews construction permit applications that are submitted through the Building Division to verify that the site improvements meet federal, state and local regulations for stormwater management, utilities, grading, access, circulation, parking and other civil/site improvements. The project team worked with staff to identify which Building permits and projects are routed to Engineering, and the average amount of time it takes to review these types of projects. The following table shows by building permit / project type, the total cost calculated through this study:

Table 9: Total Cost Per Unit Results – Engineering Services – Building / Construction Permit Application Support

Fee Name	Total Cost Per Unit
Single Family Residential	$230
Duplex / Triplex / Small Commercial	$1,361
Large Commercial Projects	$3,736
Docks / Seawalls	$245
Temporary Structures in Easements	$220
Demolition	
Residential	$220
Small Commercial	$440
Large Commercial	$836
Residential Additions	$275
Driveways and On-Site Paving	$220
Miscellaneous	$265
Foundation / Phase Permit:	
Commercial	$1,160
Residential	$680
Early Start / Site Cleaning and Grading Up to 1st inspection	
Residential / Small Commercial	$120
Commercial (Large)	$240
Final Survey - Building Permits	
Residential / Small Commercial	$470
Residential / Small Commercial - Partial or Temporary CO	$470
Commercial (Large)	$1,070
Commercial (Large) - Partial or Temporary CO	$1,070

As the table indicates, depending upon the scope of the building or construction permit, there is substantial support provided by the Engineering Division. Therefore, based upon the project type, the Division would charge a flat fee.

As discussed in the modifications section, the Division does have a new "premium" fee that is meant to capture the support provided by engineering for building permit review and inspection. This fee is charged as $88 + 0.31% of construction project value.

The Engineering Division staff should review the total cost calculated for the different project types and work with staff in Building staff to determine if it is feasible to charge for these items as a flat review fee or if the "premium" fee should continue to be applied. The Engineering Division should not charge both for these review and inspection services identified in the previous table and the premium fee. There should only be one fee or the other, as these are mutually exclusive charges. Charging these as separate fees will ensure there is no co-mingling of funds with the Building Fund per Florida Building Code, as well as that developers are paying for the full cost associated with development permits and projects.

5 ENGINEERING DIVISION – UTILITIES AND TELECOMMUNICATIONS

The Engineering Division provides specific support and review services in relation to Private Utilities and Telecommunications. The following table shows for these types of services, the total cost calculated through the study:

Table 10: Total Cost Per Unit Results – Engineering Services – New Fees / Non-Fee Related Activities

Fee Name	Total Cost Per Unit
Private Utility - Franchise Utilities	
TECO - Gas Utilities - residential single hookup	$185
Other Utilities	$535
Telecommunications Permits	
Distributed Antenna Systems (DAS)	$220
Aboveground Cabinet / Facilities	$610

The project team recommends reviewing these services to determine the appropriate cost recovery level and fees to be charged.

6 ENGINEERING SERVICES – NEW FEES

Along with providing many fee-related services, the Engineering Division also works on certain activities that are not related to any types of permitting activity, but do provide a service to the customer. These activities are in relation to bond processing, capacity analysis, etc. The following table shows for these types of services, the total cost calculated through the study:

Table 11: Total Cost Per Unit Results – Engineering Services –Non-Fee Related Activities

Fee Name	Total Cost Per Unit
Water & Wastewater / Sewer Florida Department of Environmental (FDEP) Permits	
Large Project	$682
Small Project	$341
Maintenance Declaration - per declaration	$677
Easement - per easement	$653
Capacity Analysis	
Large Project	$2,399
Small Project	$960
Bonds:	
Bond Processing / Intake - per bond	$263
Refund / Release of Bonds - per bond	$235
Applications for Water Services (4" and Larger)	$525
Revocable Licenses (RLs) + Inspection Monthly	$4,179
Revocable Licenses Extension + Inspection Monthly	$1,003

The costs associated with some of the non-fee related activities are minimal in nature such as $341 for small wastewater FDEP Permit; however, other services such as Revocable Licenses are up to $4,179. While some of these fees might be more customer service in nature and the Division may not want to assess a fee amount to the public it is still important for the Division to understand the cost associated with providing these services.

The project team recommends reviewing all of these services to determine for which services if any the Division would like to assess fees and the level at which those fees should be assessed. The project team has calculated the full cost of these services, but depending upon the applicant and service type the Division may want to consider at what level the fee should be charged.

7 ENGINEERING SERVICES – EXPEDITED REVIEW / AFTER HOURS

The Engineering Division is in the process of implementing an expedited review and inspection program. The nature of expedited review or inspection services are that these services are typically provided after hours and allow for permits and applications to be processed quicker, as staff stay and work overtime and / or these applications and inspections are conducted by third-party external consultants.

Due to the variability in nature of who can provide these services, the most defensible methodology being recommended by the project team is to charge actual cost for these services. Therefore, if an applicant requests expedited review on their services, and their plans are reviewed on overtime by an engineer, the applicant would be charged an hourly rate of the engineer at overtime and billed for the total hours that the plan was reviewed.

This ensures that the applicant never pays more than it costs to provide the service by the City. The following table shows the full cost calculated through this study for afterhours expedited review:

Table 12: Total Cost Per Unit Results – Expedited Review / After Hours

Fee Name	Total Cost Per Unit
Expedited Review / After Hours – Base Fee (3 hr Min) at Overtime Rate	$305
Expedited Review / After Hours – Each Addl. Hour	$79

As the table indicates, the after hours or expedited review rate for an Engineer would require a base fee of 3 hr minimum of $305 and then for each additional hour there would be an extra charge of $79 per hour. This fee would need to be paid prior to building permit issuance.

8 SUMMARY OF PER UNIT RESULTS

Overall, the Engineering Division is only charging for a small proportion of its services. For the services it is charging the division is recovering on average approximately 52% of its costs. This 52% average cost recovery assumes that if at least one of each fee and service type was charged by the Division, the percentage of costs being recovered would be 23%. The low cost recovery is primarily driven by the majority of the services for this Division having no current fees (i.e. DRC support, building / construction permit support, and non-fee related activities).

The results in this chapter and this report are meant to serve as a guiding point for the Division staff and Management staff. These results enable the staff to review each fee line item and determine the appropriate fee amount to be recommended for implementation.

