



CITY OF RAPID CITY

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Community Development Department

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MEMORANDUM

TO: Mayor Steve Allender, City Council Members, Pauline Sumption
FROM: Ken R. Young, Community Development Director
DATE: December 4, 2018
RE: Proposed Amended Planning Application Fees

At the November 19, 2018 City Council Meeting, I was directed to provide the City Council with background information relating to the proposed increased Planning application fees (see chart below). At that time, I had performed a review of each of proposed fee increases with supporting calculations to justify the request.

Fee	Amount & Unit of Measure	Municipal Code Section
Annexation	No-fee \$250 per application	None
Involuntary Annexation	\$250.00 per application if property owner requests, but cannot meet voluntary application requirements	
Preliminary plan	No-fee \$250 per application	16.24.010
Final plat	No-fee \$250 per application	16.24.010
Vacation of easements	\$25.00 \$250 per application	
Plat errors and omissions	No-fee \$250 per application if applicant is responsible	16.24.010
Planned Development Designation	No-fee \$50 per application	17.50.050.E
Tax Increment District	\$2,500.00 per application	3.26.030

In an effort to be more thorough in our review, I asked my staff to look again at our proposal and provide good detail on how we came up with our recommendations. The exercise was beneficial, and at the least, has shown us that the proposed increases are



EQUAL OPPORTUNITY EMPLOYER

not only justified, but in some cases, also warrant even higher increases. It should be noted that having the opportunity to review this proposal again allowed us to find an error in which the amount on two of the fees was inverted. This error would have been corrected in a future motion had it been necessary, but fortunately it was not. The corrected proposed fees are as follows:

1. Plat errors and omissions (process same as a Final Plat): \$250 instead of \$50
2. Planned Development Designations: \$50 instead of \$250

Attached are assessments performed for each of these proposed amended fees detailing the level of effort involved with each fee, including the amount of hours expended by various staff and the average hourly wage involved. Of course, these assessments reflect the level of standard review and process required for these applications, and does not include various circumstances which can sometimes substantially increase staff's effort.

A key question that should be asked is, "To what level should we expect that these types of user fees will cover the City's costs, versus the level that the tax-payer funded City General Fund will cover the difference?"

As demonstrated, a couple of these fees (Involuntary Annexations, Tax Increment Financing) fall significantly short in reimbursing the level of City effort and costs expended. Rather than proposing substantial increases, it was determined that for at least this year, smaller adjustments could be made. However, it would be my recommendation that next year a deeper analysis is performed and consideration be given to further amending these fees to be more equitable in reimbursing the costs and efforts that such applications require.

ANNEXATION / INVOLUNTARY ANNEXATION FEE

Current application fee: \$0.00

Requested application fee: \$250.00 (see also Recommendation below)

In an effort to recover some of the cost of processing and recording an annexation, staff is requesting that a \$250.00 application fee be collected with the submittal. Outlined below is a breakdown of the review and processing of a fairly straight-forward annexation application. The minimum staff time required is 12 hours, costing \$387. For more complicated applications such as larger land areas, multiple parcels, etc. or for involuntary annexations, the time requirement substantially increases.

For Involuntary Annexations, add approximately:

- 40 hours or more for the Annexation Study
- 10 – 20 hours for an open house/neighborhood meeting
- 8 – 10 hours of additional public hearings and the time necessary to prepare for those public hearings. (Other staff members' time also increases similarly).

These figures do not include printing costs or publication/notice fees when required. They do not include the time to process the associated rezoning application (when applicable).

Staff Time

Planner Task (Average gross pay hourly \$37.50)	Hours
Receive application at counter	0.5
Distribute routing, collect routing comments	1.0
DRT Meeting	0.5
Staff Report	2.0
Site Photos	1.0
Public Hearing	2.0
Misc.: Verify petitions, verify legal, records search, correspondence, questions from the applicant/public, etc.	1.0
TOTAL:	8 - \$300

Estimated additional amount for requested Involuntary Annexations:

Planner Task (Average gross pay hourly \$37.50)	Hours
Annexation Study preparation	40
Open house / neighborhood meetings	20
Additional public hearings	10
TOTAL:	70 - \$2,625

Current Planning Administrative Task (Average gross pay hourly \$17.25)	Hours
Administratively process application	0.5
Update and maintain database	0.5
Close application files	1.0

TOTAL:	2.0- \$34.50
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Public Works Task (Average gross pay hourly \$38.58)	Hours
Review application (including inspection fee, surety, agreements, easements)	0.5
Prepare comments	0.5
TOTAL:	1.0- \$38.58

