

MINUTES OF THE WORK SESSION MEETING OF  
THE SPRINGFIELD CITY COUNCIL HELD  
MONDAY, DECEMBER 7, 2009

The City of Springfield Council met in a work session in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, December 3, 2009 at 6:00 p.m., with Mayor Leiken presiding.

ATTENDANCE

Present were Mayor Leiken and Councilors Ralston, Lundberg, Wylie, Leezer, Simmons, and Pishioneri. Also present were City Manager Gino Grimaldi, Assistant City Manager Jeff Towery, City Attorney Joe Leahy, City Recorder Amy Sowa and members of the staff.

1. Discussion About Land Development Review Fees.

Development Services Director Bill Grile and Planning Supervisor Jim Donovan presented the staff report on this item. Springfield developers John and Shaun Hyland appeared before the Council on November 16, 2009 and, with assistance from their attorney, Michael Reeder, expressed objections about the City's site plan review fees, asserting that the fees violated state law at ORS 227.175 and describing them as excessive and working to discourage needed development (Exhibit 1, Attachment 1 of the agenda packet). The Council directed staff to prepare a response to the issues raised and bring the matter back for a Work Session discussion prior to the December recess. Attachment 1 of the agenda packet was a staff memo that addressed issues raised. It included a comparison of ten different cities' fees for site plan review. It also identified four options Council may wish to consider:

1. Continue the discussion about fees to the annual budget discussions next spring, continuing the freeze of current fees adopted in FY2008-2009.
2. Direct staff to initiate a review limited to site plan review fees and consider measures including but not limited to: modifying the existing impervious surface sliding-scale to increase the cap on impervious area allowed within the base fee, capping the impervious charge in the middle of the <100, 000 sq. ft. range (of impervious surface), and adjusting the upper end acreage fees up or down to further reduce fees or balance mid-range modifications. The analysis and proposal could be brought back to Council for consideration after winter recess and implemented as soon as directed thereafter.
3. Direct staff to circulate a Request for Proposals (RFP) for contracting with a consultant to undertake a comprehensive assessment of land development review program service costs, and to identify alternative cost-recovery scenarios that comply with ORS 227.175. Preliminary cost estimates are estimated between \$5,000 and \$15,000; consultant findings and recommendations would be incorporated into the spring 2010 budget process and annual fee schedule update.
4. Any combination of the first three options stated above.

Staff favored Options 1 and 3, and requested direction about whether to undertake the additional analysis called for in Option 2.

Mr. Grile referred to the statute that addressed fees that were allowed to be charged by a public agency. He noted that the Mayor and Council had received an opinion from the City Attorney regarding this statute.

Mr. Grile reviewed the options noted above. The City had competing goals: stimulate community growth in the economy, and be efficient in services the staff was required to carry out. He further discussed those goals and said they were often difficult to balance. He referred to Attachment 1 of the agenda packet which described the Development Task Force that had been formed in 2004, and their task to try to bring the fees up to cost recovery. He further described the increases from that date to bring cost recovery to nearly eighty percent. There had been no increase in 2009. The variables changed from year to year.

Mr. Grile said he asked Mr. Donovan to do a summary of the site review costs. Site plan review didn't mean the same thing from jurisdiction to jurisdiction.

Mr. Donovan discussed Attachment 1, page 9 of the agenda packet which provided some comparisons of site plan reviews in other jurisdictions. He explained how site plan reviews were done in Springfield compared to the other jurisdictions. In order to make a fair comparison, they needed to determine the costs from pre-submittal to completion of the site plan review. Springfield's fees were the second highest, but there was service from all staff in the department through the process. The other context which was difficult to describe, was the fee recovery aspect. The City tried to fund the basic services. They weren't sure why the other jurisdictions had lower rates as it was difficult to know what other subsidies each jurisdiction received.

Councilor Ralston said a big component was related to impervious surfaces. He asked if any other jurisdiction used that for basing a fee.

Mr. Donovan said they saw that in various forms. Some had assorted fees, and others had an a la carte approach. It was used in a large number of jurisdictions.

Councilor Ralston said if hiring a third party, he would like to find out if the City was rating the impervious surface too highly. In looking at the comparison chart, Springfield did work through the process more quickly and for developers, time was money.

Mr. Grile said that was key to the three large businesses that chose the expedited review process at a much higher than normal rate.

Councilor Lundberg said the figures in the table did not reflect expedited process. She said the numbers were very high for Springfield and she was not sure how those numbers were determined. Every other jurisdiction charged \$2000 - \$22,000. She felt an independent review was worthwhile. She had an issue of offloading administrative costs. She explained. As a Council, they needed to look at sorting through all of this.

Mr. Grimaldi said in looking at the budget this year, staff was looking at indirects. Some things had changed and full indirects were not charged in all areas. He didn't feel indirects were driving this number, but rather the formula.

Mayor Leiken spoke regarding the Task Force chaired by former Councilor Stu Burge. Since the Task Force was in place and they made their recommendation to increase fees for more cost recovery, the Council had held public hearings for each increase. He was interested to see how many people had signed up to speak during those public hearing.

Mr. Grile said the HomeBuilders' Association (HBA) had often spoken on this issue.

Mayor Leiken said it was the Springfield way to re-evaluate issues when they were brought to our attention. This had, however, been a public process since 2004. He did feel it was the right thing to look at this.

