

#16



City of Hollywood
Staff Summary Request

	R-2012-226
Title:	A Resolution Of The City Commission Of The City Of Hollywood, Florida, Amending R-2002-21 As Amended By Resolution Nos. R-2010-257 And R-2010-305 To Revise The Building Fee Calculations. (12-RESO-59)
Recommendation:	Approval of the attached Resolution.
Explanation:	<p>The developer of Apogee Beach, Related Group, has brought to our attention the building permit fee schedule has a provision which appears to unfairly treat larger developments. Namely the current fee schedule requires building permit fees to be based on either:</p> <p>A verified contract figure or the estimated total construction cost (including all subtrades) of the building may be computed per the latest edition of "Cost Data", as published by the R.S. Means Company, Inc., ...whichever is greater.` (emphasis added).</p> <p>Due to rapidly changing labor and construction costs, contracts for buildings are in some cases, coming in well below R. S. Means estimated costs. In the case of larger projects these variations can be significant. In some cases, the discrepancy between the two costs of construction can be in excess of several millions of dollars. In the case of Apogee Beach, a 49 unit condominium project on Hollywood Beach, the deviation is over \$15 million dollars. This then creates a situation where under the current provision our building permit fees may be excessively high. We must also keep in mind building permit fees should not exceed the costs of providing the services required from the city assessing such fees.</p> <p>We have contacted 20 other municipalities in Broward County to check on how they deal with this situation. Of the 20, the only other city in Broward which uses the `higher of the two` provision is Parkland, a city dominated by single-family homes and few large</p>

	<p>scale developments.</p> <p>As such, we are recommending the Building Permit Fee Schedule be amended to provide that the contract amount may be accepted by the Building Official in cases where the discrepancy of total construction cost exceed \$1,000,000 unless the Building Official has reason to believe the contract is fraudulent.</p> <p>In order to address the Apogee Beach project, a provision is included in the resolution which will allow for a credit toward yet to issued building permits from the payments which have already been made..</p>
Submitted by:	<p>Jaye M. Epstein, AICP, Director, Planning and Development Services Elizabeth Chang, Planning and Development Services Administrator</p>
Recommended for inclusion on the agenda by:	<p>Cathy Swanson-Rivenbark, City Manager Jaye M. Epstein, AICP, Director, Planning and Development Services Frederick Hopkins, Director of Real Estate</p>
Director Signed Off:	7/10/2012 1:29:22 PM

RESOLUTION NO. _____

(12-RESO-59)

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING R-2002-21 AS AMENDED BY RESOLUTION NOS. R-2010-257 AND R-2010-305 TO REVISE THE BUILDING FEE CALCULATIONS.

WHEREAS, on July 19, 1995, the City Commission adopted Ordinance No. O-95-43, which amends Chapter 151, "BUILDINGS", of the Code of Ordinances to provide that building permit fees shall be established by resolution of the City Commission; and

WHEREAS, the City Commission passed and adopted Resolution No. R-2002-21 which established the building permit fees; and

WHEREAS, Staff has reviewed the current method for calculating building permit fees utilizing R.S. Means Company, Inc. data and have determined that an inequity may exist between the R.S. Means costs and actual contract costs; and

WHEREAS, the City Commission desires to revise the method for determining building permit fees to address such inequities;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That pursuant to Section 151.135 of the Code of Ordinances, the building permit fees shall be as follows:

(A) Permit fees:

* * *

(B) Estimated costs.

- (1) For the purpose of arriving at the building permit fee, building estimated costs includes all systems and site work. A verified executed contract figure (including all systems) may be used for the purpose of determining the building permit fee, or the estimated total construction cost (including all subtrades) of the building may be computed per the latest edition of "Cost Data", as published by the R.S. Means Company, Inc., in accordance with division (C) herein ~~whichever is greater~~. This figure will then be used to compute the building permit fee only. Separate subtrade

permit fees shall be calculated in accordance with division (B) (2) herein. However, should the executed contract figure vary from the R.S. Means Company, Inc. "Cost Data" by more than \$1,000,000 then the executed contract figure may be used, unless the Building Official has reason to believe the executed contract is fraudulent or is the result of errors and / or omissions in the contract costs.

- (2) Engineering, mechanical, plumbing, gas and electrical estimated costs: A verified contract figure may be used for the purpose of determining permit fees or the estimated total construction cost of work may be computed per the latest edition of "Cost Data", as published by the R. S. Means Company, Inc., in accordance with division (C) herein, ~~whichever is greater.~~

* * *

Section 2: That this resolution shall apply to all building permits issued subsequent to January 1, 2012 and such projects may be entitled to a credit towards future building permits relating to the same project.

Section 3: That all other fees established by Resolution R-2002-21, R-2010-257 and R-2010-305 shall remain in full force and effect.

Section 4: That this resolution shall be in full force and effect immediately upon its passage and adoption.

PASSED AND ADOPTED this _____ day of _____, 2012.

PETER BOBER, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC, CITY CLERK

APPROVED AS TO FORM AND LEGALITY
For the use and reliance of the
City of Hollywood, Florida, only.

JEFFREY P. SHEFFEL, CITY ATTORNEY

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: July 10, 2012

BIS 12 – 231

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING R-2002-21 AS AMENDED BY RESOLUTION NOS. R-2010-257 AND R-2010-305 TO REVISE THE BUILDING FEE CALCULATIONS.

Statement of Budget Impact:

1. No Budget Impact associated with this action;
2. Sufficient resources are identified/available;
3. Budgetary resources not identified/unavailable;
4. Potential Revenue is possible with this action;
5. Will not increase the cost of Housing;
6. May increase the cost of Housing; (CDAB review required)

Explanation:

The current building permit fee schedule is based upon the greater of a verified contract figure or the estimated total construction cost as computed per the latest edition of "Cost Data" published by the R. S. Means Company, Inc.

Due to rapidly changing labor and construction costs, contracts for buildings are in some cases, coming in well below R. S. Means estimated costs. This then creates a situation where building permit fees may be excessively high. Building permit fees should not exceed the costs of providing the services required from the city assessing such fees.

After contacting 20 other municipalities in Broward County, the only other city in Broward which uses the 'higher of the two' provision is Parkland, a city dominated by single-family homes and few large scale developments.

As such, we are recommending the Building Permit Fee Schedule be amended to provide that the contract amount may be accepted by the Building Official in cases where the discrepancy of total construction cost exceed \$1,000,000 unless the Building Official has reason to believe the contract is fraudulent. A provision is included in the

resolution which will allow excess payments to be used as a credit toward building permits which have not yet been issued.

PREPARED BY: Neesha Hope
Management & Budget Analyst

APPROVED BY: Matthew Lalla
Director, Financial Services Department