



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

# **Building Permit Fee Proposal**

## **BOCC Study Session**

### **Nov. 14, 2023**



# Overview



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- The purpose of this study session is to present a proposal to increase Building permit fees for the BOCC's consideration
- We are requesting guidance on whether the BOCC:
  - Supports the proposal and would like PWD to proceed with next steps, OR
  - Would like PWD to proceed with a modified proposal, OR
  - Does not want to pursue a fee increase at this time



# Background



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- In 2019, PWD staff conducted an analysis of Land Development Services (LDS) fees, which includes Building, Planning/Zoning, and Engineering Services fees.
  - Most of these fees had not been changed in many years, with Building permit fees staying essentially unchanged for over 20 years!
- In 2020, PWD staff recommended a **50% increase** to Building permit and plan check fees, which was approved by BOCC and implemented effective 1/1/2021.
  - At that time, we advised BOCC that we would conduct another review in three years and would return with a new proposal if another increase was needed.



# Recommendation



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- We have conducted an updated fee analysis in 2023, and the data shows that Arapahoe County continues to be low in its fees as compared to other jurisdictions; therefore, we are now proposing a **30% increase** in Building permit and plan check fees to be effective in early 2024.
- We also recommend eliminating the practice of providing a discounted plan check fee for “repeat master” permits. This is a current business practice that is not part of the official fee schedule and is not done in any other jurisdiction to our knowledge.
  - We recommend eliminating this practice and assessing the published plan check fees on all permits.



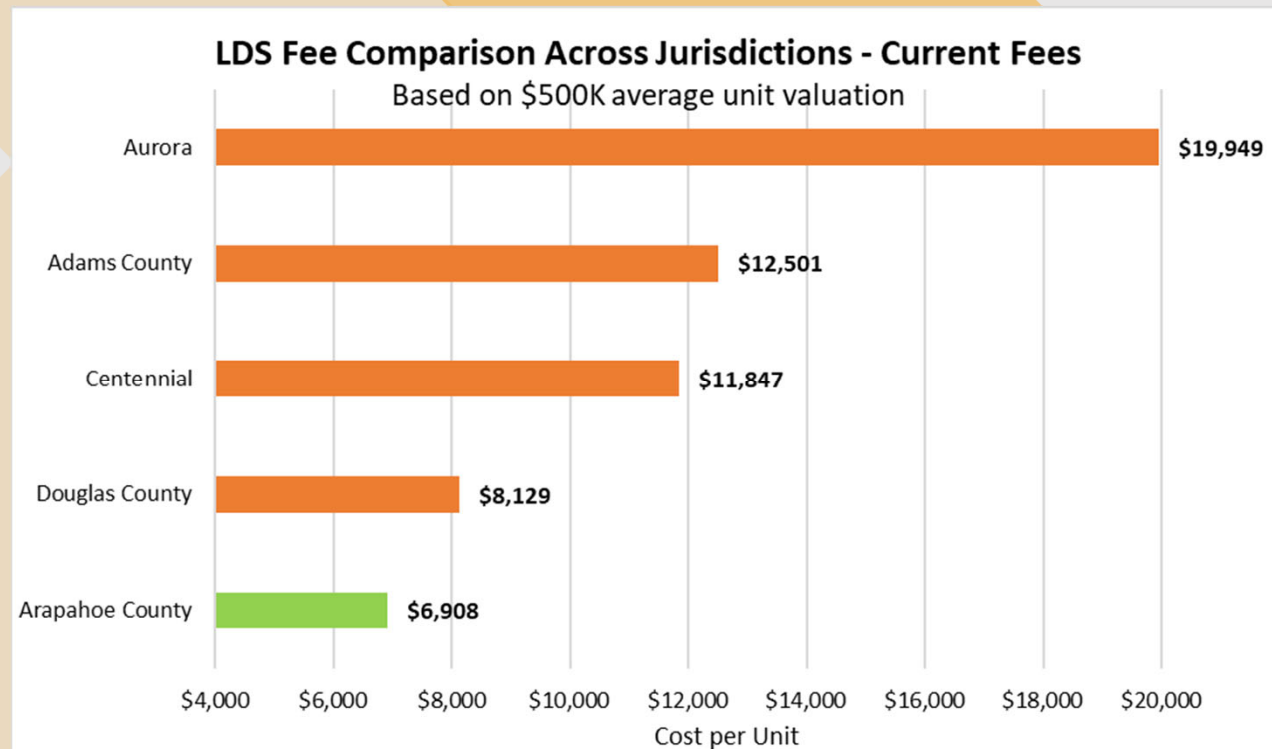
# LDS Fee Comparison – Current Fees



Even with the 50% fee increase implemented three years ago, we continue to have the lowest fees among neighboring jurisdictions.

