THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: April 26, 2022

Subject: Proposed Fee Adjustments for 2022-23 Fiscal Year

Staff Resource: Tony McDowell, Finance & Management Services Director

Action Requested: Adoption of an ordinance establishing the fees and charges for Fiscal Year (FY) 2022-23.

Background:

- Fees and charges comprise approximately 30% of City-wide revenue and 8% of General Fund revenue.
- The attached fee proposals summary provides detailed information for proposed fee adjustments submitted during this year's annual budget process.
- There are recommended changes to fee adjustments introduced after the Finance & Human Resource Committee consideration and vote:
    - **Parks & Recreation:** Reductions in deposits and fees for community center multi-purpose rooms are intended to increase affordability and access. Additionally there are minor increases in fees for the use of other facility amenities.
    - **Development Services:** Due a recent court ruling, more analysis needs to be performed regarding the assessment of homestay permit fees. Until that determination can be made, the change to the homestay permit fees are no longer included for consideration.
- Notable changes that would impact City households are outlined below:
    - The Stormwater Utility fee has not been increased in the last two fiscal years. Additional revenue from this fee increase would be used to support additional staff resources and capital funding to ensure continued compliance with mandates.
    - The Solid Waste fee has not been increased in 6 years. Additional revenue from this fee increase would be used to support recycling and other waste diversion efforts, and increase efficiency and reliability of this service.
    - Staff is recommending adoption of year two of the multi-year rate adjustment plan for the Water Resources Fund, which is designed to recover revenue lost as a result of the elimination of the Water Capital Improvement Plan (CIP) fee in 2020.
    - Revenue from Water rate adjustments will allow the City to meet coverage ratios that debt rating agencies, such as Standard & Poor's and Moody's, use to evaluate the credit worthiness of the water system, which will be important as the Water department moves ahead with the upcoming meter replacement project.
    - Typical household impact of major fee changes:

Fee	Bi-Monthly Bill Increase	Annual Increase
Solid Waste	$ 4.00	$ 24.00
Stormwater (Tier 2)	$ 1.53	$ 9.18
Water (6 CCFs/month)	$ 4.92	$ 29.52
Total	$ 10.45	$ 62.70

- Other minor changes recommended for adoption include adjustments to fees and charges for:
    - Event application and facility usage fees
    - Development-related fees
    - Traffic control materials and services
    - Parking lots and meters
    - Water development fee
- All recommended fee adjustments would become effective July 1, 2022.

Committee(s):

- Finance & Human Resources Committee - March 22, 2022 - unanimously recommended to move forward to full Council with the exception of changes to event application and Pack Square Park rental fees recommended with 2-1 vote, and Parks and Recreation fees which were not presented to the committee.
- Water system development fees (which were unanimously recommended) will be coming to City Council for consideration at a later date due to statutorily required steps that require additional time to complete.

Pros:

- Provides an opportunity to recover the cost of services from those that directly utilize or benefit from the service where appropriate, reducing the financial burden of City services on taxpayers.
- Provides additional revenue to help balance the FY 2022-23 budget.
- Allows staff to begin communicating fee changes to citizens, customers, and stakeholders so they are aware of changes that will be implemented on July 1.

Con:

- An increase in the cost to utilize city services that may adversely impact low to moderate income households.

Fiscal Impact:

- Additional revenue for each proposal is shown in the Fee Proposals Summary attachment.

Suggested Motion:

- Motion to approve an ordinance amending the fees and charges manual for Fiscal Year 2022-23.

Attachments:

- Ordinance
- Fee Proposals Summary

ORDINANCE NO. _____

ORDINANCE ADOPTING THE FISCAL YEAR 2022-23 FEES & CHARGES

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The attached Fiscal Year 2022-23 fees and charges, attached hereto and made a part hereof, be adopted.

That this ordinance shall be in full force and effective upon July 1, 2022.

Read, approved and adopted this 26th day of April, 2022.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney

Fee Proposals Summary

Stormwater Utility Fee (Stormwater Fund)

Description: Public Works Department fees charged to residents and businesses to fund the City's federally mandated stormwater management program.