7. Annual Revenue Impacts

Based upon annual workload information, as well as the current fee (or lack thereof) and the total cost calculated through this analysis, the project team calculated the projected annual revenue impacts. The revenue impacts analysis utilizes workload information from 2018 and applies it to the costing information for 2019. This is the typical methodology utilized for revenue projections calculation as the prior year's workload is most reflective of current and future year implications. The project team reviewed these workload revenue impacts with City staff to ensure that they were reflective of projected workload trends. The following subsections present the revenue impacts for each of the different fee sections evaluated:

1 ENGINEERING SERVICES – FLAT FEES

The first section explored by the project team with the Division was in relation to the flat fees provided specific to Engineering services. These permit types are categorized as flat fees as they are fairly standardized in nature. The following table shows for each flat fee line item, the annual workload amount, the revenue at current fee (if applicable), the total annual cost, and the resulting annual surplus / (deficit).

Table 13: Annual Results – Engineering Services – Flat fees

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Engineering Dewatering	21	$1,680	$3,938	($2,528)
Engineering - MOT (Closure of Right-of-way)	109	$8,720	$22,449	($13,729)
Engineering - Mitigation Fee	215	$17,200	$35,476	($18,276)
Engineering - Transit	13	$2,482	$2,278	$205
Temporary Right-of-Way Permit (i.e. crane)	14	$1,120	$13,392	($12,272)
Landscaping – Residential	208	$0	$36,440	($36,440)
Engineering - Monitoring Well	4	$320	$461	($141)
Engineering - Street Lighting in ROW	8	$0	$2,361	($2,361)
Sidewalk Waiver Requests	3	$0	$526	($526)
Seawall Waiver Requests	3	$0	$526	($526)
Engineering - Boat Lift	85	$0	$19,587	($19,587)
TOTAL		**$31,522**	**$137,432**	**($105,910)**

As the table indicates, the annual deficit associated with flat fee is approximately $106,000. The $106,000 under-recovery represents a cost recovery level of 23%.

2 ENGINEERING SERVICES – JOB COST FEES

The project team worked with Division staff to collect information regarding job cost fees. These fees are categorized as job cost fees, as their level of effort is dependent upon the scope and scale of the project. The following table shows the total revenue collected for job cost projects and the total expenses calculated and the resulting surplus / (deficit).

Table 14: Annual Results – Engineering Services – Job Cost fees

Category	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Job Cost Fees	$487,478[4]	$222,847	$264,631

As the table indicates, in regards to job cost fees, the Division is over-recovering its costs. Based upon the types and number of projects, the project team has estimated that this over-recovery is approximately $265,000.

However, it is important to note that in the flat fees section there are several line items that were previously considered to be job cost fees, but are being proposed to be transitioned to flat fees. As such, the project team has combined the results of the flat fees analysis with the job cost analysis to show the overall revenue results for the Engineering Division:

Table 15: Annual Results – Engineering Services – Flat Fee and Job Cost fees

Category	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Flat Fees	$31,522	$137,432	($105,910)
Job Cost Fees	$487,478	$222,847	$264,631
TOTAL	**$519,000**	**$360,285**	**$158,715**

As the table indicates, based upon this revised analysis, the overall surplus for the Engineering Division is approximately $159,000. This $159,000 surplus represents a cost recovery level of 144%.

3 ENGINEERING SERVICES – DRC SUPPORT FEES

As the Engineering Services Division does not currently charge any fees for its Development Review Committee (DRC) Support services, the project team projected the annual cost associated with reviewing DRC applications. The following table shows by DRC application types, the number of reviews done and the total annual cost.

[4] The division received a total revenue of $519,000 of which $31,522 has been accounted for through the flat fees, so the remaining revenue is in relation to the job cost fees.

Table 16: Annual Results – Engineering Services – DRC Support fees

Fee Name	Annual Volume	Total Cost - Annual
DRC Site Plan Level I - Admin Review	105	$53,030
DRC Site Plan Levels II – IV	90	$215,919
Pre-Application meeting	10	$2,052
Right-of-Way Vacation	25	$26,513
Plat	5	$5,728
	TOTAL	**$303,243**

Based upon the number of DRC reviews performed the Engineering Division is spending approximately $303,000 annually in supporting the Development Review committee reviews.

4 ENGINEERING SERVICES – BUILDING SUPPORT FEES

Similar to the DRC support, the Engineering Division does not receive revenue for its review and inspection of Building permits. The following table shows by building project types, workload performed, and the total annual cost.

Table 17: Annual Results – Engineering Services – Building Support fees

Fee Name	Annual Volume	Total Cost - Annual
Single-Family Residential	190	$43,782
Duplex / Triplex / Small Commercial	56	$76,204
Large Commercial Projects	70	$261,501
Docks / Seawalls	288	$70,701
Temporary Structures in Easements	316	$69,596
Demolition		
Residential	118	$25,988
Small Commercial	11	$4,845
Large Commercial	105	$87,771
Residential Additions	144	$39,669
Driveways and On-Site Paving	765	$168,484
Miscellaneous	462	$122,563
Foundation / Phase Permit:		
Commercial	11	$12,762
Residential	23	$15,649
Early Start / Site Cleaning and Grading Up to 1st inspection		
Residential / Small Commercial	7	$840
Commercial (Large)	60	$14,395
Final Survey - Building Permits		
Residential / Small Commercial	246	$115,704
Residential / Small Commercial - Partial or Temporary CO	82	$38,568
Commercial (Large)	70	$74,908
Commercial (Large) - Partial or Temporary CO	23	$24,613
	TOTAL	**$1,268,541**

As the table indicates, the Engineering Division spends approximately $1.3 million annually in relation to review and inspection of Building permit projects.

The Division's recently implemented "premium" fee for Building services generated an approximate revenue of $180,000. The following table compares the current revenue received in relation to building permit review and inspection support to the total annual cost:

Table 18: Annual Results – Building Support Fees

Category	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Building Support Fees	$180,000	$1,268,541	($1,088,541)

As the table indicates, even with the offsetting revenue associated with the premium fee, the Engineering Division is under-recovering by approximately $1.1 million. The premium fee revenue represents a cost recovery level of 14%.

