



MEMORANDUM

TO: City Council/City Manager
THRU: Richard J. Plastino, Director of Public Works
FROM: Jay N. Hutchison, City Engineer
DATE: July 11, 2005
RE: Proposed Changes to Development Fees

Handwritten signatures of Jay N. Hutchison and Richard J. Plastino, located to the right of the 'FROM' and 'THRU' lines of the memorandum header.

Periodically, the City reviews the fees charged for all aspects of the development process, assesses the amount of costs recovered, and evaluates Lakewood fees compared to other jurisdictions' fees.

A comprehensive evaluation has recently been completed and revenues in recent years have fallen short of expenses. Increases are being proposed for certain fees.

Past City Council philosophy regarding development fees is summarized as follow:

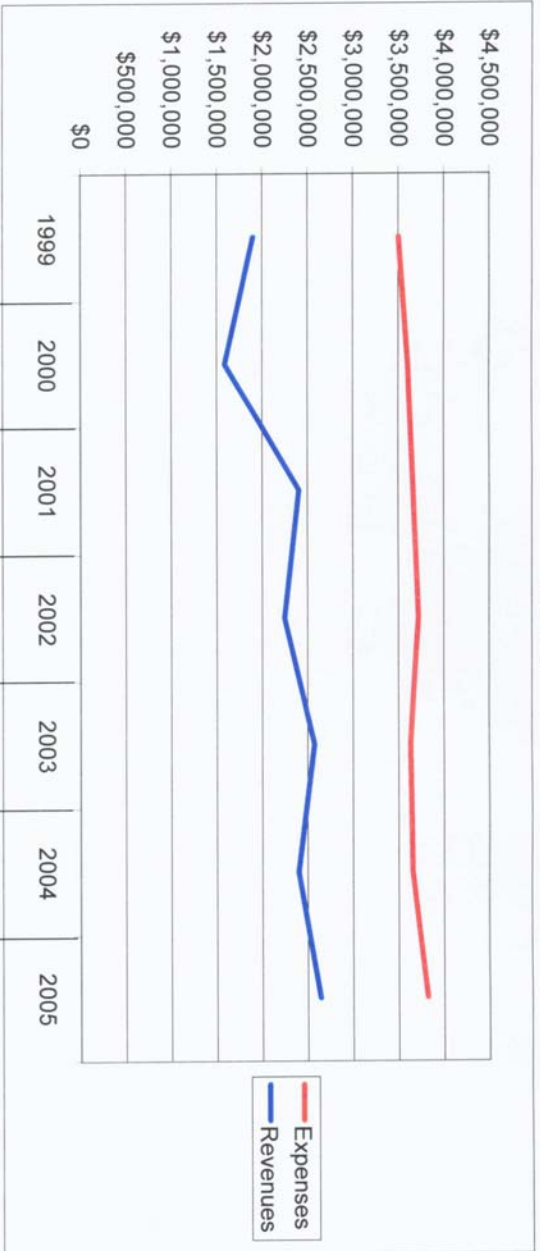
1. Fees should pay development processing costs.
2. Lakewood fees should remain competitive with other jurisdictions.

The proposed fees accomplish these two goals.

The charts on the following pages illustrate the historic picture of development revenues and expenses and the relationship among fees charged by other jurisdictions and Lakewood's existing and proposed fees.

The July 18, 2005 Study Session will include a discussion of this material. It is recommended that City Council direct staff to initiate discussion of the proposed fee increases with the development community. After input from the development community, the issue will be brought to Council for action.

