

MEMO Mayor and Council –

Please see the following memo introducing the proposed revisions to our building fees, which are scheduled to be presented at your June 8th Council meeting.

- Victor



TO: VICTOR CARDENAS, CITY MANAGER
FROM: CHARLES BOULARD, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: COMMUNITY DEVELOPMENT FEE UPDATES
DATE: MAY 27, 2026

Background Information:

As part of developing the City of Novi FY26/27 Budget, departments were tasked with exploring expenditure cuts and appropriate revenue opportunities, including fee updates. As part of this process, the Community Development team prepared proposed fee schedules that were subsequently referenced in Karen Lancaster's April 13, 2026 budget presentation. The attached proposed fee schedules will be brought forward for consideration at the June 8, 2026, City Council meeting with an effective date of July 1, 2026, to correspond with the start of the new fiscal year.

General Information:

The Community Development Department provides a wide variety of services to residents, businesses, and visitors to our community. Fees are collected for many of those services where appropriate, including many Planning and Building-related functions. Developers, contractors, and DIY homeowners are charged to offset building and trade (Plumbing, Electrical, Heating, and Refrigeration) related permit review and inspection costs. These fees are set in a schedule approved by City Council. Commercial and Multi-Family Building Permit values and costs are referenced to Square Foot Construction Costs published and updated by the International Code Council (ICC) and adjusted with construction costs.

The Planning Division fees offset the costs of reviews of project plans and rezoning requests submitted for review under the Zoning, Woodlands, Wetlands, Engineering Design, and Construction standards, as well as conformance with the Master Plan for Land Use and other related future-looking plans.

Fees charged to our customers generally fall into (2) categories. The first of these is a pass-through for our various consultants, including natural features, traffic, façade, and some standard permit reviews. These fees are typically adjusted in concert with new or updated contracts. Other fees are directed to the General Fund to offset the costs of City staff, related operations, and supporting consultants. A number of Building fees were updated in 2023 while others have not been revised for a number of years. These have been

reviewed in detail, and an amendment is proposed in the attached strike-through Fee Schedules. These are specifically as follows:

Efficiencies and Convenience:

The City of Novi offers walk-in service (9) hours a day (5) days a week. Online trade and sign permit application submittals and 24-hour/ 7-day a week construction inspection scheduling are available. Payment for most invoices is available online through credit card or e-check for the convenience of our customers. Confirmation of inspection requests and results are available following field entry of results. Complete Permit status and inspections results are also available 24/7 at www.bsaonline.com through the link from the City website. Inspectors have field tablets updated in real time and are available to contractors and permit holders via smart phone voice, text and email. Technology upgrades afford increased efficiencies, transparency and increased levels of service balanced with the flood of new products, construction methods and increasingly detailed construction and building performance standards.

Residential Permit Fees:

These fees are the basic permit cost for new residential 1 and 2 family homes, townhouses and garages. Base permit costs are based on values calculated per square foot of construction area. These values are fixed in the fee schedule. and have not been increased in a number of years. Proposed values for new work are as follows:

- 1 and 2 family homes and townhouses \$131.97/sf
- Garages (private) \$53.30/sf
- Finished basements \$23.63/sf
- Decks (depending on type) \$33.75-52.50/sf

It is important to note that the “values” are for the completed work and include both materials and labor. While the material cost for a homeowner may be significantly less, the value of the finished product will be identical, exclusive of who provided the labor. Inspection costs to the City will be the same or more for a DIY project compared to that done by a contractor. These fees are proposed to more closely match market conditions referenced in the current ICC cost data tables. An adjustment is also proposed for reviewing larger residential additions and alterations.

Base and Additional Inspection Fees:

These represent the cost for each permit final, reinspection, and additional inspection, as well as hourly overtime charges for contractors requesting overtime, evening, weekend, and holiday inspections. Overtime inspections are subject to staff availability and are proposed to be adjusted to match current contract amounts and minimum call-in time, where specified in the contract. The increase also offsets the cost of contractual inspection services where required.

