



September 28, 2018

Important Notice: TVWD Proposed Fee Changes for Plan Review & Inspection Services

Tualatin Valley Water District (TVWD) is updating its plan review and inspection fees and process to recover its cost of services provided for those activities. TVWD does not currently recover the full cost of providing plan review services and does not currently collect any fees for inspection services.

With pending changes to the plan review and inspection service fees, the TVWD Board of Commissioners directed staff to obtain feedback from the development community regarding these changes. An open house was held on September 26, 2018 and an online form to collect feedback is available at: www.tvwd.org/develop.

The underlying principles for these changes are as follows:

1. **Equity:** TVWD desires to maintain equity amongst new and existing customers. A full-cost recovery of costs associated with development is desirable to maintain this equity.
2. **Simplicity:** TVWD desires to maintain simplicity to avoid unnecessary administration costs or a lengthy development review process.
3. **Sensitivity to development:** TVWD desires to implement the associated plan review and inspection fees without unduly affecting economic development.

To analyze its full cost of service, TVWD contracted with FCS Group to review the current plan review and inspection process and provide recommendations for fees and implementation of options. The fees were developed with input from TVWD, and account for the labor to perform development services activities. The rates utilized will include full-cost recovery for reviewing plans, inspecting new assets, performing final inspections, water sampling, pressure testing observation, and fire flow testing for new developments. Figure 1 below shows a comparison of current fees, the proposed fees, and how those fees might compare to those of neighboring agencies.¹

Since the fees collected by the neighboring agencies might also include other services, TVWD made the following assumptions for potential costs from the neighboring utilities:

1. Inspections are paid on an hourly basis for City of Hillsboro and City of Tigard
2. Waterline cost for each lot is estimated at \$6,800 (50-ft main extension, service lateral, and meter installation)
3. Largest number of lots selected (e.g., 1-10 lots was calculated as 10 lots)

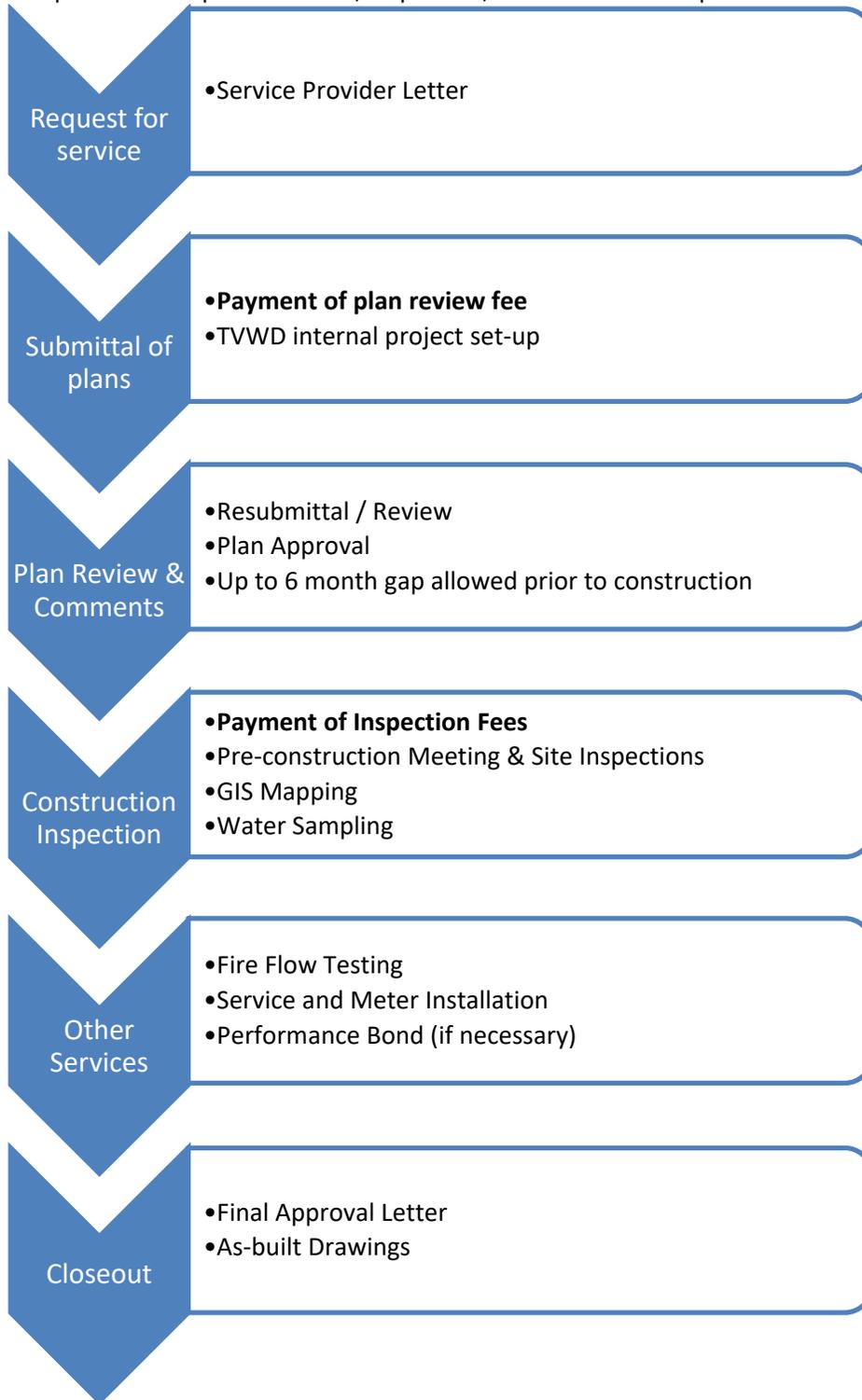
¹ Comparisons of this nature are inherently difficult due to varying functions different agencies provide. Staff used available information with appropriate assumptions for comparison purposes only. Users should not use these estimates to plan real project budgets.

