

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 6, 2008
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: BUDGET MEMO 18: NEW PROPOSED PERMIT CENTER

Overview

The Code Enforcement, Planning & Zoning, and Transportation & Environmental Services Departments over the last year have been in the process of identifying a significant number of measures to improve customer service. These include streamlining processes and improving accountability related to securing construction related development review approvals and building permits.

As recommended in the Small Business Task Force Report, the creation of a multi-agency permitting center for the review of building and business related permits is being proposed as part of the FY 2009 Proposed Budget. As recommended in the Economic Sustainability Work Group report, improvements are needed to efficiency and timeliness when processing permits and cross departmental coordination. The permit center concept will greatly help us improve in these areas. The three primary agencies with development review and permitting responsibility have agreed in concept to take the first steps in creating such a center.

It is envisioned that the center will become the entry point for all residential and light commercial alteration permits that require limited outside agency review. The center may also be the entry point for various P & Z and TES process reviews either associated with or not associated with a building permit. This could include architectural review applications, erosion and sediment control plans, etc. Expansion of the "one stop" and "walk-thru" permit processing concepts is expected and is one of the main goals of the permit center.

The allocation of an existing staff member from the Finance Department will also allow the processing of business license permits. Simple approvals by staff for projects that have gone through the applicable approval process and designation to the appropriate departmental staff members for plans that require additional review should occur through the center. Through cross training with other center staff and with back-up provided by the primary agency, coverage would be maintained during periods of absence by the primary staff member.

It is not anticipated that large project site plans will enter into the system through the center at this time. As discussions continue, determinations of which processes that will be included and the technical processing requirements will be worked out by the participating agencies. The end results should be improved communication between agencies as there will be dedicated staff to the process applications, faster processing of small projects that typically would have required routing for review, and improved accountability including a single source point for communication for customers utilizing the service.

Although there will be some space constraints, we envision creating the center in the existing Code Enforcement permit center. Recent renovations will allow for some additional capacity to add staff from other departments to accommodate their activities. Future expansion of permit center functions will need to include space evaluation.

The recent new construction reorganization underway in Code Enforcement has been geared to accommodate the permit center concept with no additional staff. The Customer Service Manager, existing engineering aides, and capacity generated in the plan review staff by some process changes will allow for the staffing of the plan review services for a building permit review.

One staff person from P& Z, an Urban Planner II, and a staff member from TES, a Civil Engineer I have been proposed as new positions to staff the Center. The anticipated first year cost (including salary, benefits, and incidentals) for these new positions is approximately \$200,000. To help to pay for these positions, the FY 2009 proposed budget includes a new levy of 5% on building permits for the permit center. The 5% levy will allow for proper sharing of center cost by users and will limit the burden on the typical homeowner related permits.

Additional improvements are being planned in web site offerings, web based permitting, and kiosk based permit applications. Part of this goal is to improve the customer's knowledge of various city regulations and be able to fully understand the technical and regulatory goals with each process.

The overall benefit to this proposal is better customer service.(1) Centering several department

1 The performance measurement goals achieved by creating a permitting center would include:

1. A substantial shift from the number of permits reviewed under the category of "Building and Trade Permits Reviewed" to the categories of "One Stop Shop" and "Walk Thru Plan Review."
2. An establishment of a considerably lower turnaround time for permits that come through the "One Stop Shop."
3. The current published review time for all permits is not to exceed 20 working days. By establishing different categories for permit types, an improved, lower anticipated time can be established for each category and monitored.
4. Establishment of performance measures that cross departmental boundaries that track total time a customer spends in the permit process.
5. Although not tracked through performance measurements, a reduction in the number of lost or unaccounted for permits in the process. This will lead to a reduction in complaints.

agents at one location on the same floor facilitates better customer service. As a customer goes through the permitting process, each agency has a representative immediately available to assist them through the process. If discrepancies arise during the permit application process, the agents and the customer can meet quickly, address the issues and work through the problem to a solution.

