

August 14, 2018

To: I-195 Redevelopment District Commission

From: Peter McNally, Executive Director

RE: Proposed Building Permit Fee Schedule for consideration on August 28, 2018

Commissioners,

We are recommending that you vote to approve a building permit fee structure as proposed in this memo.

1. **Statutory Requirement:** As stated in the I-195 Redevelopment Act of 2011 (the “Act”), the Commission is required to collect all project fees, including building permit fees, for projects developed on District land. The Act allows the Commission to adopt such fees as it determines but must hold a public hearing before adopting any fee schedule. **The Commission is considering a recommendation outlined herein to set the building permit fee at 1.40% of construction costs, inclusive of the required fire plan review fee.** The recommendation is based on a sampling of other markets; we want our proposal to fall somewhere near median and not be at the high or low end of the sample set. In the cities we examined, fees ranged from a low of 20 basis points (Winston-Salem), to a high of 3.00% (New Haven). The formulas to calculate building permit and fire plan review fees are most often based on construction costs with some variations and exceptions. Our recommendation is to charge a flat fee of 1.40% of construction cost, which would cover the building permit and fire plan review fees. As required by the Act, the state building official would actually issue building permits, however the fee will be paid to the Commission. The state building official is in agreement with this arrangement regarding the fee.
2. **The City’s Share:** The Act further provides that the City of Providence is entitled to receive the greater of one-half the fees collected by the Commission or one-half the fees that would otherwise have been collected by the City, if the City were issuing the building permit. Based on the above recommendation, the City would receive half of what it otherwise would charge, or approximately 1.12% of construction costs. Therefore, the City would receive the bulk of the fee proceeds outlined in this recommendation.