



June 18, 2019

To: Mark Meyers, City Administrator
From: Robert Gagnon, Fire Chief
Subject: Building Fee Structure Review

If you recall in October 2018, a proposed update to our Building Department’s fee schedule was brought to City Council for review and consideration. At that time, two good questions were brought up about the proposed schedule. After some discussion, it was determined that we would revisit the issue after additional research was conducted.

The questions and responses are listed below:

Question 1: What are our actual costs in conducting inspections?

Response: The actual cost to process and conduct an inspection is \$98.45/hr.

Question 2: Why are we comparing ourselves to neighboring municipalities?

Response: We feel it is important to compare ourselves to our surrounding municipalities to help in determining if we are competitive in terms of the fees being charged while still covering the overall cost to provide the service.

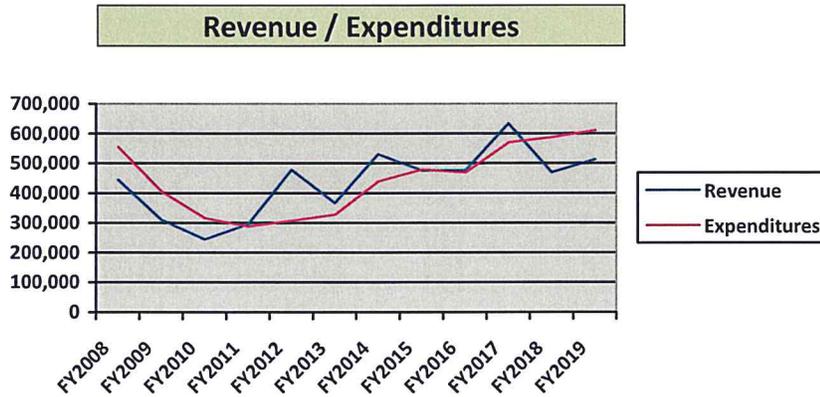
In addition to questions listed above, a few council members offered additional municipalities (City of Grand Haven, Grand Haven Twp. Fruitport and Spring Lake) they felt should be considered as comparable’s. We have included them in the table below. The fees are based upon a \$2,000 building project.

Building Fee Survey (Current)	
Fruitport Twp.	\$97.50
State of Michigan	\$95.00
City of Muskegon	\$90.00
Spring Lake Twp.	\$85.00
Muskegon Twp.	\$75.00
Laketon Twp.	\$75.00
City of Grand Haven	\$67.00
Norton Shores	\$67.00
Grand Haven Twp.	\$42.00

In the table above, the average fee charged for a \$2,000 project is \$83.38. As you can see, the current fee charged in Norton Shores is \$16.38 below the average. As mentioned at the previous City Council Work session, while this may be thought to be a good thing, it’s important to remember that to sustain a healthy building fund, we must collect fees equal to or greater than our costs to provide the service. If council were to consider the attached proposed fee structure, our fee for a \$2,000 project would be \$100.00

Attached I have provided documents showing our current building funds annual revenue, expenditures and fund balance for your review.

In addition, the graph below depicts our revenue and expenditures from FY2008-FY2019. You can see that since FY2017, our revenues have been on the decline while our expenditures have been slowly on the rise.



Additionally, I would like to remind council that the building fund is a special revenue fund without a subsidy from the general fund. The goal is to maintain it as a self-supporting fund.

The table below depicts the number of inspections documented from FY2016 thru FY2019.

Inspections Completed	
FY2016	1,949
FY2017	*2,213
FY2018	1,758
FY2019	1,562

Note: In FY 2017 (2) inspectors worked on the backlog of building complaints

It's important to note, although the number of inspections have gone down in FY2019 (to date) it is a result of losing a part-time inspector mid-year. This loss has resulted in longer wait times for permits, site plan review and final inspections. We hope to address this with the approval of the proposed building fee schedule, which will generate an estimated \$120,750 in additional revenue annually.

With the increased revenue generated, we plan to propose the replacement of the part-time construction inspector position with a full-time inspector. This move will help in addressing the large backlog of property maintenance complaints that are currently not being addressed.

I would like to remind City Council that in addition to proposing an adjustment in fees, I am proposing a new format for displaying our fee structure; please see the attached. The new format will make it much easier to understand and is similar to that of our surrounding municipalities.

