

Staff Report

Permitting Software Payment Options

August 14, 2018

BACKGROUND:

On June 21, 2011, the City Council held a workshop with developers to discuss the impact of codes on development. One item discussed was the necessity of software to provide better customer service and efficiency. In May of 2014, the Council awarded a contract to Tyler Technologies for the purchase and installation of EnerGov to help satisfy customer needs. The first phase of this implementation was completed in March of 2017 when EnerGov went 'live' and was available for staff use. Since that time, staff has experienced greater efficiencies in the inspection process with the use of iPads and has been able to keep better records throughout the permitting process.

One of the goals with the new software was to be more accessible to our web-friendly customers. **Staff is in the process of implementing a new web portal called Citizen Self Service (CSS) that will allow our customers to apply for permits online, track progress of permits, pay permit fees, schedule inspections, and view inspection results. In order to move forward, staff needs Council's input on how payments should be processed.**

CURRENT PROCESS:

Currently, a report is sent to Finance daily that lists all permits that have been issued. Finance enters each permit into their software and they print and mail a copy of the permit and invoice. The customer can then send a check into the Finance Department or call in with a credit card to make payments. Once paid, Finance applies the payment in their software and marks the permit as paid in EnerGov.

The Municipal Code requires all permit fees to be paid prior to permit issuance, but allows for an exception for customers in good standing:

*Sec. 5.112. FEES**(1) Payment of fees.**A permit shall not be valid until the required fees have been paid.**Exception: the City may invoice permit applicants for permit and inspection fees, as a customer convenience. In such instances, permits shall be considered valid*

immediately following permit application review and approval. This customer courtesy may be revoked if payment for billed permit fees is not received within 60 days of receipt of notice to the customer. In such instance, cash payments will be subsequently required in accord with this section.

This exception process has been highly utilized as it offers a great convenience for our customers. **It allows those that pull permits regularly to begin construction upon permit issuance instead of waiting for their invoice to be received and payment to be made. In addition, they have the ability to pay multiple invoices in fewer checks.** Should the contractors not pay, they get added to our 'hold list' which prohibits them from pulling additional permits until payment has been made. The convenience isn't as effective for customers that only intend to pull one or two permits because the 'hold list' is irrelevant to them.

The current amount of permit fees owed to the City is \$89,195.01. Of that total \$20,494.98 is over 60 days past due. Almost \$18,000 of that is six months or more past due with some invoices dating back to 2011.

FUTURE PAYMENT OPTIONS:

The Citizen Self Service (CSS) portal can accommodate three different payment options:

Option 1:

This option would keep the current payment practice the same. Our customers would receive an invoice from the Finance Department and make payment by cash or check. **There would be no process change for our customers that enjoy the conveniences currently offered. However, it would prohibit our web-friendly customers from being able to pay online and it does not resolve the problem with customers failing to make payments on time.**

Option 2:

Under this option, customers would be invoiced through CSS (not the Finance Department) and would be able to make payments at their leisure. **This eliminates the need for Finance to enter information that is already in EnerGov, mail an invoice, and apply payments. It allows for permits to be issued and inspections scheduled without payment being made.**

However, it should be emphasized that if customers were invoiced from EnerGov under this option, it would be difficult to track those receivables in both the

Inspections and Accounting software systems, thus reducing our internal control over receivables. This would raise a red flag to our outside auditors. Also, EnerGov does not have the capability to “age” the receivables making it hard to track and collect them. It would be a duplication of work for the Finance Department to re-enter all of the receivables into the financial software. This process also does not resolve the problem with customers failing to make payments on time.

Option 3:

The third option allows customers the ability to pay for basic permits at the time of submittal. For example, a water heater change-out has a consistent fee structure. The applicant is aware of the fee and able to pay it when they pull the permit. Once the permit has been paid, the permit is automatically issued allowing the customer to schedule an inspection immediately. **The applicant is not required to make a payment at the time of application. They can choose to pay the permit at any time, but will be unable to move forward with the project or request inspections until it is issued.**

There are many other permits are valuation based or are based on the number of items being installed. To eliminate over or underpayment, staff will review these permits and confirm the fee prior to requesting payment. The customer will receive an email stating that the permit can be issued once the fees have been paid. **This allows the customer to pay at any time. Under this option, the customer does not receive the permit prior to payment being received. It would operate in the same manner as a Parks and Recreation payment for a child’s swimming lesson; without payment, the child cannot participate.**

This third option complies with the Finance Department’s auditing policy because there are never any outstanding fees. For example, if someone submits a building permit application and then decides to not move forward with the project, they haven’t acquired a permit and, therefore, do not owe money. A report is set up to run nightly that will take all fees paid through the portal and place them into Finance Department’s software.

While this third option will not satisfy those customers (like Mr. Cable who expressed his concern about the proposed change in his recent letter to the Council) who have been experiencing the convenience of paying in regular intervals, it does seem to provide the most overall benefits. It eliminates the need for the Finance Department to hand enter all permits and to print and mail them. In addition, it resolves the problem of customers not making payments. It also

creates a one-stop-shop for those wishing to track their projects and finances in one place.

CUSTOMER CONCERNS:

An email was sent out to contractors on June 26, 2018 notifying them of the payment process change and inviting them to a demonstration of the new portal at the City Hall on July 17, 2018. Attendees at the demonstration learned how to register for the portal, pull permits, schedule inspections, make payments, and track their projects. There were no concerns voiced regarding the payment process change.

As a result of the June 26th letter, staff received a handful of calls and emails about the change. The biggest concern was regarding the security of their credit card information. Staff responded by reassuring the customers that none of their personal information is stored by City staff. The City is using MyGovPay (similar to PayPal) to accommodate all transactions. MyGovPay does have the ability to accept E-Checks for those that are uncomfortable entering their credit card information.

In anticipation of this change, Staff reached out to the Iowa Association of Building Officials to determine what the typical permit issuance and payment process is around the State. Of the 16 cities that responded, only one of them, Sioux Center, currently operates the way that the City of Ames does (issues permit before receiving payment). The following cities all require payment to be made before the permit can be issued:

- Marion
- Cedar Rapids
- Windsor Heights
- Altoona
- Washington
- Iowa City
- Des Moines
- Council Bluffs
- Muscatine
- Ankeny
- Johnson County
- Clinton
- DeWitt
- Storm Lake
- Urbandale

Staff is prepared to proceed with Option 3. Should Council have concerns with Option 3, they should request more information from staff or ask that staff move forward with an alternative option.

July 2, 2018

Jerry Cable, Sr.

623 South Dayton Avenue

Ames, IA 50010

Cpinc14@isunet.net

To: Ames City Council Members

I am contacting you today to voice my concerns about a change in the permit process. City staff want to change the way we are issued and pay for permits. We now fill out an application for a permit and fax it to the City. At the end of the month we are sent a statement of payment due. We then send a check to the City of Ames. This works very well for us and other businesses.

The city staff now wants us to fill out an application for a permit and pay for the permit before they will issue the permit.

This means We will have to go to City Hall every time we need a permit and pay for the permit before we can do the work needed. This could mean several trips a day as we may get emergency calls that require permits to replace or repair plumbing.

Clity staff has indicated a credit card could be used. I don't want to use a card and have that information available at City hall.

The system as it is now works the best for all of us that take a large amount of permits out every year.

Thank You

Jerry Cable Sr.

Cable Plumbing