This example compares the per unit cost associated with building 333 single family homes on 67 acres with an average unit valuation of \$500,000, to include the planning, engineering, and building services from barren land to fully developed and accepted.

**Note:** Impact fees are not included in these amounts, nor is the Arapahoe County Open Space Use Tax.

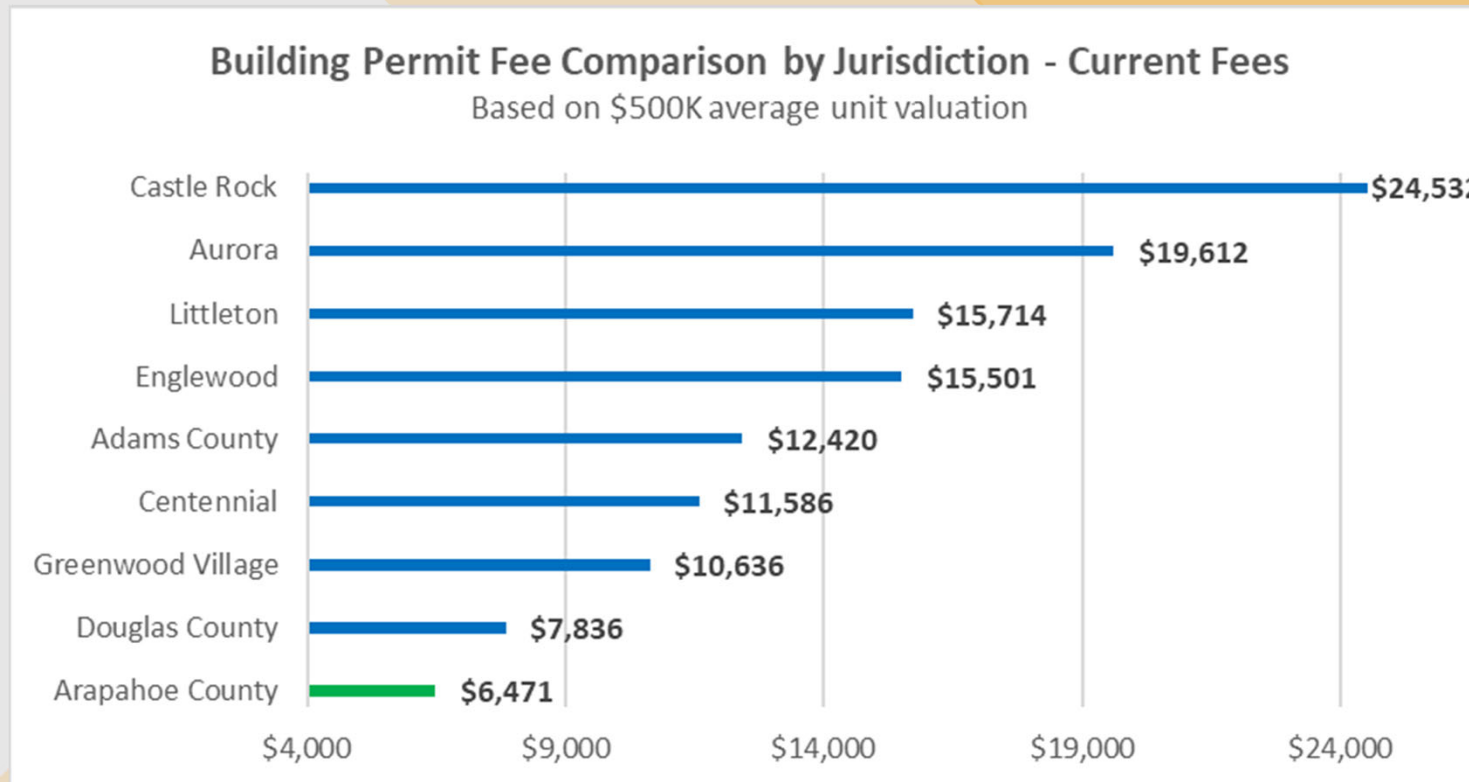


# Building Fee Comparison – Current Fees



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