The largest source of this deficit is $261,500 related to review of large commercial projects. While there is not a significant volume of commercial projects, the per unit cost for review and inspection of large commercial projects is approximately $3,376. Therefore, this results in a large source of under-recovery for the Division.

The $1.1 million under-recovery is notably greater than the $303,000 annual under-recovery for development review committee applications. Per Florida state statute costs associated with building permit reviews should be recovered through building permit fees. As such, the Engineering Division should review this information with departmental managers from Building and ensure that either the premium fee structure is evaluated to determine the correct fee amount or certain flat fees are charged on behalf of Engineering to allow for greater cost recovery.

5 ENGINEERING SERVICES – UTILITY AND TELECOMMUNICATION FEES

The next section evaluated by the project team was in relation to utility and telecommunication fees. The following table shows for each activity, the annual workload, and the associated annual cost.

Table 19: Annual Results – Engineering Services – Franchise / Telecommunications

Fee Name	Annual Volume	Total Cost - Annual
Private Utility - Franchise Utilities		
TECO - Gas Utilities - residential single hookup	133	$24,642
Other Utilities	288	$154,121
Telecommunications Permits		
Distributed Antenna Systems (DAS)	50	$11,012
	TOTAL	**$189,755**

As the table indicates, the annual cost associated with review and inspection of private franchise utilities and telecommunications permits is approximately $190,000.

6 ENGINEERING SERVICES – NEW FEES

The last section evaluated by the project team was in relation to non-fee related activities. The following table shows for each activity, the annual workload, and the associated annual cost.

Table 20: Annual Results – Engineering Services – New Fees

Fee Name	Annual Volume	Total Cost – Annual
Water & Wastewater Florida Dept of Env. (FDEP) Permits		
Large Project	144	$98,162
Small Project	12	$4,090
Maintenance Declaration – per declaration	19	$12,856
Easement – per easement	67	$43,735
Capacity Analysis		
Large Project	21	$50,381
Small Project	31	$29,749
Bond Processing / Intake – per bond	270	$70,927
Refund / Release of Bonds – per bond	270	$63,566
Applications for Water Services	72	$37,828
Revocable Licenses	15	$62,687
	TOTAL	**$473,981**

As the table indicates, the annual cost for non-fee related activities is approximately $474,000 The largest proportion of this is equated with large projects for Water and Wastewater FDEP permits at $98,000. The next largest deficit at $71,000 is related to bond processing and intake fees.

The Engineering Services Division management staff should review each of these line items and determine which services are appropriate for charging fees to allow for some cost recovery.

7 SUMMARY OF REVENUE IMPACTS

The project team compiled all of the revenue impacts for each of the individual fee types and calculated the overall revenue impact for the Division. The following table shows by major fee category, the total revenue at current fee, the total annual cost, and the resulting surplus / (deficit).

Table 21: Annual Results – Engineering Services – All Fees

Category	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Flat Fees	$31,522	$137,438	($105,916)
Job Cost Fees	$487,478	$222,847	$264,631
DRC Support Fees	$0	$303,243	($303,243)
Building Support Fees	$180,000	$1,268,541	($1,088,541)
Utilities / Telecommunications	$0	$189,775	($189,775)
New Fees	$0	$473,981	($473,981)
TOTAL	**$699,000**	**$2,595,825**	**($1,896,824)**

As the table indicates, overall Engineering Services is under-recovering for its costs by approximately $1.9 million. The $1.9 million under-recovery represents a cost recovery level of 27%. The largest source of this under-recovery is building support and new non-fee related activities. The Engineering Services staff should review the fee categories in both those areas and determine where appropriate to start charging fees for those services.

8. Funding Breakout

The Engineering Division while housed in Department of Sustainable Development consists of staff that are funded through a variety of the City's funding sources, including the general fund (department of sustainable development), stormwater fund, wastewater fund, and water fund. As these different funds pay for the staff that perform certain engineering and development reviews, the best practice is to ensure that the revenue is attributed to those funds who pay for the position(s) performing the review. The following subsections breakout the per unit results by funding source as well as the annual revenue impacts by funding source.

1 PER UNIT RESULTS BY FUNDING SOURCE

For each of the detailed per unit results in the previous section, the project team collected information regarding the different funding sources associated with each of those line items. The following subsections discuss for each of the service areas, the different funding sources.

1.1 Engineering Services – Flat Fees

As it relates to the current and proposed flat fees, there are only two main funding sources: Department of Sustainable Development (DSD) and Stormwater (SW). The following table shows the breakout of these two sources based upon the total cost per unit:

Table 22: Breakout by Funding Source – Engineering – Flat Fees

Fee Name	Department of Sustainable Development (DSD)	Stormwater (SW)	Total Cost Per Unit
Change of Contractor	$101		$101
Engineer Re-Review – per ½ hour	$60		$60
Engineer Re-inspection – per ½ hour	$55		$55
Special Inspection - After Hours:			
Base Fee (up to 3 hours)	$243		$243
Each Addl Hour	$81		$81
Permit Revision Fee – per revision	$115		$115
Expired Permit Renewal Fee	$25		$25
Permit Extension Fee	$25		$25
Lost Plan Renewal Fee	$96		$96
Engineering Dewatering[5] + Inspection Hrly	$81	$107	$188
Engineering - MOT (Closure of Right-of-way)	$206		$206

[5] Only includes the cost associated with review, inspections are billed based on actual cost.

Fee Name	Department of Sustainable Development (DSD)	Stormwater (SW)	Total Cost Per Unit
Newsrack fee	$134		$134
Engineering – Mitigation Fee	$165		$165
Engineering – Transit	$175		$175
Engineering – Miscellaneous Permit	$160		$160
Temporary Right-of-Way Permit (i.e. crane)[6] + Inspection Hourly	$957		$957
Engineering – Landscaping:			
Residential	$175		$175
Commercial	$590		$590
Engineering – Monitoring Well	$115		$115
Engineering – Street Lighting in ROW	$295		$295
Sidewalk Waiver Requests	$175		$175
Seawall Waiver Requests	$175		$175
Engineering – Boat Lift	$230		$230

As the table indicates the majority of the flat fees for Engineering are funded through Development Services activities, with only one fee item related to Dewatering. The Dewatering Fee engineering review is conducted by the Stormwater Engineer in Department of Sustainable Development as such the revenue associated with the review portion of this fee should be apportioned to the Stormwater Fund.