Revenues and Expenses
Development Process
 July 2005



Expenses	\$3,500,053	\$3,603,456	\$3,664,547	\$3,717,827	\$3,629,374	\$3,653,513	\$3,816,784	TOTAL
Revenues	\$1,898,836	\$1,587,152	\$2,403,377	\$2,242,647	\$2,573,368	\$2,396,743	\$2,638,059	\$9,845,372
Shortfall	\$1,601,217	\$2,016,304	\$1,261,170	\$1,475,180	\$1,056,006	\$1,256,770	\$1,178,725	

Expenses = 1.45% Average Annual Growth Rate

2001-2005 Average annual shortfall = \$1,245,570

The following sheet breaks out expenses by program and funding by source. Since 1999, this evaluation includes expenses for office space, utilities, computers, phones, department administration and a portion of economic development staff costs. Those items account for approximately \$815,000 of the annual average shortfall.

EXPENSES

	Post-Audit				Pre-Audit	Budget
	1999	2000	2001	2002	2004	2005
Traffic Engineering *	94,912	96,144	102,585	102,100	105,377	106,172
Community Resources *	8,206	10,657	8,526	8,233	9,400	10,034
Permit Counter	317,657	334,639	346,051	358,142	366,449	374,052
Building Plan Review and Inspection	858,692	894,343	932,909	1,026,377	954,839	984,210
Economic Development *	136,351	155,042	150,471	114,951	82,725	115,623
Planning Development Review *	771,367	814,430	784,012	763,043	855,962	917,198
Engineering Development Assist. & Insp.	889,654	881,016	891,605	871,294	845,434	887,954
Property Management *	194,069	231,432	232,454	241,666	247,723	223,930
CPD Administration *	134,210	139,600	174,434	175,073	140,880	155,231
PW Administration *	94,935	46,153	41,500	56,948	44,724	42,380

TOTAL EXPENSES \$3,500,053 \$3,603,456 \$3,664,547 \$3,717,827 \$3,629,374 \$3,653,513 \$3,816,784

REVENUE

	Post-Audit				Pre-Audit	Estimated
	1999	2000	2001	2002	2004	2005
Contractor's Licenses	\$211,430	\$217,955	\$244,150	\$258,475	\$266,570	\$270,266
Building Permits	1,167,130	915,030	1,657,980	1,436,165	1,462,227	1,808,143
Electrical Permits	42,558	33,532	30,980	41,797	42,147	42,190
Plumbing Permits	15,343	15,895	14,664	18,231	12,890	14,064
Mechanical & Elevator Permits	124,576	117,955	132,055	147,897	143,128	144,651
Sign Permits	13,619	17,412	13,508	24,821	26,408	16,545
Public Way Permits	54,381	71,613	82,096	52,834	85,461	109,583
Other Permits	126,533	94,991	99,208	102,076	248,071	105,090
Zoning & Subdivision Fees	140,461	100,108	122,948	157,332	109,203	125,000
Sale of Maps & Publications	767	901	3,992	2,396	342	2,119
Sale of Code Books	1,918	1,299	1,647	348	26	208
Sale of Planning Publications	120	460	150	275	270	200

TOTAL REVENUE 1,898,836 1,587,152 2,403,377 2,242,647 2,573,368 2,396,743 2,638,059

NET REVENUE LESS EXPENSES (\$1,601,217) (\$2,016,304) (\$1,261,170) (\$1,475,180) (\$1,056,006) (\$1,256,770) (\$1,178,725)

