

City of Ballwin
14811 Manchester Road
Ballwin, MO 63011-3717



(636) 227-2243
Fax: (636) 207-2340
www.ballwin.mo.us

Office of the Director of Development/
Assistant City Administrator

TO: Mayor, Finance and Administration Committee, and City Administrator Hanson

FROM: Andy Hixson, DoD/ACA

DATE: February 23, 2017

SUBJECT: Escrow Fees

Mayor, Finance and Administration Committee and City Administrator Hanson;

Background:

- When the contractor uses a credit card the City is charged, on average, 2% per transaction in credit card fees depending on the credit card;
 - During 2016 the city collected escrows of \$62,713 that were paid with credit cards. It cost the city approximately \$1,300 in credit card fees to accept and hold escrow payments that were later returned to the resident or contractor.
 - When the escrow is returned the City cuts the contractor a check, so no credit card fees are incurred
- The City of Ballwin only charges an escrow on land disturbances of more than 10,000 sq. ft. (0.22 of an acre); this is actual land disturbed, not the size of the property
- Kirkwood and Webster Groves, which conducts their own inspections, do not charge an escrow fee on construction permits (i.e. kitchen remodels and structural repairs) but do charge for building permits (i.e. new house or demolitions of a structure)
- St. Louis County (which does inspections for, Chesterfield, Clarkson Valley, Des Peres, Ellisville, Manchester, Town and Country, Valley Park and Wildwood) does not charge an escrow fee for construction permits (i.e. kitchen remodels and structural repairs) but do charge for building permits (i.e. a new house or demolitions of a structure)
- St. Louis County requires a permit and escrow on land disturbances involving more than 2,000 sq. ft. (0.04 of an acre) and cuts/fills involving more than 30 cubic yards
 - St. Louis County has 100% cash escrow on all materials excluding irrigation systems, no escrow for labor cost.

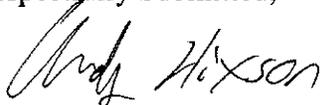
- MSD requires 50% escrow on top of that if any work is done that affects storm water
 - Rain basins
 - Rain barrels
 - Detention/ retentions ponds
- Webster Groves requires a 125% cash escrow of all material and labor to be held for 2 years on any land disturbances costing more than \$20,000
- Kirkwood contracts out with the County on land disturbances
- Only two escrows issued since 2013 have been forfeited

Recommendations:

- Keep all escrows that deal with anything in the right-of-way, new subdivisions and land disturbance as laid out in our code of ordinances
- Create an easy to read sheet of what escrows are needed for which projects
- Must update the ordinance regarding escrows for permit fees
 - If a contractor is a known offender for not getting their final permit, have an enforcement clause in the new ordinance

Keep Escrows	# of*	Eliminate Escrows	# of*
Commercial Remodel	35	Basement Finish	45
Construction Trailer	6	Deck	137
All Demolitions	10	Fire Sprinkler	1
Garage Addition	4	Flagpole	1
Garage Detached	1	Pergola	3
Moving Structure	0	Above Ground Pools	4
Multi Family Structure	1	Spa or Hot tub	1
New Commercial Building	6	Porch	7
In Ground Pools	5	Residential Remodel Kitchen/ Bath	81
Residential Remodel-Full	14	Retaining Wall	33
Room Addition	17	Shed	18
Single Family Residence	26	Structural Repairs	72
Temporary Sign Permits	30	Gazebo	2

Respectfully Submitted,



Andy K. Hixson