



City Council Report

Date: May 21, 2018
To: City Council
Through: Karolyn Kent, Assistant City Manager
From: Elizabeth Huning, City Engineer
Michele Davila, Sr. Fiscal Analyst
Subject: Changes to Engineering Department's Schedule of Fees and Charges
Citywide

Purpose and Recommendation

The purpose of this report is to recommend changes to the Engineering Department's Schedule of Fees and Charges. The recommended changes are outlined in this report and are recommended for City Council approval.

Background

The Engineering Department reviews its Schedule of Fees and Charges on an annual basis to determine the relevance and reasonableness of pricing of all fees and charges on the Schedule. Based on a cost of service and market analysis (Attachment 1), the Engineering Department recommends that the Special Inspections (including Fire Hydrant and Flow Testing Fee) be increased and that a new Materials Testing Fee be added to the Civil Engineering Rate Table (under Development Services' Schedule of Fees and Charges).

Discussion

Special Inspections including Fire Hydrant and Flow Testing Fee:

Currently, the Engineering Department charges \$75 per Hour for Special Inspections/Flow Tests. This amount is lower than the Cities of Phoenix, Scottsdale and Peoria who charge \$150, \$159, and \$100 respectively. Engineering Department staff perform approximately 130 Special Inspections/Flow Tests per year. These tests require dedicated Inspection Staff time, including driving time to and from each site.

The Engineering Department recommends increasing the fee to \$100 from \$75 per inspection/test to recuperate a larger percentage of the costs required to perform each inspection/test. As shown on Attachment 1, the recommended fee is in line with other municipalities.

Materials Testing Fee:

Currently, the Engineering Department is not charging a Materials Testing Fee as part of the Civil Engineering Plan Review process. However, the City of Mesa requires that all construction materials, constructed or installed in, on or across any City of Mesa easement, right-of-way or City-owned property be subject to inspection, quality control (QC) and quality assurance (QA) testing and approval by the City. This requirement also applies to any materials or infrastructure that, once in-place, will be owned, operated or maintained by the City of Mesa, regardless of where they are installed. Any material rejected by the City of Mesa shall be removed immediately and replaced in an acceptable manner to the City at no additional cost to the City.

Quality Control (QC) Testing is testing performed to assure the materials installed comply with the requirements set forth in City standards and contract documents. QC Testing is the responsibility of the Developer and/or Contractor.

Quality Assurance (QA) testing is testing performed to verify the accuracy and applicability of the QC test results and to ascertain that the materials installed meet the specified levels of quality in accordance with City standards and contract documents. Historically, the City has absorbed the cost of QA Testing on Development projects.

Based on a cost of service and market analysis (Attachment 1), the Engineering Department recommends adding a Materials Testing Fee of \$200 per Test to the Civil Engineering Rate Table on Development Services' Schedule of Fees and Charges. A Materials Testing Fee of \$200 is less than the City of Phoenix's rate of \$240 per test.

It is important to note that this fee will be added onto the Development Services Fee Schedule as shown in Exhibit B.

Alternatives

The alternative to leaving the Special Inspections including Fire Hydrant and Flow Testing at the current rate of \$75 per Hour would not affect the Engineering Department from a staffing or operational standpoint. Special Inspections would still take place at the same level. See fiscal impact section below for details regarding the financial implications of leaving the fee as is.

If a Materials Testing Fee is not added to the Civil Engineering Plan Review process, the City will continue to absorb the cost of an average of 1,500 Quality Assurance (QA) tests for Development Projects per year. See fiscal impact section below for details regarding the financial implications of not adding a Materials Testing Fee.

Fiscal Impact

The fiscal impact of increasing the Special Inspections including Fire Hydrant and Flow Testing Fee to \$100 is approximately \$3,250 per year. The \$25 per Hour

increase allows the City to recuperate additional costs associated with performing these inspections, including driving to and from each test site.

The Engineering Department spends roughly \$196,000 per year on non-CIP Materials Testing contracted expenses and \$160,000 on City staff time. With the addition of a Materials Testing Fee, the City would recuperate approximately \$300,000 per year, which would partially offset annual costs currently being absorbed by the City/Engineering Department.

Coordinated With

The Engineering Department has coordinated with the Office of Management and Budget and Development Services on the recommendation to make changes to the Engineering Department's Schedule of Fees and Charges.

Fee Recommendation Schedule

Exhibit A

Department: Engineering

Description of Services:	FY 17/18 Current Fee	FY 18/19 Proposed Fee	Unit:	Total Annual Fiscal Impact:	Notes:
Engineering Services					
<i>Miscellaneous</i>					
Special Inspections Including Fire Hydrant and Flow Testing	\$75	\$100	Hour (minimum 1 hour)	\$3,250	Raising fee. \$25 increase per test multiplied by approximately 130 test/year.
Total Annual Fiscal Impact				\$3,250	

Schedule of Recommended Fees
Exhibit B
Department: Development Services

Description of Services:	FY17/18 Current Fee	FY18/19 Proposed Fee	Unit:	Total FY 18/19 Fiscal Impact	Notes:
RESIDENTIAL SECTOR					
MATERIALS TESTING FEE		\$200	PER TEST	\$300,000	Adding Fee. 1,500 Tests Per Year multiplied by \$200.00 per test.