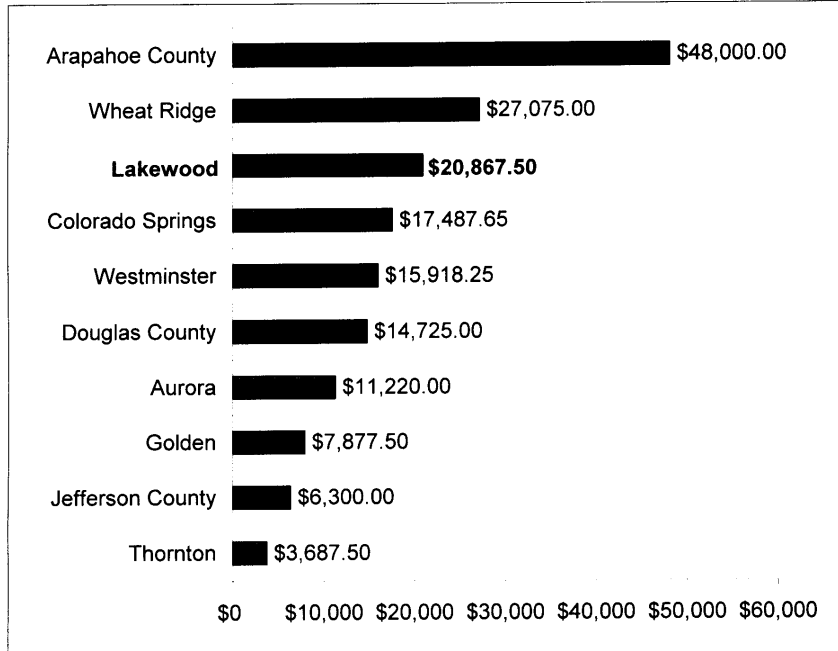
* Less than 100% of this program is development processing. Only the development processing expenses are included.

Planning Fees

Sum of Three Sample Projects

July 2005

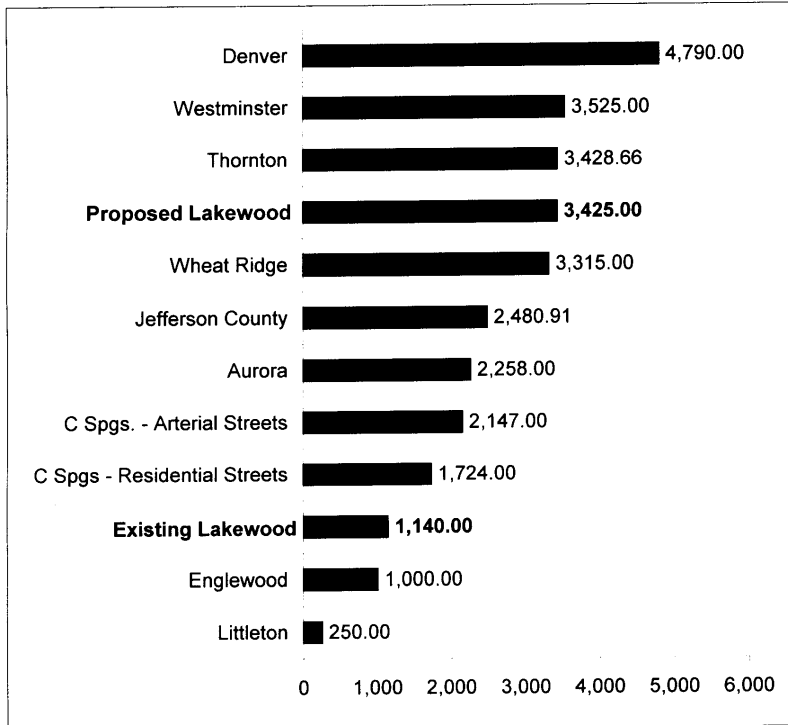
No fee change is recommended



Sample Projects:

1. Rezoning and subdivision of 65 lots.
2. Site Plan for five-acre commercial project valued at \$3,000,000.
3. Rezoning, subdivision, site plan for five-acre commercial project valued at \$3,000,000.

