
MEMORANDUM

TO: Erie Board of Trustees
Malcolm Fleming, Town Administrator

FROM: Fred Starr, Planning and Development Director

SUBJECT: Town of Erie Building Permit Fees and Land Use Application Fees

DATE: January 26, 2021

Issue: As part of the 2021 Work Plan, the Board of Trustees noted that they wanted an update regarding the Development Review and Building Permit fees currently used by the Town of Erie. The purpose of this memo will provide information about these current fees and a comparison of these various fees to other comparative communities in our area.

Response: The fees charged by the town for land use applications are specifically identified in Municipal Code under Title 2 – Revenue and Finance, Section 2-3-4 “Application and fee requirements.” Within this section, is a reference to Section 2-10-5, which is the list of community development fees adopted from time to time by the Board of Trustees (see Attached). Title 2, Chapter 10 identifies the “Fee Schedule” adopted by the Town. These fees include: Administrative fees, Police department fees, Public works fees, Community development fees, Building permit and other fees, Parks and recreation fees, Miscellaneous fees and Cemetery fees.

On September 13, 2005 the Board of Trustees approved and adopted Ordinance #31-2005, establishing the Fee Schedule for the Town of Erie at that time. That ordinance included the fees identified under Section 2-10-5, Community Development Fees, which are the same fees we are using today. This ordinance also included fees under Section 2-10-6 “Building Inspection Fees”

The Community Development fees recommended in 2005 were based on a comparative study performed by the staff at that time. No increase in these fees have been considered since 2005. I have prepared a comparison of the Town of Erie fees to other communities in our area which is attached. Each comparison jurisdiction has slightly different descriptions for the land use approval process they use, however the basic steps used for the purpose of this comparison are similar across all organizations and provide for a relative comparison. These land-use applications fall into the broad categories of: 1) Annexations, 2) Zoning, 3) Subdivisions and 4) Site Plans.

The fee comparison example I used is for a residential project of 215 acres in area proposing 250 lots. The comparison is for the Annexation, Zoning, Preliminary Plat approval and Final Plat applications. To keep the comparison simple, I assumed there would only be one application for a Final Plat. The comparison shows the combined cost of these four steps in the land development process.

As demonstrated in the comparison, of the seven communities, the total costs for a development of this type in Erie is the third highest in total land development costs for the group. As referenced

in the comparison table, the Town of Boulder fee table notes that an hourly fee of \$131.00 will be charged for all time spent by staff in reviewing the zoning application, the preliminary plat and also for site plan reviews. I did not include these costs in the fee comparison.

The method used by communities in the survey to calculate their fees vary from a “Flat Fee” for a particular application type to a combination of a “Base Fee” plus costs that are related to either “acres” or “lots”. Using an application to “rezone” a property as an example:

City of Boulder: Flat Fee of \$14,040.00 plus \$1,580.00 as a “Planning Board Administrative Fee” for any rezoning request.

City of Thornton: Flat fee of \$695.00

City and County of Broomfield: Flat Fee of \$250 for less than a 10-acre tract and \$650.00 if the area is greater than 10-acres. An additional \$100 is charged for a Public Notice Fee for both application, bringing the total fee to either \$350 or \$750.

City of Longmont: Flat Fee of \$750.00 plus \$10/Acre

Town of Erie: Flat Fee of \$300.00

Presently, the Town of Erie fees are in the higher range of the comparison communities, however communities such as Firestone and Boulder are much higher than Erie while Longmont, Broomfield and Thornton are lower.

As shown in the comparison table, the fees charged by Berthoud are what I would characterize as unusually low and not really a comparison to Erie. Berthoud was included because we have one applicant that has a project in Berthoud. If we discount Berthoud from the comparison, the fees collected by Erie are \$2,158.00 more than the average fees charged by the other communities for all four of the land use applications. Since our current fees were adopted in 2005 and have not been changed since that time, it is my assumption that the development community has not expressed concern about the land-use application fees being a deterrent to the land development in Erie.

The following is information and background for Building Permit fees.

The collection of building permit fees is referenced in Section 2-10-6, which states that Building, mechanical, plumbing and electrical permits fees are: “As established in Title 9 of this code”. Title 9 of the Municipal Code is the “Building Regulations” which provide that the Town can collect fees for building permits. The building permit fees to be charged for any project that is subject to a building permit are specified in Title 2, Chapter 10, Section 2-10.6 of the Municipal Code, attached to this report for reference.

The fee to be charged for a particular building permit is determined first by calculating the “Valuation” of the work to be done associated with the building permit. The method to determine Valuation is clearly stated in Note #1 of Section 2-10-6 as follows:

“Building valuation shall be established by the building valuation data table excluding modifiers, as published by the International Code Council, and as updated from time to time.”

The International Code Council (ICC) is the body that develops the building codes adopted by most communities, including Erie. The ICC also publishes the “Building Valuation Data” table which is updated at six-month intervals. This building valuation table provides the “average” construction costs per square foot, which can be used in determining permit fees for a jurisdiction. These average costs per square foot are determined for all of the various building use types that are referenced in the building code.

