

AGENDA ITEM REPORT

DATE: March 17, 2026
DEPARTMENT: Community Development
REQUESTER: Mikki Rozdolski
TITLE: Approve Updated Fee Schedule for Permitting and Inspection Services

I. MOTION REQUESTED

Adopt resolution approving amendment of the County's External Fees Manual Sections EX 2-3 (Building Permit Fees) and EX 2-4 (Plan Review Fees) to update the fee schedule and authorize quarterly adjustments of the Operational Support Fee (OSF), beginning no earlier than six months after the new fee schedule becomes effective on April 15, 2026. Staff may implement OSF adjustments when supported by the Building Industry Oversight Committee (BIOC), and proposed adjustments not supported by BIOC will be brought to the Board for approval or denial. In addition, authorize the Building Official to issue temporary fee reductions when internal errors, omissions, or overlooked use cases result in fees that are significantly higher than justified.

II. ITEM SUMMARY

The proposed amendments to the fee schedule are designed to align fees with actual service delivery costs, maintain current service levels, and meet statutory turnaround times. Fees were calculated using time measurements for all processes by record type to ensure accuracy and fairness in cost recovery. Adjustments vary by record type and project scope, with some fees increasing and others decreasing. Overall, the changes result in a net increase to support cost recovery and operational stability. A new Operational Support Fee (OSF) is being introduced, assessed as a percentage of total review and inspection fees. This fee will start at 0% and may be adjusted quarterly (up or down) based on revenue and expenditure trends, no earlier than six months after the new fee schedule becomes effective on April 15, 2026, with a maximum cumulative increase of 5% per fiscal year. In addition, authorize the Building Official to temporarily reduce fees when internal errors, omissions, or overlooked use cases result in fees that are higher than justified.

III. BACKGROUND AND IMPLICATIONS OF ACTION

Over the past several years, changing economic conditions, increased service demands, and compliance with statutory turnaround requirements have placed significant pressure on the department's financial position. To maintain mandated service levels, the department has relied heavily on reserve funds; however, this reliance is no longer sustainable. The proposed fee adjustments are essential to restore financial stability, reduce dependence on reserves, and ensure the department can continue to meet required turnaround times and operational commitments.

Historical Context & Timeline:

- COVID-19 Fee Waivers (Mar 2020–Jan 2023): Waived completion/extension fees, reducing revenue by approximately \$875,000.
- Hurricane Response Waivers (Oct 2022–Jan 2023): Emergency declarations eliminated certain fees during recovery efforts, resulting in an estimated revenue loss of \$1.4 million.
- 25% Fee Discount (Nov 2020–Nov 2022): Legislative mandates reduced revenue by nearly \$7.9 million.
- Fee Schedule Reductions (Nov 2022): External fee study led to downward adjustments, further eroding cost recovery.

These actions, combined with surges in permit volumes following Hurricanes Ian, Helene, and Milton, increased operational demand while revenue collection lagged.

Operational Cost Drivers:

The cost of operations has outpaced the adopted fee schedule due to increased service demands and compliance requirements. Staffing levels expanded to meet statutory turnaround times and manage higher volumes, while operating costs continued to rise with technology infrastructure, system maintenance, and essential resources needed to support service delivery. These factors have contributed to a structural imbalance between revenue and expenses, underscoring the need for fee adjustments to restore financial stability.

Fiscal Impact:

The need for fee realignment is driven by the fact that current fees do not cover the actual cost of services provided.

Proposed Fee Schedule:

The proposed fee schedule, combined with ongoing process efficiency initiatives, positions the department to stabilize finances, maintain service levels, and comply with statutory turnaround times. Fees were recalculated using detailed time measurements for all processes by record type, ensuring each fee reflects the actual cost of service delivery. This analysis accounted for plan review, inspections, administrative processing, and technology support, aligning fees with direct labor costs and resource requirements.

In addition to introducing a component-based structure (application, technology, plan review, inspection) and the new Operational Support Fee (OSF) to recover indirect costs and rebuild the reserves, the schedule includes adjustments to existing fees to close gaps identified through time measurement analysis. For example, minimum plan review fees have been increased and square-footage multipliers added for complex commercial and multifamily projects to account for multiple review disciplines. Inspection fees have been updated to reflect actual inspection counts and complexity, and sub-permit fees for electrical, plumbing, and mechanical work now incorporate revised multipliers and minimums based on time data. New administrative fees, such as application and technology fees, have been introduced to recover costs for intake, routing, customer support, and system maintenance, while re-submission and supplemental review fees ensure cost recovery for additional review cycles and specialized compliance checks.

The OSF will be assessed as a percentage of total review and inspection fees (excluding conditional reviews) and is designed to fluctuate, using the guidelines defined below, based on revenue and expenditure trends:

Initial Rate

- Set at 0% at program launch.

Adjustment Frequency

- OSF is reviewed and adjusted quarterly based on budget and reserve analyses.

Adjustment Parameters

- Maximum 2% adjustment per quarter.
- Cumulative OSF increases shall not exceed 5% within a fiscal year without additional BOCC approval.

Quarterly Review Criteria

- Objective financial triggers determine increases or decreases.
- Increases apply when reserves fall well below statutory minimums.
- Decreases apply when reserves move toward the statutory limit.
- OSF automatically resets to 0% if reserves exceed statutory limits unless otherwise approved by BIOC.

Long-Term Transparency Requirements

- Although the 5% cap applies annually, OSF may exceed 5% over multiple years through cumulative quarterly adjustments.
- All adjustments will be included in quarterly reports and reviewed with BIOC.

Governance Structure

- BIOC provides advisory recommendations during quarterly reviews.
- BOCC retains ultimate decision-making authority when BIOC does not support an adjustment.

This structure ensures indirect costs (e.g., utilities, IT support, vehicles, overhead) are recovered in a controlled, transparent manner while providing flexibility to respond to financial conditions and the ability to rebuild reserves.

In addition, temporary fee reductions may be applied when a specific scenario or defined use case was previously overlooked, and the resulting fees are significantly higher than justified. The Building Official may issue a temporary reduction when the corrected fee amount can be applied fairly and consistently to all similar situations. These reductions must not be issued on a case-by-case basis and do not constitute an administrative fee waiver.

IV. FINANCIAL INFORMATION

Current Year Dollar Amount: No funding required.
Included in the Current Budget?: N/A
Fund: Building Fund
Comments:

Is this a revenue or expense item? Revenue
Is this Discretionary or Mandatory? Discretionary
Will this item impact future budgets? Yes
Program: Building Funds
Project:
Account Strings: LC5240015501
Fund Type? 15501

V. RECOMMENDATION

Approve

ATTACHMENTS:

Resolution to Increase Building Fees_03.03.2026, Fee Schedule_Current_Proposed_03.03.2026, 2026 Fee Schedule_EX 2-3 and EX 2-4_Draft_Clean_03.03.2026, 2026 Fee Schedule_EX 2-3 and EX 2-4_Draft_Redline_03.03.2026

REVIEWERS:

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|--|------------------------------|
| Erika Garcia, Community Development | Created/Initiated - 3/5/2026 |
| Mikki Rozdolski, Community Development | Approved - 3/5/2026 |
| Anne Henkel, Budget Services | Approved - 3/5/2026 |
| Peter Winton, County Manager | Approved - 3/10/2026 |
| Joseph Adams, County Attorney | Approved - 3/10/2026 |
| Marc Mora, County Manager | Final Approval - 3/10/2026 |