Figure 1: Cost comparison of plan review and inspection fees.

Engineering Development Fee	Current Fee	Proposed Fee	City of Beaverton	City of Hillsboro ^[1]	City of Tigard ^[1]
Plan Review & Inspection - 1-10 lots	\$ 185	\$ 2,650	\$ 10,066	\$ 2,720	\$ 8,160
Plan Review & Inspection - 11-50 lots	\$ 265	\$ 4,410	\$ 33,929	\$ 11,900	\$ 40,800
Plan Review & Inspection - 51-100 lots	\$ 420	\$ 5,750	\$ 58,459	\$ 23,800	\$ 81,600
Plan Review & Inspection - More than 100 lots	\$ 475	\$ 8,710			
Plan Review & Inspection - Commercial Development, Meter smaller than 2"	\$ 340	\$ 1,000			
Plan Review & Inspection - Commercial Development, Meter 2" or larger	\$ 475	\$ 6,360			
Performance Bond Admin Fee	\$ -	\$ 360	\$ -	\$ -	\$ -
Additional Sampling Fee	\$ -	\$ 390	\$ -	\$ -	\$ -
Reinspection Fee	\$ -	\$ 150	\$ -	\$ 65	\$ 90
Resubmittal Fee	\$ -	\$ 120	\$ -	\$ 55	\$ 90

Figure 2 below shows the development process and includes the points at which TVWD proposes to collect fees. The method of collecting plan review fees is not anticipated to change, as the fees will be collected at the time of the initial plan submittal. The inspection fees are proposed to be collected separately as suggested by FCS Group. TVWD proposes to collect these prior to holding the mandatory preconstruction meeting.

Figure 2: Proposed development review, inspection, and fee collection process.



TVWD believes that collecting the inspection fees immediately prior to the pre-construction meeting will be beneficial for both parties since there is usually a time lag between when the

plans are approved and when the project enters the construction phase. Figure 3 below shows the breakdown of the individual plan review and inspection fees, and other fees that may apply.