In the case of a typical new single family dwelling, the classification is what is called an R-3-VB construction use type. The R3 indicates that it is a Residential, one and two-family building and the VB is the construction use type which means it is constructed using average construction materials. The VB designation is the lowest cost of materials identified by the ICC. This does not mean that the dwelling is constructed using the cheapest materials, but rather it is an indication that the dwelling is being constructed using the most common or usual construction materials. Therefore, the cost per square foot that is associated with the ICC Building Valuation Table represent what the building industry agrees is the reasonable construction cost for a single family residential structure. These average costs include cost for foundation work, structural and nonstructural building components, electrical, plumbing, mechanical and interior finish material.

Since building permits are based on the “valuation” of the construction materials used for a particular project, the ICC valuation table is used to verify that the information provided by the applicant is reasonable based on these national averages. In 2005, when the Town approved Ordinance 31-2005, which set the various fees and valuations, the Cost Per Square foot for an R3-VB permits was set at \$85.90/sq. ft. and has not been modified since 2005.

As noted above, Note #1 of Section 2-10-6 states: “Building valuation shall be established by the building valuation data table excluding modifiers, as published by the International Code Council, and as updated from time to time.” Based on this language, it would appear that the Town of Erie is to automatically adjust the information used to calculate building valuation each time a new table is created by the ICC.

The building valuation table created by the ICC is independent from a particular Building Code Year that may be adopted and used by a jurisdiction. For example, the Town of Erie recently adopted the 2015 Series of Building Code. However, the Town is not using the Building Valuation Table that was published in 2015 or the most recent table which is dated August 2020.

I prepared a comparison chart of eleven communities, including Erie which identify what the building permit fee would be for a 2,000 sq.ft. new construction Single Family Home. The table includes information on the current building code year being used in each community, the ICC cost per square foot being used by each community used to calculate “Valuation”, and the year of publication of these per square foot costs.

The valuation calculation is used in the following way to determine the applicable building permit fee;

- 1) The finished floor area is multiplied by the ICC \$/sq.ft. adopted by the community.
- 2) This results in a “Valuation”
- 3) This valuation is then found within a table of valuations adopted by each community to determine the building permit fee to be charged based on the appropriate valuation.

The table of valuations used by Erie is specified in Section 2-10-6 of the Municipal Code (see attachment 2-10-6 Building permit and other fees). Each of the comparison communities use the same table. The only difference is that some communities have slightly different “base fees” and the cost per square foot/\$1,000. As noted in the Erie Example, for a Valuation with the range of \$100,001.00 to \$500,000.00 the “base fee” is \$933.75. The additional cost is \$5.60 for each additional \$1,000.00 or fraction thereof, to and including \$500,000.00.

Using the current Town of Erie cost per square foot of \$85.90, a 2,000 sq.ft. home has a “valuation” of \$171,800.00 and a corresponding building permit fee of \$1,395.83. The same home, in Firestone, has a valuation of \$211,860.00 and a building permit fee of \$1,620.17. In reviewing the comparison table you will see that both Firestone and Boulder use the same ICC cost per square foot but the permit fee is different. This is because Boulder uses a higher “Base Fee” than Firestone. Similar slight differences between communities that use the same cost per square foot are a result of a different base fee and cost per additional 1,000 sq.ft. used by these communities.

Recommendation:

Staff believes the land use fees, while at the higher end of the comparison communities still reflect reasonable costs relative to Firestone and Boulder which are our most direct comparative communities. Since these fees have not changed since they were first adopted in 2005, we would not recommend a change at this time. If any adjustment is to be considered, we would recommend a fee structure similar to the City of Longmont.

With respect to the building permit fees, staff recommends the Town adopt an ICC fee table as identified in Section 2-10-6 which states that “Building valuation shall be established by the building valuation data table excluding modifiers, as published by the International Code Council, and as updated from time to time.” Since our current valuations are based on values established in 2005, we are not meeting the requirement of adopting the building valuation table as updated from time to time. The ICC provides the building valuation table twice yearly, normally in February and then again in August. Instead of twice yearly, staff recommends the Town establish the valuations to be used for a given calendar year based on the last ICC Valuation Table of the previous year. This would mean that for 2021, we would use the last Valuation Table prepared by the ICC in 2020. This would conform with the language in the Municipal Code, but would not require adjustments more than once in a calendar year. The other option would be to change the language in section 2-10-6 to state the Town will adopt the ICC Valuation Table that coincides with the building code adopted by the Town. In this case, we

would use the ICC Valuation Table dated August 2015, which would mean a change from the current \$85.90 to \$112.65, which is the same value used by Broomfield.

Since communities do not usually adopt the building code each year when they are published but normally wait two or three years to adopted new building codes, under this approach valuations would normally run 3 – 4 years behind. Most of the comparison communities seem to use the ICC Valuation Table that is one year prior to the current year.

To be consistent with most of the communities in our comparison group. staff recommends adopting the policy of using the first ICC Valuation Table from the prior year. This would normally be the table published in February giving the building community almost a one-year advanced notice of the new per square foot costs that will be used by the town. In this case, the February 2020 Valuation Table indicates the per square foot cost for a Single Family home would be \$122.46. This would change the cost of a permit for the 2,000 sq.ft home from the current \$1,395.83 that we would collect to \$1,805.30 using the new ICC Table, an increase of \$409.47.

Attachments: 1) Fee Comparisons (Land Use and Building Permits)

2) Erie Municipal Code Section 2-10-5, Current Land Use Fees

3) Erie Municipal Code Section 2-10-6, Building Permit Fees

4) Memo from Byron Horgen, former CBO

5) Ordinance No. 31-2005

6) ICC Valuation Table February 2020