



June 26, 2019

Council Meeting of July 2, 2019  
SUBJECT: Building Permit Fee Schedule

The Honorable Mayor  
and  
Members of the City Council

Ladies and Gentlemen:

Pursuant to the discussion at the June 25, 2019 work session, City Council is requested to approve an amendment to the Building Permit Fee Schedule. The proposed fee schedule addresses an adjustment in the fee structure, as well as, an enhanced layout that helps to explain how the fees are incrementally determined.

Attached is a resolution for City Council's use.

Respectfully submitted,

Mark C. Meyers  
City Administrator

Attachments  
RG

|   |                                      |                                     |                                     |                                    |                                   |
|---|--------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|-----------------------------------|
| Administration/City Clerk<br>(231) 798-4391 | Assessing Division<br>(231) 799-6806 | Building Division<br>(231) 799-6801 | Finance/Treasurer<br>(231) 799-6805 | Fire Prevention<br>(231) 799-6809  | Fire Department<br>(231) 798-2255 |
| Parks/Recreation<br>(231) 799-6802          | Planning/Zoning<br>(231) 799-6800    | Police Department<br>(231) 733-2691 | Public Works<br>(231) 799-6803      | Streets Division<br>(231) 798-2156 | Water/Sewer<br>(231) 799-6804     |

## RESOLUTION

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Norton Shores approves amendment of the Building Permit Fee Schedule as follows:

| VALUE OF PROJECT | FEE      | VALUE OF PROJECT | FEE        |
|------------------|----------|------------------|------------|
| 0 - 1,000        | \$65.00  | 46,001 - 47,000  | \$703.75   |
| 1,001 - 1,100    | \$68.50  | 47,001 - 48,000  | \$715.25   |
| 1,101 - 1,200    | \$72.00  | 48,001 - 49,000  | \$726.75   |
| 1,201 - 1,300    | \$75.50  | 49,001 - 50,000  | \$738.25   |
| 1,301 - 1,400    | \$79.00  | 50,001 - 51,000  | \$746.25   |
| 1,401 - 1,500    | \$82.50  | 51,001 - 52,000  | \$754.25   |
| 1,501 - 1,600    | \$86.00  | 52,001 - 53,000  | \$762.25   |
| 1,601 - 1,700    | \$89.50  | 53,001 - 54,000  | \$770.25   |
| 1,701 - 1,800    | \$93.00  | 54,001 - 55,000  | \$778.25   |
| 1,801 - 1,900    | \$96.50  | 55,001 - 56,000  | \$786.25   |
| 1,901 - 2,000    | \$100.00 | 56,001 - 57,000  | \$794.25   |
| 2,001 - 3,000    | \$115.25 | 57,001 - 58,000  | \$802.25   |
| 3,001 - 4,000    | \$130.50 | 58,001 - 59,000  | \$810.25   |
| 4,001 - 5,000    | \$145.75 | 59,001 - 60,000  | \$818.25   |
| 5,001 - 6,000    | \$161.00 | 60,001 - 61,000  | \$826.25   |
| 6,001 - 7,000    | \$176.25 | 61,001 - 62,000  | \$834.25   |
| 7,001 - 8,000    | \$191.50 | 62,001 - 63,000  | \$842.25   |
| 8,001 - 9,000    | \$206.75 | 63,001 - 64,000  | \$850.25   |
| 9,000 - 10,000   | \$222.00 | 64,001 - 65,000  | \$858.25   |
| 10,001 - 11,000  | \$237.25 | 65,001 - 66,000  | \$866.25   |
| 11,001 - 12,000  | \$252.50 | 66,001 - 67,000  | \$874.25   |
| 12,001 - 13,000  | \$267.75 | 67,001 - 68,000  | \$882.25   |
| 13,001 - 14,000  | \$283.00 | 68,001 - 69,000  | \$890.25   |
| 14,001 - 15,000  | \$298.25 | 69,001 - 70,000  | \$898.25   |
| 15,001 - 16,000  | \$313.50 | 70,001 - 71,000  | \$906.25   |
| 16,001 - 17,000  | \$328.75 | 71,001 - 72,000  | \$914.25   |
| 17,001 - 18,000  | \$344.00 | 72,001 - 73,000  | \$922.25   |
| 18,001 - 19,000  | \$359.25 | 73,001 - 74,000  | \$930.25   |
| 19,001 - 20,000  | \$374.50 | 74,001 - 75,000  | \$938.25   |
| 20,001 - 21,000  | \$389.75 | 75,001 - 76,000  | \$946.25   |
| 21,001 - 22,000  | \$405.00 | 76,001 - 77,000  | \$954.25   |
| 22,001 - 23,000  | \$420.25 | 77,001 - 78,000  | \$962.25   |
| 23,001 - 24,000  | \$435.50 | 78,001 - 79,000  | \$970.25   |
| 24,001 - 25,000  | \$450.75 | 79,001 - 80,000  | \$978.25   |
| 25,001 - 26,000  | \$462.25 | 80,001 - 81,000  | \$986.25   |
| 26,001 - 27,000  | \$473.75 | 81,001 - 82,000  | \$994.25   |
| 27,001 - 28,000  | \$485.25 | 82,001 - 83,000  | \$1,002.25 |
| 28,001 - 29,000  | \$496.75 | 83,001 - 84,000  | \$1,010.25 |
| 29,001 - 30,000  | \$508.25 | 84,001 - 85,000  | \$1,018.25 |
| 30,001 - 31,000  | \$519.75 | 85,001 - 86,000  | \$1,026.25 |
| 31,001 - 32,000  | \$531.25 | 86,001 - 87,000  | \$1,034.25 |
| 32,001 - 33,000  | \$542.75 | 87,001 - 88,000  | \$1,042.25 |
| 33,001 - 34,000  | \$554.25 | 88,001 - 89,000  | \$1,050.25 |
| 34,001 - 35,000  | \$565.75 | 89,001 - 90,000  | \$1,058.25 |
| 35,001 - 36,000  | \$577.25 | 90,001 - 91,000  | \$1,066.25 |
| 36,001 - 37,000  | \$588.75 | 91,001 - 92,000  | \$1,074.25 |
| 37,001 - 38,000  | \$600.25 | 92,001 - 93,000  | \$1,082.25 |
| 38,001 - 39,000  | \$611.75 | 93,001 - 94,000  | \$1,090.25 |
| 39,001 - 40,000  | \$623.25 | 94,001 - 95,000  | \$1,098.25 |
| 40,001 - 41,000  | \$634.75 | 95,001 - 96,000  | \$1,106.25 |
| 41,001 - 42,000  | \$646.25 | 96,001 - 97,000  | \$1,114.25 |
| 42,001 - 43,000  | \$657.75 | 97,001 - 98,000  | \$1,122.25 |
| 43,001 - 44,000  | \$669.25 | 98,001 - 99,000  | \$1,130.25 |
| 44,001 - 45,000  | \$680.75 | 99,001 - 100,000 | \$1,138.25 |
| 45,001 - 46,000  | \$692.25 |                  |            |

