

### I. <u>Petition Description</u>

Petition Number: 17-080 (2017-046 COD)

Project Name: Planning Zoning and Building Department Fee Schedules

Request: Adoption of Ordinance 2017-12 to repeal Chapter 2, Administration, Article VIII, Recovery of Costs of Administrative Review, Section 2-361, Cost Recovery, of Wellington's Code of Ordinances in its entirety and replace with "Development Application Fees"

> Adoption of Resolution R2017-28 Development Application Fee Schedule and Resolution R2017-29 Building Fee Schedule.

### II. BACKGROUND

On August 14, 2001, the Village adopted Resolution R2001-71 which established the Planning, Zoning and Building Fee Schedules. This was a traditional flat rate fee system.

On January 8, 2008, the Village adopted Ordinance 2007-17 which established a "cost recovery" system to transfer the cost of administrative review and processing of development approvals to the applicant. This included staff time, advertising and outside consultant fees associated with the review and processing of each application. Resolution 2008-21 was also approved on January 8, 2008 which established an updated fee schedule for Planning and Zoning only and established Village staff billing rates.

Resolution R2009-66 was approved on October 27, 2009 establishing a new fee schedule for the Building department. The schedule remained on the traditional flat rate fee system. Neither department has updated their fee schedule since.

### III. STAFF ANALYSIS

### Planning and Zoning Fee System and Schedule

The amendment of the cost recovery fee system in favor of an alternative flat fee/escrow fee system for planning applications will maintain current revenues, improve efficiency for Wellington staff, ensure transparency and create a more predictable pricing model for future applicants.

The current Cost Recovery System was adopted in 2007. It assigns the responsibility of all review costs on the developer/applicant. Final costs for the review of an application should match the actual costs to the Village. At application submittal, staff collects an initial deposit. The applicant is then invoiced for additional fees as the staff time, professional fees, and advertising costs reach the deposit amount. There are no hidden fees as the applicant is billed for actual costs accrued for a project. Any money deposited but not incurred is refunded upon written request from the applicant.

There are many disadvantages to the current Cost Recovery System. The system is inefficient as tracking hours spent on a project and billing for additional deposits demands a lot of staff time. Accounting for the cost recovery system is also time consuming and complex. Collection of additional funds is typically a struggle as applicants take weeks to pay invoices or some don't pay at all. With the current cost recovery system there is no guarantee that additional invoices will be paid as staff cannot revoke approvals for non-payment. Applicants also do not have a definite cost figure for the application process at time of submittal which is normally double or triple the initial deposit due to outside consultants, advertising fees, etc. This can be upsetting and shocking to a typical resident versus a developer/agent who is familiar with the additional added costs.

Staff has received letters from various planners and applicants in favor of the flat fee system (Exhibit E –Letters of Support). The flat fee structure gives potential developers, applicants and property owners a better understanding of the total project costs and fees and allows them to better budget.

Switching to a flat fee/escrow system will allow staff to better utilize their time rather than spending it on tracking hours, billing applicants, reminding applicants to pay their invoices and other accounting functions. Applicants will also have a better idea of what each planning application type will cost prior to submittal. The proposed Development Application Fees will allow for a stream lined process for both the Village and the applicant. Staff has evaluated all types of petitions from 2014 and have developed a proposed fee schedule (Exhibit A – Planning and Zoning Application Cost Analysis) that will cover planning review costs in cases where time spent is more than the flat fee. The application fee will only cover administrative staff review. A separate deposit will be required upon submittal to cover costs for public hearing advertisements and outside consultant fees. Any money remaining in escrow at project completion will be refunded to the applicant once requested. In addition, if the account is in the negative and the applicant does not reconcile the deficiency, the applicant will not be able process future development applications on the subject property.

To evaluate Wellington's Planning and Zoning current and proposed application fees, a review of the development application fees and required escrows of other municipalities

was conducted and graphs were created for various types of applications (Exhibit B – Planning and Zoning Fee Comparison Graphs). Wellington's ultimate desire is to retain low and fair fees compared to other municipalities which the graphs show. It is important to note that not all municipalities have the same types of petitions and same method of billing.

The proposed fee structure and schedule will be in line with other municipalities and reduce the public subsidy required to process the applications. It is important to point out that this change does not increase the fees for planning and zoning applications, it provides a vehicle to collect the fees upfront and eliminate billing at the end.

### **Building Fee Schedule**

The Building Fee Schedule has not been updated since 2009. According to Section 166.22 and 553.80 Florida Statutes, the Village has the right to and obligation to establish and update, from time to time, a fee schedule for the issuance, inspection and enforcement of building permitting. Staff is proposing to increase the permit fees as shown in Exhibit C – Proposed Building Department Permit Fees.



 Table A – New Residential Permit Fee Municipality Comparison

To evaluate Wellington's Building Department application fees, a review of the fee schedules of comparable municipalities based upon population, location, and development activity was conducted shown above in Table A – New Residential Permit Fee Municipality Comparison and Exhibit D – Building Fee Comparison Graphs. Based on those fees, staff conducted a permit fee comparison of a new residential dwelling with a construction value of \$425,000. Permit fees ranged from \$4,135.50 to \$12,975.00 with the average permit fee of \$8,722.15. Wellington's current fees were the second to lowest at \$5,225.00 with the Village of Royal Palm Beach being the lowest. With the proposed fee schedule, the fees would be increased to \$7,687.50 and would still be one of the lowest but closer to the average permit fee against the compared municipalities.



Table B – New Commercial Permit Fee Municipality Comparison

Staff conducted a similar comparison for a new commercial permit valued at \$135,000 shown above in Table B – New Commercial Permit Fee Municipality Comparison. The permit fees ranged from \$1,850.00 to \$5,678.00 with the average permit fee being \$3,194.00 and Wellington having the lowest fees. With the proposed fee schedule, Wellington's permit fee would be increased to \$2,612.50 which would be one of the lowest, but again, closer to the average permit fee.

# IV. PUBLIC NOTIFICATION/COMMENTS

## Planning, Zoning and Adjustment Board:

- Newspaper: July 25, 2017
- Meeting Date: August 9, 2017

On August 9, 2017, the Planning, Zoning and Adjustment Board recommended approval of all Ordinance/Resolutions with a 5-0 vote.

# Council (1<sup>st</sup> Reading):

| • | Newspaper:    | August 7, 2017  |
|---|---------------|-----------------|
| ٠ | Meeting Date: | August 22, 2017 |

## Council (2<sup>nd</sup> Reading):

| • | Newspaper:    | August 28, 2017    |
|---|---------------|--------------------|
| • | Meeting Date: | September 12, 2017 |

## V. STAFF RECOMMENDATION

Staff recommends approval of the following:

- Approval of Ordinance No. 2017-12 amending Wellington's Code of Ordinances by repealing Chapter 2, Article VIII, Section 2-361, Cost Recovery, in its entirety and replacing with Development Application Fee
- Approval of Resolution R2017-28 Development Application Fee Schedule
- Approval of Resolution R2017-29 Building Fee Schedule