



CITY OF NOVI CITY COUNCIL
SEPTEMBER 11, 2023

SUBJECT: Approval of a Resolution to Amend Community Development Department Review and Permitting Fees per attached schedule effective for permits invoiced 30 days from date of approval.

SUBMITTING DEPARTMENT: Community Development

BACKGROUND 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. A number of other fees are fixed and have not been revised for a number of years. These have been reviewed for and an amendment is proposed in the attached strike through Fee Schedule attached. These are specifically as follows:

Construction Permit Application Fees: These fees offset the cost of reviewing, processing, administrative follow-through, collections and return of bonds, expiration notification, issuance of Temporary and Final Certificates of Occupancy and file closeout for permits. Applications must be checked for completeness and correct information, appropriate licenses and insurance as well as coordinated with the balance of project and related permit and Site Plan approvals. While most commercial contractors should be aware of the typical requirements, a significant number of applications and submittals are incomplete. Specific and detailed assistance is also provided for homeowners for DIY projects including explanation of the inspection process and basic information of permit needs and submittal documentation.

Online applications for trade permits were implemented several years ago for registered contractors and allow significant efficiencies when complete and correct, but applications still require review, and other approval and verification workflow by our staff. These application fees are currently \$30.00 per permit. These are proposed to be increased to \$40.00 per Building permit and that category clarified to include

Building permits for installation of Mobile Homes. Trade permits application fees are increased to \$35.00 per permit.

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. Current values for new work without adjustment are as follows:

1 and 2 family homes and townhouses	\$44.20/sf
Garages (private)	\$13.40/sf
Finished basements(existing)	\$4.00/sf
Basements (unfinished)	\$13.40/sf
Decks	\$19.47-28.22/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. Inspections 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 be significantly increased to more closely match market conditions referenced in the current ICC cost data tables. While lumber pricing has eased supply chain challenges greatly increased over the past (24) months on a hopefully temporary basis. The proposed value adjustments detailed in the proposed schedule do not include the recent “bubble” pricing increases.

Base, Additional and Overtime 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.

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 requires 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.

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 result are available following field entry of results. Complete Permit status and inspection 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 smartphone 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.

The proposed effective date (30) days following approval allows sufficient time for entry/testing of updated fees in permitting software. Please see the attached memorandum from June 2023 for additional details, impact on sample projects, and comparison with other communities.

RECOMMENDED ACTION: Approval of a Resolution to Amend Community Development Department Review and Permitting Fees per attached schedule effective for permits invoiced 30 days from date of approval.