

Date: May 20, 2016

FOR YOUR INFORMATION MEMO

To: Mayor and Members of City Council
From: Harry Black, City Manager **HB**
Subject: Recommended Development Service Enhancements and Adjusted Fee Schedule

The purpose of this memorandum is to provide detail on the Department of Buildings & Inspections (B&I) recommended service enhancements and adjustment of fee schedule as referenced on p. 21 of the City Manager's FY2017 budget.

A series of proposals, detailed below, are being advanced in order to offer the level and types of services desired by customers; and establish the level of fees that ensure the services provided cover the cost of providing them.

With a 4.6% growth in municipal income tax and an 8% increase in development permits, development in Cincinnati is booming. These improvements will allow us to better align supply with demand and remove impediments to those who wish to invest in Cincinnati.

Background

Over the past two years, there have been many improvements in the permitting process as well as the structure of the Department of B&I. Since the re-organization of the department and the permitting process, a 60% decrease in permit review time has been achieved.

To build on this success and better meet the needs of those wishing to invest in Cincinnati, the administration proposed several service enhancements to improve quality and efficiency, provide more guidance for small businesses, create safer communities, and reduce blight.

Proposed Service Enhancements

Quality Control Program – To further enhance the quality of work performed by staff the department is implementing a quality control program to ensure all staff is adhering to policies and procedures at the highest level.

Walk-through Service – The restructuring of the walk-through service will allow for small projects to move through the review process at a much faster pace.

Staff Training and Hiring – B&I will continue to improve their prescreening process by training current staff and hiring additional staff to ensure an application at the time of submission to reduce the number of necessary revisions.

Community Investment Programs

Small Business Facilitator – the Administration is recommending the creation of a Small Business Facilitator position to assist in steering businesses through the regulatory process, greatly reducing the likelihood of the project being held up when it begins the permitting process.

Commercial Courtesy Inspection Program – B&I would offer a commercial courtesy inspection program to reduce the amount of risk involved in re-using existing buildings by providing information that may present an impediment to the proposed use of the building or space.

SEED Program. Not only would the department address small business needs, the creation of a Strategic Enforcement and Economic Development (SEED) program would encourage neighborhood stabilization and reinvestment through receivership and blight abatement.

Building Safety Programs

The other responsibility of B&I is to encourage neighborhood stabilization and fight blight by enforcing the building code on a consistent and predictable basis.

Elevator Inspection Program – B&I will add capacity to elevator inspections to meet the required six month inspection period.

Façade Inspection Program – B&I will establish a façade inspection program to identify potential hazards and risks on facades of buildings five stories or taller.

Fire Escape Certification Program – The department will implement a fire escape structural certification program to better ensure the City's fire escapes are up to current safety standards.

Blight Reduction Programs

Residential Rental Inspection Program – To encourage the safety of those who live in the many rental units across the city, the department would like to target specific pockets that have been identified as having an increased number of illegal dwellings and high levels of code complaints and violations. To do that a residential rental inspection program would be implemented to encourage residents and landlords to report when dwellings are being used illegally and not being maintained.

Temporary Relocation Program – B&I will create a temporary relocation program to go hand-in-hand with the rental inspection program to place legal and financial obligation on the owner to find temporary, safe housing for tenants until the problem is abated.

Landlord Training Program – To encourage and help landlords to trouble-shoot and manage properties, the department would add additional materials and classes to the current landlord training program.

Expand CERT Program – Expanding the Code Enforcement Response Team (CERT) and the partnership with the PIVOT program to attack blight in neighborhoods and reduce crime.

Customer Service Evaluation and Fee Study

The City hired Management Partners to conduct a customer service evaluation and fee study for the department. The purpose of the study was to benchmark with peer cities and determine whether or not the current fees cover the expense of the service provided.

Many of these enhancements require an inspection fee, which would cover the cost of implementation. For those that do not, the Management Partners study recommended the following fee increases which B&I is advancing:

- Increase fees for projects with valuations of \$50,000 and less by 2%
- Trade permits such as HVAC, wrecking, excavation and fill, and fire suppression as well as investigation fees, permit processing fees, and premium service fees will increase by 5%
- Increase the modifiers for projects over \$50,000 as shown below:

Valuation	Current Modifier	Proposed Modifier
\$50,001 to \$100,000	\$720 ¹ + \$7.80/\$1,000	\$734 ¹ + \$8.00/\$1,000
\$100,001 to \$500,000	\$1,110 ² + \$5.58/\$1,000	\$1,134 ² + \$8.00/\$1,000
Over \$500,000	\$3,342 ³ + \$3.35/\$1,000	\$4,334 ³ + \$8.00/\$1,000

¹Cost of permit for \$50,000 valuation

²Cost of permit for \$100,000 valuation

³Cost of permit for \$500,000 valuation

When Cincinnati was compared to several peer cities, Management Partners found that Cincinnati fell well below the peer minimum on projects over \$1 million and will continue to remain below the minimum even with the proposed increase.

Customer Service IT Enhancement

The Administration is recommending the acceleration of the implementation of Accella, which would greatly improve the permitting process by allowing for electronic plan submittal, online fee calculator, online permit status and the integration with the City’s financial system.

To support the acceleration, a 3% technology surcharge would be assessed on all fees collected by B&I over a five year period. After the 5 year period the surcharge would be adjusted to 1.5% to cover IT maintenance costs.

Conclusion

Overall, the implementation of the above recommendations will thrust our efforts to better serve neighborhoods, and the development community, forward by improving customer service and providing programs that fight blight and encourage neighborhood stabilization.

Additional revenue generated will be reinvested back into B&I enhanced staffing, process improvements and information technology investment. The intent is to over time increase opportunities for customers to do as much self service as possible.

The Administration plans to formally present these recommendations to a committee of City Council at the appropriate time.