

MEMO

TO: City Sunfish Lake Mayor and Council, and Staff

**City of West St. Paul Director of Community Development Ben Boike,
Building Inspector Dennis Schilling, Finance Director Char Stark**

FROM: Timothy J. Kuntz, City Attorney

DATE: March 2, 2023

**RE: City of Sunfish Lake/City of West St. Paul – Ordinance Amending
Sunfish City Code 1004.1, Subd.1 – Permit Fees**

Section 1. Background. By separate Council action, the Council is being asked to approve an Agreement whereby the City of West St. Paul provides Building Official services to the City of Sunfish Lake by contracted terms. It would be simpler and more efficient if the building permit fees in Sunfish Lake matched the building permit fees and methodology used in West St. Paul. West St. Paul has agreed to collect the building permit fees and plan review fees from the landowner applicants, and to distribute and allocate the collected fees by forwarding 18% of the plan review and permit fees to Sunfish Lake, with West St. Paul retaining 82% of such fees.

Section 2. Ordinance. The attached ordinance deals with the establishment of building permit fees; two (2) changes are being made. One change is the fee schedule rate amount that is multiplied by the valuation to obtain the fee amount.

The second change deals with the valuation methodology.

Section 3. Rate Charge. The building permit fee is computed by a valuation number multiplied by a rate charge for the classification of value. Minn. Stat. §326B.153 sets forth a rate charge amount that by law is required to be imposed in each city, unless the city, by ordinance, determines otherwise. West St. Paul has adopted the same rate charge as set forth in Minn. Stat. §326B.153. The current rate charge in Sunfish Lake is somewhat less than the one cited in the statute. The change is to bring the Sunfish Lake rate charge up to date with the State statute which is what WSP uses.

The attached ordinance accomplishes that task.

Section 4. Valuation Methodology. Sunfish Lake currently uses a project valuation for its methodology to compute the building permit fee. Under a project valuation, the specific valuation for the construction undertaking is obtained and the permit fee is generated. The change is to adopt a square footage valuation whereby cost per square foot for the building type is determined by the Building Official.

West St. Paul addressed this issue in the year 2015 and determined the following, per the memo from its Building Official Dennis Schilling to the West St. Paul Council.

City code currently charges fees for building permits based on project valuation. The applicant writes in the project valuation and based on the valuation provided the permit fee is generated. There are two issues with this system: 1) relying on applicant to provide a realistic valuation (contractors typically over value to collect more money and homeowners typically under value to save money), and 2) the system charges different permit fees for different materials (composite deck will will [sic] generate a higher fee than a cedar deck even though both decks require the same review and same number of inspections).

Staff recommends that Council adopt the State of Minnesota's Valuation Data Sheet which will provide for consistent valuations and resulting fees based on the work that is being performed. Valuations are determined by cost per square foot for each building type. In doing so, contractors will not be able to inflate their permit costs and homeowners will not be able to under value their permit costs. As a result, permit revenues for the City should be relatively consistent with current revenues. In addition, using more expensive materials will not result in higher fees.

West St. Paul adopted the valuation per square footage methodology. West St. Paul reports that adjoining cities of South St. Paul, Inver Grove Heights, Woodbury, St. Paul, Apple Valley and Burnsville all use some form of the square footage methodology.

To understand the math, West St. Paul and Sunfish Lake prepared a chart showing the calculation of a building permit fee for structures having a square footage range of 3,000 sq. ft to 16,000 sq. ft.; this chart is attached to this Memo and is labeled West St. Paul Building Permit Fee Samples.

Section 5. Requested Action. The Council is asked to consider approval of the attached Ordinance Amending the Sunfish Lake City Code Section 1004.01 Subd.1 Relating to the Establishment of Building Permit Fees.

**CITY OF SUNFISH LAKE
DAKOTA COUNTY, MINNESOTA**

ORDINANCE NO. 23-_____

**AN ORDINANCE AMENDING THE SUNFISH LAKE CITY CODE SECTION 1004.01
SUBD.1 RELATING TO THE ESTABLISHMENT OF BUILDING PERMIT FEES**

The City Council of Sunfish Lake does hereby ordain:

Section 1. Amendment of Section 1004.01 Subd.1 of City Code. Section 1004.01 Subd.1 of the Sunfish Lake City Code is hereby amended to read as follows (The ~~struck-out~~ text shows the deleted wording and the underlined text shows the language added to the code):

SEE ATTACHED EXHIBIT A, which is hereby incorporated by reference.

