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User Fee Study – Staff Report April 2008

The Community Development Department (Planning, Public Works, Engineering) entered into a contract with **Maximus** for the purpose of evaluating the feasibility of providing services as a "Fee Supported" department. And, if feasible, what the fee structure might be. CDD compiled comparison figures from Redmond and Bend for similar services before the study began and saw a large disparity between Prineville and these other communities (Bend and Redmond charge fees up to 10 times and more higher than Prineville. Please see approximate comparisons on the Fee Schedule).

Dan Edds, of Maximus, met with the CDD staff on 2 occasions to collect information on our core business practices and to gather data on each activity provided to the public. He reviewed our financial and salary and benefits records, along with the time to complete each service.

This information was analyzed by Maximus and a draft model for fee structure for 135 activities and services has been compiled. The assumption for the draft model is that the Community Development Department would be 100% fee supported. The structure of the draft report allows for the analysis of each activity by Council for policy decisions on whether or not an activity should be fee supported or General Fund supported. For example, there has been some discussion as to whether or not appeals should require a fee payment or partial payment.

One assumption that has been factored into the fee structure, is that the first hour of a Pre-application meeting is encouraged and free to the applicants. The costs are factored in as an overhead to all other fees. Another assumption that has been used is that Long-term Planning is also an activity to be factored into the fees. Fees associated with certain activities such as Appeals might be mitigated to allow due process without significant costs to the applicant. If the Council decides to handle these costs differently, the model can be adjusted to reflect these policy decisions.

Clearly, there is a difference to be acknowledged between years of low activity, and years of high activity with substantial growth. Unlike System Development Charges, the fee study is a reflection of the cost of activity, not end product. This surfaces the question of whether or not the City policy for Community Development (Planning, Engineering, Public Works) fees should be totally growth related, or considered as an expected City service – or somewhere in between.

Staff Recommendation:

Staff recommends the Fee Study be re-calculated with at least 3 options:

1. One option would be to delete all long term planning costs from the fees and charge actuals on a graduated time frame. The first year would be equivalent to $\frac{1}{2}$ the actual cost with a 10% increase each succeeding year until actual cost of service is reached.

Additionally, a 7% surcharge to these fees could be added for Administrative Costs.

2. A second option would be to itemize those costs that should be borne partially or totally through the City's General Fund, eliminate the indirect costs on all other fees and calculate each fee on a base price with an hourly charge for all additional work. Although this could become a bookkeeping burden, it would more nearly reflect the cost of each transaction and place those charges directly with the applicants incurring the cost. The other drawback to this method, is the uncertainty of the fees at the outstart.

3. A third option is to charge fees at 100% of departmental costs as shown on the chart. This would include all long term planning costs and indirect personnel costs, placing all planning department costs as a burden to new development and growth.