Public Way Permit Fees
Sum of Four Sample Projects
July 2005

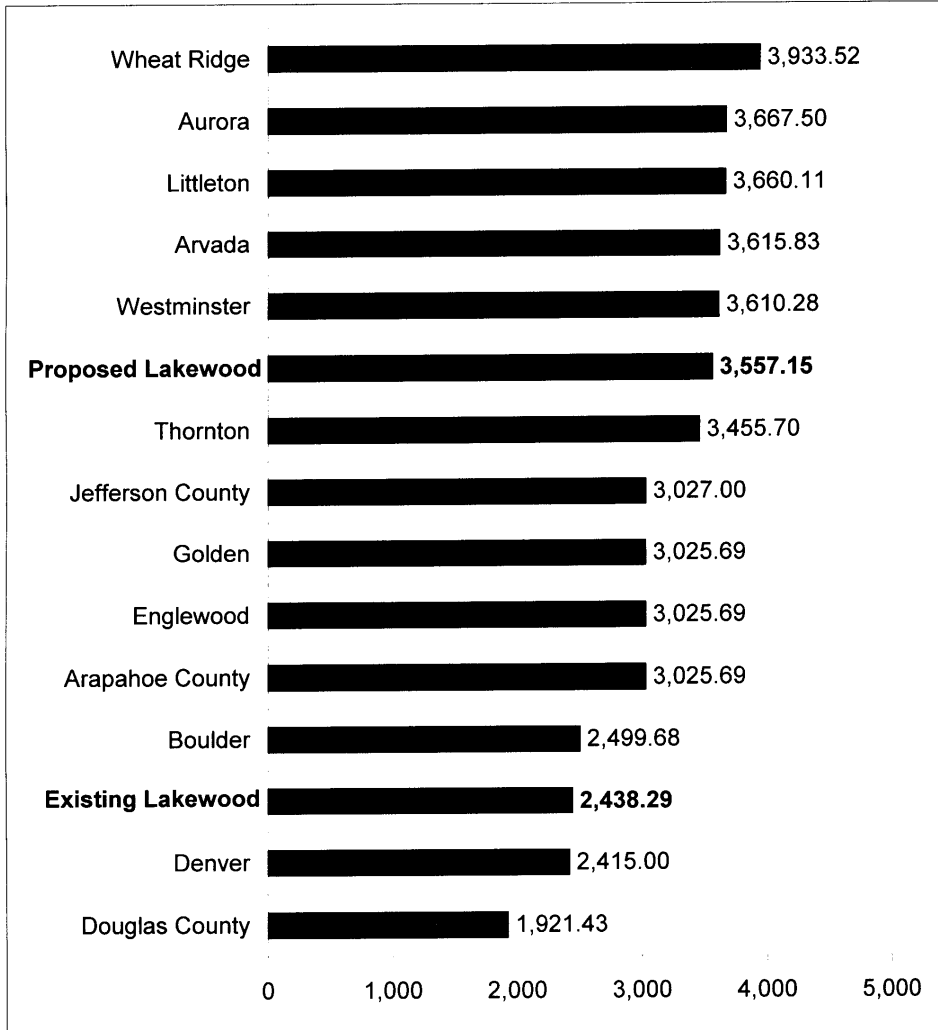


Sample Projects:

1. 500' of 5' wide trench for 24" water line in existing pavement.
2. 500' bore for a gas line including 20 potholes.
3. 5' x 10' excavation in existing pavement.
4. Widen 1000' of existing street including:
 - asphalt width
 - Curb and gutter
 - 5' wide sidewalk
 - 30' wide drivecut