1.2 Engineering Services – Job Cost Fees

In regards to the job cost fees, similar to the flat fees there was a simplistic breakout of funding sources. The following table shows the breakout of the sources based upon the total cost per unit:

Table 23: Breakout by Funding Source – Engineering – Job Cost fees

Fee Name	Department of Sustainable Development (DSD)	Stormwater (SW)	Wastewater (WW)	Water (W)	Total Cost Per Unit
Sidewalk, Curb, Paving, Concrete, etc. - % of Project Cost	2%				2%
Water & Sewer - % of Project Cost			1.5%	1.5%	3%
Stormwater - % of Project Cost		2%			2%
General Right-of-Way - % of Project Cost	2%				2%

As the table indicates the funding source follows the type of the project, for example, the Stormwater improvement project is funded 100% through Stormwater, whereas the Water

[6] Only includes the cost associated with review, inspections are billed based on actual cost.

and Sewer projects are split funded between Wastewater and Water Sources. As noted in the per unit results section, there is another job cost fee associated with Sanitary Sewer Laterals. However, that fee is charged and administered by Public Works and is funded directly through Wastewater fees. These fees have not been included in this study; however, Engineering Division staff does spend time reviewing and inspection those permits those right-of-way permits.

1.3 Engineering Services – DRC Support

The DRC Support fees are also split funded between a variety of sources. The following table shows the breakout of the sources based upon the total cost per unit:

Table 24: Breakout by Funding Source – Engineering – DRC Support fees

Fee Name	Department of Sustainable Development (DSD)	Wastewater (WW)	Water (W)	Total Cost Per Unit
DRC Site Plan Level I - Admin Review	$505			$505
DRC Site Plan Levels II - IV	$1,440	$480	$480	$2,399
Pre-Application Meeting	$205			$205
Right-of-Way Vacation	$1,061			$1,061
Plat	$1,146			$1,146

As the table indicates, the only fee that is split funded for DRC support is in relation to DRC Site Plan Levels II-IV. This is primarily because these type of site plan applications can require more intensive review including reviewing conditions regarding the placement of utilities.

1.4 Engineering Services – Building Support

The Building Support fees are also split funded between a variety of sources. The following table shows the breakout of the sources based upon the total cost per unit:

Table 25: Breakout by Funding Source – Engineering – Building Support fees

Fee Name	Department of Sustainable Development (DSD)	Wastewater (WW)	Water (W)	Total Cost Per Unit
SFR	$230			$230
Duplex / Triplex / Small Commercial	$1,361			$1,361
Large Commercial Projects	$2,241	$747	$747	$3,736
Docks / Seawalls	$245			$245
Temporary Structures in Easement	$220			$220
Demolition				
Residential	$220			$220
Small Commercial	$440			$440
Large Commercial	$836			$836
Residential Additions	$275			$275

Fee Name	Department of Sustainable Development (DSD)	Wastewater (WW)	Water (W)	Total Cost Per Unit
Driveways and On-Site Paving	$220			$220
Miscellaneous	$265			$265
Foundation / Phase Permit:				
Commercial	$1,160			$1,160
Residential	$680			$680
Early Start / Site Cleaning and Grading Up to 1st inspection				
Residential / Small Commercial	$120			$120
Commercial (Large)	$240			$240
Final Survey - Building Permits				
Residential / Small Commercial	$470			$470
Residential / Small Commercial - Partial or Temporary CO	$470			$470
Commercial (Large)	$1,070			$1,070
Commercial (Large) - Partial or Temporary CO	$1,070			$1,070

Similar to the DRC support fees, there is only one fee under Building Support, which has multiple funding sources and this fee is in relation to Large Commercial Projects. Similar to the complex DRC projects, these types of projects generally involve review and inspection of utilities.

1.5 Engineering Services – Utility and Telecommunication Fees

The Franchise and telecommunication fees are all funded by a singular source. The following table shows the breakout of the sources based upon the total cost per unit:

Table 26: Breakout by Funding Source – Engineering – Utility and Telecommunication Permits

Fee Name	Department of Sustainable Development (DSD)	Total Cost Per Unit
Private Utility - Franchise Utilities		
TECO - Gas Utilities - residential single hookup	$185	$185
Other Utilities	$535	$535
Telecommunications Permits		
Distributed Antenna Systems (DAS)	$220	$220
Aboveground Cabinet / Facilities	$610	$610

As the table indicates the Utility and Telecommunications permits are all DSD funded.

1.6 Engineering Services – New Fees

The New Fees are primarily split between three funding sources – Department of Sustainable Development, Wastewater and Water. The following table shows the

breakout of the sources based upon the total cost per unit:

Table 27: Breakout by Funding Source – Engineering – New Fees

Fee Name	Department of Sustainable Development (DSD)	Wastewater (WW)	Water (W)	Total Cost Per Unit
Water & Wastewater / Sewer Florida Department of Environmental (FDEP) Permits				
Large Project	$227	$227	$227	$682
Small Project	$114	$114	$114	$341
Utility Registration - per utility	$60			$60
Maintenance Declaration - per declaration	$677			$677
Easement - per easement	$653			$653
Capacity Analysis				
Large Project		$1,200	$1,200	$2,399
Small Project		$480	$480	$960
Bond Processing / Intake - per bond	$263			$263
Refund / Release of Bonds - per bond	$235			$235
Applications for Water Services	$405		$120	$525
Revocable Licenses (RLs)	$4,179			$4,179
Revocable Licenses Extension	$1,003			$1,003

As the table indicates there are only a couple of services for which there is split funding. The Water and Wastewater Permits are split between Water and Wastewater, as well as the Capacity Analysis permits.

2 ANNUAL REVENUE IMPACTS BY FUNDING SOURCE

Similar to the per unit calculations by funding source, the project team also calculated the annual revenue impacts by funding source. The following subsections show the revenue breakout for each of the fee sections evaluated.

