

Assertion No.	Category	Specific Assertion / Allegation made by CCCIA
1	Statutory Violation	<p>Our financial analysis conducted by Chris Moran, CPA, indicates the City has potentially violated Florida Statute 553.80, which mandates that building permit fees must be reasonable and may only fund the cost of operating the building department. Key findings include:</p> <ul style="list-style-type: none"> •In 2014, the Building Department generated \$4,020,000 in revenue with direct costs of \$2,688,000 (67% of revenue) •The Building Fund has operated with significant surpluses that appear to be improperly transferred to other city departments •The "Interfund Service Fee" has grown dramatically from \$572,000 in FY 2014 to a peak of \$1,879,000 in FY 2020 •The Building Fund is now operating in deficit for FY 2025 despite years of surplus collection
2	Questionable Interdepartmental Transfers	<p>We have documented numerous instances of building permit fees being diverted to seemingly unrelated expenses:</p> <ul style="list-style-type: none"> •\$264,910 budgeted in FY 2023 for "Building Fire Expense" despite no fire review requirements for single-family homes •Fire Department representatives have stated they do not receive the fire plan review and inspection fees collected through permitting •The FY 2023 fire budget was amended to \$419,930 to cover hurricane-related emergency pay, an inappropriate use of building permit fund
3	Systemic Operational Issues Affecting Industry and Consumers	Arbitrary and inconsistent project valuations resulting in inflated permit fees
4	Systemic Operational Issues Affecting Industry and Consumers	Discriminatory treatment of contractors utilizing state-authorized private providers
5	Systemic Operational Issues Affecting Industry and Consumers	Preferential treatment creating an uneven playing field among builders
6	Systemic Operational Issues Affecting Industry and Consumers	Aggressive enforcement tactics that undermine trust between the industry and City officials
7	Discretionary/Changes in Method for Internal Service Payments versus Transfer Out	The Interfund Service Fee – in FY 2014 it totaled \$572k and peaked at \$1,879k in FY 2020 (I don't have year-end to confirm). Today that budget is just under \$2.5 MIL and for the 2025-26 FY it will be budgeted at over \$3 MIL. In 2019-2020 fiscal year we were charged \$156,000 per month – 1.88 Mil Annually. Then in 2020-2021 fiscal year it dropped to \$114,000 per month – 1.38 Mil Annually. In prior years it was lower. We have continually asked for a breakdown of the charges included in this fee and were told to refer to the budget documents on the website or CAFR.
8	Discretionary/Changes in Method for Internal Service Payments versus Transfer Out	When the BIOC asked about the dramatic increase in the fund transfer, we were told that the City's overhead that was applied to 7 funds previously, was redistributed to 5 funds, when the City eliminated the Golf Course and Sun Splash, regardless of the fact that the building fund can only pay for costs associated with enforcing the building code.

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9	Discretionary/Changes in Method for Internal Service Payments versus Transfer Out	In 2009 the City implemented new higher permit fees, determined by a Fee Study done by Maximus. The Fee Study included the costs all staff in the building division, time and motion for completing all tasks, as well as overhead for the various departments (HR, CM, CA, IT, etc.) related to processing permit applications. These costs were included in the new permit fee calculation so that when the city collects the permit fees they are then collecting the costs for these other departments. The Interfund Service Payment is the method the city uses to transfer the fees collected to those various departments. Shouldn't the amount being transferred be equal to the dollar amount that was used to calculate the cost for the permit fee VS what the City does which is using the actual costs for those departments and billing the Building Fund a share of those costs?
10	Discretionary/Changes in Method for Internal Service Payments versus Transfer Out	Then, in the 2019-2020 budget we started getting charged a line item for the City Clerk. This has always been part of the Interservice Fund Transfer (per the City). They pulled it out and our fee still went up. Also, with the City no longer doing licensing, why do we still pay for a City Clerk in the building fund budget? What does the \$70,209 account for?
11	Permit Fees	In 2005 when a fee study was done, Maximus did a time and motion study of all services, crossed to salaries and allocated costs for the city manager, city clerk, city attorney, HR, etc. This was calculated into the fee using the ICC table. The interfund service fee includes costs for overhead for the CM, CA, City Clerk and HR as well as other items. According to the City, those "overhead costs" are then charged to Enterprise funds (including the Building Fee fund). In 2021 the building department's portion of the interfund was 1.3 Mil, it is now up to 3.3 Mil. We were also told that 7 funds used to share these costs, but when the City eliminated Sun Splash and the Golf Course, they re-distributed these costs amongst the 5 remaining funds, without calculating the actual costs related to enforcing the building code per State Statute. We have been told to look at the City's Annual Budget documents for the complete breakdown – Pages 434-441. https://www.capecoral.gov/departments/financial_services/office_of_management_and_budget.php
12	Permit Fees	The building fund in 2022 was still carrying reserves over what was allowed by State Statute, so Council approved a permit fee reduction (all fees) of 25% in June 2020 to comply with HB477. Currently the fee reduction is in place, but due to the fund balance, Staff has included in the 2025-2026 budget that the reduction be removed. They are also looking to increase fees higher based on the current ICC table – the BIOC has reminded them that a study has to be done to do that and a utilization report (required by Statute – which is not done, nor posted on their website).

