



EXECUTIVE SUMMARY

To: Patti McLauchlin, City Manager
Cc: Todd Stoughton, Assistant City Manager
Jim Young, Director of Code Compliance
From: Amanda Brady, Chief Licensing Official
Date: January 5, 2023
Subject: Conditional Use Permit Fee Increase and Failed Inspection Fee Implementation

Action statement:

Recommend City Commission authorization to increase the annual fee for Conditional Use Permits (CUP) for Fiscal Year 2023-2024 from \$150.00 to \$250.00 and implement a \$50.00 failed inspection fee.

Background:

Per Sec. 18-611 - An application for the conditional use permit shall be made to the City Manager in the name of the property owner. A single annual fee of \$150.00 is established for the application which includes an annual inspection. A delinquency fee is established at \$50.00. The annual application fee shall be prorated for new permits. Future modification to these fees shall be as established by resolution of the City Commission.

This Section of the Code was implemented in 2010 and has not been updated since the time of implementation 12 years ago.

In January of 2020, the Licensing Department had twenty Conditional Use Permits on file. After a thorough search of resolutions dating back to 2000, the Licensing Department found that there were businesses which never applied for a Conditional Use Permit and were operating outside of the conditions set forth by resolution. This research almost doubled the number of Conditional Use Permits on file at that time, and as of today, the Licensing Department has issued 58 Conditional Use Permits.

Purpose and Justification:

Since 2020, a more streamlined approach to the Conditional Use Permit issuance has been implemented, ensuring new applicants complete the Conditional Use Permit application and schedule annual inspections. This process leads to the number of Conditional Use Permits increasing annually, and as a result, the number of Conditional Use Permits has almost tripled from 2020 to 2022.

This increased number of Conditional Use Permits has not only affected the Licensing Department but has also impacted the Code Compliance Department due to the increase of required annual inspections.

In addition to the increased number of annual inspections performed, there has also been an increase in the number of inspections in which the Code Compliance Department needs to reinspect. Occasionally, during the annual inspections, the Code Compliance Department will come across businesses that follow some, but not all, conditions set forth by the associated resolution. This results in a failed inspection. Once a business fails an inspection, to fulfill the inspection requirement for the Conditional Use Permit, a second inspection needs to be scheduled. Currently, the City is not recuperating the increased cost of performing an additional inspection. The proposed failed inspection fee will also apply to businesses that are a “no show” to a scheduled inspection.

Options:

- 1) The City Commission approve the fee increase and new fee implementation which would allow the City to compensate for the growing demand of Conditional Use Permits, which directly affects both Licensing and Code Compliance.
- 2) The City Commission may not approve the fee increase and new fee implementation.

Recommendation:

Staff recommends the City Commission amend City Ordinance Sec. 18-611 to increase the Conditional Use Permit fee, from \$150.00 to \$250.00, effective the 2022-2023 fiscal year. The fee increase would be applicable for the Fiscal Year 2023-2024 Conditional Use Permit renewals which are sent out annually in April.

The Licensing Department also recommends the City Commission approve the verbiage changes which are indicated in the attached revision of Sec. 18-611 and 18-614, City of Key West Municipal Code, the changes reflect the additional fees for a failed inspection and failure to appear to a scheduled inspection.