2.1 Engineering Services – Flat Fees

As discussed in the first section there are two primary funding source for flat fees – Department of Sustainable Development and Stormwater. The following table shows the annual cost broken out by fee type and funding source:

Table 28: Annual Cost Breakout by Funding Source – Engineering – Flat Fees

Fee Name	Department of Sustainable Development (DSD)	Stormwater (SW)	Annual Cost
Engineering Dewatering[7] + Inspection Hrly	$1,693	$2,245	$3,938
Engineering - MOT (Closure of Right-of-way)	$22,449	$0	$22,449
Engineering - Mitigation Fee	$35,476	$0	$35,476
Engineering - Transit	$2,278	$0	$2,278
Temporary Right-of-Way Permit (i.e. crane)[8] + Inspection Hrly	$13,398	$0	$13,398
Landscaping – Residential	$36,440	$0	$36,440
Engineering - Monitoring Well	$461	$0	$461
Engineering - Street Lighting in ROW	$2,361	$0	$2,361
Sidewalk Waiver Requests	$526	$0	$526
Seawall Waiver Requests	$526	$0	$526
Engineering - Boat Lift	$19,587	$0	$19,587

Based upon the table, as it relates to flat fees, only $2.245 of the total annual cost is associated with Stormwater. The remainder of the annual cost, approximately $129,776 is associated with the Department of Sustainable Development.

2.2 Engineering Services – Job Cost Fees

For job cost fees there are a variety of different funding sources, depending upon the nature of the improvement project. The following table shows the annual cost broken out by fee type and funding source:

Table 29: Annual Cost Breakout by Funding Source – Engineering – Job Cost Fees

Fee Name	Department of Sustainable Development (DSD)	Stormwater (SW)	Wastewater (WW)	Water (W)	Total Annual Cost
Sidewalk, Curb, Paving, Concrete, etc. - % of Project Cost	$115,067				$115,067
Water & Sewer - % of Project Cost			$41,662	$41,662	$83,325
Stormwater - % of Project Cost		$23,807			$23,807

As the table indicates the total annual cost for the job cost fees is approximately $222,199, with approximately half of the cost associated with the Department of Sustainable Development funding source.

2.3 Engineering Services – DRC Support Fees

[7] The total cost calculated only includes review time, as inspection will be billed hourly. Therefore, the revenue is only attributable to stormwater.

[8] The total cost calculated only includes review time, as inspection will be billed hourly. Therefore, the revenue is only attributable to stormwater.

For the DRC Support fees, there are a variety of funding sources. The following table shows the annual cost broken out by application type and funding source:

Table 30: Annual Cost Breakout by Funding Source – Engineering – DRC Support fees

Fee Name	Department of Sustainable Development (DSD)	Wastewater (WW)	Water (W)	Total Annual Cost
DRC Site Plan Level I - Admin Review	$53,030	$0	$0	$53,030
DRC Site Plan Levels II - IV	$129,551	$43,184	$43,184	$215,919
Pre-Application Meeting	$2,052	$0	$0	$2,052
Right-of-Way Vacation	$26,513	$0	$0	$26,513
Plat	$5,728	$0	$0	$5,728

As the table indicates, for DRC support fees only, the Site Plans Levels II-IV had minimal revenue associated with non-DSD funding sources of wastewater and water.

2.4 Engineering Services – Building / Construction Permit Support Fees

There are a variety of funding sources associated with Building / Construction Permit Support fees. The following table shows the annual cost broken out by application type and funding source:

Table 31: Annual Cost Breakout by Funding Source – Engineering – Building Support fees

Fee Name	Department of Sustainable Development (DSD)	Wastewater (WW)	Water (W)	Total Annual Cost
Single-Family Residential	$43,782	$0	$0	$43,782
Duplex / Triplex / Small Commercial	$76,204	$0	$0	$76,204
Large Commercial Projects	$156,901	$52,300	$52,300	$261,501
Docks / Seawalls	$70,701	$0	$0	$70,701
Temporary Structures in Easement	$36,408	$0	$0	$36,408
Demolition				
Residential	$25,988	$0	$0	$25,988
Small Commercial	$4,845	$0	$0	$4,845
Large Commercial	$87,771	$0	$0	$87,771
Residential Additions	$39,669	$0	$0	$39,669
Driveways and On-Site Paving	$168,484	$0	$0	$168,484
Miscellaneous	$122,563	$0	$0	$122,563
Foundation / Phase Permit:				
Commercial	$12,762	$0	$0	$12,762
Residential	$15,649	$0	$0	$15,649

Fee Name	Department of Sustainable Development (DSD)	Wastewater (WW)	Water (W)	Total Annual Cost
Early Start / Site Cleaning and Grading Up to 1st inspection				
Residential / Small Commercial	$840	$0	$0	$840
Commercial (Large)	$14,395	$0	$0	$14,395
Final Survey - Building Permits	$0	$0	$0	
Residential / Small Commercial	$115,704	$0	$0	$115,704
Residential / Small Commercial - Partial or Temporary CO	$38,568	$0	$0	$38,568
Commercial (Large)	$74,908	$0	$0	$74,908
Commercial (Large) - Partial or Temporary CO	$24,613	$0	$0	$24,613

There is only one fee in the table above, which is split funded – the Large Commercial projects. Based upon the results in the table above, the majority of the costs associated with building project reviews annually should be allocated to the Department of Sustainable Development with some minimal costs associated with the utility funds.

2.5 Engineering Services – Utility and Telecommunication Fees

As the per unit breakout revealed, the utility and telecommunication fees have only a singular funding source – DSD. Therefore, the annual revenue associated with those fees is also DSD related. The following table shows the annual cost broken out by application type and funding source:

Table 32: Breakout by Funding Source – Engineering – Utilities / Telecommunication

Fee Name	Department of Sustainable Development (DSD)	Total Annual Cost
Private Utility - Franchise Utilities		
TECO - Gas Utilities - residential single hookup	$24,642	$24,642
Other Utilities	$154,121	$154,121
Telecommunications Permits		
Distributed Antenna Systems (DAS)	$11,012	$11,012

The fees above if were to be charged would directly impact the revenue for the Department of Sustainable Development.