If we take the same example but just look at building permit fees, Arapahoe County is the lowest among an even larger group of comparison jurisdictions.



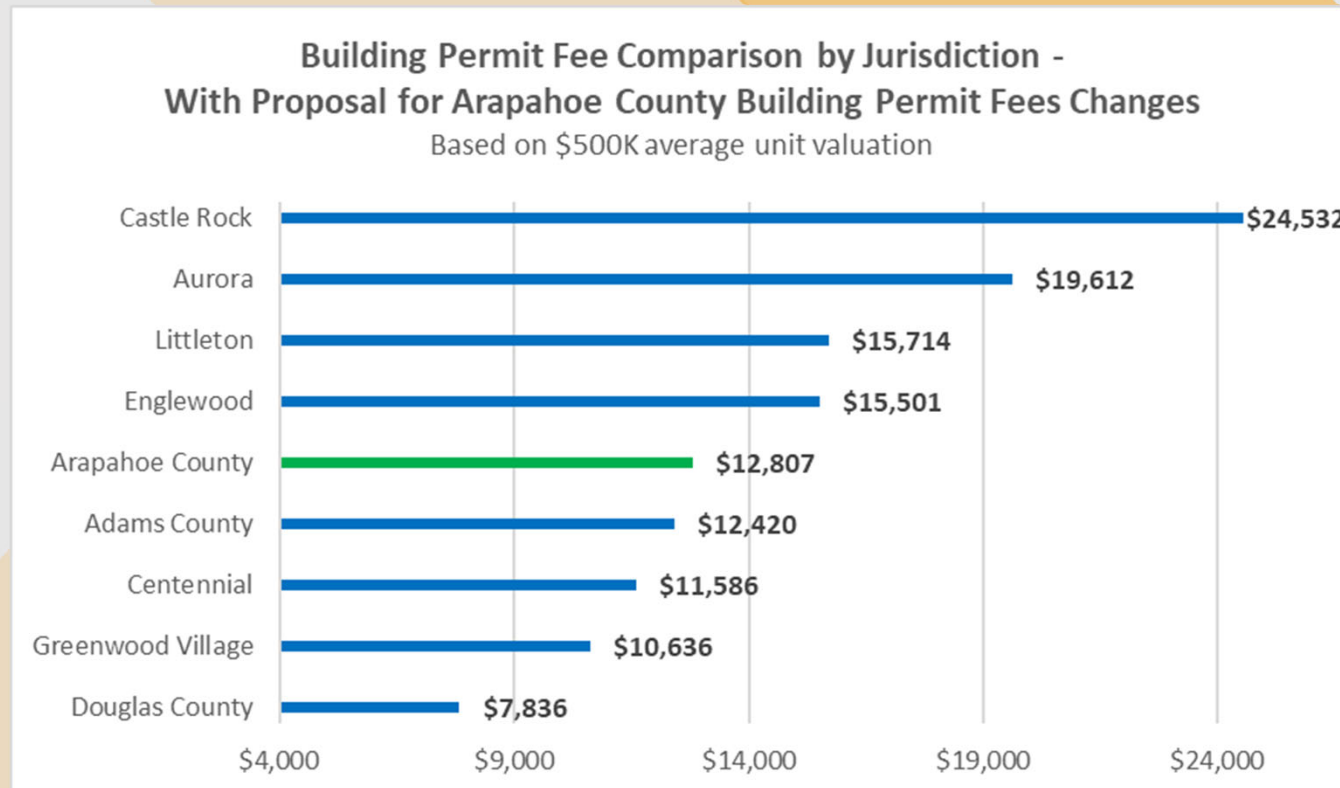
# Building Fee Comparison – Proposed Fees



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

If we take the same example but now adjust for our recommended fee changes, we would fall in the middle of the comparison jurisdictions.