Under the current set up, a customer must travel to several areas within City Hall to process a permit. If a discrepancy arises, the customer may need to travel between floors in City Hall trying to resolve the issue. Because of the physical separation of the agencies involved, this facilitates a communication break down which further aggravates the process. In the end, the customer may devote a significant amount of time dealing with city departments while trying to obtain a permit.

A permit center should reduce many of the frustrations and delays experienced by the public today. It is estimated that permit processing time may be cut by 30% through the use of a permitting center. Last but not least, the positive benefits the public will gain associated with a permit center may help draw more customers to the City to invest, build and live. Such a positive image will help turn the perception that the City of Alexandria can be a difficult place to do business.

Fees

The fee to help support the additional positions in the permit center would mostly come from a new adjustable levy proposed at 5% the first year. As actual cost or the estimated revenues change, the levy can be adjusted on an annual basis.

The levy concept is not new to the Washington area. Arlington County is charging a 10% automation enhancement surcharge and a 15% indirect cost surcharge on each permit. Prince William County has implemented a 14% technology surcharge and a 10% indirect cost surcharge on all permits.

Building permit fees were last changed in February of 2006. This change implemented raising the minimum permit fee from \$40 to \$50. There were various other fee changes, but most significant were the increasing of fire protection and fire protection retesting fees. Previous fee schedule changes occurred in 2003, 2002 and 1998.

Although permit fees in Prince William and Fairfax County are traditionally lower for residential permits, this can be attributed to the "economy of scale" that these localities benefit from. The cost per inspection and plans reviewed is significantly less in localities with large numbers of detached single family homes and townhouse units. Repetitive plan use and multiple inspections at one location help keep the unit cost down on permits.

Alexandria best compares to Arlington County regarding to project type, activity and regulatory requirements. In October of 2007, Arlington County raised their permit fees nearly five fold in an attempt to raise revenue for new positions intended to improve customer service. The proposed Alexandria fees stand significantly less than both jurisdictions in all categories except residential. In comparing the fees for a 4,200 square foot home, Arlington County fees are approximately 90%

higher than Alexandria, but Alexandria is approximately 155% above Fairfax County. As noted above, the benefit found with the repetitive type of residential suburban tract construction in Fairfax County allows them to offer residential permit fees at a lower cost.

Comparisons of commercial permit fees show Alexandria at the low end of the evaluation. Comparisons of a typical restaurant tenant build out indicate that Arlington County and Fairfax County would exceed Alexandria permit fees by 42% and 44% respectively. When comparing a 14 story residential shell permit, both Fairfax County and Arlington County would exceed Alexandria permit fees by 11% and 138% respectively. Fee comparisons are provided on attached sheets. It should be noted that a fee schedule change will require City Council action to approve.

Conclusion

The proposed fee schedule will support the activities associated with the Code Enforcement reorganization that is underway and the proposed first level multi-agency permit center. The first steps initiating a permit center will yield a vision for future enhancements, review of procedures with an eye towards streamlining and better initial coordination between departments.

While permit numbers and fees collected are down this fiscal year, it appears that they have leveled off and are showing some slight improvements. Based on recent permit estimates, a conservative projection of revenue will sufficiently cover the costs associated with implementing this proposal.

2008 INTER-JURISDICTIONAL PERMIT FEE COMPARISON
Restaurant A2 tenant in existing space, 3137 SF, Type 2B
(BLD2007-02515)

JURISDICTION		City of Alexandria		Permit Center Levy (5%)	Arlington County	Fairfax County
		Current	Proposed			
Building		\$2760.00	\$2795.00	\$2795.00	\$1,568.50	\$4,600.00
Plumbing		\$50.00	\$285.00	\$285.00	\$565.00	\$154.90
Gas Fitting		\$50.00	\$285.00	\$285.00	\$217.00	\$216.60
Mechanical	General	\$50.00	\$285.00	\$285.00	\$807.00	\$1,131.60
	Heating, A/C	included	included	included	included	included
	Equipment	included	included	included	included	included
Electrical (400A, 480V, 3 Phase)		\$50.00	\$535.00	\$535.00	\$1,071.00	\$469.05
Fire Protection	Sprinkler (34)	\$340.00	\$375.00	\$375.00	\$854.00	\$576.00
	Alarm (8)	\$179.00	\$204.00	\$204.00	included	included
Plans Review Fees		included	included	included	\$698.00	\$240.00
Subtotal:		\$3,531.00	\$4,809.00	\$4,809.00	\$5,563.50	\$7,171.55
Training Program Levy (.75%)			\$36.07	\$36.07		
Permit Center Levy (5%):				\$240.45		
Automation Fee (10%)					\$556.35	
Indirect Fee (15%)					\$834.53	
State 1.75% Fee					\$97.36	
Total Permit Fee:		\$3,531.00	\$4,845.07	\$5,085.52	\$7,051.74	\$7,171.55

