

Memorandum

Department of Planning & Development Services



TO: Mike Geisel, City Administrator

JW

FROM: Justin Wyse, Director of Planning & Development Services

DATE: June 7, 2018

RE: St Louis County Contract Services / Permit Reviews

As requested, the Department of Planning and Development Services has compiled information on building permits issued within the City of Chesterfield.

Current City of Chesterfield Process

Since the City's incorporation, the City of Chesterfield has contracted with St. Louis County for the review, issuance, and inspection of permits for building, mechanical, electrical, and plumbing. This arrangement has been in place since the City's incorporation. There is no direct cost to the City of Chesterfield for this service; however, St. Louis County collects building permit fees from the developer or homeowner for each project.

In order to obtain a permit from St. Louis County, applicants must first submit a Municipal Zoning Approval (MZA) to the City of Chesterfield Department of Public Services, for review to verify that the proposed work is consistent with the City's land use regulations. The City does no review or analysis of the proposed construction as it relates to the adopted building code. Examples of items included in the City's review include compliance with setbacks, height requirements, architectural requirements, screening requirements, etc. In 2017, the City of Chesterfield received 1,422 MZAs. The City does not charge a fee for this service.

Following approval and issuance of the MZA by the City, the applicant submits to St. Louis County Department of Public Works for their review, which if successful culminates in the issuance of a building permit. Permit applicants can go to the County's satellite office in Chesterfield which is located in the Clarkson Wilson Centre development, or they can apply the County offices in Clayton. Once the permit is issued, work is officially authorized to begin and periodic inspections are conducted by the County to ensure that work is completed in accordance with the building code. City Staff also inspects throughout the construction process to ensure any applicable requirements imposed by the City of Chesterfield are adhered to.

Once the authorized construction is complete, County has inspected and has determined that the work is compliance with the applicable codes, St. Louis County then sends the approved

occupancy permit to the City of Chesterfield. This allows for City Staff to complete a final inspection of all required items. Once everything is completed, the City releases the occupancy permit to the property owner. There are frequent inconsistencies in this particular phase of the process since owners and builders desire to accelerate occupancy or loan closings.

It should also be noted that the two fire districts severing the City of Chesterfield (Monarch Fire Protection District and Metro West Fire Protection District) each have their own independent requirements for permitting and inspections. While these often overlap with inspections from the City of Chesterfield and St. Louis County, they are a separate process altogether.

Other Cities

Municipal contracts with St. Louis County for building code services is common within the County, although there are many levels of participation of services. As of 2015:

- 37 municipalities in St. Louis County contract with St. Louis County for building permit services;
- 65 municipalities in St. Louis County contract with St. Louis County for mechanical permit services;
- 73 municipalities in St. Louis County contract with St. Louis County for electrical permit services; and
- 68 municipalities in St. Louis County contract with St. Louis County for plumbing permit services.

Cities may choose to utilize St. Louis County's service for a variety of reasons. Some of these include:

- Economies of scale across the County help minimize the variation in costs and revenues from year to year. Larger service areas help to attenuate the volatility of a very unstable service.
- Some disciplines (e.g. Structural, mechanical, electrical, plumbing, fire protection) require specialized employees to properly review and inspect. The size of the County's service area help to spread these costs across a larger pool of projects.
- A larger volume of work allows for staffing redundancy to handle short term disruptions (e.g. vacations, gaps in employment) without increasing costs.
- Utilizing another agency reduces the overall size of the local government and reduces long term liability to the organization (e.g. retirement).
- Contracting through the County increases consistency and uniformity throughout the region and discourages political interference in life safety system review.