Councilor Wylie was interested in looking at Option 3, but also wanted to hold the line until Spring. She asked if there would be a survey.

Mr. Grimaldi said there would be a survey, but the largest component would be examining our costs and how those were distributed. They would look at different alternatives for recovering those costs.

Councilor Wylie said the cost in Eugene was about \$22,000, but it could take up to four months and there appeared to be an additional charge of \$80/hour for staff contact. That could increase the actual cost.

Mr. Grile said that was what made it difficult to compare costs.

Councilor Wylie hoped the person doing the survey could do a comparison with a mock project. She wanted to be fair to the developers, but also cover the City's costs. She wanted to encourage development, but we didn't have other funds, so needed to cover our costs.

Councilor Leezer said during the November 16 meeting she was very concerned, and was still concerned with the comparisons. She would like to know why Springfield's fees were higher.

Mr. Grile said Springfield's fees were high, but another factor was that some local governments underwrote programs such as this at different percentages. Springfield worked very lean, yet the fees still didn't cover our costs. The other jurisdictions were not covering their expenses to a much greater extent. Staff would like a consultant to determine how much other jurisdictions underwrote those fees. If a development was in the urban renewal district, the urban renewal agency could pick up the fees.

Councilor Ralston said cost recovery was important, but he felt other jurisdictions probably were not recovering their costs. When Council directed staff to have a review, he would like the comparison to be as close as possible.

Councilor Simmons said fundamentally he didn't care what Bend charged. When Springfield started the increase in recovery costs, one of the things they needed to know was our costs in order to establish a cumulative recovery rate. The resounding question was whether or not we were recovering our costs. Development Services hadn't identified to him what those costs actually were, yet we were slowly increasing fees without knowing our actual cost recovery. Springfield should be recapturing our costs per the statute. He also believed that most of the other

communities were not recovering their full costs, but the issue was whether or not Springfield's percentage of recovery was accurate. He didn't feel the study could be done for \$15,000. He didn't want to spend any money on comparisons with other communities, but rather identifying what Springfield's costs were and making sure we were doing things efficiently and charging appropriately. The study should focus on the City's costs and percentage of recovery. He noted that the cost of hiring a private company to do the work the City did for site review, would be much higher than the City's fees.

Mr. Grile said the study could very well cost over \$15,000. Staff had only a short time to put the information together following the public testimony two weeks ago. They would put out an RFP to find out just what it would cost to hire someone.

Councilor Simmons said they needed to be prepared for the results of the study.

Mayor Leiken said a constituent brought this forward just two weeks ago. It was rare to find a jurisdiction that would bring this back to Council in a work session so quickly. He agreed with Councilor Simmons that we needed to determine our own costs, rather than comparing with other jurisdictions. There were so many variables with other jurisdictions.

Councilor Simmons said through this process the City may learn how we could do things more efficiently.

Mr. Grimaldi said they would look at all fees with the consultant.

Councilor Ralston said Option 3 didn't say anything about making comparisons. He agreed with Councilor Simmons that we needed to do cost recovery as stated in the statute.

Mr. Grile said the key was determining what the costs were. Having an outside consultant could be beneficial.

Mayor Leiken said it was important to get a consultant and also get feedback from people in the development community on things such as the issue of 'time is money'. If Springfield was able to get permits out more quickly than other communities, they may be willing to pay a slightly higher cost.

Councilor Pishioneri said this was a moving target. It was up to the City to determine the cost according to State statute, but that was the moving target. Each City may determine costs differently. The City needed to define our costs and be consistent about those costs and apply them across the board. That would be a huge task.

Councilor Wylie said they needed to know the actual cost and what people were getting for the cost. She felt the developers were probably getting more for their money in Springfield than in other jurisdictions. She would like more information so when challenged, the City could defend our position.

Councilor Lundberg said staff must have some idea of our costs if they were charging nearly eighty percent. She was concerned with the high costs to local developers who had more limited funds than large corporations. Local developers provided jobs to the community. She would like part of the study to look at the size of developments.

Mayor Leiken asked if Council had given staff what they needed to proceed.

Mr. Grile said they had. He understood that Council supported Option 3. He would work with the City Manager to determine how to structure the RFP.

Councilor Leezer said it was interesting that Salem and Medford's costs were identical.

Mr. Grile said it would also be interesting to see what very small jurisdictions charged for different services. Springfield factored in long-range planning as part of annexations, but did not for other fees. The statute regarding cost recovery seemed to mean the cost of the program.

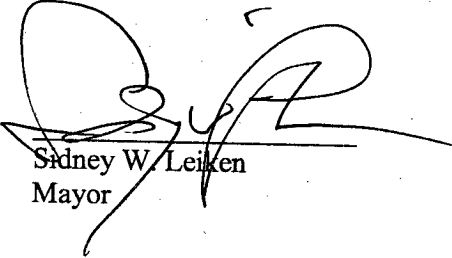
Councilor Ralston said traffic studies were part of the process for larger projects in Springfield. He asked if traffic studies were part of other jurisdictions' costs.

Mr. Grile said some cities did not charge that in their site review fees.

ADJOURNMENT

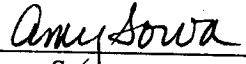
The meeting was adjourned 6:45 p.m.

Minutes Recorder – Amy Sowa



Sidney W. Leiken  
Mayor

Attest:

  
Amy Sowa  
City Recorder