Trade (Heating, Refrigeration, Plumbing and Electrical) Permit Fees:

These fees cover the inspections and support of contractors installing and commissioning these systems. In addition to the basic onsite inspections and documentation, there are significant education and support components to this work. Energy Efficiency Code

requirements apply to each of these disciplines and often require coordination with other trades. While our team does not design solutions, we support the contractors in exploration of the potential options to meet the minimum Code requirements.

Permits costs are based on a combination of inspections and quantities of fixtures, circuits, panels, furnaces, etc. Larger projects may require multiple underground, rough or open ceiling inspections as various portions of a building are ready to move to the next stage. While this accommodation requires additional inspection visits, contractors are typically not charged unless work is not ready, habitually incorrect or incomplete. Inspection efforts also include review and approval of system and 3rd party test results, air balance and arc-fault calculations.

Additional Charges for Service:

Also proposed are several fees for services that provide a significant value and draw on resources. These include the following:

- Temporary Certificates of Occupancy: issued when development is incomplete and the structures can be safely occupied.
- Zoning Compliance Permits and Inspection: Issued for structures under the 200 square foot permit threshold in the Building Codes.
- Sign Permit fees have been reconfigured to account for numerous reviews of ever-changing designs and projects canceled without payment.

Proposed Planning and Engineering Site Plan Fees:

The proposed fee increases noted in bold red type in the attached Planning and Engineering Fee Schedule generally reflects the costs for review of Site Plans through the Preliminary and Final approval stages. These fees vary according to the type and size of the project as larger more complicated projects require additional commitment of resources. In some cases, the charges that are shown are based on the estimated construction cost as more equitable than site area. Several new fees are proposed for services that the Planning Department performs on a regular basis at no cost to applicants as noted on the final page of the Planning and Engineering Fee Schedule. Examples of common services offered by Planning and Engineering staff that are proposed for a fee increase are as follows:

- Preliminary and Final Site Plan Review: Increase from \$400 to \$600
- Revised Preliminary and Final Site Plan Review: Increase from \$250 to \$350

Six new fees are proposed for services that are commonly requested or otherwise needed, and are based on the estimated actual costs that the required service entails:

- Pre-Application meetings (18 meetings held in 2025) \$300
- Site Plan extension requests (5 requests in 2025) \$200
- Façade Review Project Management \$100
- Engineering review of Rezoning Requests \$350
- Zoning Verification Letters (38 requests in 2025) \$100
- Landscape Inspection Fee (beyond 3 inspections) \$400

Proposed Minimum Landscape Construction Values:

The standard fees the City bases its landscaping financial guarantees, maintenance guarantees, inspection fees and woodland permits on, are generally based on actual costs. The City last updated two of these costs in 2020. In comparison of the most recent bids received for the City's tree planting contract, it has been noted by the City's Landscape Architect, that the costs for landscaping have gone up significantly. The final page of the attached updated Fee Schedule provides proposed costs that are based on the City's new tree planting contract's lowest bid for trees, shrubs and perennials. The costs for seed, sod and mulch were obtained by surveying several landscape architects and contractors who work in Novi and choosing a figure that is representative and fair. The new proposed cost for deciduous canopy trees of \$500 per tree should also be used for the per-credit cost when a developer or resident chooses to make a deposit to the tree fund for unplanted required credits.

The proposed minimum landscape construction values are used for calculation of Financial Guarantee amounts for incomplete work as well as retainage through the required (2) year warranty period. These values are also used as the basis for determination of Landscape inspection fees and are based on recent tree planting bids as well as a survey of industry professionals. The Street Tree Maintenance line item represents the ongoing cost to the City for maintenance of additional street trees to the City inventory and responsibility.

Please note that the City is currently soliciting proposals to contract landscape review and inspection services and these may require future adjustment to align with the contract costs.