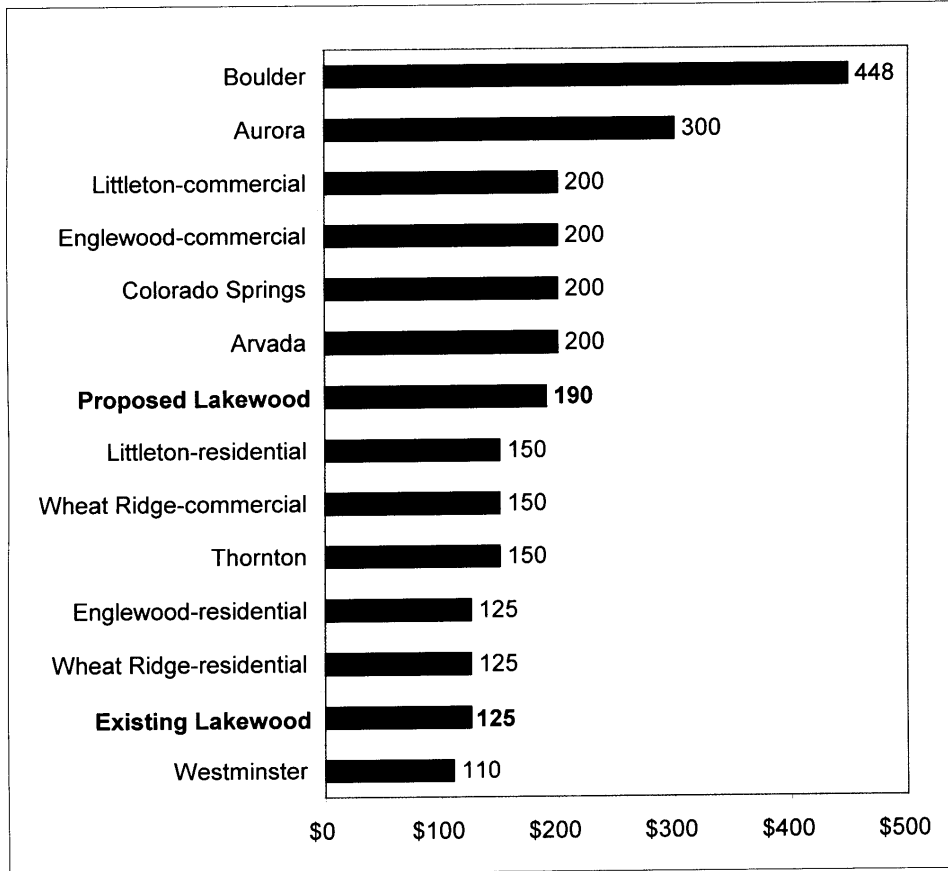
Building Permit and Plan Check Fees
for a \$250,000 single family dwelling

July 2005



Contractor Licenses

July 2005



Proposed fee is for Structural, Residential, Plumbing, Mechanical and Municipal contractors. Licenses for specialty contractors are proposed to be \$95 per year. There are savings if licenses are obtained for multi-year periods.

Other Fee Related Changes

July 2005

The following changes are proposed to improve operational and fairness aspects of the development process.

1. **Expedited Building Plan Review Option** - An expedited building plan review process will be offered as an alternative. Expediting building plan review requires use of consultants by the City for the technical review. It also requires City oversight of consultants' work to ensure specific applications of Lakewood's codes are appropriate. For projects applicants choose to expedite, a plan check fee equal to 190% of the normal fee would be collected.
2. **Temporary Certificates of Occupancy** - The frequency of requests for Temporary Certificates of Occupancy (TCO) is higher than necessary. Each TCO issued requires the City to perform final inspections and identify whether remaining work is appropriate for completing after a structure is occupied. Each TCO also requires a City follow-up process to ensure the work does eventually get completed. The follow-up requires a second set of final inspections. Currently the fee for a TCO is \$25.

It is proposed that the fee for a TCO request be \$750 with \$500 refunded if the work is all completed before the TCO expires. This approach is used in unincorporated Jefferson County and provides two incentives. First, the higher fee may encourage contractors to complete all work prior to occupancy of the structure; eliminating the need for a TCO. Second, the potential for a partial refund may encourage contractors to complete all work before a TCO expires.

3. **Construction Site Permits** - Construction site permits are required by the City's federally mandated permit for stormwater discharges. Currently, the State issues the permits for sites greater than five acres and the City issues permits for sites of less than five acres. Regardless of acreage, the City is required to review the plans. Applicants with sites less than five acres currently pay \$459 for each permit issued by the City. No City fee is currently required for sites greater than five acres in area. It is recommended that the \$459 City fee apply site regardless of site area.
4. **Future Fee Adjustments** - In recent years, only planning fees have been adjusted annually. It is recommended that all development fees be adjusted annually. The annual adjustment would be based on personnel cost increases since a very high percentage of development processing costs are personnel costs. A more comprehensive fee evaluation, similar to the one undertaken this year, will occur at intervals of approximately five years.