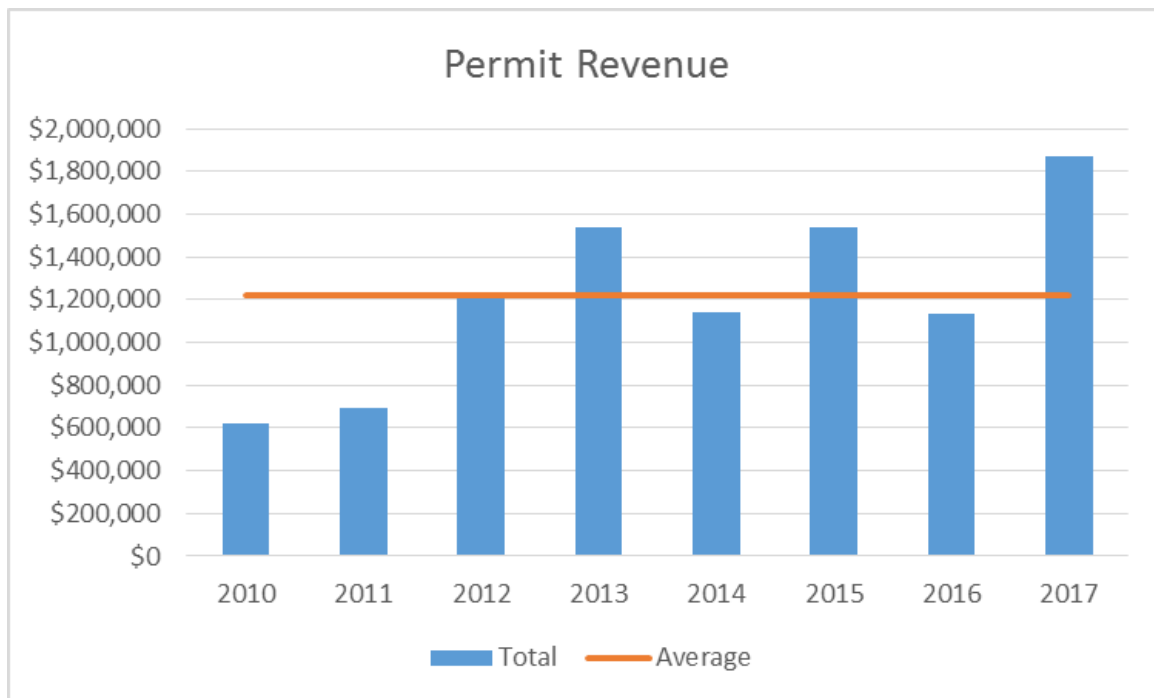
As shown in the information above, many cities selectively contract with County Public Works for some disciplines, but not all. A city choosing to provide some of the services may elect this route to maintain control of certain aspects of the regulatory environment, while leaving other specialties to the County where the advantage of size assists in having specialty employees. This scenario requires inspections to be coordinated with multiple jurisdictions (e.g. electrical and mechanical with the County, and plumbing and building with a municipality). This complicates smaller projects where residents would have an additional layer of scheduling for their homes or similar projects.

Annual Permit Revenue

The City of Chesterfield receives permit information from St. Louis County. Much of this data is reported in terms of construction costs on a quarterly basis in the Department of Planning and Development Services Monthly Report. Permit costs are typically comprised of several main portions:

- An administration fee – this is the cost of processing the permit through staff time.
- An inspection fee – generally an established fee required for each inspection.
- A construction cost fee – typically a cost per \$1,000 of construction costs or a per-unit fee for number of fixtures (varies by trade).

The table below is a summary of total revenue collected by St. Louis County for all disciplines from 2010 – 2017.

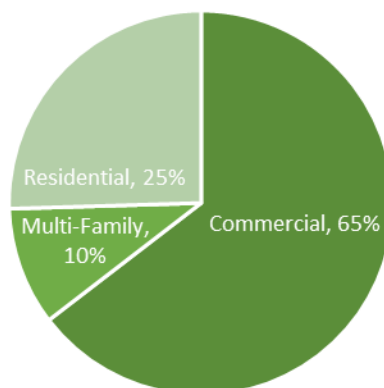


As can be seen in the graph above, revenue from permitting is highly volatile, with the 2017 fiscal year representing approximately three times the revenue as compared to 2010. The average revenue emanating from the permitting process over this period was \$1,218,106 with the low (2010) being \$617,588 and the maximum (2017) being \$1,868,355. Removing 2010 and 2011 from the analysis results in less, but still substantial, volatility with average annual revenue of \$1,405,788 and a range between \$1,137,622 (2016) to \$1,868,355 (2017). It should be noted that although the revenues fluctuate wildly between fiscal years, the necessary staffing to accommodate the review remains a continual financial cost.

