

Public Hearing

<JANUARY 9, 2024>

Public Hearing – Updated Engineering Services and Construction Inspection Fee

- City originally established the Engineering Services and Construction Inspection Fee in 2016 and updated in 2018.
- Assessed Fee is based on construction cost of the developer-driven Public Infrastructure Project (PIP).

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- State passed HB 3492 which will go into effect on September 1, 2023.
- New requirements prohibit using % of construction in determining fees and direct cities to use actual costs/hourly rates to determine these fees

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- In August 2023, Council approved new fees based on estimated costs:
 - \$8,500/plan review
 - \$5,000/month of construction
 - \$7,500 flat fee for smaller projects
- Council directed Staff to complete a Revenue Study to ensure new fees would cover all city related costs associated with new developer-driven infrastructure.

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- In December 2023, a completed Revenue Study was completed. The purpose of this study was to determine direct and indirect cost associated with specific services.

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- As per the Council's direction, the Revenue Study at Engineering development services (taking out those functions that support CIP).
 - 56% (\$1,197,516) of the cost being attributed to development reviews/services
 - 44% (\$940,905) being attributed to CIP related tasks.
- The citywide overhead cost that can be attributed to the development portion of engineering is \$235,000.

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- As per the Council's direction, the Revenue Study for Engineering development services (taking out those functions that support CIP):
 - 56% (\$1,197,516) of the cost being attributed to development reviews/services
 - Overhead for these services are \$235,000
- Total Engineering Development Services Costs:
\$1,432,516

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- As per the Council’s direction, the Revenue Study for Engineering development services (taking out those functions that support CIP):
 - 56% (\$1,197,516) of the cost being attributed to development reviews/services
 - Overhead for these services are \$235,000
- Total Engineering Development Services Costs:
\$1,432,516
- Based on estimates for 24 new developer driven projects for FY2024, Study recommended an increase of 10%

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- Based on findings of Revenue Study, Staff is recommending the following fee schedule:
 - \$9,350/plan review
 - \$5,500/month of construction
- Staff is no longer recommending a fee reduction in smaller projects but will be tracking time spent on developer driven projects more thoroughly in 2024 and may bring these fees back to Council to adjust due to project size in the future.