

Originator <b>COMMUNITY DEVELOPMENT</b>	Item <b>City Code and Fee Schedule Amendments- Planning and Development Fees</b>	# <b>5.4A</b>
Agenda Section <b>HEARINGS/PUBLIC INPUT Ordinances</b>	By <b>EAS</b>	Approved  Date <b>April 27, 2009</b>

Description

Case #10000E-08

## GENERAL INFORMATION

Applicant: City of Bloomington

Request: City Code and Fee Schedule Amendments –  
Planning and Development Fees

## PROPOSAL

This proposal requests amendments to the City Code and Fee Schedule for planning and development fees. Current fees for planning and development applications have not been increased on a wholesale basis for the past 15 years. In order to establish planning and development fees, Minnesota statute requires the City to provide extensive supporting documentation, which has been done in concert with this proposal.

While efficiency measures have been taken where possible to reduce and keep costs down, there are still significant gaps between costs to the City for processing planning and development applications, and the fees charged for these revisions. The deficiencies between fees and costs have largely been supported by the City General Fund. This proposal would help to bridge the gaps with appropriate increases in fees paid by the applicants who are requesting the land use changes and submitting associated planning and development applications for processing.

## ANALYSIS

In considering the appropriate fees for planning and development services, primary considerations include the following:

- To ensure the fees are commensurate to the actual costs of providing the requested services so the fee based services are not unduly subsidized by general property taxes.
- Conversely, the City by law may not overcharge the applicant for fees higher than the City's actual costs of providing the service.
- That fee rates and structure are in context to other comparable jurisdictions. The City is not required to match fees charged by other jurisdictions for like services; however, it is prudent to look to other cities as a gauge, especially in looking at possible fee increases.

**Council Action**

Motion by \_\_\_\_\_ Second by \_\_\_\_\_ to \_\_\_\_\_  
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As part of the analysis, fee rates and structures from the top twelve population centers in the Metro Area were reviewed comparatively to Bloomington (the City of Bloomington being the third highest population center). Several sources were consulted for this comparative analysis, to include the annual fee survey of cities conducted by the Metro Cities Association of Metropolitan Municipalities (AMM) organization, and through staff's direct survey of the subject cities.

An analysis was also prepared of the comparative cost of fees to applicants to process typical planning and development applications. Four typical development scenarios processed by the Bloomington Planning Division and counterparts at sister cities were compared, to include:

- Residential Two Family Dwelling, seeking a Conditional Use Permit;
- Commercial Development, code compliant (e.g. office warehouse, retail shop, etc.);
- Commercial Development, seeking PD flexibility without land use change (e.g. gas station, hotel, retail shopping center, etc.);
- Big Box Development, seeking PD flexibility with land use change (e.g. Sam's Club, Walmart, Home Depot, etc.)

A study was also conducted analyzing staff time, soft overhead and material costs to process the range of planning and development application requests. Many of the current Bloomington planning and development fees cover only a portion the actual costs for staff time and materials incurred by the city. Some of the most significant drivers of cost are also not reflected well in the current fee schedule, to include:

- Additional staff time where the applicant revises the application request;
- Where special studies are needed to adequately review an application request (i.e. traffic, environmental, etc.); and/or
- Where applications require additional public involvement and public review (i.e. neighborhood meetings, continued public hearings, etc.).

A detailed analysis has been prepared, entitled, *City of Bloomington Planning and Development Fee Study and Zoning Ordinance Update*. The summary of this document and excerpts from the full report are enclosed for reference, providing an analysis of the key issues pertaining to the disparity present in the current fee schedule, and related recommendations for consideration.

As a result of this analysis, and based upon policy input from the City Council in a study meeting discussion on February 9, 2009, staff has prepared proposed amendments to the City Code and planning and development Fee Schedule for consideration. These revisions are intended to:

- Update the fees for planning and development services to more appropriately cover the costs for application processing and review; and
- Address significant cost drivers by implementing a new escrow process for special studies when applicable.

On March 26, 2009, the Planning Commission reviewed the proposed amendments in a public hearing and recommended approval. The proposed draft contains two added amendments to the draft presented to the Planning Commission, as follows:

- Section 2.17(b), fee provision added for an applicant appeal to hearing examiner determination concerning an RV TCUP; and
- Section 19.14 (a)(12), fee provision added for a Certificate of Appropriateness for Historic Preservation.

The proposed draft amendments to the City Code modifying planning and development fees are enclosed.

**RECOMMENDATION**

In Case 10000E-09, staff recommends approval of the proposed draft amendments to the Bloomington Code establishing revised planning and development fees, to include added provisions to institute the application of escrow agreements where specified.

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**Council Action**

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