Attorney Task (Average gross pay hourly \$49.46)	Hours
Review Legal description, State law, petitions, write resolutions, attend public hearings.	1
TOTAL:	1 - \$48.46

TOTAL STAFF TASK	
Planning Staff	\$300
Administrative Staff	\$34.50
Public Works Staff	\$38.58
Attorney Staff	\$48.46
TOTAL:	\$387.04 (Annexations)
Percent Cost Recovery	64.6%
	\$3,012.04 (Involuntary Annexations)

Director’s Recommendation:

Start this year by implementing a flat fee of \$250 for all annexation applications, except non-applicant requested involuntary annexations and city initiated applications serving a community purpose. Next year, perform an in-depth analysis and recommendation for a potential new fee for requested involuntary annexations.

Our recommended policy would be to require the fee for all annexations /de-annexations, except where the City is pursuing it with resident opposition via a traditional involuntary annexation. However, if the City asking an area to annex voluntarily prior to starting an involuntary annexation, we would waive the fee similar to waiving City sponsored rezones.

Fees Charged:

- De-annexation request
- Annexation required due to platting adjacent to city limits (voluntary)
- Annexation not required but eligible and desired by property owner (voluntary)
- Annexation requested but not possible to meet SDCL requirements (involuntary)
 - Example: Country Village Mobile Home Park

No Fees Charged:

- Annexation initiated by the City (involuntary)

PRELIMINARY SUBDIVISION PLAN FEE

Current application fee: \$0.00

Requested application fee: \$250.00

In an effort to recover some of the cost of processing a Preliminary Subdivision Plan application, staff is requesting that a \$250.00 application fee be collected with the submittal. Outlined below is a breakdown of the review and processing of a standard Preliminary Subdivision Plan. Please note that the table does not include any pre-submittal meetings or review of additional information that is submitted during the review process. As noted below, the actual cost of reviewing the application exceeds the requested amount.

Staff Time

Current Planner Task (Average gross pay hourly \$37.50)	Hours
Receive application	0.5
Prepare routing	0.25
Review application	1
Site inspection	0.5
DRT	0.33
Write staff report	1.5
TOTAL:	4.08-\$153.33

Current Planning Administrative Task (Average gross pay hourly \$17.25)	Hours
Administratively process application (scan data, route to DRT members)	0.5
Create link for Planning Commission and City Council Agenda(s)	0.5
Update and maintain database	0.5
Close application files	1.0
TOTAL:	2.5 – \$43.13

Public Works Task (Average gross pay hourly \$38.58)	Hours
Review application/ eDRT	3
Review city system information and complete written comments	2
TOTAL:	5- \$192.50

TOTAL STAFF TASK	
Planning Staff	\$153.33
Administrative Staff	\$43.13
Public Works Staff	\$192.50
Percent Cost Recovery	64.3%
TOTAL:	\$388.96

FINAL PLAT / PLAT ERRORS AND OMISSIONS FEE

Current application fee: \$0.00

Standard recording fee at Register of Deeds \$60.00 /page

Requested application fee: \$250.00

In an effort to recover some of the cost of processing and recording a Final Plat, staff is requesting that a \$250.00 application fee be collected with the submittal. Outlined below is a breakdown of the review and processing of a standard Final Plat. This also represents the effort for a re-submitted plat which covers the review and approval of plat errors and omissions. Please note that the assessment includes the fee for recording a one page plat since most plats are one or two pages, even though there are a few plats that are three to four pages. As noted below, the actual cost of reviewing the application exceeds the requested amount.

Staff Time

Current Planner Task (Average gross pay hourly \$37.50)	Hours
Receive application	0.5
Route application	0.5
Address comments	1
Approve application	0.5
Director's review and signature	0.2
TOTAL:	2.7-\$101.25

Current Planning Administrative Task (Average gross pay hourly \$17.25)	Hours
Administratively process application	0.5
Update and maintain database	0.5
Close application files	1.0
TOTAL:	2.0- \$37.22

Public Works Task (Average gross pay hourly \$38.58)	Hours
Review application (including inspection fee, surety, agreements, easements)	0.5
Prepare comments	0.5
TOTAL:	1.0- \$38.58

Attorney Task (Average gross pay hourly \$49.46)	Hours
Approve surety, agreements, easements, etc.	0.5
TOTAL:	0.5-\$24.73