Type of Change: Increase

Background:

- To limit the impact on residents during the coronavirus pandemic, fees were not increased in FY21 or FY22.
- Identified maintenance and capital needs for the stormwater system far exceed the currently available financial capacity of the Stormwater Fund to address.
- Consultant selection is currently underway for a study to review stormwater service. This will help to clarify operational and capital needs, and may result in changes to the fees and/or fee structure once completed.
- Proposed changes for FY23 are outlined below:

Property Size (Single Family) or Type	Current (per month)	Proposed (per month)	Change
225 - 2,000 Square Feet	$3.20	$3.68	$0.48
2,001 - 4,000 Square Feet	$5.10	$5.87	$0.77
> 4,001 Square Feet	$7.03	$8.08	$1.05
Non-Single Family Properties per ERU (Equivalent Residential Units)	$5.10	$5.87	$0.77

Customer: Although these fees are charged only to property owners, the entire community benefits from flood mitigation, water quality improvements, and other services provided by the stormwater system and staff that manage it.

Service Impact: Additional revenue would support additional staff resources dedicated to improving customer billing and response to requests for utility locates, as well as the stormwater capital program.

Revenue Impact: These fee changes would increase Stormwater Fund revenues by approximately $923,000 annually.

Staff Recommendation: Approve fee changes effective July 1, 2022.

Solid Waste Fee (General Fund)

Description: Public Works Department fee assessed for solid waste, recycling, and brush collection services.

Type of Change: Increase

Background:

- The City's solid waste fee is among the lowest charged by municipalities across North Carolina and does not include surcharges for services that other jurisdictions charge more for, such as brush and bulky item collection.
- The proposed increase of $2.00 would raise the Solid Waste fee from $14.00 per month to $16.00 per month.
- Also includes the same $2.00 increase to $16.00 for any additional 95 gallon trash carts rented.

Customer: The fee is charged to all residents within the Asheville City limits. Residents in single-family homes must pay the sanitation fee for service and cannot opt out. Multi-family units and businesses can opt out of City sanitation service and engage a private collection service.

Service Impact: This increase would support the following investments in sanitation services:

- Two additional positions to assist with staff training, completing customer service requests, and backfilling field jobs to maintain regular service.
- Additional administrative support focused on customer service support, billing and account reconciliation.
- Enhanced staffing for recycling education and outreach with a position dedicated to administrative and strategic leadership in alignment with stated goals.
- Staffing to address cleanliness and litter issues.
- Future funding for the completion of a long-range plan to guide service needs and changes.

Revenue Impact: This fee change would increase revenue by approximately $800,000 annually.

Staff Recommendation: Approve fee changes effective July 1, 2022.

Water Usage Fee (Water Services Fund)

Description: Water Department fees assessed for water use based on cubic feet (CCF) of water used (1 CCF=748 gallons) for all residential, commercial, and manufacturing locations. An additional monthly fee is applied to all accounts.

Type of Change: Increase

Background:

- Proposed changes will ensure that the water system and infrastructure can be adequately maintained, minimizing the chance of future water service disruptions.
- The Advanced Metering Infrastructure (AMI) Project will utilize City-owned fixed networks that automatically transmit data directly instead of collecting data via staff drive-bys in proximity to a water meter.
    - The current metering system has met the end of its life and with replacement of 63,000 water meters and associated infrastructure, the project will see a reduced staff time for meter-reading, transition from bi-monthly billing to monthly billing, and a robust and interactive customer portal.
    - The AMI project is programmed into a current rate model and planned for future capital debt service. It will be funded by a short-term low-interest loan and converted to a term revenue bond upon completion.
- Aside from the AMI project, revenue generated by these proposed changes will provide sufficient resources to meet operating and capital needs, service expectations, and to meet rating agency debt coverage ratios.
- The change will continue the planned multi-year recovery of revenue lost from capital fee to maintain credit rating and debt service coverage
- Proposed rates are as follows:

Base Charge*	Bi-Monthly Current	Bi-Monthly Proposed	Change	Monthly Current	Monthly Proposed	Change
⅝"	$ 9.78	$ 11.10	+$ 1.32	$ 5.52	$ 6.18	+$ 0.66
¾"	$ 14.05	$ 16.03	+$ 1.98	$ 7.65	$ 8.64	+$ 0.99
1"	$ 22.58	$ 25.88	+$ 3.30	$ 11.92	$ 13.57	+$ 1.65
1.5"	$ 43.90	$ 50.50	+$ 6.60	$ 22.58	$ 25.88	+$ 3.30
2"	$ 69.49	$ 80.05	+$ 10.56	$ 35.37	$ 40.65	+$ 5.28
3"	$ 137.73	$ 158.85	+$ 21.12	$ 69.49	$ 80.05	+$ 10.56
4"	$ 214.50	$ 247.50	+$ 33.00	$107.88	$ 124.38	+$ 16.50
6"	$ 427.75	$ 493.75	+$ 66.00	$214.50	$ 247.50	+$ 33.00
8"	$ 683.65	$ 789.25	+$105.60	$342.45	$ 395.25	+$ 52.80
10"	$1,792.55	$2,069.75	+$277.20	$896.90	$1,035.50	+$138.60