Revenue Sources

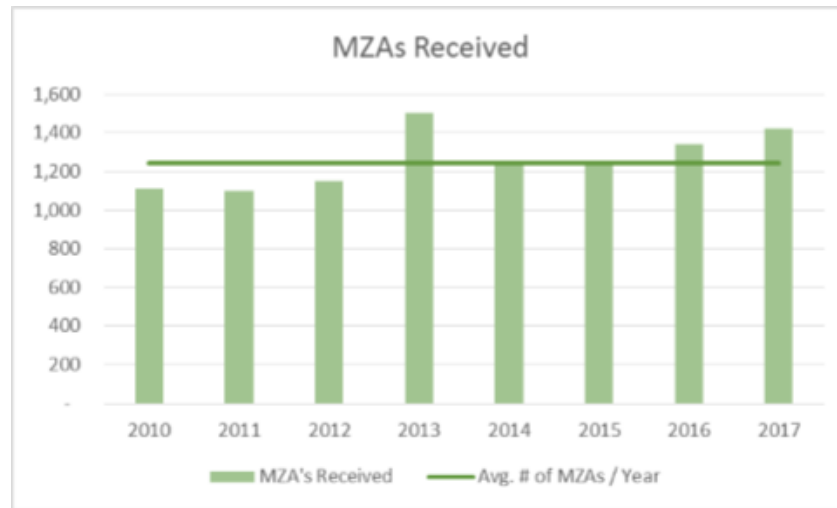
Project fees by sector are largely driven by commercial development and are comprised of a significant (no less than 41% across all sectors) value from new construction when comparing building permits for new buildings, existing buildings, non-habitable structures, and temporary structures.

2017 Revenue by Sector



The large quantity of new construction and commercial development will certainly be impacted as the City continues to be developed and fewer greenfield development opportunities exist.

Chesterfield currently conducts an average of approximately 1,250 permit reviews a year plus 1,000 additional permits for occupancy and re-occupancy.



Staffing Considerations

In order to determine a reasonable staffing level to accommodate this level of activity, organizational structures of similar cities were evaluated considering the scale and type of development in conjunction with the services offered. Using this information, 11 new positions would need to be created initially, with additional review of staffing levels to match service expectations. These include a building official (1), plans examiner (2), inspector (6), and administrative assistant (2).

A rough estimate of salary, benefits, and additional costs were calculated for the minimum staffing level and an estimate of larger capital items was included. This includes items like computers, pool vehicles for inspectors, and permitting software. Please note, these numbers are preliminary and have not been vetted to ensure a final expectation. Rather, they are intended to provide a level of magnitude for discussion. The result of this is \$1,100,000 to establish a minimum staffing level.

Another significant barrier to providing the service is where to physically locate the service. Currently, the City does not have space for 11+ new employees or a location with reasonable public access to the location for permitting work. A future space would need to be identified and costs associated with renovations or new facilities are not included in the information above.

Based on a preliminary review of the staffing needs, it is feasible to operate a revenue positive service; however, the high volatility of the activity would result in years where it may run at a deficit. Additionally, this review does not consider potentially significant upfront capital costs in providing a physical location for the service to be run from.

Recommendation

Revenue from permitting services are highly volatile. The revenues and expenses are realized at different points; often spanning multiple fiscal years. Preliminary analysis of activity within Chesterfield suggests that anticipated costs will be lower than the current revenue collections

under the St. Louis County fee schedule, but it should be acknowledged that service expectations would have the impact to increase costs. Additionally, the information does not account for a physical location for the service to operate from.

Staff is of the opinion that the current arrangement with St. Louis County is an overall positive relationship and the City should not further consider bringing the permitting, review, and building inspection process in-house.

I recommend that this item be forwarded to the Planning and Public Works Committee for review, discussion, and direction.

