

Memorandum

REPORT TO: City Commission

FROM: Nicholas Ross, Director of Transportation and Engineering

SUBJECT: Resolution 2025-##, Adopting Transportation and Engineering Infrastructure Review Fee Schedule

MEETING DATE: February 11, 2025

AGENDA ITEM TYPE: Resolution

RECOMMENDATION: **Consider the Motion:** *I move to adopt the Resolution setting a fee schedule for Transportation and Engineering Infrastructure Review.*

STRATEGIC PLAN: 7.5. Funding and Delivery of City Services: Use equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

BACKGROUND: Infrastructure plans associated with development applications are reviewed and approved by the Department of Transportation and Engineering. Infrastructure Review generally follows a 10-stage process as outlined in the City of Bozeman Public Infrastructure Review Process Road Map found on the Infrastructure Review page of the city's online Development Center. Infrastructure Stages 1-2 are accepted and reviewed as part of the Planning Application and cost of service for these stages have been previously considered and assessed through the Community Development Fee Schedule. Cost of services for Stages 3-10 of Infrastructure Review have not previously been considered under Community Development fee studies and currently do not have application fees associated with the service.

The Director of Transportation and Engineering seeks to offset Engineering Division personnel costs and provide an incentive for improved quality of submissions by setting direct fees for Infrastructure Review services not previously assessed for development applications.

City Management gave approval to consider fees of this type in 2023. The Engineering Division then partnered with BerryDunn to prepare an Infrastructure Review Process Cost of Service and Fee Study (attached). This study aimed to evaluate the level of effort and resources that the Engineering Division expends on service delivery. The study projects the full cost of providing public infrastructure review services related to applicable development activity throughout the city and proposes fees for these services as described in the attached Resolution and Fee Schedule.

The Division seeks a fair manner of fee assessment which requires consideration of the varied types and scale of submissions. In order to accomplish this goal, the Division has estimated level of effort for each of stages 3-10. Stage 3 and 6 were found to vary greatly based on scale of project while the remaining phases required relatively consistent levels of effort. For this reason, the proposed fee structure includes a Base Fee of \$1,650 plus a variable fee of \$43.10 per sheet reviewed in said application. The variable fee per sheet equates to a production rate of 1/2 hour per sheet at an average hourly rate for the Division of \$86.19. Design Resubmissions are further assessed at a rate of \$86.19 per sheet which equates to a production rate of 1 hour per sheet reviewed. This lower production rate considers the additional time required for communication and re-review of issues found in the initial review. Construction Revisions are further assessed at \$172.39 per sheet which equates to a production rate of 2 hours per sheet. This lower production rate considers the extensive additional time spent on communication and field visits when problems arise during construction. Similar to Engineering Permit Fees updated and adopted in 2024, the Division proposes assessing the Infrastructure Review Fees considered in this Resolution at a 75% rate of cost recovery, which is reflected in the proposed fee structure.

For comparison, consultant rates for a mid-level engineer typically range between \$120 and \$150 per hour. The Division has previously used consultant support for Infrastructure Review and direct costs ranged from \$5,000 to \$35,000 per submission. The typical cost of review by the Division, if the proposed fee schedule is adopted, would range between \$3,000 - \$5,000.

The Engineering Division allocates between 6-7 FTE worth of staff to development review for which Infrastructure Review is a substantial part. Based on the scale of applications reviewed and approved by the Division in recent years, the fees considered in this Resolution are projected to collect upwards of \$1m in revenue to offset cost of service to the city.

- UNRESOLVED ISSUES:** None
- ALTERNATIVES:** As suggested by Commission
- FISCAL EFFECTS:** See attached Fee Study.

Attachments:

[Resolution Adopting Transportation and Engineering Infrastructure Review Fee Schedule](#)

[Bozeman MT Infrastructure Review Fee Study Project Report](#)

Report compiled on: January 22, 2025