Figure 3: Current and proposed fee breakdown

Engineering Development Fee	Current Fee	Proposed Fees		
		Plan Review	Inspection	Total
Plan Review & Inspection - 1-10 lots	\$185	\$320	\$2,330	\$2,650
Plan Review & Inspection - 11-50 lots	\$265	\$670	\$3,740	\$4,410
Plan Review & Inspection - 51-100 lots	\$420	\$840	\$4,910	\$5,750
Plan Review & Inspection - More than 100 lots	\$475	\$980	\$7,730	\$8,710
Plan Review & Inspection - Commercial Development, Meter smaller than 2"	\$340	\$530	\$470	\$1,000
Plan Review & Inspection - Commercial Development, Meter 2" or larger	\$475	\$1,170	\$5,190	\$6,360
Performance Bond Admin Fee	\$0	\$360	\$0	\$360
Additional Sampling Fee	\$0	\$0	\$390	\$390
Reinspection Fee	\$0	\$0	\$150	\$150
Resubmittal Fee	\$0	\$120	\$0	\$120

Other fees that are being proposed include a performance bond administration fee, additional sampling fee, reinspection fee, and resubmittal fee. A description of when these fees apply is as follows:

- Performance bond administration fee: This fee only applies when the developer desires to have water meters installed, and the work is not yet 100% complete. TVWD prefers that the work be completed but will allow a bond for minor work items which remain. This fee covers TVWD's administration of such bond.
- Additional Sampling Fee: TVWD has included the cost of initial and follow-up samples in the inspection fee. If either the initial samples or the follow-up samples do not pass, TVWD requires that the additional sampling fee be paid to cover the added inspection cost.
- Reinspection fee: If the inspector is called out for a final inspection, and punchlist items are not complete, TVWD will require a reinspection fee prior to performing additional inspections of the work.
- Resubmittal fee: The resubmittal fee applies in a couple situations.
 - First, when the lag time is too great between final approval and the preconstruction meeting, TVWD will need to verify that there are no new conflicts either with the plans or with TVWD standards. The required resubmittal fee will recover the costs of performing an additional plan review, due to the lapsed time. The maximum allowable lag between final plan approval and requiring the resubmittal fee is 6-months from the time of approval until the pre-construction meeting.
 - Second, if plans require more than 4 iterations, a resubmittal fee will be assessed.

The timeline for implementing the fees is shown below in Figure 4. TVWD anticipates implementing the updated plan review fees on November 1, 2018. Plans submitted prior to this date will be subject to the current rates. TVWD plans to implement the inspection fees starting

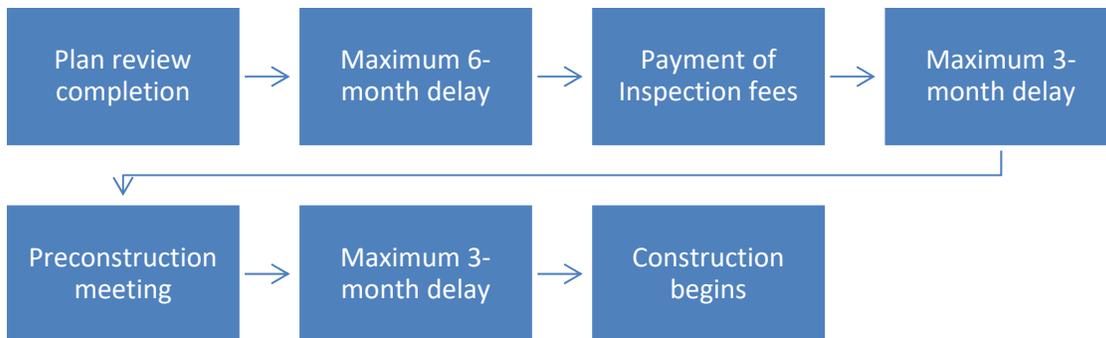
February 1, 2019, after which both fees will be updated annually on November 1st.

Figure 4: Important dates



If a pre-construction meeting is held prior to February 1, 2019 and constructions begins within 3 months of the pre-construction meeting, inspection fees will not be assessed. Figure 5 steps through the payment of fees, and allowable time lag between activities. This timing is necessary to avoid additional administration costs associated with the time lag between activities.

Figure 5: Plan review and inspection process.



The TVWD Board of Commissioners will receive a report of input received on this plan at the October 2, 2018 Work Session and is scheduled to take action for adoption of and implementation of the fees at the October 24, 2018 Regular Board Meeting. More information about these fees can be found at www.tvwd.org

If you have questions, you may contact us by phone at (503) 848-3000 or email: Nick.Augustus@tvwd.org.

Sincerely,

Nicholas Augustus – Engineering Division Manager