I would like the opportunity to discuss with City Council, at the upcoming work session, our current fee structure as well as asking for consideration in approving a new fee structure that will help to bring Norton Shores in line with recommended surrounding municipalities. A copy of the proposed fee structure is attached for review.

Current

BUILDING PERMIT FEE SCHEDULE

VALUATION	FEE	VALUATION	FEE
\$ 1- 500	25.00	43.001- 44.000	578.00
501- 600	27.00	44.001- 45.000	586.00
601- 700	29.00	45.001- 46.000	594.00
701- 800	33.00	46.001- 47.000	604.00
801- 900	35.00	47.001- 48.000	612.00
901- 1.000	39.00	48.001- 49.000	623.00
1.001- 1.100	42.00	49.001- 50.000	634.00
1.101- 1.200	46.00	50.001- 51.000	645.00
1.201- 1.300	48.00	51.101- 52.000	651.00
1.301- 1.400	52.00	52.001- 53.000	660.00
1.401- 1.500	54.00	53.001- 54.000	666.00
1.501- 1.600	57.00	54.001- 55.000	673.00
1.601- 1.700	60.00	55.001- 56.000	680.00
1.701- 1.800	63.00	56.001- 57.000	687.00
1.801- 1.900	65.00	57.001- 58.000	695.00
1.901- 2.000	67.00	58.001- 59.000	701.00
2.001- 3.000	70.00	59.001- 60.000	708.00
3.001- 4.000	85.00	60.001- 61.000	715.00
4.001- 5.000	99.00	61.001- 62.000	722.00
5.001- 6.000	112.00	62.001- 63.000	728.00
6.001- 7.000	126.00	63.001- 64.000	736.00
7.001- 8.000	140.00	64.001- 65.000	742.00
8.001- 9.000	155.00	65.001- 66.000	749.00
9.001- 10.000	169.00	66.001- 67.000	756.00
10.001- 11.000	182.00	67.001- 68.000	763.00
11.001- 12.000	196.00	68.001- 69.000	769.00
12.001- 13.000	210.00	69.001- 70.000	778.00
13.001- 14.000	223.00	70.001- 71.000	784.00
14.001- 15.000	237.00	71.001- 72.000	792.00
15.001- 16.000	251.00	72.001- 73.000	799.00
16.001- 17.000	267.00	73.001- 74.000	805.00
17.001- 18.000	280.00	74.001- 75.000	813.00
18.001- 19.000	294.00	75.001- 76.000	819.00
19.001- 20.000	308.00	76.001- 77.000	826.00
20.001- 21.000	322.00	77.001- 78.000	833.00
21.001- 22.000	335.00	78.001- 79.000	840.00
22.001- 23.000	349.00	79.001- 80.000	846.00
23.001- 24.000	363.00	80.001- 81.000	854.00
24.001- 25.000	378.00	81.001- 82.000	860.00
25.001- 26.000	392.00	82.001- 83.000	868.00
26.001- 27.000	402.00	83.001- 84.000	874.00
27.001- 28.000	412.00	84.001- 85.000	881.00
28.001- 29.000	421.00	85.001- 86.000	890.00
29.001- 30.000	432.00	86.001- 87.000	896.00
30.001- 31.000	443.00	87.001- 88.000	903.00
31.001- 32.000	452.00	88.001- 89.000	910.00
32.001- 33.000	463.00	89.001- 90.000	917.00
33.001- 34.000	472.00	90.001- 91.000	923.00
34.001- 35.000	483.00	91.001- 92.000	931.00
35.001- 36.000	492.00	92.001- 93.000	937.00
36.001- 37.000	503.00	93.001- 94.000	944.00
37.001- 38.000	513.00	94.001- 95.000	951.00
38.001- 39.000	523.00	95.001- 96.000	958.00
39.001- 40.000	532.00	96.001- 97.000	965.00
40.001- 41.000	543.00	97.001- 98.000	972.00
41.001- 42.000	551.00	98.001- 99.000	978.00
42.001- 43.000	563.00	99.001- 100.000	986.00

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\$6.00 per \$1,000 of construction value over \$100,000 up to and including \$500,000. Any fees for values exceeding \$500,000 will be determined by the Building Official or Building Inspector.