Section 2. Summary Publication. Pursuant to Minnesota Statutes, Section 412.191, in the case of a lengthy ordinance, or in the case of an ordinance containing charts, a summary ordinance may be published. State law requires that all ordinances be adopted prior to becoming effective. Pursuant to Minnesota Statutes, Section 412.191 subd.4, the Council may, by 4/5th vote, direct that only the title and a summary of the ordinance be published.

On March 7, 2023, the City of Sunfish Lake adopted Ordinance 23-____, titled as:

**AN ORDINANCE AMENDING THE SUNFISH LAKE CITY CODE SECTION 1004.01
SUBD.1 RELATING TO THE ESTABLISHMENT OF BUILDING PERMIT FEES**

Ordinance 23-____ is lengthy and contains a chart and may be published in summary form.

The Council has reviewed the summary of Ordinance 23-____, which follows hereafter, and the Council has determined that publication of the title and summary of Ordinance 23-____ as stated below would clearly inform the public of the intent and effect of the Ordinance.

The Council approves the summary text of Ordinance 23-____ set forth below and authorizes publication of the summary in lieu of publication of the entirety of Ordinance 23-____.

The Council directs the City Clerk to ensure that a full and complete printed copy of Ordinance 23-____ is available for inspection during regular business hours at the office of the City Clerk, or by standard mail, or electronic mail; the Clerk may be contacted at cwilcoxclerk@gmail.com. A printed copy of the complete Ordinance shall also be posted on the City's official bulletin board at the First Calvary Baptist Church, 5495 S. Robert Trail, Sunfish Lake, MN 55077. A full and complete copy of Ordinance 23-____ shall also be posted on the City's official website: www.sunfishlake.org.

The summary for publication shall be as stated on the attached **Exhibit B**.

Section 3. Effective Date. This Ordinance shall be effective from and after its passage and publication according to law.

Passed this 7th day of March, 2023.

ATTEST:

Dan O’Leary, Mayor

Christy Wilcox, City Clerk

EXHIBIT A TO ORDINANCE 23-____

AN ORDINANCE AMENDING THE SUNFISH LAKE CITY CODE SECTION 1004.01
SUBD.1 RELATING TO THE ESTABLISHMENT OF BUILDING PERMIT FEES

SECTION 1004.01 PERMIT FEES REQUIRED: The applicant for a permit for building, plumbing, heating, electrical or fire suppression systems shall pay the following fees identified in this Section 1004.01.

Subd. 1. Building, Permit Fee Schedule:

The Building Permit Fee shall be based on valuation. There shall be a square footage-based permit fee. The Building Permit valuation shall be set by the Building Official. The applicant for a permit shall provide an estimated permit value at time of application. Permit valuations shall include total value of all construction work, including materials and labor, for which the permit is being issued, such as electrical, gas, mechanical, plumbing equipment, and permanent systems. The square footage-based permit fee shall be calculated by multiplying the square footage of the building by the value per square foot for the class of building, as such value per square foot for the class of building is determined, utilized and amended from time-to-time by the City of West St. Paul (acting as Building Official) and then multiplying the resultant product (the valuation) by the permit rate schedule established by Minnesota Statute §326B.153, as amended from time-to-time. The current existing rate schedule set forth in Minn. Stat. §326B.153 is as follows:

Total Valuation	Permit Fee Calculation
\$1.00 to \$500.00	\$25.00 <u>29.50</u>
\$500.01 <u>501.00</u> to \$2,000.00	\$25 <u>28.00</u> for the first \$500 plus \$3.25 <u>3.70</u> for each additional \$100, or fraction thereof, to and including \$2,000
\$2000.01 <u>2,001.00</u> to \$25,000.00	\$73.75 <u>83.50</u> for the first \$2,000 plus \$4.75 <u>16.55</u> for each additional \$1,000, or fraction thereof, to and including \$25,000
\$25,000.01 <u>25,001.00</u> to \$50,000.00	\$431 <u>464.15</u> for the first \$25,000 plus \$10.75 <u>12.00</u> for each additional \$1,000, or fraction thereof, to and including \$50,000
\$50,000.01 <u>50,001.00</u> to \$100,000.00	\$681.75 <u>764.15</u> for the first \$50,000 plus \$7.50 <u>8.45</u> for each additional \$1,000, or fraction thereof, to and including \$100,000
\$100,000.01 <u>100,001.00</u> to \$500,000.00	\$1,056.75 <u>1,186.65</u> for the first \$100,000 plus \$6.00 <u>6.75</u> for each additional \$1,000, or fraction thereof, to and including \$500,000
\$500,000.01 <u>500,001.00</u> to \$1,000,000.00	\$3,456.75 <u>3,886.65</u> for the first \$500,000.00 plus \$5.00 <u>5.50</u> for each additional \$1,000, or fraction thereof, to and including \$1,000,000

\$1,000,000.01 <u>1,000,001.00</u> and above	\$5,956.75 <u>6,636.65</u> for the first \$1,000,000 plus \$4.00 <u>4.50</u> for each additional \$1,000, or fraction thereof
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The rate schedule found in Minn. Stat. §326B.153, as amended from time-to-time shall be the rate schedule used to compute building permit fee and Minn. Stat. §326B.153 as amended from time-to-time is hereby incorporated and adopted by reference.

The value per square foot for the class of building, as determined, utilized and amended from time-to-time by the City of West St. Paul (acting as Building Official) is hereby incorporated and adopted by reference. Such value per square foot shall be used to compute the building permit fee.

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Other Inspections and Fees

Inspection outside of normal business hours

~~\$47.00~~63.25/hr*

(minimum charge of 2 hours)

Reinspection fees

~~\$47.00~~63.25/hr*

Inspections for which no fee is specifically indicated

~~\$47.00~~63.25/hr*

(minimum charge of 0.5 hour)

Additional Plan Review required by changes, additions, or revisions to plans

~~\$47.00~~63.25/hr*

(minimum charge 0.5 hour)

Outside consultants for plan checking and/or inspections or both

Actual costs**

SAC Fee (per unit, set by MCES annually)

Fee amount set by MCES

*Or the total hourly cost to the City, whichever is greater. This cost shall include supervision, overhead, equipment, hourly wages and fringe benefits of the employees involved.

**Includes administrative and overhead costs

Plan Review Fee

65% of the Building Permit Fee

State Surcharges – Valuation Based Permit Fees and Fixed Permit Fees

SURCHARGE – FIXED PERMIT FEES

\$5.00

EXHIBIT B
CITY OF SUNFISH LAKE
DAKOTA COUNTY, MINNESOTA

SUMMARY PUBLICATION

Notice is hereby given that on March 7, 2023, the City Council of the City of Sunfish Lake passed and adopted Ordinance 23-__, an Ordinance Amending the Sunfish Lake City Code Section 1004.01 Subd.1 Relating to the Establishment of Building Permit Fees. The Council directed that the title of the Ordinance and a summary of the Ordinance be published. The title is set forth above. A summary of the ordinance is as follows:

- The ordinance establishes building permit fees and updates the fee rates to correspond to Minnesota Statute, Section §326B.153.
- The ordinance adopts for a class of building a square foot valuation methodology as part of the fee computation.

This is a summary only. A full and complete printed copy of Ordinance 23-__ is available for inspection during regular business hours at the office of the City Clerk, or by standard mail, or electronic mail; contact the City Clerk at cwilcoxclerk@gmail.com to make arrangements for inspection of the Ordinance, or to obtain a copy of the Ordinance. A printed copy of the complete Ordinance is also posted on the City's official bulletin board at the First Calvary Baptist Church, 5495 S. Robert Trail, Sunfish Lake, MN 55077. A full and complete copy of Ordinance 23-__ is also posted on the City's official website: www.sunfishlake.org. The postings on the official bulletin board and the City website shall remain for thirty (30) days.

This Summary Publication has been approved by the City Council of the City of Sunfish Lake on March 7, 2023.

Dan O'Leary, Mayor

ATTEST:

Christy Wilcox, City Clerk

West St. Paul Building Permit Fee Samples

Square Footage of Home	State Square Footage Class VB @ \$100.26: Permit Fee Valuation	\$100,001 to \$500,000 \$1,186.65 1st \$100,000 plus \$6.75 each additional \$1,000 or fraction thereof	\$500,001 to \$1,000,000 \$3,886.65 1st \$500,000 plus \$5.50 each additional \$1,000 or fraction thereof	\$1,000,001 and up. \$6,636.65 for 1st \$1,000,000 plus \$4.50 for each additional \$1,000 or fraction thereof	Plan Review based on 65% of building permit fee	State Surcharge \$1,000,000 or less .0005. Minimum \$1	\$1,000,001 to \$2,000,000 \$500 plus .0004 over \$1,000,000	Total Permit Charge
3000	\$300,780.00	\$2,543.40			\$1,653.21	\$150.39		\$4,347.00
5000	\$501,300.00		\$3,897.65		\$2,533.47	\$250.65		\$6,681.77
7000	\$701,820.00		\$4,997.65		\$3,248.47	\$350.91		\$8,597.03
9000	\$902,340.00		\$6,103.15		\$3,967.05	\$451.17		\$10,521.37
11000	\$1,102,860.00			\$7,100.15	\$4,615.10		\$541.14	\$12,256.39
16000	\$1,604,160.00			\$9,359.16	\$6,083.45		\$741.66	\$16,184.27