

CITY OF PALM DESERT

BUILDING AND SAFETY DEPARTMENT

STAFF REPORT

REQUEST: PROPOSED FEE REDUCTION FOR HVAC AND WATER HEATER REPLACEMENT PERMITS WITHIN THE CITY OF PALM DESERT

SUBMITTED BY: Russell A. Grance, Director of Building and Safety

DATE: September 27, 2012

Recommendation:

By Minute Motion approve a fee structure which incentivizes the applicant with reduced permit fees when installing more energy efficient equipment beyond the minimum required by State Energy Code and to eliminate the issuance fee for replacement water heaters and HVAC permits. No further action is required at this time.

Executive Summary:

The City of Palm Desert, Department of Building and Safety has been directed to develop a competitive fee structure that would incentivize an applicant that installs replacement HVAC and water heater equipment for both residential and commercial projects with more energy efficient equipment beyond the minimum required per the State Energy Code.

In the past the City of Palm Desert offered fee-free permits for energy efficiency measures, such as photovoltaic, thermal solar, water heater, and HVAC permits. On June 14, 2012 the City Council passed Resolution No. 2012-37 which updated the Development Services Fees which in effect eliminated the fee-free permits. Since the implementation of the new fees staff has received a few complaints concerning the cost of HVAC and water heater permits.

The City of Palm Desert's goal has always been to save money and energy by reducing energy consumption and peak demand within the City through education, added financial incentives, new technologies and services, and a variety of City-wide efforts to heighten awareness and participation by Palm Desert residents and businesses.

The Building Department recently conducted a survey of all Coachella Valley cities to determine the costs for building permits for the replacement of HVAC and water heater equipment for both residential and commercial projects. The following table represents our findings:

WATER HEATER

City	Issuance Fee	Microfilm Fee	Inspection Fee	Green Bldg Fee	Total
Cathedral City	\$33.00	\$00.00	\$00.00	\$00.00	\$33.00
Coachella	\$56.00	\$00.00	\$68.50	\$00.00	\$124.50
Desert Hot Springs	\$96.50	\$00.00	\$00.00	\$00.00	\$96.50
Indian Wells	\$22.00	\$00.00	\$32.65	\$1.00	\$55.65
Indio	\$20.00	\$00.70	\$7.00	\$00.00	\$27.70
La Quinta	\$15.00	\$00.00	\$13.13	\$1.00	\$29.13
Palm Springs	\$26.11	\$3.32	\$38.00	\$00.00	\$67.43
Rancho Mirage	\$90.00	\$00.00	\$00.00	\$1.00	\$91.00
Palm Desert	\$105.00	\$6.00	\$80.00	\$1.00	\$192.00

RESIDENTIAL HVAC

City	Issuance Fee	Microfilm fee	Inspection Fee	Green Bldg Fee	Total
Cathedral City	\$44.50	\$00.00	\$00.00	\$00.00	\$44.50
Coachella	\$198.50	\$00.00	\$00.00	\$00.00	\$198.50
Desert Hot Springs	\$247.50	\$00.00	\$00.00	\$00.00	\$247.50
Indian Wells	\$22.00	\$00.00	\$95.50	\$1.00	\$118.50
Indio	\$20.00	\$00.70	\$36.00	\$00.00	\$56.70
La Quinta	\$00.00	\$00.00	\$00.00	\$00.00	\$51.63
Palm Springs	\$26.11	\$3.32	\$82.60	\$00.00	\$112.03
Rancho Mirage	\$00.00	\$00.00	\$00.00	\$00.00	\$91.00
Palm Desert	\$105.00	\$6.00	\$159.00	\$1.00	\$271.00

COMMERCIAL HVAC

City	Issuance Fee	Microfilm fee	Inspection Fee	Green Bldg Fee	Total
Cathedral City	\$44.50	\$00.00	\$00.00	\$00.00	\$44.50
Coachella	\$244.50	\$00.00	\$00.00	\$00.00	\$244.50
Desert Hot Springs	\$247.50	\$00.00	\$00.00	\$00.00	\$247.50
Indian Wells	\$22.00	\$00.00	\$358.00	\$1.00	\$381.00
Indio	\$20.00	\$00.70	\$99.30	\$00.00	\$120.00
La Quinta	\$00.00	\$00.00	\$00.00	\$00.00	\$125.00
Palm Springs	\$26.11	\$3.32	\$82.60	\$00.00	\$112.03
Rancho Mirage	\$00.00	\$00.00	\$00.00	\$00.00	\$208.00
Palm Desert	\$105.00	\$6.00	\$239.00	\$1.00	\$351.00

The results indicate that the City of Palm Desert has the highest permit fees for these two types of permits. The permit costs included in the City of Palm Desert's fees were primarily based on FY 2009-2010 actual expenditures to calculate the billable hourly rate of all personnel directly involved in the service, applied to the average number of hours, or portion thereof, to perform each service. Specifically, identifiable material & supplies, indirect external overhead, and management overhead related to plan checks and/or inspections were also included where appropriate. The fees are in compliance with the California Fee Mitigation Act and will assist in the City recouping the actual costs of providing plan check and inspection services.

