



City of Prineville
DEPARTMENT OF PLANNING & COMMUNITY DEVELOPMENT
STAFF REPORT

Date: August 19, 2010
To: Prineville City Council
From: Scott Edelman, Senior Planner
Issue: County Request for Planning Department Fee Waiver for OSU Open Campus

Summary:

In July Crook County was awarded a \$3.9 grant for the construction of the Oregon State University Open Campus Building. In addition, the facility received \$1 million through the COCC bond election last November, \$750,000 in land and commitment of funds and in-kind support from several other project partners. Craig Kilpatrick is providing pro-bono The County recently submitted an application for a lot line adjustment for this site and, based on discussions with Mr. Kilpatrick, the County anticipates submitting the site plan for the building very soon.

The grant application included the costs for county building permit fees and anticipated city System Development Charges (estimated in the grant application to be \$114,053) but did not include city planning fees. In order to avoid having to use funds designated for other purposes on this project, the County is requesting that the City waive the planning fees. The fees are as follows:

Boundary Line Adjustment:	\$500
Site Plan – Type 1 Conditional Use:	\$1,105

Total Planning Fees: \$1,605

There are three primary issues for consideration in evaluating this fee request: budget implications, precedent and general policy toward using fee waivers in support of projects by public agencies.

City Budget Implications (numbers from FY 09-10 are unaudited):

The Planning Department budget ended FY09-10 with a balance of \$47,200; this was \$17,935 short of the anticipated balance of \$65,150. The primary reason for this was that the City only received \$13,255 of the \$30,000 estimated to be received in permit fees. As a

result, the budget for FY10-11 utilizes a conservative estimate of \$10,000. To date, the city has received \$3,798 in permit fees and appears to be on target to exceed this estimate assuming a straight-line projection of permit income through the end of the fiscal year.

However, despite the positive trend in permit fees, the Planning Department budget is extremely tight. City fiscal policy requires a contingency reserve of \$66,148. Based on the FY10-11 budget and accounting for the shortfall in permit fees from FY09-10, the year end contingency reserve is projected to be \$37,056 – this is 44% below the required reserve. Any excess funds received in FY10-11 would go toward increasing this reserve.

It should also be noted that the Planning Department is heavily supported by a \$220,000 transfer from the City's General Fund in FY10-11. The primary department in the General Fund is Police which, along with the Community Development Department, has experienced a significant reduction in staff positions in recent years.

If the Planning Department does not meet the projection of \$10,000 in permit fees, the funds would likely have to come either from the under-funded contingency reserve or an increased transfer from the General Fund, which is also projected to fall short of contingency requirements at the end of FY10-11.

Precedent:

There have not been very many land use applications submitted by public agencies in recent years so there is not a strong precedent set in regard to waiving such fees. The last three applications have been assessed permit fees:

- Crook County Parks and Recreation District, 4th St. vacation (May 2009) – \$1,068
- Crook County Vector Control, 648 sf storage building (June 2009) – \$552.50
- Crook County School District, modular classroom (June 2008) – \$400.00

Prior to that, however, it does not appear that the City charged permit fees to public agencies. The following applications were not assessed fees in 2005 and 2006:

- Crook County School District, relocation of Old School House (June 2006)
- Crook County Parks and Recreation District, shop building (October 2005)
- Crook County High School, storage building (July 2005)

The current City fee schedule includes a special fee for government and non-profit site plan review applications. This flat fee is actually the same as the base fee for any other applicant – the difference is that regular fees increase with the size of a project whereas the flat fee is the same for any size project.

As a side note, all non-profit organizations were assessed fees in the 2005-2010 time period.

Use of Fee Waivers to Support Public Agency Projects:

This is a policy question for City Council to consider. Should the City waive fees for certain public projects and, if so, under what criteria? A strong argument could be made for waiving permit fees when the fee waiver could be utilized as matching funds for a grant application. This is not the case with the Open Campus building as the grant has already been awarded. In this case, the funds saved by not paying planning fees would be utilized in other areas of the project – it would basically amount to a \$1605 City contribution to the Open Campus facility. This would be a legitimate reason for Council to support the fee waiver if the benefits of this money being used on the project outweigh budgetary concerns. However, the justification for the fee waiver would need to be clearly laid out so that future requests could be evaluated under the same criteria.

Two aspects of this project that distinguish it from other public agency projects is the broad benefit the facility is expected to bring to the community and the number of partners who are contributing to the project.

The following agencies and organizations are listed in the County's \$3.9 million grant application as contributing cash to the project:

- Central Oregon Community College - \$750,000
- Oregon State University – Crook County Extension Service - \$50,000
- Partnership to End Poverty - \$1,000

The following agencies and organizations are listed in the County's application as contributing in-kind to the project over the first three years of campus operations (estimated value of contributions)

- Oregon State University System - \$636,000
- Central Oregon Community College - \$750,000
- Crook County Education Council – 8,200
- Pioneer Memorial Hospital - \$3,000
- Economic Development of Central Oregon - \$14,400
- Crook County School District - \$6,000
- Mid-Oregon Personnel - \$14,400
- Crook County Library - \$1,000
- Central Oregon Intergovernmental Council - \$3,250
- Crook County Commission on Children and Families - \$3,000

- Oregon Department of Human Services - \$27,600
- Central Oregon Work Force Coordinating Council - \$5,000
- Prineville-Crook County Chamber of Commerce - \$26,100
- Goodwill Industries - \$1,000
- Crook County Veterans Services - \$12,000

City Council Action:

The following are options that may be considered by the City Council in regard to this request:

1. Approve the fee waiver and address any resulting budget shortfall during the next budget process.
2. Pay for the fees from another source such as the Council's discretionary fund or a transfer from another fund.
3. Require Crook County to pay the permit fees but reduce the amount of those fees.
4. Require Crook County to pay the permit fees.