**Some commercial users are billed monthly*

Volumetric Charge (per CCF)	Current Fee	Proposed Fee	Change
Single Family Residential	$4.47	$4.77	+$0.30
Irrigation	$5.53	$5.90	+$0.37
Multi-Family Residential	$3.93	$4.20	+$0.27
Commercial			
0-1,000 CCF Monthly 0-2,000 CCF Bi-Monthly	$3.78	$4.04	+$0.26
>1,000 CCF Monthly >2,000 CCF Bi-Monthly	$2.35	$2.51	+$0.16
Manufacturer			
0-1,000 CCF Monthly 0-2,000 CCF Bi-Monthly	$3.78	$4.04	+$0.26
>1,000 CCF Monthly >2,000 CCF Bi-Monthly	$2.15	$2.29	+$0.14

Customer: Owners or occupants of all residential, institutional, educational, assembly, or multi-family residential occupancies that are connected to the Asheville water system pay this fee.

Service Impact: This increase would support the completion of a long-range plan to guide future service needs and changes.The proposed fee change would allow the City of Asheville Water Resources Fund to receive revenues comparable to those before the removal of the Capital Improvement (CIP) Fee. These estimated future revenues will permit system expansion and address system needs.

Revenue Impact: The proposed changes are expected to increase revenues by about $3.5M (including ongoing growth in customer accounts) and slowly increase the fee over time to lessen the burden on customers.

Staff Recommendation: Approve fee changes effective July 1, 2022.

Community & Regional Entertainment Facilities (General Fund)

Description: These fees are charged for the rental, administration, application processing and review, coordination of services, and permit issuance within the Office of Special Events.

Revenue Impact: Increase of $51,000 in the General Fund.

Staff Recommendation: Approve fee changes effective July 1, 2022.

Fee Type	Proposed Fee	Change
Event Applications		
Type 1	$100	+$ 50
Type 2	$200	+$100
Type 3	$400	+$300
Neighborhood Block Party	$ 75	+$ 25
Remove Late Application Fee	$ 0	-$ 150
Commercial Film & Photography		
Event Application &	$100	+$ 50
Late Application Fee	$ 50	+$ 25
Pack Square Park Rental		
Roger McGuire Green/Stage	$800/3 hours +$200/ea add hour	+$300/3 hours +$100/ea add hour
Reuter Terrace	$200/3 hours +$50/ea add hour	+$100/3 hours +$25/ea add hour
Raised Lawn at Pack Square	$200/3 hours +$50/ea add hour	+$100/3 hours +$25/ea add hour
Spider Box Rental Fee	$40 per unit per day	New Fee
Stage Light Use Fee	$25 per hour, 3 hour min	New Fee
Parks & City-Owned Property Event Use Fees	$200/3 hours +$50/ea additional hour	New Fee
Light Pole Banner		
Application Fee	$100 (up to 3 years)	+$50 per year
DSD Pole Banner Sign Permit Fee	$200 + 4% tech fee per year	New Fee
Hardware Maintenance	$150/pole, per year	+$140/pole per year

Development Services (General Fund & Stormwater Fund)

Description: These fees are charged for permit application, review, inspection for development activity, compliance, and controls. Changes are intended to keep fees in line with cost recovery recommendations made by a development fee study completed in 2018.

Revenue Impact: Increase of $24,000 in the General Fund; increase of $16,500 in the Stormwater Fund.

Staff Recommendation: Approve fee changes effective July 1, 2022.

Fee Type	Proposed Fee	Change
Stormwater Development Fees		
Stormwater Level I Project	$ 830	+$ 40
Stormwater Level II Project	$1,350	+$ 80
Stormwater Level III Project	$2,250	+$150
Stormwater Major Subdivision	$1,350	+$ 90
Flood Permit - Minor Work	$ 105	+$ 5
Floodplain Development - Major Work	$ 630	+$ 30
Floodway Development	$1,050	+$ 50
Flood Permit Extension	$ 105	+$ 5
Grading - Residential < 10,000 sq ft	$ 240	+$ 15
Grading - Residential > 10,000 sq ft	$ 450	+$ 25
Grading - Commercial < 10,000 sq ft	$ 660	+$ 30
Grading - Commercial > 10,000 sq ft	$1,350	+$ 90
Residential Permit Extension	$ 105	+$ 5
Commercial Permit Extension	$ 630	+$ 30
Commercial Permit Extension < 10,000 sq ft	$ 315	+$ 15
Sound Exceedance Permits		
Type 1	$ 100	New Fee
Type 2	$ 200	New Fee
Type 3	$ 500	New Fee