## 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<br>ORIGINAL FEE OVER \$100 – 45%   |

At a regular meeting of the City Council of the City of Norton Shores, held at the Norton Shores Branch Library, 705 Seminole Road, on the 2<sup>nd</sup> day of July 2019 the foregoing resolution was moved for adoption by Council Member \_\_\_\_\_. The motion was supported by Council Member \_\_\_\_\_.

Ayes:

Nays:

Resolution declared adopted/denied

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Shelly Stibitz, City Clerk

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.

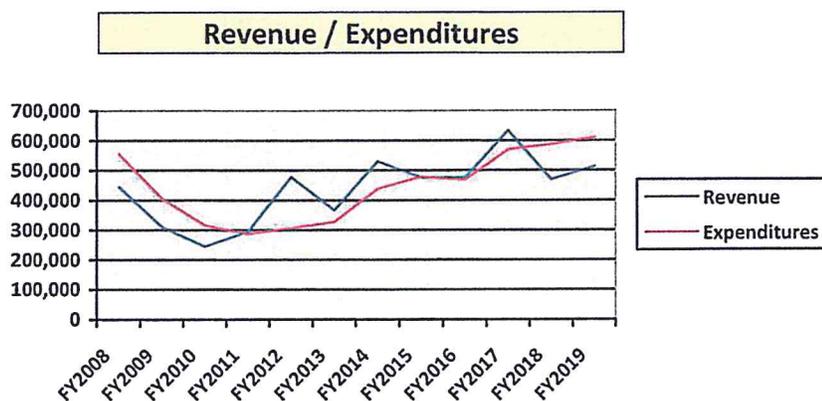
In addition to questions listed above, a few council members offered additional municipalities (City of Grand Haven, Grand Haven Twp. Fruitport and Spring Lake) they felt should be considered as ‘comparable’ s. We have included them in the table below. The fees are based upon a \$2,000 building project.

| 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.