The following tables represents proposed fee reductions, and in order to provide enough of an incentive the issuance fee of \$105.00 for these two types of permits have been eliminated and the total proposed fee represents the Inspection fee, Microfilm fee, and the Green fee with the savings based on the equipment efficiency ratings for Palm Desert residents and business owners to install higher energy efficient equipment than the minimums required per the State Energy Code:

**WATER HEATER
(30 – 60% Savings)**

City	Issuance Fee	Microfilm Fee	Inspection Fee	Green Bldg Fee	Total
Indio	\$20.00	\$0.70	\$7.00	\$0.00	\$27.70
La Quinta	\$15.00	\$0.00	\$13.13	\$1.00	\$29.13
Cathedral City	\$33.00	\$0.00	\$0.00	\$0.00	\$33.00
Palm Desert Tier II (60%)	\$0.00	\$6.00	\$46.00	\$1.00	\$39.00
Indian Wells	\$22.00	\$0.00	\$32.65	\$1.00	\$55.65
Palm Desert Tier I (30%)	\$0.00	\$6.00	\$56.00	\$1.00	\$63.00
Palm Springs	\$26.11	\$3.32	\$38.00	\$0.00	\$67.43
Palm Desert (Standard)	\$0.00	\$6.00	\$80.00	\$1.00	\$87.00
Rancho Mirage	\$90.00	\$0.00	\$0.00	\$1.00	\$91.00
Desert Hot Springs	\$96.50	\$0.00	\$0.00	\$0.00	\$96.50
Coachella	\$56.00	\$0.00	\$68.50	\$0.00	\$124.50

**RESIDENTIAL HVAC
(15 – 30% Savings)**

City	Issuance Fee	Microfilm fee	Inspection Fee	Green Bldg Fee	Total
Cathedral City	\$44.50	\$0.00	\$0.00	\$0.00	\$44.50
La Quinta	\$0.00	\$0.00	\$0.00	\$0.00	\$51.63
Indio	\$20.00	\$0.70	\$36.00	\$0.00	\$56.70
Rancho Mirage	\$0.00	\$0.00	\$0.00	\$0.00	\$91.00
Palm Springs	\$26.11	\$3.32	\$82.60	\$0.00	\$112.03
Palm Desert 18 Seer (30%)	\$0.00	\$6.00	\$111.30	\$1.00	\$118.30
Indian Wells	\$22.00	\$0.00	\$95.50	\$1.00	\$118.50
Palm Desert 16 Seer (15%)	\$0.00	\$6.00	\$135.15	\$1.00	\$142.15
Palm Desert (Std)	\$0.00	\$6.00	\$159.00	\$1.00	\$166.00
Coachella	\$198.50	\$0.00	\$0.00	\$0.00	\$198.50
Desert Hot Springs	\$247.50	\$0.00	\$0.00	\$0.00	\$247.50

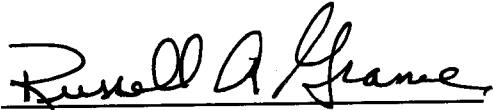
**COMMERCIAL HVAC
(15 – 30% Savings)**

City	Issuance Fee	Microfilm fee	Inspection Fee	Green Bldg Fee	Total
Cathedral City	\$44.50	\$0.00	\$0.00	\$0.00	\$44.50
Palm Springs	\$26.11	\$3.32	\$82.60	\$0.00	\$112.03
Indio	\$20.00	\$0.70	\$99.30	\$0.00	\$120.00
La Quinta	\$0.00	\$0.00	\$0.00	\$0.00	\$125.00
Palm Desert 18 Seer (30%)	\$0.00	\$6.00	\$167.30	\$1.00	\$174.30
Rancho Mirage	\$0.00	\$0.00	\$0.00	\$0.00	\$208.00
Palm Desert 16 Seer (15%)	\$0.00	\$6.00	\$203.15	\$1.00	\$210.15
Coachella	\$244.50	\$0.00	\$0.00	\$0.00	\$244.50
Palm Desert (Std)	\$0.00	\$6.00	\$239.00	\$1.00	\$246.00
Desert Hot Springs	\$247.50	\$0.00	\$0.00	\$0.00	\$247.50
Indian Wells	\$22.00	\$0.00	\$358.00	\$1.00	\$381.00

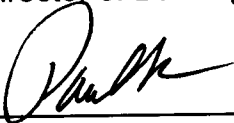
Fiscal Impact:

The proposed fee reductions for HVAC and water heater change outs will reduce revenue that goes toward covering staff's time spent for permit issuance, plan check, and field inspections.

Submitted By:

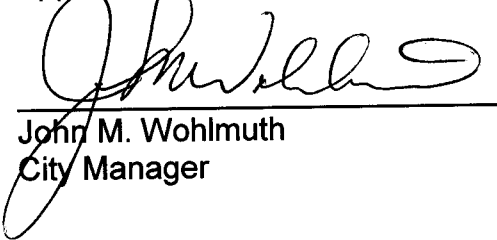


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Director of Building and Safety



Paul Gibson
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Approved By:



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City Manager