Attachment

1. St. Louis County Municipal Contract Matrix

**CODE ENFORCEMENT BY SAINT LOUIS COUNTY
MUNICIPALITY CONTRACT AGREEMENT - MATRIX**

Municipality Number	Municipalities	BUILDING CODE	RESIDENTIAL CODE	EXISTING BUILDING CODE	MECHANICAL CODE	ELECTRICAL CODE	PLUMBING CODE	EXPLOSIVES CODE	PROPERTY MAINTENANCE CODE	RESIDENTIAL RE-OCCUPANCY PERMITS	FIRE SUPPRESS. SYSTEMS	ELEVATORS AND CONVEYING SYSTEMS	AMUSEMENT RIDES	PERIODIC INSPECT MECH. EQUIP.	LAND DISTURBANCE CODE	X = Changes from last printing	Municipality Number	Municipalities	BUILDING CODE	RESIDENTIAL CODE	EXISTING BUILDING CODE	MECHANICAL CODE	ELECTRICAL CODE	PLUMBING CODE	EXPLOSIVES CODE	PROPERTY MAINTENANCE CODE	RESIDENTIAL RE-OCCUPANCY PERMITS	FIRE SUPPRESS. SYSTEMS	ELEVATORS AND CONVEYING SYSTEMS	AMUSEMENT RIDES	PERIODIC INSPECT MECH. EQUIP.	LAND DISTURBANCE CODE							
																																	X = Changes from last printing						
093	BALLWIN																070	LAKESHIRE																					
002	BELLA-VILLA																034	MACKENZIE (Village)																					
088	BELLEFONTAINE NEIGHBORS																094	MANCHESTER																					
003	BELLERIVE																035	MAPLEWOOD																					
004	BEL NOR (Village)																037	MARLBOROUGH (Village)																D					
005	BEL RIDGE (Village)																104	MARYLAND HEIGHTS																9					
007	BERKELEY																081	MOLINE ACRES																					
008	BEVERLY HILLS																039	NORMANDY																					
103	BLACK JACK	5															040	NORTHWOODS																					
084	BRECKENRIDGE HILLS																077	NORWOOD COURT(Town)																					
009	BRENTWOOD																041	OAKLAND	2		2	2	2	2										2		2			
010	BRIDGETON																042	OLIVETTE																					
012	CALVERTON PARK (Village)	4,5															043	OVERLAND																					
102	CHAMP (Village)																044	PACIFIC																					
013	CHARLACK									1							085	PAGEDALE																					
105	CHESTERFIELD						*										045	PASADENA HILLS																					
087	CLARKSON VALLEY																046	PASADENA PARK (Village)																					
014	CLAYTON																048	PINE LAWN																					
096	COOL VALLEY																049	RICHMOND HEIGHTS																		9			
015	COUNTRY CLUB HILLS																089	RIVERVIEW (Village)																					
079	COUNTRY LIFE ACRES (Village)																050	ROCK HILL	B	B	5																		
069	CRESTWOOD																072	SAINT ANN																					
082	CREVE COEUR				3						9						075																						
016	CRYSTAL LAKE PARK																051	SAINT JOHN																					
095	DELLWOOD																053	SHREWSBURY																					
017	DES PERES																101	SUNSET HILLS																					
073	EDMUNDSON	6,8,E															054	SYCAMORE HILLS (Village)																					
019	ELLISVILLE																083	TOWN AND COUNTRY																					
098	EUREKA				1	1	1,A				1	1	1	1			055	TWIN OAKS (Village)																					
021	FENTON	6	C	6													057	UNIVERSITY CITY																					
022	FERGUSON																056	UPLANDS PARK (Village)																					
023	FLORDELL HILLS																058	VALLEY PARK																					
024	FLORISSANT																059	VELDA CITY																					
025	FRONTENAC																060	VELDA VILLAGE HILLS																					
027	GLEN ECHO PARK (Village)															X	061	VINITA PARK																					
026	GLENDALE																062	VINITA TERRACE																					
029	GRANTWOOD (Village)																063	WARSON WOODS	5		2,5																		
086	GREENDALE																064	WEBSTER GROVES																					
106	GREEN PARK																078	WELLSTON																					
076	HANLEY HILLS (Village)																097	WESTWOOD (Village)																					
080	HAZELWOOD																065	WILBUR PARK (Village)																					
068	HILLSDALE (Village)																107	WILDWOOD																					
030	HUNTLEIGH																066	WINCHESTER																					
031	JENNINGS																067	WOODSON TERRACE	E		E																		
074	KINLOCH																																						
032	KIRKWOOD						1																																
033	LADUE																																						

Indicates code-requirements enforced by
Indicates EXCLUSIONS / MODIFICATIONS as applied by municipality

ALPHABETICAL July 27, 2015

* Requires Municipal Zoning Approval for Lawn Irrigation Backflow Devices.

EXCLUSIONS / MODIFICATIONS

- 1) Commercial, Multi-Family, and Townhouses Only, Excludes Detached 1 & 2 Family Dwellings
- 2) Commercial & Multi-Family Only, Excludes 1 & 2 Family Dwellings and Townhouses
- 3) Commercial & Multi-Family Only, Excludes Work Within Dwelling Units
- 4) Commercial Multifamily & New 1 & 2 Family Dwellings and Townhouses Only (Excludes Existing 1 & 2 Family and Townhouses)
- 5) Exclude Signs
- 6) Exclude Parking Lots
- 7) Exclude Temporary Structures
- 8) Exclude Evaluating Unfit/Dangerous Structures; and Demolition of any Structure
- 9) Fire suppression systems for cooking exhaust hoods, paint spray and dipping rooms and booths, and systems for exhaust of hazardous vapors Only
- A) Includes permits for Residential Backflow Prevention Devices
- B) Exclude non-habitable residential structures under 400 square feet and signs.
- C) Includes City of Fenton Residential Fire Code
- D) Structures and Property at 1 & 2 Family Dwellings and Townhouses Only
- E) Exclude Re-Occupancy Permits for Commercial properties