Note that the cities charge use taxes which are included in these amounts. AC's permit fees are higher than the other jurisdictions, but total fees are in the middle due to the use taxes charged in the cities.



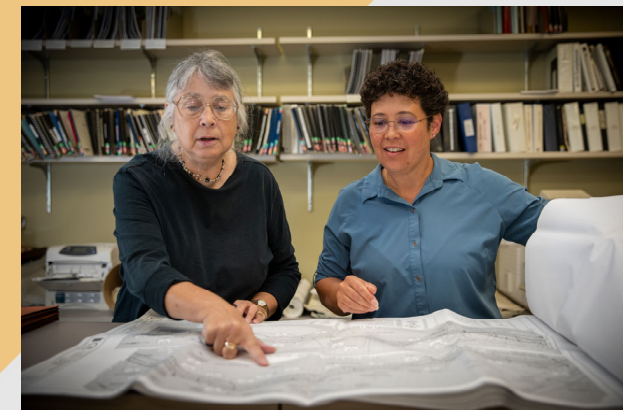


# LDS Revenue and Fully-Loaded Costs



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- As part of this fee review, we also compared LDS revenue to fully-loaded costs.
- Fully-loaded costs include all budgeted expenditures for the program areas, as well as County administrative costs such as IT, HR, and Finance services, as well as workers' compensation and risk insurance and the cost of maintaining and operating County buildings. It also includes Department support costs such as the costs for the PWD Director and Support Services Division which provide services to all positions. Such costs are allocated on a per position basis for this purpose.





# LDS Revenue and Fully-Loaded Costs (cont'd)



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- In the past, BOCC has requested that revenue cover 70-75% of fully-loaded costs, but it has actually been higher than this percentage, with revenue outperforming projections over the past three years since the fee increase went into effect on 1/1/2021.

% Revenue Covered Fully-Loaded  
Costs Over 4-Year Period:

**85%**

In 2020: 68%

In 2021: 102%

In 2022: 77%

2023 Projected: 90%

50% fee increase  
went into effect on  
1/1/2021



# 2024 Revenue Projections



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- Revenue in 2023 has been unusually high, and while workload is expected to remain high in 2024, the revenue will likely not be as high as in 2023, which seems to be an unprecedented year in terms of revenue.
- In making the following 2024 revenue estimates, we are considering workload projections and the proposed fee changes. Based on that, we estimate Building revenue to increase by \$3.4 million in 2024 over the 2023 baseline budget.
  - We believe this is a reasonable estimate based on workload projections. However, if revenue/workload, keeps the same pace in 2024 as in 2023, we would expect an increase around \$5.0 million above the 2023 baseline budget.



# 2024 Revenue Projections (cont'd)



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

Taking into account workload projections, proposed fee changes, and expenditure increases in 2024, we project that revenue will cover **95%** of fully-loaded costs in 2024.

