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CITY of NOVI CITY COUNCIL

Agenda Item ⁵ March 22, 2010

SUBJECT: Approval of a Resolution to Adopt Fees for Site Plan extensions, Renewal of Expired Permits, Preparation of Completion Agreements under Chapter 26.5 and to update the referenced Construction Valuation Schedule.

SUBMITTING DEPARTMENT: Community Development

CITY MANAGER APPROVA

BACKGROUND INFORMATION:

Ongoing review of Community Development Department operations as well as the recent initiative to closeout expired permits has revealed several activities requiring significant use of staff resources and time without corresponding fees. Staff and expenses have been reduced significantly over the last 2 years and all processes and positions will continue to be scrutinized for future cost saving opportunities. Changes in economic conditions and initiatives have resulting in a shift in needs for service. As the needs in certain areas increase and take a larger portion of resources it is appropriate that the City recover costs as outlined in the attached resolution and memo forwarded to City Council previously.

RECOMMENDED ACTION: Approval of a Resolution to Adopt Fees for Site Plan extensions, Renewal of Expired Permits, Preparation of Completion Agreements under Chapter 26.5 and to update the referenced Construction Valuation Schedule.

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Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

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Council Member Margolis				
Council Member Mutch				
Council Member Staudt				

MEMORANDUM



TO:

Clay Pearson, City Manager

FROM:

Charles Boulard, Community Development

Director

SUBJECT:

Supplemental information: Community Development

Proposed Fee Resolution

DATE:

March 17, 2010

In an effort to be proactive and maintain the best possible communication with the development community, over the last week I have made an effort to reach out to a number of companies throughout the City to make them aware of the proposed fee resolution. These include:

Pam Garlow - Taubman/12 Oaks Mall Sam Ashley and Bart Roeser - Cunningham Limp Ron Nuechterlein - Superior Diversified Services Joe Drolshagen - Northern Equities Gary Jonna - Whitehall Real Estate Richard Abbott - Providence Hospital Ryan Dembs - Amson Dembs Frank Jonna - Jonna Companies

While I did not receive response to the last (2) calls, I spoke with all the other individuals listed above personally and apprised them of the proposed fees as well as the reasoning behind the request. In all cases, the communication was appreciated, and the basis for the fees understood. Joe Drolshagen essentially indicated that Northern Equities was never in favor of paying any more than they had to, but he understood the situation.

With regard to the proposed use of the ICC Construction Valuation Table, Andy Gerecke contacted a number of nearby communities to provide a comparison for our request to assign values at 95% of the tabular amounts. These communities are utilizing the ICC table as follows:

West Bloomfield 100% of tabular values Rochester Hills 100% of tabular values Southfield 82% of tabular values Waterford Twp. 100% of tabular values Wixom 100% of tabular values Shelby Twp. 100% of tabular values

To reiterate, the tabular values provide a base cost value per square foot for structures differentiated by use and construction type. These values are used as the basis for calculation of Building Permit and Plan Review fees only and do not set assessments.

Please let me know if I can provide additional information.

CITY OF NOVI

OAKLAND COUNTY, MICHIGAN RESOLUTION TO ADOPT FEES FOR SITE PLAN EXTENSIONS, RENEWAL OF EXPIRED PERMITS, PREPARATION OF COMPLETION AGREEMENTS UNDER 26.5 AND UPDATE REFERENCED CONSTRUCTION VALUATION SCHEDULE

WHEREAS, The Novi Community Development Department is charged to maintain and nurture the quality of the natural and built environment that makes up the community; and

WHEREAS, The Community Development Department provides Planning, Development and Construction reviews and inspections to assure the quality of development in the present and future City as articulated in the goals and actions of our residents, expressed through the City Council and Planning Commission; and

WHEREAS the fees for acts and services performed by the City in carrying out its duties under State statutes and local Ordinances are set by resolution of City Council of the City of Novi; and

WHEREAS, the City sees significant expense related to providing services for Extension of Approved Site Plans, Tracking of Expired Permits and Preparation of Development Project completion agreements under Ordinance 26.5; and

WHEREAS, a current construction valuation schedule is needed to accurately and fairly calculate Building Permit and review fees; and

WHEREAS, the City Council has reviewed the following schedule of fees and determined that the amounts provided therein are reasonable fees for the designated purposes.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Novi shall, and hereby does adopt the following schedule of fees and revise reference for construction valuations effective as of May 1, 2010

1.	Site Plan extension fee (payable upon submission of request for extension)	\$150.00
2.	Renewal fee for expired Building, Electrical, Plumbing and Mechanical Permits requiring inspection for close out	\$50.00
3.	Administrative fee for Completion Agreements required under Chapter 26.5 (per phase)	\$950.00

4.	95% of value specified in the current version of the Building Valuation Data table published by the International Code Council (ICC).
	CERTIFICATION

I, Maryanne Cornelius, duly appointed Clerk of the City of Novi, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Novi at a Regular Meeting held this day, March 22, 2010

Maryanne Cornelius City Clerk

MEMORANDUM



Clay Pearson, City Manager

FROM:

TO:

Charles Boulard, Community Development

Director

SUBJECT:

Proposed Revenue Enhancement Resolution

DATE:

March 10, 2010

For future action.

Ongoing review of Community Development Department operations as well as the recent initiative to closeout expired permits has revealed several activities requiring significant use of staff resources and time without corresponding fees.

Selected communities have responded to the current economic conditions by requesting across the board fee increases for services to address declining revenues. I do not believe such action is either appropriate or responsible to our residents and business owners at this time. Instead, under your guidance, staff and expenses have been reduced significantly over the last 2 years and all processes and positions will continue to be scrutinized for future cost saving opportunities.

That said, the economic conditions and initiatives have resulting in a shift in needs for service. As the needs in certain areas increase and take a larger portion of resources it is appropriate that the City recover costs as follows:

Site Plan Extensions:

As the pace of development slows, many projects with approved Site Plans are taking years as opposed to weeks or months to get underway. The approval of these projects typically extends (2) years with up to (3) single year extensions. Community Development staff monitor the expiration of these approvals and provide notice to allow developers to allow timely requests for extensions. As these approvals are the result of a great deal of effort and expense on the part of developer and may increase the value of a property it is usually advantages for developers to seek an extension. This can be true even in the case of bank ownership following foreclosure. In the last year 21 such requests have been processed taking an average of (4) hours of staff time.

Suggested Fee

\$150.00 per Site Plan Extension

Renewal Fee for Expired Permits:

In late summer/early fall of last year (2009), we began an initiative to follow up on and close out expired Building and Trade Permits. Permits expire 6 months after issuance or last inspection, whichever comes later. While contractors and/or property owners are responsible for scheduling the necessary inspections and providing access to allow closeout of permits, many lapse for one reason or another. In many cases, staff are able to closeout expired permits without expending a great deal of resources (i.e., contact the contractor and verify the project was cancelled, etc). In other cases, particularly where outstanding inspections or corrections are required, it is appropriate that a base permit renewal fee be charged for reopening or renewing the permit including minimal necessary inspections. Resolution of typical expired permits requiring inspection average just over 1.5 hours of staff time.

Suggested Fee

\$50.00 per expired permit

Administrative fee for Completion Agreements (beyond current legal fees)

The provisions of Chapter 26.5 require developers to enter into a Completion Agreement approved by City Council in the event that a Site Planned project or phase of a project is not completed with 24 months of start. While the Ordinance does allow for (1) 6 month extension, the economic conditions have caused more and more projects to fall under the completion agreement requirement. Typically, individual phases of projects require separate agreements. The time spent by the City Attorney's office to prepare and review these documents is reimbursed through escrow funds deposited by the developer, but the City is not currently reimbursed for staff time. A typical Completion Agreement takes approximately 26 hours of staff time.

Suggested Fee

\$950.00 per Site Plan phase

Revise Fee Resolution to reference current ICC construction valuation schedule

The current fee resolution provisions setting the calculation of Building Permit and review fees reference a minimum "construction value schedule" that is no longer compiled. The value schedule is used to determine the minimum construction cost for various types of buildings and construction types and is the basis for calculation of Building Permit, inspection and plan review fees. Use of the standardized schedule allows fees to be calculated fairly and eliminate the incentive to under-report building costs with a commensurate underpayment of permit fees. The previously referenced BOCA schedule used a location factor to adjust for typical local labor and material costs. The ICC (International Code Council) schedule does not include this adjustment.

While the State of Michigan recently adopted use of the current ICC schedule adjusted to just over 77% of the tabular costs for use across the entire state, the large adjustment factor may be due to the lapse by the State in updating the previous values and increases in many other permit and review related fees.

Data driven cost information is available in the 2010 National Construction Estimator published by the Craftsman Book Company in November 2009. This document specifies an average adjustment of 2% over national average prices for the entire State of Michigan. Factors for zip codes beginning with 483 (including Novi) are 10% over national averages while the Detroit and Grand Rapids come in at +12% and -1% respectively.

√ Staff suggests that "Construction valuation used to calculate Building Permit, Inspection, and A Plan Review fees be a minimum of 95% of the current published Building Valuation Data published by International Code Council"

This schedule is updated several times per year to reflect changes and trends in construction and material technology and is not used to set property assessments. These figures exclude the value of the site.



A resolution regarding these proposed fees will be forwarded for consideration by City Council shortly.

Please let me know if I can provide additional information.