



**Request for City Council Committee Action
From the Department of Regulatory Services**

Date: March 20, 2002

To: Public Safety & Regulatory Services Committee
Referral to: Ways & Means Committee

Subject: Revisions to the Minneapolis Code of Ordinances, Title 5, Building Code, Chapter 91, Section 91.20 through 91.830

Recommendation: The Department of Regulatory Services recommends that the City Council amend Ordinance Section 91.20 through 91.830 by increasing permit fees and amending Ordinance Section 91.90 to clarify permit fee valuations as adopted in the 2002 Budget

Previous Directives: Set public hearing date of March 27, 2002.

Prepared by: Merwyn Larson, Director, Inspections, Phone 673-5821

Approved by: _____
Merwyn Larson, Director, Inspections

John Bergquist, Asst. City Coordinator &
Dir., Operations & Regulatory Services

John Moir, City Coordinator

Presenters in Committee: Merwyn Larson, Director, Inspections

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Revenue increase included in 2002 Inspections budget.
- Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information

A 2% technology increase will be added to the permit fee multipliers for value based permits and the cost of construction multiplier for unit based permits. Only the 2 % technology increase for both value based and unit-based permits requires a public hearing for ordinance changes.

Per section 91.70 the Construction Cost Index (CCI) fee adjustment for 2002 is 5%. The CCI is an annual, unit-based permit fee surcharge established using the percentage increase for Minneapolis from the previous year as published in Engineering News Record. The cumulative CCI fee adjusted for the last several years' totals 23 %. Adding the 2% technology increase yields a total adjustment of 25%. Therefore all unit-based fees have been adjusted 25% and the CCI multiplier for 2002 will be reset to zero until the next required adjustment in 2003.

The Permit Fees Ordinance Section 91.90 does not clearly define how projects should be valued for purposes of calculating the permit fees on new buildings. The ordinance states that the owners estimate of value may be used as the basis. This is being widely interpreted, yielding values that are far below the actual selling price. The ordinance should be revised to reflect the contract price of all construction work for which the permit is issued as well as all finish work including labor costs. This change would standardize the method for calculating building and plan review fees for new buildings, thus promoting fair application of fees for all customers.

In accordance with the approved 2002 Budget, permit revenues generated by the above mentioned changes include:

- \$599,000 from inflationary and CCI adjustments and the 2% technology fee
- \$137,686 from clarification of the project valuation for calculating permit fees.