TOTAL STAFF TASK	
Planning Staff	\$101.25
Administrative Staff	\$37.22
Public Works Staff	\$38.58
Attorney Staff	24.73
Recording Fee (one page mylar)	60.00
Percent Cost Recovery	95.5%
TOTAL:	\$261.78

VACATION OF EASEMENTS FEE

Current application fee: \$25.00

Standard recording fee at Register of Deeds \$30.00

Requested application fee: \$250.00

Staff Time

Current Planner Task	Hours
Receive application	0.5
Process application / distribute routing / collect and address comments	1.0
DRT	0.25
Staff memo / Resolution signatures / Director's review and signature	0.7
TOTAL:	2.45 - \$84.53

Current Planning Administrative Task	Hours
Administratively process application	0.5
Update and maintain database	0.5
Close application files	1.0
TOTAL:	2.0 - \$37.22

Average Current Planner gross pay hourly \$34.50/hr (Three Current Planners)

Average Administrative Assistant gross pay hourly \$18.61 (Two administrative assistants)

\$114.85 for staff time

DEVELOPMENT REVIEW TEAM:

Public Works Task	Hours
Review application	1.0
TOTAL:	1.0 - \$38.58

Average Public Works Engineer gross pay hourly \$38.58/hr

\$38.58 for staff time

Attorney's Office Task	Hours
Attorney – review application / approve resolution	1.0
TOTAL:	1.0 - \$49.46

Attorney's Office Administrative Task	Hours
Prepare resolution	0.5
TOTAL:	0.5 - \$8.53

Average City Attorney gross pay hourly \$49.46/hr

Average Administrative Assistant gross pay hourly \$17.05

\$57.99 for staff time

TOTAL STAFF TASK	
Planning	\$121.75
Public Works	\$38.58
Attorney's Office	\$57.99
CD Director	\$11.73
Recording Fee	\$30.00
Percent Cost Recovery	96.1%
TOTAL:	\$260.05

PLANNED DEVELOPMENT DESIGNATION FEE

Current application fee: \$0.00

Requested application fee: \$50.00

Staff Time

Current Planner Task	Hours
Receive and process application	0.5
Staff memo and Directors review	0.5
TOTAL:	1.00 - \$34.50

Current Planning Administrative Task	Hours
Administratively process application	0.5
Update and maintain database	0.5
Close application file	0.5
TOTAL:	1.5 – \$27.92

Average Current Planner gross pay hourly \$34.50/hr (Three Current Planners)

Average Administrative Assistant gross pay hourly \$18.61 (Two administrative assistants)

TOTAL STAFF TASK	
Planning staff and Director's review	\$62.42
Percent Cost Recovery	80.1%
TOTAL:	\$62.42

TAX INCREMENT FINANCING FEE

Current application fee: \$1,000.00

Requested application fee: \$2,500.00

In an effort to recover some of the cost of processing a Tax Increment Financing application, staff is requesting that the existing \$1,000 fee is increased to \$2,500. Outlined below is a breakdown of the review and processing of a standard Tax Increment Financing application. Please note that the table does not include any pre-submittal meetings, review of additional information submitted during the review process, or staff time as part of the TID certification process to review submitted expenditures. As noted below, the actual cost of reviewing the application exceeds the requested amount.

Preliminary Application (Average gross hourly pay at \$50 for 7 member review team)	Hours	Cost
Receive preliminary application	1	
Route preliminary application	0.5	
Review application	14	
Site inspection	1	
Preliminary Analysis	7.5	
Review Team Coordination Meeting	2	
Prepare response	2	
TOTAL:	28	\$1,400

Application Submittal		
Receive application	1	
Route application	0.5	
Review application	14	
Site inspection	7	
Review Team Coordination Meeting	7	
Applicant Meeting	8	
Staff Report	8	
Project Plan	40	
Resolution(s) Preparation/Review	3	
Agreement Preparation/Review	4.5	
TOTAL:	93	\$4,650

Administrative Task (Average gross pay hourly \$17.25)		
Administrative support (scan data, route, legal notices)	0.5	
Create links	0.5	
Update and maintain database	0.5	
Close application files	1	
TOTAL:	2.5	\$43

Percent Cost Recovery		41%
TOTAL STAFF TASK	123.5	\$6,093

Director's Recommendation:

Start this year by implementing a flat fee of \$2,500 for all TIF applications. Next year, perform an in-depth analysis of staff's effort as performed under a revised TIF Policy and possibly consider revising this fee.