Residential plan review fees for R-3 single family residence dwellings 3,500 sq. ft. or more are assessed at \$54.00 per \$50,000 of value: excluding apartments and condos

Commercial projects - add 65% of permit fee for plan review

Expired permits renewal fees over \$100.00-42% under \$100.00 -\$42.00 flat fee

Modular homes figure for fee based on one half of value

Effective July 1, 2008

Revised September 1, 2015



PROPOSED BUILDING PERMIT FEE SCHEDULE

TOTAL VALUATION	FEE
\$1.00 to \$1000	\$65.00 Minimum
\$1000 - \$2000	\$65.00 for the first \$1,000, plus \$3.50 for each addl. \$100, or fraction thereof, to and including \$2,000.
\$2000 - \$25,000	\$100.00 for the first \$2,000, plus \$15.25 for each addl. \$1,000, or fraction thereof, to and including \$25,000.
\$25,000 - \$50,000	\$450.75 for the first \$25,000, plus \$11.50 for each addl. \$1,000, or fraction thereof, to and including \$50,000.
\$50,000 - \$100,000	\$738.25 for the first \$50,000, plus \$8.00 for each addl. \$1,000, or fraction thereof, to and including \$100,000.
\$100,000 - \$500,000	\$1,138.25 for the first \$100,000, plus \$6.25 for each addl. \$1,000, or fraction thereof, to and including \$500,000.
\$500,000 - \$1,000,000	\$3,638.25 for the first \$500,000, plus \$5.25 for each addl. \$1,000, or fraction thereof, to and including \$1,000,000.
\$1,000,000 and up	\$6,263.25 for the first \$1,000,000, plus \$4.00 for each addl. \$1,000, or fraction thereof
PLAN REVIEW FEE – ADDED TO ALL COMMERCIAL & INDUSTRIAL	65% OF PERMIT FEE
* RESIDENTIAL PLAN REVIEW FEES – R-3 SINGLE FAMILY DWELLING OVER 3,500 SQ. FT OR ARCHITECTUALLY SEALED	25% OF PERMIT FEE
DEMO – COMMERCIAL, INDUSTRIAL OR RESIDENTIAL	FIGURE FOR FEE BASED ON VALUE OF DEMOLITION
PRE-MANUFACTURED HOMES – SINGLE WIDE, DOUBLE WIDE, MODULAR & PRE-MANUFACTURED HOMES	FIGURE FOR FEE BASED ON ONE HALF OF VALUE WITH A MINIMUM BASE FEE OF \$175
ALL PERMIT FEES ARE SUBJECT TO ADDITIONAL FEES TO COVER INSPECTIONS	ADDITIONAL INSPECTIONS \$45
EXPIRED PERMIT RENEWAL FEES	ORIGINAL FEE UNDER \$100 – \$45.00 FLAT FEE ORIGINAL FEE OVER \$100 – 45%

*Subject to complexity of project

Proposed

VALUE OF PROJECT	FEE
0 - 1,000	\$65.00
1,001 - 1,100	\$68.50
1,101 - 1,200	\$72.00
1,201 - 1,300	\$75.50
1,301 - 1,400	\$79.00
1,401 - 1,500	\$82.50
1,501 - 1,600	\$86.00
1,601 - 1,700	\$89.50
1,701 - 1,800	\$93.00
1,801 - 1,900	\$96.50
1,901 - 2,000	\$100.00
2,001 - 3,000	\$115.25
3,001 - 4,000	\$130.50
4,001 - 5,000	\$145.75
5,001 - 6,000	\$161.00
6,001 - 7,000	\$176.25
7,001 - 8,000	\$191.50
8,001 - 9,000	\$206.75
9,000 - 10,000	\$222.00
10,001 - 11,000	\$237.25
11,001 - 12,000	\$252.50
12,001 - 13,000	\$267.75
13,001 - 14,000	\$283.00
14,001 - 15,000	\$298.25
15,001 - 16,000	\$313.50
16,001 - 17,000	\$328.75
17,001 - 18,000	\$344.00
18,001 - 19,000	\$359.25
19,001 - 20,000	\$374.50
20,001 - 21,000	\$389.75
21,001 - 22,000	\$405.00
22,001 - 23,000	\$420.25
23,001 - 24,000	\$435.50
24,001 - 25,000	\$450.75
25,001 - 26,000	\$462.25
26,001 - 27,000	\$473.75
27,001 - 28,000	\$485.25
28,001 - 29,000	\$496.75
29,001 - 30,000	\$508.25
30,001 - 31,000	\$519.75
31,001 - 32,000	\$531.25
32,001 - 33,000	\$542.75
33,001 - 34,000	\$554.25
34,001 - 35,000	\$565.75
35,001 - 36,000	\$577.25
36,001 - 37,000	\$588.75
37,001 - 38,000	\$600.25
38,001 - 39,000	\$611.75
39,001 - 40,000	\$623.25
40,001 - 41,000	\$634.75
41,001 - 42,000	\$646.25
42,001 - 43,000	\$657.75
43,001 - 44,000	\$669.25
44,001 - 45,000	\$680.75
45,001 - 46,000	\$692.25

