

Council Business Meeting

Date: January 4, 2022

Agenda Item	Ashland School District Fee reduction	
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SUMMARY

At the December 7th Council meeting staff presented a recommendation for capping the Community Development fee at \$100,000 for all projects and making the fee cap retroactive to July 2020. This was at the request of the Ashland School District (ASD).

During the meeting on December 7th, ASD significantly changed their request. ASD requested that all future fees be waived on these school bond projects. ASD stated that \$2million in fees had already been paid and anticipated an additional \$2million would be due before the projects were completed.

In reviewing the two entities details it become apparent that ASD is consider anything paid to the City of Ashland a fee. I have broken down what has been paid and forecasted by category. The forecast numbers were provided by the ASD.

	Paid	Forecast
Community Development Fees	\$ 516,000	\$ 586,200
SDC fees	80,261	442,701
Engineering, Fire and Building Fees	685,521	774,715
Electrical charges - temp power & transformers	184,022	
Water charges - installation of new lines	20,422	
Total	\$ 1,486,226	\$ 1,803,616

POLICIES, PLANS & GOALS SUPPORTED

Ashland Comprehensive Plan – Public Services Element

Goal: To make maximum effort toward utilization of present and future educational and recreational facilities

and resources through public, private and City cooperation.

Policy IX-30: Encourage cooperation between the City and School District when new school facilities are

considered or when City action affects the School District.

PREVIOUS COUNCIL ACTION

Presented at the Dec 7, 2021 Council meeting. Item continued given the significantly increased request from the ASD.

BACKGROUND AND ADDITIONAL INFORMATION

The Electrical and Water charges are for work performed on the project and should not be waived or capped. The Community Development fee is 1.2% of the project valuation. It has been discussed to cap or waive the fees for public entities. The Engineering, Fire and Building Fees are assessed according to our fee structure which is adopted by City Council. The fees are reviewed annually. A subcategory of our building fees are structural, electrical, mechanical and plumbing permit fees. Those fees have a 12% surcharge assessed by the state and we are required to collect and remit the surcharge to the state.

FISCAL IMPACTS

Option #3 below suggests capping the Community Development Fee at \$100,000 and making it retroactive to projects receiving a permit in FY2020-21. The list of ASD projects receiving a Community Development Fee adjustment/refund would include: \$200K for Ashland Middle School, \$24K for Helman Elementary and an estimated \$122K for the pending permit for Walker Elementary School (FY2021-22). Under the proposed Option 3, the Ashland School District would receive a total refund/fee adjustment of \$346,000. Those funds would come out of the City's General Fund.

It is estimated that capping the Community Development Fee at \$100,000 would have a limited impact on permit revenues and the General Fund over the long-term. Under Option 3, the Community Development Fee would be capped on construction projects with a permit valuation of approximately \$8.25 million or greater.

STAFF RECOMMENDATION

After initial review of the request, three options have been provided for Council discussion and consideration. Staff recommends Option 3.

1. Exempt a specific project category from paying the Community Development Fee (1.2%)

This alternative would require policy direction as to what categories should be exempt from the Community Development Fee and the specific basis for defining the categories. The discussion would need to identify the merits or benefits of public, non-profit, and for-profit projects. For example, an exemption for the general category "schools" would need to specify which categories of the following types of schools would be exempt:

- Public Elementary and Secondary Schools
- Charter Schools
- Private K-12 Schools
- Pre-schools and early childhood education
- Non-profit schools
- Public or Private Universities or Colleges
- Career and Technical Education Trade Schools

2. Considered a reduced Community Development Fee for a specific project category.

Like Option 1 above, the challenge is determining what types of projects justify a reduced Community Development Fee and for what reasons. A lower fee for specific categories or uses

would still result in uncapped fees as is currently the case, which has been raised as a point of concern in examples of projects with very high permit valuations.

Ashland has historically seen a significant number of large-scale government funded projects within the community due to the presence of Southern Oregon University, US Fish and Wildlife Services Forensic Lab, City of Ashland, Jackson County Library System and Ashland School District. This alternative would require policy guidance as to whether Southern Oregon University, in addition to Ashland School District would be eligible as a “public school” for exemption of amount of fees. Also, the funding for some projects within Ashland can be traced to support of tax funded bonds such, as the Ashland Library expansion.

3. Place a cap on the amount of community development fee charged. Staff is suggested a maximum Community Development Fee of \$100,000.

In staff’s opinion, this approach would appear to be neutral and the more equitable, regardless of the proposed use. The Community Development Fee would be capped at \$100,000, whether the entity proposing the project is public, private or a non-profit.

Under this scenario, if Council approved a cap on the Community Development Fee, this decision could be applied retroactively to projects issued a building permit since the start of FY21 (July 2021). Accordingly, the Ashland Middle School and Helman Elementary School projects that have paid Community Development Fees of approximately \$424,000 and the Walker Elementary School project that has an estimated Community Development Fee of \$222,000 would be eligible to receive a total refund of \$346,000.

If Council desires to establish a lower cap of \$50,000 per project, any project with a permit valuation over \$4.125 million would benefit from the cap. Even at the lower cap, most projects within the city would not be impacted. This would increase the estimated refund to the ASD. The total reduction in Community Development Fee would be approximately \$500,000.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

I move to direct staff to amend the City Miscellaneous Fees and Charges document, capping the Community Development Fee at \$100,000. The fee amendment is retroactive to July 1, 2020 and applies to all projects.

REFERENCES & ATTACHMENTS