



Board Summary Report

To: SEMSWA Board of Directors

From: Lanae Raymond, WQ Program & Special Projects Program Manager

Date: May 20, 2010

Re: Fee Reduction Policy

Board Meeting Date: June 16, 2010

Purpose and Recommendation

The purpose of the Fee Reduction Policy is to establish a system of available fee reductions for new development and redevelopment projects that require SEMSWA review and permit services as well as procedures for requesting and authorizing a fee reduction. It is recommended that the Board adopt the Fee Reduction Policy and authorize the SEMSWA Technical Review Committee (TRC) and Executive Director limited discretion in reducing fees per the criteria established in the Policy.

Background

SEMSWA's formation agreements grant it the authority to assess and collect reasonable fees to cover or offset the cost of its review and permit services. In 2010, SEMSWA established its methodology for calculating review and permit fees (Resolution No.18, Series of 2010 "*Adoption of Fee Schedule for Review and Permit Services*"). SEMSWA fees have been determined based on the principle that development should pay its share of development-related costs.

SEMSWA recognizes that there are situations when a fee reduction program for owners and developers may be justified. Although it is the intent to recover SEMSWA's cost to provide the required review and permit services to facilitate development, there may be special situations when a reduction in fees is a worthwhile investment by SEMSWA to optimize the stormwater system. However, a fee reduction is anticipated to be a rare occurrence. SEMSWA's annual ratepayers expect that fees reflect the policy that those using the services pay for the services. The Fee Reduction Policy will establish criteria to govern situations if a reduction is requested.

Discussion

Fee reduction considerations that have been determined to provide benefits to SEMSWA ratepayers are as follows:

- *Reciprocity in Services* defined as a beneficial mutual exchange of public sector services.
- *Duplication or Replication of Services*, defined as a duplicate or repetitive review or permitting.
- *Beneficial Exchange of Services*, defined as a beneficial mutual exchange of services, specifically the benefit to ratepayers of enhancing the stormwater system.
- *Executive Director Determination*, defined as an adjustment in the SEMSWA process or fee schedule for a unique circumstance difficult to contemplate in the Fee Schedule adoption.

The criteria used to guide the decision for granting a fee reduction for each of the categories above are established in the Fee Reduction Policy document.

SEMSWA will require the owner or developer to apply through a formal Fee Reduction Program Application process. The reduction is extended only to owners or developers that apply for and demonstrate that they qualify for the fee reduction. The Applicant may submit a Variance Request and a TRC meeting will be scheduled when all supporting documentation is made available to SEMSWA along with the Application Form. The TRC will determine if the Fee Reduction application meets the criteria established in the Fee Reduction Policy and will make a recommendation to the Executive Director for authorization of a Fee Reduction, if applicable.

Alternative

The Board may choose not to adopt a Fee Reduction Policy; that is in essence a policy of no fee reductions for any circumstance. Or the Board may choose to be the entity to authorize any fee reductions by elevating Applications and decisions to the Board or Board Committee level.

Fiscal Impacts

There are fiscal impacts to any reduced fees. However, the intent of the policy is to make sure that any reduction is reasonable, can demonstrate a benefit to ratepayers and/or an enhancement to the stormwater system in excess of what would be typically required in terms of fees or services, and/or is necessary per the Executive Director determination. The TRC Variance Request Form will have a space to identify the actual fee reduction requested and a space to complete the fiscal impact of a fee reduction for a Beneficial Exchange so that reduced fees can be tracked, as follows:

Request Summary: Please describe the variance request, including the applicable section(s) from the *Stormwater Management Manual* and/or *Grading, Erosions and Sediment Control Manual*, and/or *Fee Schedule*. Please also attach letter outlining the request and justification in detail, including applicable calculations, exhibits, or other reference material. *If a fee reduction request, please identify the fee reduction amount.*

If a 'Beneficial Exchange in Service' Fee Reduction: Please include the (1) Estimated Reduction (as compared to the full review fee to process the case) and (2) Estimated Exchange Amount (defined as the estimated value of the proposed benefit to the system). The proposed benefit must exceed the estimated reduction to qualify for a fee reduction.

(1) \$ _____ Notes: _____
(2) \$ _____ Notes: _____

Additionally, the Budget Committee will review the utilization and effectiveness of the Fee Reduction Policy annually, including actual fees reduced in response to this policy, to recommend to the Board whether it should be modified, continued or discontinued.

Concurrence

Discussions with the SEMSWA Budget Committee at their regularly scheduled meeting on May 13, 2010 indicate concurrence with the Fee Reduction Policy, with revisions to include: 1) a \$250 application fee assessed, and 2) an assessment of the utilization and effectiveness of the Policy with respect to Best Practices considerations.

John A. McCarty, Executive Director

Date