



Legislation Text

File #: 19-0012, **Version:** 1

Consider and take action on Ordinance No. 2018-46 amending existing Ordinance 2016-23 entitled Establishing Engineering Services and Construction Inspection Fees in the City of League City - Second Reading (Director of Engineering)

City Council approved first reading 7-0-0 with one absent on December 11, 2018.

Approval of this ordinance will increase the Engineering Services and Construction Inspection Fee from the current 2% of the value of public improvements to 2.50%. This amendment would also allow for the Engineering Department to recoup a portion of inspector overtime costs. The overtime charge would be \$50 per hour with a 2-hour minimum charge. Implementation of the fee as proposed is estimated to cover approximately 98% of the Engineering Department's salary costs associated with developer-driven public infrastructure projects.

In 2016, the Engineering Department looked at 33 Texas Cities when establishing the 2% Engineering Services and Construction Inspection Fee. Out of those 33 cities, 21 were noted to be comparable cities as approved by Council and 10 did not collect any fees for developer-driven public infrastructure projects. Of the remaining 23 cities, the average fee was 2.75% of construction costs associated with the public infrastructure. Most of our neighboring cities, (Webster, Texas City, Pearland, Galveston, and Dickinson) did not collect any fees for this type of work.

In 2018, based on the Council approved Strategic Action Plan (Critical Success Factor #2, Initiative #3, Item B), the Engineering Department was tasked to review these fees and update if necessary.

In looking at the same 33 Cities as reviewed in 2016, only 2 cities have updated their requirements: (1) College Station went from 1% of infrastructure cost to 1.5% and (2) Denton went from 3.5% of infrastructure cost to a tiered system. Even taking these changes into account, the average fee remained approximately 2.75% of construction costs associated with the public infrastructure.

With the addition of a new Engineering Technician (approved with FY19 Budget), the Engineering Department would need to collect approximately \$560,000 per year (\$497k w/o new hire) to cover salary costs.

For FY 2017 and FY 2018, the Engineering Department collected approximately \$384,260 for Engineering Services and Construction Inspection Fees on approximately \$43,343,896 worth of public infrastructure. It is important to note that the way the original ordinance was tiered not all \$43,343,896 worth of infrastructure was eligible for fee collection during these fiscal years.

Assuming new public infrastructure costs are on average with the last 2 years, moving forward, the Engineering Department should charge a fee of approximately 2.50% of new public infrastructure costs. This amount coupled with the assumption that the \$50/hr. overtime fee will generate \$8,000 per year (assumes 120 hours of OT will be eligible for recoupment), will allow the Engineering Department to recover approximately 98% of staff salary costs related to new development.

The Director of Engineering would recommend the following for implementing the proposed revisions:

- Developments that have submitted a Preliminary Plat prior to March 1, 2019, and have submitted infrastructure improvement plans by June 1, 2019, will fall under current requirements (2% Engineering Services and Construction Inspection fee based on Engineer's Cost Estimate or accepted Bid Tab).
- Developments that submit a Preliminary Plat after March 1, 2019 will fall under the amended Ordinance

requirements.

- o The 2.50% fee will be collected prior to the Pre-Construction Meeting being scheduled.
- o Engineering will require a contractor/developer notification by noon on Thursday if they have planned work for the weekend that requires inspection.
- o The overtime charges will be set up 1 of 2 ways:
 - § Option #1: The developer deposits \$500 with the City prior to the Pre-Con. Prior to the project being accepted, the Developer is required to pay any balance owed or the City is to refund the remaining funds.
 - § Option #2: The Developer is billed either monthly or prior to final inspection and total owed must be paid prior to project being accepted.

Attachments:

1. Data Sheet
2. Ordinance 2018-46
3. Exhibit 1 - Cities with Inspection and Review Fees
4. Exhibit 2 - Engineering Dept. Inspector OT for FY18

FUNDING

{x} NOT APPLICABLE

STRATEGIC PLANNING

{x} Addresses Strategic Planning Critical Success Factor #2, Initiative #3, Item B