



COUNCIL STAFF REPORT

To: Mayor and City Council

Date Written: February 13, 2024

Reviewed: Leila Aman, City Manager

From: Dan Weitzel, Public Works Director
Scott Gebhart, Development Services Manager

Subject: Master Fee Schedule

ACTION REQUESTED

Discuss proposed new fees and recommend establishment of a Master Fee Schedule to be updated on an annual basis.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

July 11, 1990 – Ordinance 90-8 Providing Rules and Regulations for the Operation of the City Water System

October 5, 1994 – Ordinance 94-8 Providing for Licenses on Trades, Professions, Persons and Businesses; calling for the purpose of providing revenue and regulation; establishing the method of issuing licenses; providing penalties for violation and repealing Ordinance No. 88-22

October 5, 2005 - Ordinance 05-05, Amending Ordinance 94-8 Relating to Business License Fees

July 8, 2020 - Resolution 20-08, Establishing a Fee Schedule for Building Permits

December 9, 2020 - Resolution 20-23, Setting a Fee Schedule for Land Use and Development Permit Applications; repealing Resolution No 01-01

November 9, 2022 – Resolution 22-15, Repealing Resolution 21-16 and Replacing it with 22-15 Amending Inspection and License fees for Short Term Rentals

July 6, 2023 – Ordinance 23-02 Authorizing the Imposition of System Development Charges and Repealing Ordinance 91-4 and Resolution 23-19, Amending Water Service Rate Schedule

September 7, 2023 – Resolution 23-20 Modifying the Methodology Used to Determine System Development Charges (SDC's) Pertaining to Storm Drainage and Repealing and Any Previous Resolutions Pertaining to Storm Drainage SDCs.

ANALYSIS

Staff have been working on developing an updated Master Fee Schedule that includes all fees and rates charged by the City of Manzanita. The purpose and intent of establishing a Master Fee Schedule is to consolidate the Ordinances and Resolutions pertaining to fees into one Resolution that can be updated on annual basis and in concert with the city's budget process. This

approach will allow the city to monitor and change fees based on increases in costs, inflation and other factors affecting fees charged within the city in an organized and transparent manner and will enable staff to efficiently evaluate and present changes to the city council for consideration and for budgeting purposes. It is anticipated that utility rate increases would be completed as part of this process and those fees are included in the proposed Master Fee Schedule.

Staff have implemented new fees over the last several years and have developed a procedure for determining fees based on staff time, and contractors who provide services to the city. The city has a contract planner, contract engineer and contract City Attorney who all provide services and whose fees should be recovered by the city. The city is effectively subsidizing development, and land use applications by not recovering costs adequately for the services provided by staff and contractors. The proposed fee schedule intends to eliminate that gap and ensure complete cost recovery on services provided by the city.

The following categories describe the fees charged, who is likely to pay the fees and a brief summary of the proposed changes. The fees are provided in the draft Master Fee Schedule (attachment 1) which includes a description of the base fee, the proposed additional fees, the current fee, the proposed new fee and the increase from the current and proposed fees if applicable.

Land Use and Development – these are fees charged for land use and development related applications and activities. These fees are primarily paid for by property owners, homeowners, or developers. There are a number of proposed fee increases and several proposed new fees. The city has experienced an increase in demand for land use and development related activities since the proposed fee schedule was updated in 2020. (Resolution 20-23) The proposed fees represent recent staff experience in providing these services. These fees are currently set by Resolution 20-23. Staff are also proposing new fees for services including:

- Tree Removal Permit
- Address Request
- Dune Grading Permits

Short Term Rental Fees – These fees are paid for by Short Term Rental owners. These fees include application, annual renewals and inspection fees. There are no proposed new fee increases for Short Term Rentals. These fees are set by Resolution 22-15.

Water Utility Fees – These fees are paid for by both property owners, homeowners or developers. There are three types of water utility related fees:

System Development Charges (SDC) – These are paid for by developers and property owners for connecting to or expansion of the water system. SDCs are restricted to capital projects that result in system expansion and are kept in a separate fund. The proposed change includes an adjustment based on inflation that meets the conditions set forth in Section 8 (D) of Ordinance 23-02. Acceptable changes are based on inflationary cost impacts measured using the Pacific Northwest cost changes in the Engineering News Record Construction Cost Index (ENR) Index as represented by the City of Seattle Washington. The last time the fee was updated for inflation was in 2015 under Resolution 15-09.

Rate Schedule – These fees are paid by property owners for water usage and are utilized for the purpose of operating and maintaining the water system. These rates are currently set by Resolution 23-19 and authorized to be changed by Resolution via section 17 of Ordinance 90-8. In 2023 Oregon Association of Water Utilities completed a water rate study and the findings of the study were presented, and new rates adopted in July of 2023. The study recommended that rates be adjusted annually using the single past year Consumer Price Index(CPI). The 2023 CPI was 4.71%. Currently inside residential meter fee is \$47.56. Fee will be increase by \$2.24 making the base fee \$49.80.