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13	\$10M Transfer out for future Building Capital Project	\$10m was transferred out of the Building Fund during FY 2022 (entered as a monthly xfer of \$833,333). This was done without discussion with the Building Industry Oversight Committee. In Jan 2024 a building was purchased for the purpose of moving the Development Services Division. This building will have to be remodeled, and the parking requirements do not support the use for this department so additional land will be required for parking and/or a parking structure. The building capital fund was charged their proportionate share of the purchase costs for the building of \$908,726, leaving a balance of over \$9 MIL in the fund.
14	\$10M Transfer out for future Building Capital Project	An option to leave the building division in their location was presented to the City Manager by the DS Director that would cost \$588,000 to remodel their existing space to add more workstations; adds the ability to bring the inspectors and Code Division back to the Building department; eliminates the rent for a trailer at \$63,000 annually. The City Manager rejected the plan.
15	EnerGov Software	2019: Need to get accounting for the computer software charge to Building. In May FY 2019, the fund was charged \$2,314,000 for Computer Software and we had asked for a complete accounting on the Tyler Software/EnerGov system and how the costs were distributed to each department. We received a copy of the proposal that was presented to City Council with no clear delineation of the costs distribution to the department citywide. This also applied to the maintenance fee we were charged for \$240,573 in 2020-2021 fiscal year – what is the total maintenance fee to the City and how is it being allocated to the departments. In addition, we paid for maintenance on a system that was not up and running for the industry to use
16	EnerGov Software	The City has contracted with outside agencies for services related to EnerGov (Plant Moral and others). We want a review of their contract and how the costs are being allocated since it is not only the Building Dept. that has had major issues with the implementation of the software
17	Vehicle for Fire	In 2019-2020 fiscal year we were charged \$67,000+ for a vehicle. We thought it was for building inspectors. In a recent meeting the building official happened to comment that it was for a truck for Fire! Why are we paying for this?
18	2023 Audit Inadequate	In 2023 we had Chris Moran, CPA request an audit the building fund. The city stated they wanted to perform the audit with their internal audit office which is independent of the City Manager and reports to Council. We agreed, however the outcome clearly showed that it was not a true forensic accounting audit (report is included in backup).

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19	Building Fire Expense	<p>In FY 2023 we are budgeted for \$264,910 for Building Fire Expense and they cannot tell us what this is for. There is no fire review of single-family homes. On commercial projects, contractors pay a fire plan review and fire inspection fees – collected through permitting. Where does that money go? The Fire Dept. says they do not get it.</p> <p>a) In a previous meeting with the Fire Dept., they wanted an increase in fees because they said they were not receiving any monies for their services on permits; they were surprised when we told them that we pay them already.</p> <p>b) The FY 2023 budget for Fire was amended to \$419,930 to cover the costs of Emergency Pay due to the hurricane. In a recent meeting with the city the Fire Dept. rep stated that this was all the OT related to the hurricane. While we understand that Fire had a lot of work, a lot of their time was spent on search and rescue which has nothing to do with Building Code. Is the Emergency Pay a valid charge to the Building Dept. due to the hurricane?</p>
20	No FEMA/State Reimbursement	<p>Also, due to the Hurricanes, the City Council waived all permit fees through January/February for emergency permits and repair/remodel permits due to Hurricane Ian damage. With no revenue coming in, we are still paying for all of the costs associated with those permits. Should those costs then be reimbursed from the reserves of the General Fund or billed to the General Fund so not to adversely affect the Building Fund? They also charged ALL overtime, including Fire to the building fund after Hurricane Ian, even though some of that work was not code related. We have asked about reimbursements from the State and Federal funds they received and were told they were coming, but still nothing.</p>
21	No FEMA/State Reimbursement	<p>In 2024 the city sent employees to Sarasota County to help them after the hurricanes. The costs for this were to be reimbursed to our building fund. To date, the reimbursement has not occurred.</p>
22	Floodplain Managers & Software	<p>Due to FEMA regulations and the hurricanes, the City now has hired 2 Floodplain Managers. In addition, they purchased software called Forerunner. All of these costs are being billed to the Building Fund even though scope of work is not just building code related and the software is a tool for all citizens to use related to floor information. They are also using outside services that the Building Fund is paying for to meet the requirements of FEMA.</p>
23	Monthly Reports	<p>The new reports we have been given have a new column “Current Encumbrances”. Need documentation and accounting for this.</p>

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24	CAP Contractor Use	<p>In 2024-25, the Building Fund lost money each month, while they continue to use outside services, specifically a company called CAP (this is the company the new Building Official use to work for). We have requested competitive pricing from other companies. While the City Manager has placed a freeze on hiring, they still use outside services.</p> <p>- We've been told by inspectors that the BO has one CAP employee there each day, even when City staff can complete the workload. We have been told that they are cutting these services back but still need them to meet review timelines.</p>
25	Balancing Budget with Capital Funds	<p>2025-26 Proposed Budget: Due to the deficit in the Building Fund, staff has proposed in the next fiscal year budget, taking \$4 MIL plus from the Capital Project fund to balance the budget (make up the shortfall), in addition to removing the 25% fee reduction that was put in place in 2020.</p>
26	CPA Analysis	Multiple