

TOWN *Of* **PARADISE VALLEY**



STAFF REPORT

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
Duncan Miller, Town Clerk

DATE: May 25, 2023

DEPARTMENT: Town Manager
Duncan Miller, 480-348-3610

AGENDA TITLE:

Discussion and Possible Action to Adopt Resolution 2023-06 Approving the 2023 Master Fee Schedule

SUMMARY STATEMENT:

Municipal governments adopt user fees to fund programs and services that primarily benefit private interests. It is appropriate to review and update those fees on a periodic basis. The Town engaged Willdan Financial Services (Willdan) to conduct a user fee study and make recommendations on fee changes based on a full cost recovery methodology while taking into consideration partial subsidies where appropriate. The Council reviewed the recommendations on March 23rd and authorized staff to schedule a hearing for adoption of the fees. Proposed Resolution 2023-06 would adopt the modified fees effective July 1, 2023 concurrent with the new fiscal year.

BACKGROUND:

Although the Town of Paradise Valley modified certain Community Development user fees in 2017, the entire fee schedule has not been reviewed since 2008. Pursuant to A.R.S. §9-499.15, before a municipality may assess new fees or increase existing fees, a user fee study supporting the proposed changes must be conducted and posted on the municipality's website for sixty days.

The Town awarded a contract to Willdan through a competitive bid process in 2022 to prepare a user fee study. Assessing user fees is a cost recovery strategy used to fund programs or services that benefit specific users thereby reducing the burden on General Fund tax revenue used for the benefit of the entire Town. Willdan's study provides a methodology to determine the full cost of providing services specific to the uniqueness of the Town of Paradise Valley. It provides a rational basis for setting fees based on direct and indirect costs while at the same time identifying a subsidy amount, if applicable, for each fee.

As part of the review process, Willdan met with each department to ensure inclusion of all fees and validate time and labor costs to calculate direct labor, departmental overhead, and central services overhead costs. The User Fee Study is attached (Attachment B) listing the current fee, full cost fee, subsidy percentage, suggested fee, and delta. Attachment C is the resolution that, if approved, would adopt the updated fees effective July 1, 2023.

Town Council Study Session

At the study session on March 23rd, the Council discussed the concept of full cost recovery versus subsidies for certain fees. There was consensus to proceed with the fees as recommended in the User Fee Study and review the entire fee schedule every three to five years to gradually increase fees closer to full cost recovery to avoid dramatic increases fees.

The only changes that were made to the User Fee Study following the study session was to eliminate a new fee in the Police Department for reprints of photo enforcement tickets. It was determined that that fee is unnecessary and was already excluded if it was a request from the Municipal Court. Secondly, the fee schedule entry related to photo enforcement photographs was amended to make it clear that the fee is not set nor controlled by the Town and is subject to change.

Also, a request was made for additional information about the fees categorized in the User Fee Study as “new” and if they are truly new fees or fees that have been charged previously but under a different name. The summary below clarifies that the most of the fees listed as “new” are simply re-titled or separated from a different permit category.

- Building 1 fee
 - Solar Panel Permit. This fee has been charged in the past but was charged as an electrical permit.
- Planning 3 fees
 - Zoning Interpretation. This fee has been charged in the past but was called by another name.
 - Yard Designation Fee. This fee has been charged in the past but was called by another name.
 - Pre-Application Meeting. This fee has been separated out from application fees. Once an application is submitted the pre-application fee is credited to the application fee.
- Engineering 17 fees
 - Subsection 1.2.7 Grading & Drainage Permit Fees were added to the fee schedule to separate the right-of-way permit fees and grading and drainage fees. For example, there is now a right-of-way permit fee for “repair pit – outside pavement” and a grading and drainage permit fee for “repair pit – in pavement”. Previously there was one fee for repair pit.
- Administrative 1 fee
 - New Premises Liquor License. This is a new fee and only applies to an application for a new resort or bar. It does not apply to license transfers, agent transfers, or special event licenses.

- Police 3 new fees
 - Incident Report (CAD)
 - Accident Report
 - Letter of Good Conduct

Public Comment

The User Fee Study was posted on the Town's website for sixty days and a copy was available at the Town Clerk's office. Notice of the meeting to adopt the fees was posted on the website and on social media. It was published in the Arizona Republic on May 10, 2023. The Town did not receive any comments in support of or opposition to the modified fees.

ATTACHMENT(S):

- A. Staff Report
- B. User Fee Study
- C. Resolution 2023-06
- D. Presentation