



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

Date March 18, 2004
To Public Safety & Regulatory Services Committee
Referral to Ways & Means Committee

Subject Amend Minneapolis Code of Ordinances, Title 5, Chapters 91 & 108, to establish a director's fee schedule subject to adjustment this April, then automatically adjusted each April thereafter by established indexes and to amend the refund policy.

Recommendation

The Department of Regulatory Services recommends that the City Council adopt the proposed amendments to Title 5, Chapters 91 & 108 to establish and approve the first director's fee schedule with adjusted fees effective this April and automatically adjusted each April thereafter including an amended refund policy

Previous Directives

Public hearing on the new ordinance language is set for Wednesday, March 24, 2004.

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Approved by:

Merwyn Larson, Director, Inspections

Lori Olson, Interim Asst. City Coordinator & Director
Operations & Regulatory Services

John Moir, City Coordinator

Presenter in Committee: Connie Fournier, Deputy Director, Construction Inspection Services

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
Five-year financial budget directive incorporates gradually adjusted annual permit fees
- 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): ___ Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)
Neighborhood Notification
City Goals
Comprehensive Plan
Zoning Code
Other

Background/Ordinance Amendments Attached

The proposed ordinance amendments include:

1. The establishment of the first director's fee schedule of consolidated building code fees to be made readily available to the public.
2. A method to uniformly adjust the unit and value based fees automatically by recognized indexes each year.
3. A housekeeping review of Chapter 91 to clarify, update and/or reduce regulation.

The Minneapolis Code of Ordinances (MCO), Title 5, Chapter 91 includes the majority of the building code permit and associated fees. Permits fees have historically been adjusted either by the Construction Cost Index (CCI) or the Consumer Price Index (CPI).

The CCI for Minneapolis, as published in the Engineering News Record (ENR), has been used since April 1990 to annually adjust unit-based fees, such as plumbing fixtures or electrical circuits. Section 91.70 listed the specific unit-based fees to be indexed. However, other fixed fees for example, re-inspection fees, were not included. The proposed amendments comprehensively add fixed fees to Section 91.70 to also be adjusted each April by the CCI. (The 2003 CCI for Minneapolis was five percent and the ENR report is attached.)

The CPI has nationally been used to adjust the building permit valuation table on a three-year cycle with each new code. Section 91.90 incorporates such a valuation table from the 1997 Uniform Building Code. The new State adopted International Building Code does not include a recommended fee table.

Therefore, the League of Minnesota Cities (LMC) and the Association of Metropolitan Municipalities (AMM) met with 30 cities, including Minneapolis. With information provided by the State Building Codes and Standards Division, they cooperatively developed a recommended fee table based on the CPI. (See attached November 2003 report.) This approach was endorsed by the Builder's Association, which prefers that cities use a uniform schedule. To date several communities have adopted the new table including Minnetonka and Plymouth.

We are proposing the adoption of the LMC/AMM 2003 recommended valuation table in Section 91.90. The revised Section 91.90 also annually adjusts this valuation table by the CPI. The fees associated with each valuation category will also be in the director's fee schedule.

The proposed ordinance amendments in sections 91.70 and 91.90 incorporate both the unit-based fees and the valuation table, into an initial director's fee schedule. We are requesting approval of this initial director's fee schedule to be effective April 2004. The fee schedule will then be automatically adjusted on April first of each year. The amendments also require the director to publish, maintain and make available this schedule to the public in all readily available means.

The following is a breakdown of the proposed amendments into three categories: Fees that are currently CCI indexed, fees to be added to the index, and fees that have been repealed:

Currently CCI Indexed in 91.70:

- 91.150 Electrical permit fees
 - **Adds service fee categories consistent with State rules**
 - Adds electric heat previously located in section 91.570
- 91.190 Plumbing basic fees
 - **Water softener permits were eliminated**
- 91.220 Plumbing alterations & repairs
- 91.270 Gas burner fees
- 91.380 Sign fees
- 91.410 Temporary signs
- 91.465 Refrigeration system permits

Added to CCI Index in 91.70:

- 91.15 Fee refunds
 - **No refund if equal to or less than the minimum fee which is indexed**
 - **Rewritten and organized for better understanding**
- 91.20 Street permits
- 91.35 Service charges for research
- 91.40 Minimum fee
- 91.55 Re-inspection fees
- 91.105 Special Inspection Fees
 - **Clarifies this inspection type is also for special events**
- 91.115 Utility location fees
 - **Re-titled to be understandable and match State Statute**
- 91.120 Fees for temporary certificates of occupancy
- 91.390 Annual sign registration
- 91.610 Elevator installation permits
 - **Adjusts the valuation from 1% to 1.5% to match St. Paul**
 - **Remove the cap on fees**
- 91.620 Annual elevator registration fees
 - **Fee categories are combined and fees are adjusted**
- 91.740 Code compliance fees for one and two family dwellings
- 91.750 Code compliance fees for multiple dwellings
- 91.770 Code compliance fees for commercial or industrial buildings
- 91.780 Temporary certificate of code compliance
 - **Adjusts the fee to be the same as the certificate of occupancy**
- 108.30 Application for parking ramp certificate
 - We are requesting to include one section from Title 5, Chapter 108, on parking ramp certificate fees in today's amendments to be as comprehensive as possible in the initial Director's Fee Schedule.

Note: These newly indexed fees have not been adjusted for some time.

Sections repealed

- 91.320 Wrecking permits
 - **Added to the general building permit therefore section is repealed**
- 91.330 Moving permits
 - **Added to the general building permit therefore section is repealed**
- 91.420 Sign structural alteration permits
 - **Added to the general building permit therefore section is repealed**
- 91.570 Electrical heating system "T" permits
 - Added to electrical permits therefore section is repealed
- 91.760 Hotels
 - Repealed as code compliance fees are included in another fee category

Housekeeping & Noted Amendments

Ordinance amendments for housekeeping, updating or regulatory reform have been highlighted above.

Notification and mailings are annually sent to customers regarding the CCI adjustments. Additional contacts have been made to stakeholders about the proposed amendments.

Attachments: The January 19, 2004 ENR lists a 5% CCI adjustment for Mpls. from 2003 November 2003 Report of the LMC/AMM