125

2008 INTER-JURISDICTIONAL PERMIT FEE COMPARISON
14 Story, 160 unit R2, 169000 SF, Type 1B, 150 ft,
(BLD2007-02400)

JURISDICTION		City of Alexandria			Arlington County	Fairfax County
Type of Permit		Current	Proposed	Permit Center Levy (5%)		
Building		\$98,323.20	\$98,813.20	\$98,813.20	\$118,300.00	\$22,477.00
Plumbing		\$700.00	\$2,530.00	\$2,530.00	\$26,856.00	\$6,103.50
Gas Fitting		\$700.00	\$2,530.00	\$2,530.00	Included	\$72.20
Mechanical	General	\$700.00	\$2,355.00	\$2,355.00	\$35,019.00	\$98,992.90
	Heating, A/C	included	included	included	\$7,060.00	\$45,926.90
	Equipment		included	included	included	\$53,066.00
Electrical (4000A, 208V, 3 Phase)		\$1500.00	\$2,530.00	\$2,530.00	\$64,870.00	\$22,062.85
Fire Protection	Sprinkler (2105)	\$21,050.00	\$21,505.00	\$21,505.00	\$7,306.00	\$2,304.00
	Alarm (350)	\$4,625.00	\$5,080.00	\$5,080.00	included	\$1,248.00
Plans Review Fees		included	included	included	\$3,570.00	\$2,040.00
Subtotal:		\$127,598.20	\$135,343.20	\$135,343.20	\$262,981.00	\$155,228.25
Training Program Levy (.75%)			\$1,015.07	\$1,015.07		
Permit Center Levy (5%):				\$6,767.16		
Automation Fee (10%)					\$26,298.10	
Indirect Fee (15%)					\$39,447.15	
State 1.75% Fee					\$4,602.17	
Total Permit Fee:		\$127,673.20	\$136,358.27	\$143,125.43	\$333,328.42	\$155,228.25

12/10

2008 INTER-JURISDICTIONAL PERMIT FEE COMPARISON
New Single Family Dwelling, 2 story, 4215 SF , Type 5B (BLD2007-02588)

JURISDICTION		City of Alexandria		Permit Center Levy (5%)	Arlington County	Fairfax County
		Current	Proposed			
Building		\$2324.89	\$2359.89	\$2359.89	\$2,107.50	\$252.90
Plumbing		\$50.00	\$100.00	\$100.00	\$349.00	180.20
Gas Fitting		\$50.00	\$100.00	\$100.00	\$157.00	included
Mechanical	General	\$50.00	\$100.00	\$100.00	\$525.00	\$217.10
	Heating, A/C	included	included	included	included	Included
	Equipment	included	included	included	included	Included
Electrical		\$50.00	\$135.00	\$135.00	\$1,443.00	\$508.00
Fire Protection	Sprinkler	N/A	N/A	N/A	0	N/A
	Alarm	N/A	N/A	N/A	0	N/A
Plans Review Fees		included	included	included	included	Included
Subtotal:		\$2,524.89	\$2,794.89	\$2,794.89	\$4,424.50	\$1,158.20
Training Program Levy (.75%)			\$20.96	\$20.96		
Permit Center Levy (5%):				\$139.74		
Automation Fee (10%)					\$442.45	
Indirect Fee (15%)					\$663.68	
State 1.75% Fee					\$77.42	
Total Permit Fee:		\$2,524.89	\$2,815.85	\$2,955.59	\$5,608.05	\$1,158.20