Other Fees – These are related to water infrastructure, fire flow testing and other services provided that are outside of SDCs, lien research etc... There are proposed increases the basis of which are calculated using staff time to complete the task for each fee. Some of these fees are set through Resolution 23-19.

Storm Water System Development Charges: These are paid for by developers and property owners for connecting to or expansion of the water system. SDCs are restricted to capital projects that result in system expansion and are kept in a separate fund. The proposed change includes an adjustment based on inflation that meets the conditions set forth in Section 8 (D) of Ordinance 23-02. Acceptable changes are based on inflationary cost impacts measured using the pacific Northwest cost changes in the Engineering News Record Construction Cost Index (ENR) Index as represented by the City of Seattle Washington. Staff are proposing an increase of 2.7% to this fee using this index. The last time the fee was updated was in 2023 under Resolution 23-20.

Parks System development Charges: These are paid for by developers and property owners for connecting to or expansion of the water system. SDCs are restricted to capital projects that result in system expansion and are kept in a separate fund. The proposed change includes an adjustment based on inflation that meets the conditions set forth in Section 8 (D) of Ordinance 23-02. Acceptable changes are based on inflationary cost impacts measured using the pacific Northwest cost changes in the Engineering News Record Construction Cost Index (ENR) Index as represented by the City of Seattle Washington.

Right of Way Permits and Traffic Control Plan Review

Right of Way Permits (New) These are new proposed fees that are paid for by developers or property owners. Public ROW permits have been adjusted to account for labor cost recovery. Permits use a Tiered approach. Tier 1 are for simple permits, that require minimal review and have less complexity. Tier 2 permits are typically ones that require street cuts, and other more in depth changes that require a higher level of review. Tier 3 permits are for large projects and require deposit for review and analysis, including by the City Engineer. Funds that are unused once the permit is issued are returned to the applicant. Tier 3 projects that require a Agreement for Public Improvements (Bond) include a \$3,000 deposit to over the costs of engineering and legal review if required. Unused funds are returned to the applicant at the time the permit is issued.

Traffic Control Plan Review Fees (New) These are new proposed fees that are paid for by developers or property owners. Traffic Control Plans are required for any development that includes a change in traffic control to accommodate development

activities. Staff must review the plans and provide input and approval. Depending on the complexity these plans may also require the time of the city engineer. The following describes some of the elements and differences between the tiers.

- Tier 1 traffic control plan review
 - Temporary lane closure or lane change on residential roads and minor collector roads.
 - Road shoulder work on minor or major collector.
 - Full street closure or lane change lasting greater than 10 hours on residential roads.
- Tier 2 traffic control plan review
 - Full road closure of minor collector or lane change lasting greater than 10 hours.
 - Temporary lane closure or lane change on major collector roads.
- Tier 3 traffic control plan review
 - Full street closure or lane change lasting greater than 10 hours on major collector roads.

Other Public Works Fees: The City routinely lends out equipment. The proposed fee covers the cost of wear and tear of equipment and staff time to process the request.

Court Related Fees: These fees are paid for by people who have received citations. Proposed increases are based on actual costs of staff time.

Police Department Fees: These fees are paid for by people who have requested records, or a specific service. Proposed increases are based on actual costs of staff time.

Administrative Fees: These fees are paid for by people who have requested records, or a specific service. Proposed increases are based on actual costs of staff time. Staff is requesting feedback from council on whether to charge fees for Special Event permits.

Building Fees: These fees are paid for by property owners, homeowners, or developers who require a building permit. In 2020, Building Permits fees were increased via Resolution 20-08. The building permit fees collected over the past three years have been sufficient to cover the costs needed for administering the building department. Staff are not proposing any increases this year.

BUDGET IMPACT

The increased fees will positively impact the General Fund, Water Utility Fund, System Development Charge Fund and the Building Fund and will offset costs that are currently being subsidized by these funds to provide services.

WORKLOAD IMPACT

The initial adoption of the master Fee Schedule will include attorney review time, may include updates to city ordinances, and repealing of several Resolutions. The intended outcome is to have one Resolution per year that adjusts all fees at one time. Ultimately this will decrease overall staff time required to update fees separately and will allow for more transparent and simpler process overall.

COORDINATION, CONCURRENCE, OR DISSENT

Administration, Development Services, and Public Works have given input and reviewed the proposed changes.

STAFF RECOMMENDATION

Staff requests feedback and input from City Council on the proposed changes.

ALTERNATIVES

Council may direct staff to not increase fees and keep all fee structures separate.

ATTACHMENTS

1. Draft Master Fee Schedule