2.6 Engineering Services – New Fees

The new fees being proposed by Engineering have a variety of funding sources. The following table shows the annual cost broken out by application type and funding source:

Table 33: Breakout by Funding Source – Engineering – New Fees

Fee Name	Department of Sustainable Development (DSD)	Wastewater (WW)	Water (W)	Total Annual Cost
Water & Wastewater / Sewer Florida Department of Environmental (FDEP) Permits				
Large Project	$32,721	$32,721	$32,721	$98,162
Small Project	$1,363	$1,363	$1,363	$4,090
Maintenance Declaration - per declaration	$12,856	$0	$0	$12,856
Easement - per easement	$43,735	$0	$0	$43,735
Capacity Analysis				
Large Project	$0	$25,191	$25,191	$50,381
Small Project	$0	$14,874	$14,874	$29,749
Bond Processing / Intake - per bond	$70,927	$0	$0	$70,927
Refund / Release of Bonds - per bond	$63,566	$0	$0	$63,566
Applications for Water Services	$29,191	$0	$8,637	$37,828
Revocable Licenses	$62,687	$0	$0	$62,687

As the table indicates, the new fees activities is one of the few areas in which there is much more revenue sharing between the Department of Sustainable Development and the utilities.

3 SUMMARY OF FUNDING BREAKOUT

Based upon the per unit and the annual revenue projections funding breakout analysis, the majority of the fees and services provided by the Engineering Division are related to the Department of Sustainable Development. There are few fee items that are either directly related to the utilities, or can be attributed to the utilities based upon the complexity of the projects. The following table shows the annual cost breakout by type of fee category and funding source:

Table 34: Annual Results – Engineering Services – All Fees

Category	Department of Sustainable Development (DSD)	Stormwater (SW)	Wastewater (WW)	Water (W)	Total Annual Cost
Flat Fees	$135,194	$2,245	$0	$0	$137,438
Job Cost Fees	$115,403	$23,876	$41,784	$41,784	$222,847
DRC Support Fees	$216,875	$0	$43,184	$43,184	$303,243
Building Support Fees	$1,163,941	$0	$52,300	$52,300	$1,268,541
Utility / Telecom Fees	$189,775	$0	$0	$0	$189,775
New Fees	$317,046	$0	$74,149	$82,786	$473,981
TOTAL	**$2,138,233**	**$26,121**	**$211,417**	**$220,054**	**$2,595,825**

As the table indicates approximately $2.1 million of the $2.6 million is related to the Department of Sustainable Development, which represents 82% of the Division's annual costs. The next largest annual cost component is water at $220,000, which represents 8% of the costs.

The results of this analysis ultimately indicate that the primary source of revenue for the Division is the Development services activities. Therefore, at a minimum the division should review those fee line items to help maximize its revenue.

9. Comparative Market Survey

As part of this study, the Matrix Consulting Group conducted a comparative survey of fees. The City identified six jurisdictions to be included in the study: Sunrise, Pompano Beach, Miami Beach, Miami-Dade County, Broward County, and Palm Beach County.

While this report will provide the City with a reasonable estimate and understanding of the true costs of providing services, many jurisdictions also wish to consider the local "market rates" for services as a means for assessing what types of changes in fee levels their community can bear. However, a comparative survey does not provide adequate information regarding the relationship of a jurisdiction's cost to its fees. Three important factors to consider when comparing fees across multiple jurisdictions are: population, operating budget, and workforce size. The following tables provide this information regarding the jurisdictions included in the comparative survey.

Table 35: Ranking of Jurisdictions by Population

Jurisdiction	2016 Census
City of Miami Beach	92,307
City of Sunrise	94,323
City of Pompano Beach	110,473
City of Fort Lauderdale	180,072
Palm Beach County	1,471,150
Broward County	1,935,878
Miami-Dade County	2,751,796

Table 36: Ranking of Jurisdictions by Operating Budget

Jurisdiction	2018 Budget
City of Pompano Beach	$266,195,613
City of Sunrise	$406,244,580
City of Miami Beach	$610,990,000
City of Fort Lauderdale	$770,353,226
Broward County	$4,293,896,460
Palm Beach County	$4,484,194,456
Miami-Dade County	$4,978,632,000

Table 37: Ranking of Jurisdictions by Workforce Size

Jurisdiction	FY18 FTE
City of Pompano Beach	779.00
City of Sunrise	1,094.76
City of Miami Beach	2,156.00
Fort Lauderdale	2,748.80
Broward County	6,242.00
Palm Beach County	11,325.00
Miami-Dade County	27,200.00

Based on the data shown in the tables, the City of Fort Lauderdale ranks in the middle as it relates to population, budget, and FTE count.

While the above comparative information can provide some perspective when paralleling Fort Lauderdale's fees with other jurisdictions, another key factor to consider is when a comprehensive analysis was last undertaken. The following table outlines when the last fee analysis was conducted by each surveyed jurisdiction.

Table 38: Last Comprehensive Fee Analysis

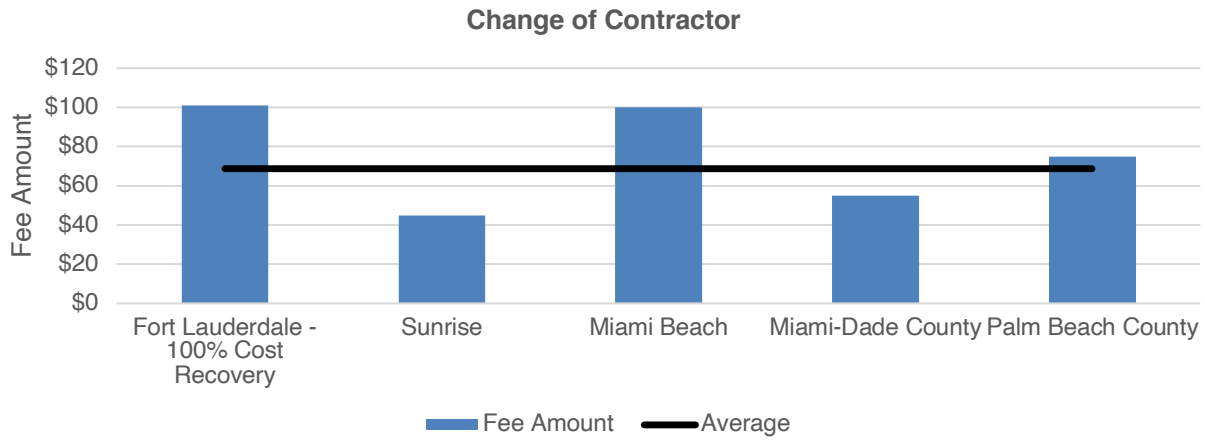
Jurisdiction	Last Comprehensive Fee Analysis
City of Pompano Beach	2012
City of Sunrise	More than 10 years
City of Miami Beach	Never
Broward County	Never
Palm Beach County	More than 10 years
Miami-Dade County	2015

As the table indicates the majority of the jurisdictions surveyed have not had a comprehensive fee analysis done within the last five years.

