

PROPOSED PERMITS FEE INCREASE

HARRIS COUNTY PERMITS OFFICE
JOSHUA STUCKEY

GHBA
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Themes

- As always, we need your partnership and support to continue our level of service.
- This is a cost to revenue issue and we are not seeking the development community to bear the full burden. We have cut costs.
- Even with these changes we are still not meeting our cost in the economic environment.

Overview

- Since 2003, most fees have not increased
- FY 2010 show a 48.9% shortfall of revenue to operating costs.
- FY 2011 represents the third year in a row with a significant shortfall.
- Shortfall can be addressed by:
 - Decreasing Costs
 - Increasing fees
 - Charging fees earlier in permitting process
 - New fees for uncharged services
 - Change in business volume activity

DECREASING COSTS

- Harris County was required a 10% cost reduction, over 90% was salaries
- Permits Office has reduced staff by 20 personnel over the last 1.5 years. This salary reduction alone represents a decrease of over 20% in salary costs .
- Along with personnel cuts, take-home vehicles for inspectors were eliminated and other cost cutting measures were implemented.
- These measures have reduced costs to approximately 7.8M, but a significant shortfall remains with revenue approximately 4M

INCREASING FEES

- Increasing the fees is necessary to offset the three year average shortfall of 30.5%
- Minimum fee – Raising from \$10 to \$30
 - Based on allocated time and cost per hour, the minimum cost for processing a permit is \$34.15.
- Cost per square foot, per Lot, per Acre
 - Raising 16% for these types of fees

Continued

- Development Residential
 - Raising 30.5% to partially offset operational costs
- Minimum Private Development and ROW Inspection Fee
 - Raising from \$20 to \$40 based on average hourly rate and vehicle usage is \$54

CHARGING FEES EARLIER IN PERMITTING PROCESS

- Commercial Permit Phase I Fee:
- Currently, cost recovery occurs at the point of permitting. However, a study has shown only 83% of plans approved obtain permits.
- Every plan submittal involves clerical staff, review by 3-5 departments, scanning and record keeping
- In order to recoup costs for work performed in the permitting process, a new fee of \$200 will be paid at plan submittal with a \$50 fee for approved plan revisions.

NEW FEES FOR UNCHARGED SERVICES

- Residential Subdivision Permit
 - Costs for Acceptance Department is \$1.4M, yearly revenue for Subdivision fees is \$48,980. To offset some of the shortfall, a new streamlined approach is proposed
 - Paving, Underground Utilities, Detention Pond, Cut/Fill permits have been combined into a single Subdivision permit with a flat rate of \$1,000 per project plus a scope factor of \$20/lot.
- Acceptance of Infrastructure Inspection Fee
 - Average cost per inspection is \$202.64 not including support staff and equipment costs
 - New of \$100 per inspection and 2 required inspections paid for at time of Commercial Permit Phase I.

NEW FEES STRUCTURE FOR COMMERCIAL SITE WORK

- Commercial Development Phase II
 - Sites without Harris County dedicated right of way currently cost \$1500 to \$2000 to permit site work per project
 - We process an average of 1200 projects/year for an estimated cost of \$2M per year. Currently produce revenue of \$300K per year.
 - To offset the shortfall, proposed streamlining permitting of all non-enclosed structural development (paving, utilities, etc.) into a single permit
 - New Site permit fee of \$10 per \$10K value for properties outside of flood plain and \$20 per \$10K for inside with a minimum permit fee of \$150.

VOLUME SENSITIVITY

- Economic recovery could significantly affect revenue predictions.
- If new fees approved the economy would need to recover by 23.4%, realized at our office, in order to cover costs.