



STAFF REPORT

Meeting Type: City Council
Meeting Date: June 3, 2024
From: Tyler Deems, City Manager
Subject: PUBLIC HEARING: Resolution 2024-14 - Master Fees & Charges Annual Update

DECISION TO BE MADE:

Whether to adjust City fees and charges for fiscal year 2025, beginning July 1, 2024.

PURPOSE / OBJECTIVE:

To ensure fee levels remain commensurate with the cost of providing services, to the extent feasible.

BACKGROUND / CONTEXT:

The City annually reviews and updates fees and charges to adjust for, among other things, inflation for materials and operational expenses. In 2018 the Council began asking that fees be adjusted on a more regular basis to avoid less frequent but larger fee increases. The existing Master Fee Schedule can be found [here](#).

It is important to note that the attached resolution does not include any changes to utility rates. Relevant rate models are being revised to include updates to customer growth, overall project costs, and related funding packages, to be brought forward for Council consideration at a future meeting.

Background on Development Services Fees

Fees are charged to developers, builders, and homeowners for land use applications, new construction, and improvements. These fees pay for staff's time to review the proposals and plans to ensure they are compliant with state building standards and reflects the community's goals and policies implemented through the City's development code. While the Planning Division receives general revenue to both subsidize these activities and to fund non-current planning related initiatives (for example, the comprehensive plan, housing capacity analysis, and housing production strategy), the Building Division is operated and accounted for as an enterprise. As such, the fees collected (plan review, permits, and inspection fees) should cover the costs of these services. In both cases, despite steady growth and development, our existing fees are not keeping pace with the costs of providing service.

KEY CONSIDERATIONS / ANALYSIS:

Miscellaneous Fees

A slight update of the Records Request fees is needed to ensure that the fee reflects the actual cost per hour spent for processing records requests. There are two fees that are being updated: the Administrative Fee which reflects the average hourly rate plus benefits for general staff processing records requests, and the Executive Fee which reflects the average hourly rate plus benefits for director level staff processing and reviewing records requests.

There is also one addition to the Business License fees – the addition of a \$12 fee for non-profit businesses. This fee will cover the cost that the City is charged for registering and tracking non-profits. Currently there is no charge for this, however, when the City moved to an on-line platform for business license renewals, no fee was adopted to cover the costs that are passed on to the City.

Lastly, there are some minor modifications to copies, maps, and document fees, removing charges for maps and relying on the “per page.” It is worth noting that these specific fees are rarely used, as the information is readily available online and customers can print these types of items from home.

Planning Division and Building Division Fees

In an effort to continue making incremental increases based on current CPI, the proposed fee increase for the Planning and Building Divisions is approximately 3% for all fees. The City performed a comprehensive analysis of neighboring communities approximately two years ago to ensure we were charging appropriate fees for similar services. The proposed 3% is closely tied to recent CPI measurements.

In addition to the 3% increase in fees, the City is also proposing to add several new fees. These are summarized below:

- Deed research to determine the legality of a lot of record - \$120 per hour, two hours minimum: This fee is being proposed because staff completes several of these tasks each year and there is nothing currently in place to recoup the cost of the service.
- Middle Housing Land Division: Due to changes in State law, middle housing land divisions were not previously referenced in the fee schedule but are now allowed. This new fee would be \$438 for the pre-application conference, and \$275 for a request for time extension. Both fees match the Type II fees but would not be specifically called out for middle housing.
- Tree removal fee in-lieu - \$500: For property owners who desire to not plant mitigation trees, this provides an opportunity to “opt out” of planting trees. The funds collected will be used to offset future mitigation trees as required by Chapter 17.102.
- Technology fee – 3% of total planning and building fees: This fee would ensure a collection of funds that will be used to offset technology needs of the department, including hardware and software. The State of Oregon now allows for this fee to be charged, and many other cities have implemented this fee. The State has mandated that plan reviews are to be conducted electronically beginning in January 1, 2025 with no funding provided to implement the required technology. This fee would be one way to ensure that the department obtains the technology that is needed, as well as maintain the technology at an appropriate level going forward.

The State requires that the City provide notice of at least 45 days prior to adopting changes in these specific fees. Notice was provided to the State on March 11, 2024, which meets the 45-day requirement. The notice stated that a public hearing would be held on June 3, 2024, and the effective date of the change would be July 1, 2024.

Please note that the State mandated a large amount of language cleanup in the Building Division section. While there are not substantive changes from staff's perspective, the updated language now complies with the State Building Code Division requirements.

The average increase to a building permit for a new single-family home would be approximately \$220 per single family home, plus additional fees for the land use review that is charged to the developer.

Sign Charges

All fees in this category of charges have been updated by 3%.

Public Works

No changes are being proposed for right-of-way fees. A 3% increase is being proposed to small wireless facilities. An update to the plan review and inspection fees for street approach and sidewalks are being updated to reflect the actual cost borne by public works staff. The addition of a 'demolition inspection fee' is being proposed to cover the cost associated with public works staff completing a inspection post demolition of a structure. This inspection occurs to verify that utilities have been capped appropriately.

The fee additions and modifications noted above will ensure that the City continues to charge fees that are inline with neighboring communities, and also ensure the cost of certain services is recouped, when/where appropriate. This ensure the long-term financial sustainability of City departments, which is directly related to the Council's goal of 'Good Governance and City Operations,' specifically "maintain financial sustainability of city programs, events, and services through adequate cost recovery policies and practices."

BUDGET IMPACT:

An increase in revenue for the impacted departments with a focus on keeping pace with increases in the cost of providing services.

RECOMMENDATION:

Staff recommends the City Council hold a public hearing and adopt Resolution 2024-14.

SUGGESTED MOTION LANGUAGE:

"I move to adopt Resolution 2024-14, a resolution amending the City of Sandy's Master Fee Schedule."

LIST OF ATTACHMENTS / EXHIBITS:

- Resolution 2024-14