The following subsections provide a comparison of a few of the Division's fees to the jurisdictions identified based upon the Division's current fee and the total cost per unit calculated through this study.

1 CHANGE OF CONTRACTOR FEE

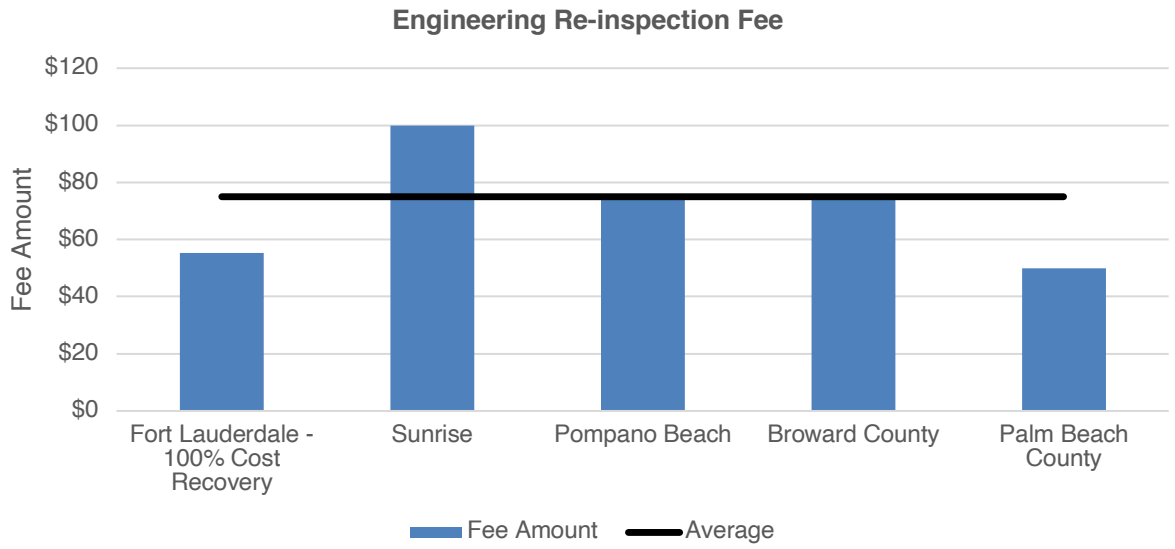
Through this cost of services analysis, the project team calculated the fee at $101. The following graph shows how the City's current fee, and total compare to other surrounding jurisdictions:



As the graph indicates, the City's full cost fee is higher than the average fee charged by surrounding jurisdictions ($69). The City's full cost fee is similar to the fee charged by Miami Beach at $100.

2 ENGINEERING RE-INSPECTION FEE

Through this cost of services analysis, the project team calculated the fee at $55, for every half hour of re-inspection or per re-inspection. The following graph shows how the City's current fee, and total cost per unit compare to surrounding jurisdictions.



As the graph indicates the City's full cost fee is below the average fee charged by surrounding jurisdictions ($75). The City's full cost fee is only slightly higher than the fee charged by Palm Beach County ($50).

3 JOB COST FEES

The City of Fort Lauderdale currently charges a variety of its right-of-way inspection fees based upon percentage of job cost estimate. The project team conducted a survey of comparative jurisdictions to determine how these fees are calculated and assessed in other jurisdictions. The following points provide some additional information regarding these types of fees:

- **Palm Beach County:** Palm Beach County charges its land development permit is charged as a flat fee as well as 2% of the estimated project cost. Whereas, its right-of-way permits are charged between 2-5% of the contract cost based upon project type.

- **Broward County:** Broward County assesses a flat percentage of 3.84% of the

construction cost estimate for any improvements conducted in the right-of-way.

- **Miami-Dade County:** Miami-Dade County utilizes a flat fee as well as per lineal foot calculation to determine the engineering review and inspection fee. This per lineal foot calculation enables the County to recover the cost associated with the complexity of the project.

- **Sunrise:** Sunrise utilizes a hybrid approach; for drainage and water improvements it is a flat percentage of construction costs (15%); and for all other improvements it is a base fee and then each additional lineal foot.

- **Miami Beach:** Miami Beach utilizes a flat fee as well as per lineal foot calculation to determine the engineering review and inspection fee for improvements and projects within the public right-of-way.

Five out of the six cities surveyed had fees related to engineering improvements in the public right-of-way. Approximately half of those cities utilize a percentage based methodology, while the remainder utilize a flat fee and per lineal foot calculation. As such, if Fort Lauderdale continues to utilize a percentage based methodology it will be in line with other jurisdictions. Its full cost percentages at 2-3% are also in line with percentages utilized by Palm Beach and Broward County, and significantly lower than Sunrise.

4 SUMMARY OF COMPARATIVE SURVEY

On average, the survey showed that the City's fees are in line with the jurisdictions surveyed, with some fees higher than other jurisdictions and other fees significantly lower.

Along with keeping these statistics in mind, the following issues should also be noted regarding the use of market surveys in the setting of fees for service:

- Each jurisdiction and its fees are different, and many are not based on actual cost of providing services.

- The same "fee" with the same name may include more or less steps or sub-activities. In addition, jurisdictions provide varying levels of service and have varying levels of costs associated with providing services such as staffing levels, salary levels, indirect overhead costs, etc.

