



SANDY SPRINGS

GEORGIA

TO: John McDonough, City Manager
FROM: Jim Tolbert, Assistant City Manager
DATE: January 6, 2017 for Submission on the January 17, 2017 Mayor and City Council Agenda
ITEM: Technology Surcharges on Permit Applications to Offset Software Costs

Background

The City of Sandy Springs does not currently implement surcharges for technology system upgrades and maintenance within permit application processes. As the digital age gains momentum, paper systems are transitioning to digital, requiring new software programs, updates and maintenance. To curb the costs incurred by purchasing and employing these programs, Sandy Springs could consider charging a technology surcharge for permit application processes. The main goal of this is to cushion the costs incurred for new software purchases and maintenance, primarily targeting the initial costs of the Energov software program, which cost approximately \$350,000.

Discussion

Of surrounding local municipalities, 0% of permit application fees included a technology surcharge. Of surrounding local counties, 9.43% of permit application fees included a technology surcharge. In total, only 3.73% of municipality and county permit application fees included a technology surcharge. This data is slightly misleading, due to the fact that DeKalb county was the only municipality or county to require a technology surcharge (\$20), but did not require any digital submissions.

Using the last 12 months of permit application data from Sandy Springs as a rough projection model for the next 12 months there were 4,720 permit applications between Sept 2015 and Aug 2016. A technology surcharge averaging just \$30 per permit would have generated \$169,920 for technology software offset. This is just over 48% of the initial cost of Energov. If these numbers held steady, the full cost of Energov could be offset in just over 2 years with an average \$30 technology surcharge.

The surcharge would be applied to every permit application submitted, and is not exclusive for the permit applications that are approved. This is because all submissions, regardless if they get approved or rejected, are processed through Energov, and therefore all submissions should be charged the surcharge.

Permit fee cost range from a low of \$11.50 to a high of \$147, 788 based on the review of permit costs for the past calendar year. The average is \$848 for residential and \$2,258 for commercial permits. Based on this wide range staff would propose a sliding scale for fees as follows:

- | | | |
|------------------------------|-----------|------|
| • Permit cost < \$100 | Surcharge | \$5 |
| • Permit Cost \$101 to \$300 | Surcharge | \$10 |
| • Permit Cost \$301 to \$500 | Surcharge | \$20 |

- | | | |
|------------------------------------|-----------|-------|
| • Permit Cost \$501 to \$1,000 | Surcharge | \$30 |
| • Permit Cost \$1001 to \$2,000 | Surcharge | \$50 |
| • Permit Cost \$2,001 to \$4,000 | Surcharge | \$75 |
| • Permit Costs \$4,001 to \$50,000 | Surcharge | \$100 |
| • Permit Costs >50,001 | Surcharge | \$200 |

Alternatives

- (1) Continue with the current fee schedule and internally incur the costs of software purchase, updates and maintenance.

Recommendation

The Staff recommendation is to implement the Surcharge as proposed to recover the cost of the Energov installation and to provide for continuing licensing and maintenance costs.

Attachment

Resolution

RESOLUTION NO. 2017-XX-XX

**STATE OF GEORGIA
COUNTY OF FULTON**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANDY SPRINGS,
GEORGIA, TO AUTHORIZE IMPLEMENTATION OF TECHNOLOGY SURCHARGES
ON PERMIT APPLICATIONS TO OFFSET SOFTWARE COSTS**

WHEREAS, as the digital age gains momentum, paper systems are transitioning to digital systems, requiring new software programs, updates and maintenance; and

WHEREAS, every permit application submitted to the City of Sandy Springs (“City”) is processed through digital systems that must be purchased, updated and maintained by the City, causing the City to incur costs associated therewith; and

WHEREAS, the City does not currently implement surcharges for technology system upgrades and maintenance within the City’s permit application processes; and

WHEREAS, staff recommends the City charge a technology surcharge for permit application processes to recover the cost of new technology and continuing licensing and maintenance costs associated with processing such applications; and

WHEREAS, based on an analysis of the last twelve (12) months of permit application data from the City to project a model for the next twelve (12) months, staff has determined and recommends the sliding scale of technology surcharges shown on the attached Exhibit A on every permit application submitted to the City;

NOW, THEREFORE, BE IT RESOLVED by Council of the City of Sandy Springs, Georgia, that:

1. The sliding scale of technology surcharges shown on Exhibit A attached hereto, as recommended by staff, are hereby authorized to be used as the basis for implementing such a surcharge on every permit application submitted to the City; and
2. The City Manager is hereby authorized to take such actions deemed necessary or prudent to effectuate the intent of this resolution.

RESOLVED this _____ day of _____, 2017.

Approved:

Russell K. Paul, Mayor

Attest:

Michael D. Casey, City Clerk
(Seal)

EXHIBIT A

SLIDING SCALE OF TECHNOLOGY SURCHARGES FOR PERMIT APPLICATIONS

Permit Application Cost	Technology Surcharge
<\$100.00	\$ 5.00
\$101.00 - \$300.00	\$ 10.00
\$301.00 - \$500.00	\$ 20.00
\$501.00 - \$1,000.00	\$ 30.00
\$1,001.00 - \$2,000.00	\$ 50.00
\$2,001.00 - \$4,000.00	\$ 75.00
\$4,001.00 - \$50,000.00	\$100.00
>\$50,000.00	\$200.00