



Legislation Text

File #: 24-0018, Version: 1

Consider and take action on an ordinance updating the engineering services and construction inspection fee schedule in the City of League City (Executive Director of Development Services)

Approval of this ordinance will update the City's Engineering Services and Construction Inspection Fee schedule based on the Revenue Study presented to City Council on December 12, 2023, in the Council Work Session.

In 2016, City Council established a 2% Engineering Services and Construction Inspection Fee with the fee being 2% of the construction cost of the public infrastructure. In 2018, the Council amended the ordinance to increase this fee to 2.5% of the construction cost of the public infrastructure.

On June 10, 2023, the Governor signed HB 3492, which had an effective date of September 1, 2023. Under HB 3492, cities are prohibited from considering the cost of construction or improving public infrastructure for a subdivision, lot, or related property development in determining the amount of an application, review, engineering, inspection, acceptance, administrative, or other fees imposed by cities related to the process of engineering or construction plans or for the inspection of improvements for construction of a subdivision or lot or a related improvement required in conjunction with that construction.

On August 22, 2023, staff presented an updated fee schedule for Development Plan Reviews (\$8,500 per review) and for Construction inspections (\$5,000 per month of construction). When looking at recently completed projects, the average project would generate \$54,000 in fees. Staff estimated a total of 24 new projects would be submitted in 2024 and based on estimated staff costs, the \$8,500/plan review and \$5,000/month of construction fees were determined. At that time, staff recommended a reduced cost for smaller projects.

On August 22, 2023, the City Council passed Ordinance 2023-26, which modified the existing engineering services and construction inspection fees (consistent with staff's recommendation) to be in compliance with HB 3492 before the September 1, 2023 effective date. However, the City Council also requested that staff do a thorough revenue study and present a revised fee schedule for the Council to consider at a later date.

On December 12, 2023, the revenue study was presented to the Council. The findings of this study noted that the proposed fees needed to be increased by 10% to cover all of staff's costs associated with new development infrastructure projects.

Based on the completed revenue study, staff is recommending that the Engineering Services and Construction Inspection Fees be increased to \$9,350/plan review and \$5,500/month of construction. Based on the estimated total number of new projects for 2024 and the average number of plan reviews and months of construction, staff typically sees, a new project on average is expected to generate \$59,400. 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 the Council to adjust based on project size if warranted.

Staff is recommending the following implementation schedule:

- All projects that are currently in construction would continue at the existing \$5,000/month of construction rate.
- Starting February 1, 2024, a fee of \$18,700 would be due at the time of the application and initial plan submittal is made to the City. This fee will cover 2 plan reviews. If additional plan review fees are needed, then a fee of \$9,350 would be submitted with each subsequent plan submittal.
- Prior to scheduling a pre-construction meeting, the developer will need to work with staff on a construction

schedule. The Construction Inspection fee of \$5,500/month will be assessed based on this schedule and that amount will be due no later than the pre-construction meeting.

- For projects taking longer than the initial construction schedule allowed for, an additional fee of \$5,500 will be required for each month of construction and due prior to final acceptance of the infrastructure by Staff.

Attachments:

1. Data Sheet
2. Proposed Ordinance
3. Ordinance 2023-26
4. State of Texas HB 3492

FUNDING

NOT APPLICABLE

STRATEGIC PLANNING

Addresses Strategic Planning Critical Success Factor #1 and Initiative #1, Action Item H