In addition to the issues noted above, market surveys can also run the risk of creating a confusing excess of data that will obscure rather than clarify policy issues. Because each jurisdiction is different, the Matrix Consulting Group recommends that the information contained in the market comparison of fees be used as a secondary decision-making tool, rather than a tool for establishing an acceptable price point for services.

10. Cost Recovery

The following sections provide guidance regarding how and where to increase fees, determining annual update factors, and developing cost recovery policies and procedures.

1 FEE ADJUSTMENTS

This study has documented and outlined on a fee-by-fee basis where the City is under and over collecting for its fee-related services. City and Division management will now need to review the results of the study and adjust fees in accordance with Departmental and City philosophies and policies. The following dot points outline the major options the City has in adjusting its fees.

- **Over-Collection**: Upon review of the fees that were shown to be over-collecting for costs of services provided, the City should reduce the current fee to be in line with the full cost of providing the service.

- **Full Cost Recovery:** For fees that show an under-collection for costs of services provided, the City may decide to increase the fee to full cost recovery immediately.

- **Phased Increase:** For fees with significantly low cost recovery levels, or which would have a significant impact on the community, the City could choose to increase fees gradually over a set period of time.

The City will need to review the results of the fee study and associated cost recovery levels and determine how best to adjust fees. While decisions regarding fees that currently show an over-recovery are fairly straight forward, the following subsections, provide further detail on why and how the City should consider either implementing Full Cost Recovery or a Phased Increase approach to adjusting its fees.

1 Full Cost Recovery

Based on the permit or review type, the City may wish to increase the fee to cover the full cost of providing services. Certain permits may be close to cost recovery already, and an increase to full cost may not be significant. Other permits may have a more significant increase associated with full cost recovery.

Increasing fees associated with permits and services that are already close to full cost recovery can potentially bring a Department's overall cost recovery level higher. Often, these minimal increases can provide necessary revenue to counterbalance fees which are unable to be increased.

The City should consider increasing fees for permits for which services are rarely engaged to full cost recovery. These services often require specific expertise and can involve more complex research and review due to their infrequent nature. As such, setting these fees at full cost recovery will ensure that when the permit or review is requested, the City is recovering the full cost of its services.

2 Phased Increases

Depending on current cost recovery levels some current fees may need to be increased significantly in order to comply with established or proposed cost recovery policies. Due to the type of permit or review, or the amount by which a fee needs to be increased, it may be best for the City to use a phased approach to reaching their cost recovery goals.

As an example, you may have a current fee of $200 with a full cost of $1,000, representing 20% cost recovery. If the current policy is 80% cost recovery, the current fee would need to increase by $600, bringing the fee to $800, in order to be in compliance. Assuming this particular service is something the City provides quite often, and affects various members of the community, an instant increase of $600 may not be feasible. Therefore, the City could take a phased approach, whereby it increases the fee annually over a set period until cost recovery is achieved.

Raising fees over a set period of time not only allows the City to monitor and control the impact to applicants, but also ensure that applicants have time to adjust to significant increases. Continuing with the example laid out above, the City could increase the fee by $150 for the next four years, spreading out the increase. Depending on the desired overall increase, and the impact to applicants, the City could choose to vary the number of years by which it chooses to increase fees. However, the project team recommends that the City not phase increases for periods greater than five years, as that is the maximum window for which a comprehensive fee assessment should be completed.

2 ANNUAL UPDATES

Conducting a comprehensive analysis of fee-related services and costs annually would be quite cumbersome and costly. The general rule of thumb for comprehensive fee analyses is between three and five years. This allows for jurisdictions to ensure they account for organizational changes such as staffing levels and merit increases, as well as process efficiencies, code or rule changes, or technology improvements.

Developing annual update mechanisms allow jurisdictions to maintain current levels of cost recovery, while accounting for increases in staffing or expenditures related to permit services. The two most common types of update mechanisms are Consumer Price Index (CPI) and Cost of Living Adjustment (COLA) factors. The following points provide further detail on each of these mechanisms.

- **COLA / Personnel Cost Factor:** Jurisdictions often provide their staff with annual salary adjustments to account for increases in local cost of living. These increases are not tied to merit or seniority, but rather meant to offset rising costs associated with housing, gas, and other livability factors. Sometimes these factors vary depending on the bargaining group of a specific employee. Generally speaking these factors are around two or three percent annually.

- **CPI Factor:** A common method of increasing fees or cost is to look at regional cost indicators, such as the Consumer Price Index. These factors are calculated by the Bureau of Labor Statistics, put out at various intervals within a year, and are specific to states and regions.

The City should review its current options internally (COLA) as well as externally (CPI) to determine which option better reflects the goals of departments and the City. If choosing a CPI factor, the City should outline which particular CPI should be used, including specific region, and adoption date. If choosing an internal factor, again, the City should be sure to specify which factor, if multiple exist.

3 POLICIES AND PROCEDURES

This study has identified the permit areas where the City is under-collecting the cost associated with providing services. This known funding gap is therefore being subsidized by other City revenue sources. Based on the information provided in this report, at a global or per unit level, the City may not have any issues with using non-fee related revenue to account for the current deficit.

Development of cost recovery policies and procedures will serve to ensure that current and future decision makers understand how and why fees were determined and set, as well as provide a road map for ensuring consistency when moving forward. The following subsections outline typical cost recovery levels and discuss the benefits associated with developing target cost recovery goals and procedures for achieving and increasing cost recovery.

1 Typical Cost Recovery

The Matrix Consulting Group has extensive experience in analyzing local government operations across the United States and has calculated typical cost recovery levels. The typical cost recovery for Engineering is between 80-100%.

If the project team only evaluates the cost recovery in the context of current fees being charged by the division, Engineering is recovering approximately 146% of its costs and as such is over the typical cost recovery level. However, including all of the other fee related services provided by Engineering, the cost recovery declines to 27%, which is significantly below the typical cost recovery level.

2 Development of Cost Recovery Policies and Procedures

The City should review the current cost recovery levels and adopt a formal policy regarding cost recovery. This policy can be general in nature and can apply broadly to the Division as a whole, or to each fee individual specifically. A department specific cost recovery policy would allow the City to better control the cost recovery associated with the different types of services being provided and the benefit being received by the community.