



Arapahoe County

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Board Summary Report

File #: 21-640

Agenda Date: 9/21/2021

Agenda #:

To: Board of County Commissioners

Through: Bryan Weimer, Director Public Works and Development

Prepared By:

Chuck Haskins, Engineering Services Division Manager, PWD

Presenter: Chuck Haskins, Engineering Services Division Manager, PWD

Subject:

11:30 AM *Proposal for Updating Engineering Permit Fees

Purpose and Request:

The purpose of this Study Session is to provide the Board of County Commissioners (BOCC) with a proposal for updating fees charged by the Engineering Services Division and to get direction from the BOCC on whether to proceed with the next steps required as part of the fee revision process.

Background and Discussion:

In November 2019, PWD conducted a Study Session with the BOCC to review revenue and expenditures over the past four years in the three Land Development Services (LDS) groups: Building, Engineering Services, and Planning/Zoning. As a result of the Study Session, BOCC directed PWD staff to continue reviewing this information and proceed in developing a proposal for fee changes. That review was in-process in March 2020, when it was temporarily put on-hold due to the pandemic. In June 2020, PWD conducted a Drop-In session with the BOCC to determine whether PWD should proceed in completing the fee study and making recommendations for fee changes. BOCC directed PWD to proceed. This BSR contains the findings of the fee study related to Engineering Permit fees along with PWD's recommendations for fee changes. New Building Permit fees went into effect on January 1, 2021.

Workload in the Land Development Services divisions has remained high over the past several years, and development in Arapahoe County remained strong throughout the pandemic this year. All signs indicate that a high level of building development will continue in Arapahoe County through 2021 and beyond.

Links to Align Arapahoe

Fiscal Responsibility - It is a good management practice to routinely review revenue and expenditures to ensure they are aligned with expectations and to make necessary adjustments if expectations are not being met. It is also fiscally responsible to adjust fees when deemed necessary and appropriate due to inflation, increased costs of maintaining operations, and comparable data with other jurisdictions.

Discussion

The intent and goal of PWD relative to assessing fees is that Applicants generally fund the cost of the County services being provided. In terms of the Engineering Permit fees that would mean that utility work within our ROW and new development infrastructure pay for the costs of the County providing engineering inspection services. While increasing our engineering permit fees to cover all of the expenditures related to Engineering Inspection would result in a significant increase above what is currently being assessed, adjusting the fees periodically keeps the County from creating a significant gap between revenue and expenditures.

The last update to the fee schedule was in 2009. At that time, the BOCC approved minor increases to the base fees, new traffic control fees, Grading Erosion and Sediment Control (GESC) fees related to street cut and row use permits, and adoption of a utility impact fee. Prior to that 2009 update, GESC fees were adopted as part of our Municipal Separate Storm Sewer (MS4) permit in 2005. It is estimated that our expenditures related to engineering inspection has increased approximately 18% since our last fee update.

In evaluating our fees we compared our fee schedules with the following agencies:

- City of Aurora
- City of Centennial/SEMSWA
- Town of Parker
- Town of Castle Rock
- Littleton
- Douglas County

Our general conclusion after reviewing permit fees within these six jurisdictions is that all of these agencies assess ROW and Public Improvements permits differently which makes comparisons challenging. Some jurisdictions assess fees as a percentage of Engineers Cost Estimate (ECE) while others assess use taxes in addition to permit fees. Some jurisdictions may charge lower permit fees but the permits expires quickly and may require renewal and additional permit charges. Many of the improvement items that the County charges permit fees for were unable to be obtained from the jurisdictions surveyed.

For those jurisdictions where we have obtained detailed information we completed an actual Arapahoe County permit using the fees from another jurisdiction.

Example:

Copperleaf Filing 17 Public Improvement Permit

Arapahoe County fees assessed	\$32,231.75
Fees assessed using Centennial Fee Schedule	\$58,858.22

(This includes \$26,159.21 permit fee and \$32,699.01 use tax)

Copperleaf Filing 18 Public Improvement Permit

Arapahoe County fees assessed	\$28,244.09
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Fees assessed using Centennial Fee Schedule	\$83,717.37
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(This includes \$37,207.72 permit fee and \$46,509.65 use tax)

As can be seen by this example, the permit fees that the County assesses are fairly equal to those assessed in the City but after considering use taxes, the City fees are significantly higher than what is assessed in the County.

Overall, our analysis concludes that County's engineering permit fees are "middle of the road." We are not the lowest of those surveyed but certainly not the highest especially when you factor in use taxes assessed by many jurisdictions.

Recommended Engineering Fees:

The proposed increase generally includes an increase to the permit base fee from \$90.00 to \$100.00, increase to some of the utility construction unit fees by 10 percent, increases to utility "pot-hole" fees, adjustment of our utility impact fee based on Colorado Department of Transportation's (CDOT) Construction Cost Index, and an adjustment to our GESC fees to match the Southeast Metro Storm Sewer Authority's (SEMSWA) fees (see proposed fee schedule). Staff estimates that the fee increases proposed will generate approximately \$30,000.00 additional revenue given current construction activity. Although, construction activity is difficult to predict, PWD has been given no indication of construction related to new development and utilities slowing down in the near term. It is estimated that the proposed fee changes will result in an approximate increase of revenue of 15 percent. Given our expenditures have increased 18 percent since our last fee update in 2009, staff feels that this fee increase proposal is justified.

PWD provided a copy of the proposed fee schedule increase to the Home Builders Association (HBA) and presented this fee schedule to the Utility Coordination Meeting in April and August 2021 and received no objection to this proposal.

Fiscal Impact:

There will be no immediate fiscal impact as a result of this Study Session. If the BOCC indicates a concurrence to proceed with this recommendation, the next steps will include a Public Hearing process unless additional information is requested requiring another study session.

If the fee increases proposed in this BSR were to be approved by the BOCC, we estimate that an additional \$30,000 in revenue will be received annually based on the currently level of development activity. Staff has

prepared a 2022 budget package in anticipation of BOCC support for this engineering permit fee increase.

Alternatives:

Alternatives include not changing Engineering Permits fees at this time or changing the fees to a lesser or greater degree than is being recommended in this BSR. Based on our analysis, we believe that the increases being proposed in this BSR are fair and justified and will not meet with much, if any, industry resistance due to the fact that our proposal for increasing the fees are minimal and our cost of providing this service has increased.

Alignment with Strategic Plan:

- ☒ Be fiscally sustainable
- ☐ Provide essential and mandated service
- ☐ Be community focused

Staff Recommendation:

PWD staff recommend the updated engineering permit fees schedule.

Concurrence:

The LDS revenue and expenditure data was reviewed with Finance Department staff in 2019 who concurred with the methodology used to prepare the data and with the process of periodically reviewing it with the BOCC. The Executive Budget Committee recommended, as part of PWD's 2021 Department Budget Meeting that PWD proceed in completing the fee study and presenting findings/recommendations to the BOCC for fee changes.