Parks & Recreation (General Fund)

Description: These fees are charged to applicants who use the multipurpose rooms, gymnasiums, and auditoriums at the community centers (Burton, Grant, Harvest House, Senior Opportunity, Shiloh, West, Montford, and Stephens-Lee). The changes to decrease fees are intended to make it easier, more accessible, and more affordable for community members to host small gatherings. The changes to add the floor cover for the gymnasium is intended to protect and decrease the amount of damage that can occur to the hardwood floors.

Revenue Impact: There is no revenue impact from the cumulative changes to these fees.

Staff Recommendation: Approve fee changes effective July 1, 2022.

Fee Type	Proposed Fee	Change
Multipurpose Room Rental Fees		
Deposit	$100	-$100
Per hour during non operating hours	$ 50	-$ 25
Per hour during operating hours	$ 25	-$ 25
Auditorium Rental Fee		
Per hour during non operating hours	$ 75	+$ 25
Per hour during operating hours	$ 50	+$ 25
Floor Cover Fee for non athletic events in gymnasiums	$ 50	New Fee
Rental Extension Fee	Double the Initial Hourly Rental Fee	New Fee

Public Works - Streets (General Fund)

Description: A new fee for the purpose of traffic control for contracted construction, closures, movies, and other events.

Revenue Impact: Increase of $5,500

Staff Recommendation: Approve fee changes effective July 1, 2022.

Fee Type	Proposed Fee	Change
Rental of Materials/Services for Traffic Control		New Fees
Trailer	$14.15/hour	
Dump Truck	$67.70/hour	
Pickup Truck	$26.40/hour	
Sweeper	$96.80/hour	
Rear Packer	$48.50/hour	
Labor Costs	Actual hourly dependent on staff	

Public Works - Sanitation (General Fund)

Description: The fee for renting sanitation containers for festivals is not currently being charged due to the limited staffing and overtime capacity of Public Works.

Revenue Impact: None

Staff Recommendation: Approve fee changes effective July 1, 2022.

Fee Type	Proposed Fee	Change
Festival Trash Container Fee	Per Container $0	-$10

Transportation - Traffic Engineering (General Fund)

Description: Fees charged to permanently and temporarily close right-of-way related to development and redevelopment applications for right-of-way review, advertising, and consideration.

Revenue Impact: Increase of $66,000 in the General Fund

Staff Recommendation: Approve fee changes effective July 1, 2022.

Fee Type	Proposed Fee	Change
Permanent Right-of-way (ROW) Closure		
Application Fee	$ 500	New Fee
Permit Fee	$3,500	-$ 500
Additional Closure on Same Parcel (per ROW to be closed)	$2,500	New Fee
Temporary Right-of-way Closure		
Application Fee	$100	New Fee
Permit Fee Current fee is $50/permit every 30 days		New Fees
1 - 7 days	$ 50	
8 - 29 days	$100	
Over 30 days (per week)	$100	
Standards and Specifications Modification Request Review Fee	$100	New Fee

Transportation - Parking (Parking Fund)

Description: Parking lot fees - Added fee options for customers to utilize Lot 20 (50 Asheland Ave) and City Hall employee parking lot (17 Marjorie Street). Currently only monthly parking is authorized in Lot 20, and no fees are charged at Marjorie Street. Hourly and flat rate fees will provide Parking Services staff flexibility to manage available parking, more short-term parking options, and additional revenue to support maintenance of these assets.

Parking space and loading zone closure fees are charged to vendors and contractors utilizing metered spaces for short periods of time.

Revenue Impact: Increase of $10,000 in the Parking Fund.

Staff Recommendation: Approve fee changes effective July 1, 2022.

Fee Type	Proposed Fee	Change
Parking Lots		
Lot 20 Flat Fee (per Entrance)	$3.00 - $6.00	New Fees
Lot 20 Hourly Fee	$1.50 - $2.00	
Marjorie St Employee Parking Lot Flat Fee	$3.00 - $6.00	
Time Restricted Parking (Parking Meters)		
Use of parking space for an entire day (metered and unmetered)	$25	+$ 3
Use of loading zone for an entire day	$35	+$13
(Extended Loading Zone)	$45	+$23
Use of ADA parking space for an entire day	$50	+$28