



MEMORANDUM TO VENICE CITY COUNCIL

THROUGH CHARTER OFFICER: Edward Lavalley, City Manager **E-SIGN:**
FROM: James R. Clinch, PE, Assistant City Manager
DEPARTMENT: City Manager

DATE: 05/01/2023

MEETING DATE: 05/09/2023

SUBJECT / TOPIC: Staff Presentation – Building Fee Refund Process

BACKGROUND INFORMATION:

In 2019, new State legislation was adopted prohibiting a local government from carrying forward in its Building Fee Fund an amount exceeding the average of its operating budget for enforcing the Florida Building Code for the previous 4 fiscal years. Permissible uses for funds that are prohibited from being carried forward include rebating or reducing building permit fees. In accordance with these requirements, the City Council has temporarily discounted building permit fees. The City initially implemented a 20% temporary building fee reduction, which was then elevated to a 30% fee reduction in March of 2022. Additionally, in May of 2022 the city added a “regional cost modifier” which further reduced the valuation-based permit fees for new construction with habitable space.

Despite these fee reduction efforts, there continues to be high levels of permit activity due to the significant new commercial and residential development activity in the City, which results in unanticipated building permit fee revenue. The unpredictability of the construction market makes it very challenging to accurately predict future revenues and to accurately apply any needed fee reduction measures. The City also understands that temporary building fee reductions to utilize funds that cannot be carried forward primarily benefits future building permit applicants and not those individuals who contributed to the fund exceedances. In recognition of these challenges and the present state of the City’s Building Fee Fund, staff has determined that the City can refund those amounts in Fiscal Year 2019 through Fiscal Year 2022 that exceeded the allowed 4-year average of the City’s operating budget for enforcing the Florida Building Code.

Beginning this summer, the City Building Department is planning to implement a refund process to equitably distribute these excess building permit fee funds that amount to approximately \$4.3 million. The City intends to utilize the services of the company *Simpluris* for the administrative management and operational execution of the refund process. This company will manage the entire process by utilizing the City’s building permit data to identify all eligible applicants, determine the proportional refund amounts, distribute the payments, and handle all customer service questions.

Finance will be presenting a Budget Amendment to Council for adoption in June to formalize this refund amount for Fiscal Year 2023. The refund process will then begin with an initial mailing to

notify all building permit applicants who paid for a valuation-based building permit between October 1, 2018 and September 30, 2022, that they will be receiving a refund. Each eligible applicant will receive a share of the overage for the applicable Fiscal Year equivalent to the proportion of their building permit fee compared to the total fees collected that year. It is important to note that the refunds will be distributed to the person or entity that remitted the building permit fee initially, which may not necessarily be the property owner.

Venice remains an extremely desirable place to live, work, and play which has led to a continued high level of building permit activity. The fee reduction efforts to date have ultimately not been effective at sufficiently lowering revenue due to the sheer volume of permits. The City considers a refund process to be the most effective method to eliminate the excess building permit fee revenue in a manner that is fair and equitable to those individuals who actually paid into the fund during this time period. Moving forward, the City will reexamine the fund balance at the close of each fiscal year and determine if additional refund processes are warranted or if the fees need to be adjusted.

SUPPORTS STRATEGIC PLAN: Goal Two: Provide Efficient, Responsive Government with High Quality Services

COUNCIL ACTION REQUESTED: N/A – Presentation & Discussion

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Yes N/A

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Document(s) Reviewed for ADA compliance <small>(required if for agenda posting)</small> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | City Attorney Reviewed/Approval |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Risk Management Review |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Finance Department Review/Approval |
| | | Funds Availability (account number): Click or tap here to enter text. |

cc: