



**CITY COUNCIL AGENDA STAFF REPORT**  
**MEETING DATE: March 10, 2014**

<b>Title:</b> Consideration and possible direction to initiate amendments to Title 13 and Title 15 of the Sparks Municipal Code to allow the collection of sewer connection fees (sanitary sewer, storm drain and river flood) and residential construction tax to be deferred from building permit issuance to prior to issuance of certificate of occupancy.
<b>Petitioner:</b> John A. Martini, P.E., Assistant Community Services Director <b>Presenter:</b> John A. Martini, P.E., Assistant Community Services Director
<b>Recommendation:</b> Provide direction to staff to prepare and bring forward for City Council consideration amendments to Titles 13 and 15 of the Sparks Municipal Code to allow the collection of sewer connection fees (sanitary sewer, storm drain and river flood) and residential construction tax to be deferred from building permit issuance to prior to issuance of certificate of occupancy
<b>Financial Impact:</b>
<b>Business Impact (Per NRS 237)</b> <input type="checkbox"/> A Business Impact Statement is attached. <input checked="" type="checkbox"/> A Business Impact Statement is not required because this is not a rule. <input type="checkbox"/> A Business Impact Statement is not required. This is a rule but does not impose a direct and significant economic burden on a business, or directly restrict the formation, operation or exemption of a business. <input type="checkbox"/> A Business Impact Statement is not required. Thus is a rule but emergency action is necessary to protect the public health and safety (requires a unanimous vote of the City Council and cannot be in effect for more than six months).
<b>Agenda Item Brief:</b> The Builders Association of Northern Nevada has requested that the local jurisdictions responsible for issuing building permits consider the deferral of building permit fees from the time of building permit issuance to prior to certificate of occupancy. At the December 9, 2013 City Council meeting, Councilman Lawson formerly requested that City Staff investigate the issues related to allowing for fees to be deferred. Staff has completed its investigation (see analysis) and has determined that the only formal action required by the Sparks City Council is to initiate amendments to Sparks Municipal Codes Title 13 (sanitary sewer, storm drain and river flood fees) and Title 15 (residential construction tax) to allow for payment of sewer connection fees and residential construction tax to be deferred from building permit issuance to prior to certificate of occupancy.

**BACKGROUND:** On December 5, 2013 the Builders Association of Northern Nevada (BANN) hosted a meeting that included Staff and elected officials from the City of Sparks, the City of Reno and Washoe County as well as staff members from the Truckee Meadows Water Authority (TMWA), the Regional Transportation Commission of Washoe County (RTC) and NV Energy. The purpose of the meeting was to have an open discussion regarding the timing of the payment of certain fees related to permits for new development. A request was made by BANN for each agency to identify what fees could be deferred from being collected at the time of building permit issuance to being collected prior to issuance of a certificate of occupancy. The reason given by BANN for making the request is to align the payment of fees with the timing for providing services. Each of the agencies agreed to investigate the issue subject to a receiving a formal request from an elected official from each respective jurisdiction. Each of the member agencies also agreed to attend a follow-up meeting in February with BANN to continue the discussion and to identify issues.

At the December 9, 2013 City Council meeting, Councilman Lawson formerly requested that City Staff investigate the issues related to allowing for fees to be deferred. Community Services staff began the investigation in January of 2014 and prepared preliminary findings for the February follow-up meeting with BANN.

The follow-up meeting was hosted by BANN on February 13, 2014 and included staff and elected officials from the City of Sparks, the City of Reno, Washoe County and staff members from TMWA, RTC, and NV Energy. At the meeting, each entity provided the group with a summary of their findings with the majority of the discussion centered on the issuance of building permits. Through the discussions, there was consensus that building permit fees related to plan review and building inspection should not be considered for deferral due to the fact that they represent payment for services rendered and would have a negative effect on cash flow within each entity's development services enterprise fund. The discussion did identify the payment of sewer connection fees, regional road impact fees, local impact fees, and residential construction tax as being acceptable for consideration for deferral from building permit issuance to prior to certificate of occupancy. At the terminus of the meeting, BANN requested that each agency be prepared to implement the deferral of fees by July 1, 2014.

**ANALYSIS:** Community Development staff has investigated the needed changes to procedure and codes to allow payment of sewer connection fees (sanitary sewer, storm drain and river flood) , regional road impact fees, local impact fees, and residential construction tax to be deferred from time of building permit issuance to prior to certificate of occupancy.

#### **Changes to Procedure**

Community Services staff has reviewed the current procedure utilized for issuing building permits for new development. Currently, building permits cannot be issued until all fees are collected. This procedure has been programmed into the *Permits Plus* software system used by the Building and Safety Division to issue building permits. As the *Permits Plus* software system is antiquated and not easily modified, staff has had to create a "work around" procedure to allow for the issuance of a building permit with deferred payment of sewer connection fees (sanitary sewer, storm drain and river flood) fees, regional road impact fees, local impact fees, and residential construction tax. In a nutshell, an applicant for a building permit will be given the choice to pay the fees at time of building permit issuance or to elect to defer the fees noted above. If the applicant elects to defer payment of fees, the building permit will be issued and immediately noted as deficient, pending fee payment, such that a certificate of occupancy cannot be issued until payment are received. Building and permit staff will then be required to track each permit that has elected to defer payment of fees through the inspection process and then notify the applicant that fees are required prior to final inspection and issuance of a certificate of occupancy. As such, each building permit that elects to defer payments of fees will be effectively processed twice. Additionally, the building official will be restricted from issuing a temporary certificate of occupancy to any permit that elects to defer payment of fees.

#### **Changes to Code**

Community Services staff has researched the Sparks Municipal Code with respect to the requirements for payment of fees. Title 13 currently requires the payment of sewer connection fees prior to the

issuance of a building permit. Title 15 requires payment of residential construction tax prior to the issuance of a building permit. Both titles will require amendment to allow payment of fees to be deferred from issuance of a building permit to prior to issuance of a certificate of occupancy. The requirement for payment of RTC regional road impact fees and City of Sparks Impact Fee Service Area #1 impacts fees are required through policies set forth in administrative manuals and do not require amendment to Sparks Municipal Code.

**ALTERNATIVES:** The Council has the following options:

1. The City Council may choose to direct the City Manager to prepare amendments to Title 13 and Title 15 of the Sparks municipal code to allow the collection of sewer connection fees and residential construction tax to be deferred from permit issuance to prior to issuance of certificate of occupancy.
2. The City Council may choose not to direct the City Manager to prepare amendments to Title 13 and Title 15 of the Sparks municipal code to allow the collection of sewer connection fees and residential construction tax to be deferred from permit issuance to prior to issuance of certificate of occupancy and provide alternate direction to the City Manager.

**Recommended Motion:** "I move to direct the City Manager to prepare and bring forward for City Council consideration amendments to Title 13 and Title 15 of the Sparks Municipal Code to allow the collection of sewer connection fees (sanitary sewer, storm drain and river flood) and residential construction tax to be deferred from building permit issuance to prior to issuance of certificate of occupancy."