

Legislation Text

File #: Ordinance 29-2017, **Version:** 2

Agenda Date: 10/17/2017

Subject:

An ordinance on second reading adopting the 2018 fee schedule

Presented By: Tiffany Hooten, Finance Director
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POLICY QUESTION:

Does city council support adoption of the 2018 fee schedule?

BACKGROUND:

Fees are charged to customers, citizens, and other parties for city services and must be commensurate with the service provided. Usually the fee amount should recapture the cost of providing these services. Staff began an effort to remove references to specific fee amounts from the city codes and instead review and adopt fees annually (Schedule A). The fee schedule does not encompass all city-wide fees such as emergency medical transportation, and library and museum fines, or license fees such as liquor and medical marijuana.

There are three fee changes proposed for 2018.

1. Stormwater utility fees.

In 2016, the city council approved a three-year increase in stormwater utility fees. The proposed fee increase for storm water utilities is incorporated into the 2018 proposed fund revenues. The increase for a single-family residence is \$1 annually, from \$32 to \$33 for single-family residences and a corresponding percentage of 3.11% for other rate classes. This is the third year of the fee increase.

2. Community Development fees.

During the 2018 budget discussions in October, staff discussed the need to increase the community development fees to offset costs related to these services. Staff proposed a phase-in increase of approximately 17% per year over the next three years, to attain a 20% cost recovery as a first step towards an increase. While council affirmed a need to increase the fees and further supported full cost recovery, after discussing with the city attorney's office, there is additional legal review required in order to implement full cost recovery fees.

Staff is currently recommending 50% cost recovery for these services as this time. Based on this fee structure, the estimated additional revenues to the city are approximately \$242,000. This is purely an estimate and will be determined by the number of applications and reviews received in a given year.

The memo provided to council during the October budget sessions is attached for reference.

3. Engineering fees.

During the 2018 budget discussions in October, staff discussed implementing engineering fees to offset costs related to these services. Staff proposed a phase-in increase of approximately 17% per year over the next three years, to attain a 20% cost recovery as a first step towards an increase. While council affirmed a need to increase the fees and further supported full cost recovery for these fees, after discussing with the city attorney's office, there is additional legal review required in order to implement these increases.

Staff is currently recommending 50% cost recovery for these services as this time.

The memo provided to council during the October budget sessions is attached for reference.

In addition, the 2018 budget was increased by \$50,000 for a cost of service study in 2018.

STAFF ANALYSIS:

Staff has three proposed fee changes as noted above.

These fee changes are shown on a separate attachment.

OPTIONS/ALTERNATIVES:

Council can adopt fees as proposed, adopt fees on some other basis, or maintain fees at the same level as 2017.

FISCAL IMPACTS:

The annual stormwater utility fees are proposed to increase by 3.1% from \$32 annually to \$33 annually for operational and capital needs of the storm drainage system. The estimated additional revenue in 2018 is \$23,320.

The increase in community development fees is estimated to be approximately \$242,000, and the implementation of the engineering fees is estimated to be approximately \$300,000. This is purely an estimate and will be determined by the number of applications and reviews received in a given year.

STAFF RECOMMENDATION:

Approve the ordinance adopting the 2018 fee schedule.

PROPOSED MOTION:

I move to approve the ordinance on second reading adopting the 2018 fee schedule.