VALUE OF PROJECT	FEE
46,001 - 47,000	\$703.75
47,001 - 48,000	\$715.25
48,001 - 49,000	\$726.75
49,001 - 50,000	\$738.25
50,001 - 51,000	\$746.25
51,001 - 52,000	\$754.25
52,001 - 53,000	\$762.25
53,001 - 54,000	\$770.25
54,001 - 55,000	\$778.25
55,001 - 56,000	\$786.25
56,001 - 57,000	\$794.25
57,001 - 58,000	\$802.25
58,001 - 59,000	\$810.25
59,001 - 60,000	\$818.25
60,001 - 61,000	\$826.25
61,001 - 62,000	\$834.25
62,001 - 63,000	\$842.25
63,001 - 64,000	\$850.25
64,001 - 65,000	\$858.25
65,001 - 66,000	\$866.25
66,001 - 67,000	\$874.25
67,001 - 68,000	\$882.25
68,001 - 69,000	\$890.25
69,001 - 70,000	\$898.25
70,001 - 71,000	\$906.25
71,001 - 72,000	\$914.25
72,001 - 73,000	\$922.25
73,001 - 74,000	\$930.25
74,001 - 75,000	\$938.25
75,001 - 76,000	\$946.25
76,001 - 77,000	\$954.25
77,001 - 78,000	\$962.25
78,001 - 79,000	\$970.25
79,001 - 80,000	\$978.25
80,001 - 81,000	\$986.25
81,001 - 82,000	\$994.25
82,001 - 83,000	\$1,002.25
83,001 - 84,000	\$1,010.25
84,001 - 85,000	\$1,018.25
85,001 - 86,000	\$1,026.25
86,001 - 87,000	\$1,034.25
87,001 - 88,000	\$1,042.25
88,001 - 89,000	\$1,050.25
89,001 - 90,000	\$1,058.25
90,001 - 91,000	\$1,066.25
91,001 - 92,000	\$1,074.25
92,001 - 93,000	\$1,082.25
93,001 - 94,000	\$1,090.25
94,001 - 95,000	\$1,098.25
95,001 - 96,000	\$1,106.25
96,001 - 97,000	\$1,114.25
97,001 - 98,000	\$1,122.25
98,001 - 99,000	\$1,130.25
99,001 - 100,000	\$1,138.25

City of Norton Shores
BUILDING FUND

Revenue Classifications	FY-2018	FY-2019	FY-2019	FY-2020	FY-2020	FY-2020
	Actual	Adopted	Revised	Requested	Proposed	Adopted
Building Permits	287,064	285,000	345,000	357,124	357,124	357,124
Electrical Permits	72,900	74,220	57,000	55,839	55,839	55,839
Mechanical Permits	72,092	60,260	72,100	68,495	68,495	68,495
Plumbing Permits	27,840	26,190	26,190	19,917	19,917	19,917
Investment Income (Loss)	-	5,000	5,000	5,000	5,000	5,000
Roosevelt Park Inspection Program (10%)	1,354	24,000	2,400	2,400	2,400	2,400
Norton Shores Inspection Program (10%)	5,357	2,240	6,000	5,050	5,050	5,050
Miscellaneous Income	2,565	2,000	2,000	2,000	2,000	2,000
Appropriation from Fund Balance	386,786	269,701	269,701	175,034	175,034	175,034
TOTAL AVAILABLE	855,958	748,611	785,391	690,859	690,859	690,859
Expenditure Classification						
Appropriation Expenditures	586,257	617,291	610,357	595,355	594,495	594,495
TOTAL EXPENDITURES	586,257	617,291	610,357	595,355	594,495	594,495
ENDING FUND BALANCE	269,701	131,320	175,034	95,504	96,364	96,364
LESS: Reserved for Subsequent Years	269,701	-	175,034	-	-	-
Unreserved Fund Balance	-	131,320	-	95,504	96,364	96,364