

# Highlights

## Why We Did This Audit

Public Works staff identified stagnant fees as an area of concern. Respondents to the city's annual citizen survey have repeatedly rated the maintenance of streets, sidewalks and infrastructure as an area of higher importance and lower satisfaction.

Our work focused on determining whether the Public Works Department's street-related permit fees were regularly reviewed and updated.

## Background

Those who construct, improve, work on, or occupy the city rights-of-way must obtain permits. Permits assist the city in minimizing disruptions to the public, improving traffic and worker safety, and recovering the costs associated with managing the process and the physical damage and deterioration of the right-of-way.

In fiscal year 2014, Public Works issued almost 18,800 permits and collected about \$2.53 million in permit revenue.

The Government Finance Officers Association recommends periodically reviewing and updating fees based on factors such as inflation, cost increases, and the adequacy of cost recovery. Regular review and adjustment of fees can prevent the uneven impact of larger adjustments made less frequently.

For more information, contact the City Auditor's Office at 816-513-3300 or [auditor@kcmo.org](mailto:auditor@kcmo.org).

To view the complete report, go to <http://kcmo.gov/cityauditor> and click on Search Audit Reports.

# PERFORMANCE AUDIT

## Street-Related Permit Fees Need Review and Adjustment

### What We Found

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Street-related permit fees have not been regularly updated in accordance with recommended practices and as authorized by city code. Most of the fees or fee components we examined had not been updated since 2002 or 2007. In addition, one fee could not be adjusted because the price index specified in the Code of Ordinances to be used to make adjustments does not exist.

Revenues are lost when authorized permit fee adjustments are not taken. We estimate that the Public Works Department could have generated about \$100,000 in additional fee revenue in fiscal year 2014 if street plate and excavation fees had been adjusted. The regular review of costs of service and adjustments to permit fees should allow for more gradual increases in fees and better match street fee revenues and expenses.

City code specifies that fees from certain street-related permits be used either for traffic control purposes or the street preservation program. Currently all street-related permit fees are going into the street maintenance fund. Discrepancies between code-specified uses and depositing all fee revenue into a single fund need to be examined.

City code gives the director of public works the authority to waive some permit fees. However the director is sometimes asked to grant a fee waiver that does not meet criteria established in city code. Waiving fees beyond those authorized by code is a decision for the full council.

### What We Recommend

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Our recommendations include:

- Periodically reviewing and adjusting fees.
- Following specified code requirements for adjusting fees and fee-related elements.
- Developing cost information annually.
- Identifying and modifying city code to reflect the correct price index to be used to adjust excavation fees.
- Annually reviewing and updating value tables for degradation fees.
- Modifying code language on the use of permit fee revenue as needed.
- Waiving fees only as authorized by code or approved by the City Council.

Management agreed with the recommendations.