



City of McMinnville  
Community Development Center

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## STAFF REPORT

**DATE:** June 25, 2024  
**TO:** Mayor and City Councilors  
**FROM:** James Lofton, City Engineer  
**SUBJECT:** Resolution No. 2024-39, Adoption of an Engineering Fee Schedule Effective October 1<sup>st</sup>, 2024.

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### **Report in Brief:**

This is the consideration of Resolution No. 2024-39, adopting an Engineering Fee Schedule for the City of McMinnville. This Resolution repeals all previous resolutions adopting Engineering fee schedules and takes effect on October 1, 2024. A public hearing will be conducted to solicit public comment per ORS 294.160. Public notice of the proposal and the public hearing was provided in the News Register on Wednesday, June 19<sup>th</sup>, and Friday, June 21<sup>st</sup>, 2024.

### **Background:**

The McMinnville Engineering department provides a range of services. These services are predominantly broken into two categories: Capital Projects and Development, each with their own funding sources.

- Capital Projects:
  - Wastewater, streets, transportation, and parks capital projects
  - funded by transfers to the General Fund.
  
- Development:
  - Engineering review services for development and the community for private and public improvements.
  - The Engineering department also administers all permitting within the public Right-Of-Way (ROW) and provides inspection services for public improvements.
  - Utility locating services.
  - Support services to Planning and Building, long-range planning support, etc.
  - funded by Engineering fees that go into the General fund.
    - Current fee schedule accounts for a 5-10% cost recovery. The proposed fee schedule would bring development services to near full cost recovery.

Because Engineering staff positions are predominately supported with utility, streets, transportation, and parks transfers, Engineering staff are often caught in a tug-of-war for time as development needs grow. With the inclusion of the new areas in the updated Urban Growth Boundary, Engineering expects development needs will continue to grow. To provide the base level of service and continue to promote development, Engineering must increase cost recovery.

The proposed fees would be initially used to hire an additional FTE and invest in updating municipal code and developing Engineering Design standards.

### **Discussion:**

The proposed Engineering Fee Schedule seeks to raise cost recovery from the current level of 5-10% to near full recovery.

This Fee Schedule update:

- Includes a whole new structure that incorporates scalability of fees to appropriately accommodate projects of various scopes and complexities in a more equitable fashion.
- Accommodates current regulatory requirements for implementation of an erosion control program.
- Assumes full cost recovery for development services except for reductions noted below. The costs associated with development services are further explained within the report from Praxis Solutions (attached).
- Includes potential fee reductions:
  - 75% fee reduction to fees that have direct impact on residents. Language on how to administratively apply this potential reduction will be incorporated into the Engineering Design Standards and managed by administrative rule at the discretion of the City Engineer. The following language to be utilized till the Engineering Design Standards are developed and adopted:
    - The Sidewalk and Driveway Permit is eligible for a 75% reduction if the applicant can show the proposed improvement will be installed at their residence. If the permit applicant is a licensed professional applying on behalf of the resident where the proposed improvement will be installed, this discount can also be applied.
    - The Sidewalk and Driveway Permit fee can be waived at the discretion of the City Engineer under the circumstance where it is determined that installed public improvements have contributed to the need for the sidewalk or driveway to be replaced to meet current standards.
  - Includes provisions for 50% reduction for qualifying affordable housing projects consistent with previously adopted policy for Planning and Building fees (Resolution No. 2016-81).
- Implementation:
  - Includes a Grace Period of three months.
    - Full implementation of new fee schedule will not go into effect October 1<sup>st</sup>, 2024 for all new projects.
  - Includes a Grandfather Period of one year.
    - Any project currently in process will have up to one year to proceed through reviews/permitting utilizing the old fee structure. July 1<sup>st</sup>, 2025 new fees will go into effect for these projects. For example, if a project is in process and has not been issued a permit before July 1<sup>st</sup>, 2025, then they will be assessed permit and inspection fees per the new fee schedule. If they received design approval and proceeded to pull their permit prior to July 1<sup>st</sup>, 2025 no additional permit fees would be required for the approved project.

- *In Process* means any project with a planning application deemed complete or with submitted plans/permit currently in Building or Engineering review or construction.
- Prior to implementation minor code cleanup will be necessary and will be brought to Council with sufficient time to support the effective date of this resolution.

Future Engineering Fee Schedule inflationary adjustments will be tied to CPI (Portland) and adopted by Council on an annual basis consistent with the current process for updating the Planning and Building fee schedules.

**Attachments:**

1. Resolution No. 2024-39
  - a. Exhibit A – Proposed Engineering Fee Schedule
2. Praxis Solutions Report

**Fiscal Impact:**

It is anticipated that the Engineering Fee Schedule will increase recovery from approximately \$50k to \$450k per year. This will reduce the level of subsidizing the General Fund currently provides for the development community, but will also provide additional funding to allow Engineering staff to provide base level of service.

**Recommendation:**

“I move to adopt Resolution No. 2024-39”