% Revenue Covered Fully-Loaded  
Costs Over 4-Year Period: **91%**

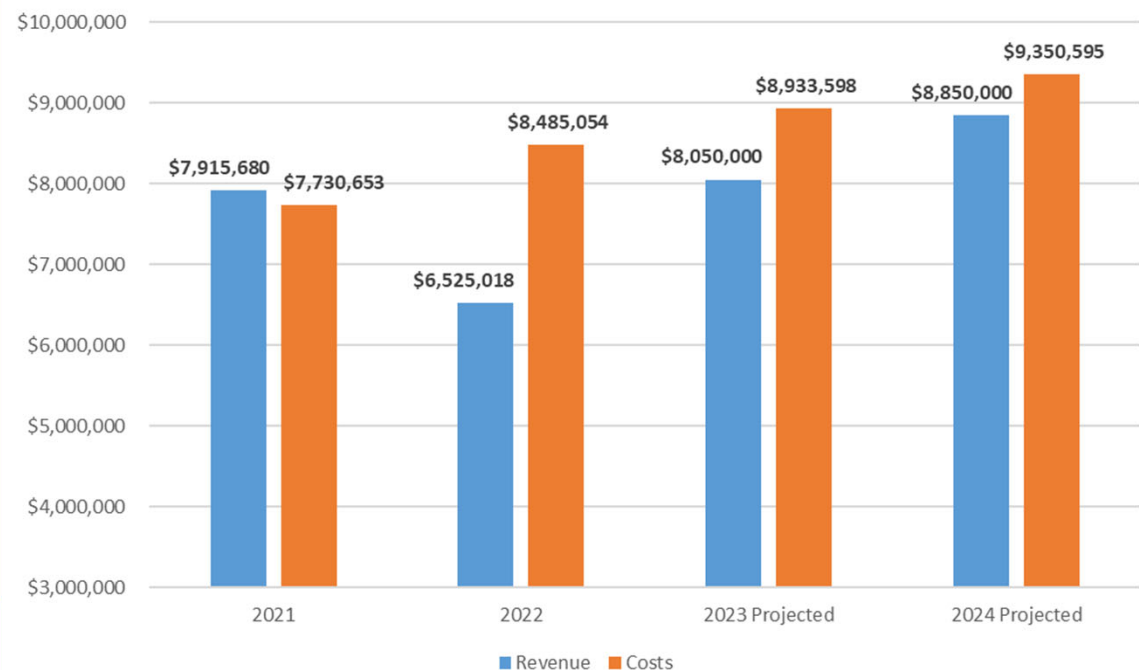
In 2021: 102%

In 2022: 77%

2023 Projected: 90%

2024 Projected with Fees Changes: 95%

LDS 4-Year Revenue and Fully-Loaded Costs



# 2024 Revenue Projections (cont'd)



Based on 2024 workload projections and the proposed fee changes, we project an increase of \$3.4 million in revenue in 2024 over the 2023 baseline budget.

## Proposed Revenue Increases

	2023 Baseline Budget	2024 Proposed Budget based on workload projections	2024 Proposed Budget with fee changes	% Increase from 2023 Baseline
Building Permit Fees (1045750100-42250)	\$ 3,250,000	\$ 4,000,000	\$ 5,200,000	60.0%
Plan Check Fees (1045750100-44382)	\$ 1,037,500	\$ 1,512,500	\$ 2,400,000	131.3%
Other Building Fees (multiple accounts)	\$ 295,900	\$ 400,000	\$ 400,000	35.2%
	\$ 4,583,400	\$ 5,912,500	\$ 8,000,000	74.5%

Note: Revenue projections for 2025 will be evaluated as part of the 2025 Budget submission and will be based on the best information available at that time.



# Resources Needed

- With the increase in revenue projected in 2024, PWD respectfully requests funding for some needed expenditures:
  - 2024 Budget packages not approved for Fund 10, including the Accela Projects (\$132,600), Lima Office Lobby Security Project (\$134,811), and Vehicle 3191 Replacement (\$48,300) – One Time
  - Fire Alarms for Lima Office (\$50,000) – One Time
  - Increase in Weed Control budget (\$70,000) – Ongoing
  - New budget for Title VI outreach/activities (\$10,000) – Ongoing
  - Increase in Accela projects budget (\$75,000) – Ongoing
  - Increase in Temp Salaries and On-Call Budgets (\$75,000) – Ongoing
  - Records Digitization Project (\$100,000) – One Time
- This is \$700,000 in requested expenditures (with 2/3 being one-time expenditures) of the additional \$3.4 million projected revenue increase



# Resources Needed (cont'd)



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- We would also ask the BOCC to consider whether any of the additional revenue can be used to help support Road & Bridge Operations, perhaps as a one-time transfer to help with operations in maintaining County infrastructure assets.





# Summary



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- If the BOCC is supportive of this proposal, we will proceed in preparing notice for public comment and post such notice on the County's website.
  - We will also send notice to our database of contractors, builders, HBA, etc.
- Depending on the nature of public comments received, we will either return to the BOCC to discuss the comments or proceed in scheduling this proposal for a public meeting, with the goal of an early-2024 implementation.





# Questions and Discussion



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

- Are there additional details we can provide?
- Do you have any questions?

