

# MIAMI BEACH

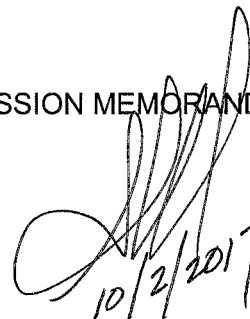
Building Department, 1700 Convention Center Drive, Miami Beach, Florida 33139

COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Ana M. Salgueiro, Building Official

DATE: October 18, 2017



10/2/2017

**SUBJECT: AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 14, "ENTITLED "BUILDING REGULATIONS," DIVISION 2, "PERMIT FEES," AT SECTIONS 14-61, 14-62 RELATING TO BUILDING PERMIT FEES GENERALLY; WAIVING FEES FOR PHOTOVOLTAIC BUILDING PERMIT FEES; AND MODIFYING THE FEE SCHEDULE CONTAINED IN APPENDIX A IN ORDER TO UPDATE CERTAIN BUILDING FEES AND TO PROVIDE A PERMIT FEE REDUCTION OF 40% FOR MINOR, IN-KIND, HURRICANE REPAIRS, FOR A THREE MONTH PERIOD; PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION, AND AN EFFECTIVE DATE.**

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## Background:

On June 2, 2014, the City of Miami Beach amended its fee code and implemented a new fee schedule, to coincide with the City's new building permit software system, and modified certain fees to better reflect actual costs.

## UPDATE:

The City Commission approved the subject Ordinance at First Reading on September 25, 2017, pursuant to eliminating the specification of Hurricane Irma. The revised ordinance for Second Reading has been updated, deleting hurricane repairs due to Hurricane Irma.

## Analysis:

The Building Department continues to review the fee schedule on an annual basis and the Building Official has determined that a more efficient, effective and transparent way to assess fees is necessary. As such, the Building Official recommends the following amendments to the City Code:

- Reduce fees for owners hiring private provider as required by the State Legislature, as codified at amended section 553.791, F.S., by reducing the building permit fee by the estimated cost savings to the department. The reduction for owners/contractors hiring private providers for both Review & Inspection services will be 40% off of the calculated

building permit fee; and the reduction for owners/contractors hiring private providers for only inspection services will be 25% off of the calculated building permit fee. *The fiscal impact of these reductions to City revenue is estimated at \$1.1 million.*

- Modifying the fee structure and percentages charged for Commercial and Residential building permits. Currently, Commercial permits are charged 2% of the job value up to \$30 million and 1% on job values over \$30 million. This modification would increase the first tier range to \$35 million and reduce the fee to 1.9% of the job value; the second tier would have a range of \$35 million to \$100 million and the fee remains at 1%; and the addition of a third tier for job values over \$100 million with a fee of 0.25% of the job value. Residential permits are currently billed 1.8% up to \$ 1 million in job value and 1% over \$1 million in job value. This modification would increase the range to \$1.5 million and reduce the fee to 1.7% of the job value for the first tier; and the second tier range would increase to \$1.5 million and the fee remains at 1% of the job value. This will continue to be a tiered cumulative fee structure. The code change would reduce the fees the Building Department would receive. As building fees are considered an enterprise fund to be used to finance the actual cost of expenditures of the department, the modification to the code would better reflect the actual reimbursable costs to the department, and be consistent with the state guidelines for enterprise funds. *The estimated fiscal impact to the City would be an estimated reduction in revenue of approximately \$415,000.*
- Authorizing the Mayor and City Commission to direct the City Manager to be able to waive building fees for City projects. Waiving of fees for City projects will allow more projects to be completed without internal transfer of funds from other accounts into the Building Department. *There is no financial impact since the costs associated with the permit would remain in the City budget.*
- Waiving building fees for photovoltaic installations in order to encourage residents and industry to use photovoltaic energy. This is in support of the City's efforts to increase resilience and sustainability. *Fiscal impact will be less than \$2,000.00 per year.*
- Increasing Phased permit fee. A Phased Permit is an authorization from the Building Official to start construction before all plans are approved as defined in the Florida Statutes and Florida Building Code. Ordinarily a phased permit is authorized for larger sized projects (i.e.: to allow the foundation to proceed, while other phases of the large project goes through permitting). Under the existing fee structure, and because of its minimal cost, the phased permit process is being abused by applicants, often resulting in the process being utilized by small-scale projects. The proposed fee increase is intended to limit the abuse of the phased permit process. *It is estimated that Fiscal impact will result in an increase in revenues of \$25,000.*

14-61(n)	Phase permits:	
	Commercial new construction	<del>2,000.00</del> <b>5,000.00</b>
	Commercial alteration	<del>1,500.00</del> <b>4,000.00</b>

	Residential new construction <u>Single Family Residence</u>	1,000.00 <u>2,000.00</u>
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- Modifying and clarifying various fees to adjust fee amounts in a more efficient way such as rounding, eliminating redundancy, etc. and to clarify descriptions of the fees. *No fiscal impact is anticipated by these minimal adjustments.*
- Allowing for a three (3) month period a building permit fee reduction of 40% for minor, in-kind, hurricane repairs due to Hurricane Irma.

This item was first introduced at the April 26, 2017 City Commission meeting. The Commission deferred the item to the May 17, 2017 meeting, and then again to September 13, 2017.

**Fiscal Impact:**

Overall the proposed Ordinance is expected to reduce revenues and require use of available fund balance.

**Recommendation:**

The Administration recommends that the City Commission adopt the attached Ordinance.

AMS/ND