

April 26, 2018 Renaissance Zone Board Meeting

RE: Establish an Administrative Application Fee for Zone Project Applications

BACKGROUND: It is a general principle among local governments throughout the US that costs connected to activities, projects, and programs not universally associate with general public purpose should not be funded by general purpose funds such as property taxes, sales taxes, etc. In such situations, it is a common practice to establish a reasoned, reasonable fee structure to cover costs associated with the activity, project, program, etc.

In terms of policies involving economic and housing development, it is also a related policy in support of the above principle to establish a fee structure which is balanced between not being too onerous to discourage development activity while being sufficiently reasonable to discourage applications which do not meet the principles and purposes of the program.

There are costs associated with the handling, reviewing, processing and managing Renaissance Zone projects. The Century Code allows cities in creating Renaissance Zones to establish Renaissance Zone Corporations to absorb the cost and responsibility of the Renaissance Zone. The city has elected from the outset to not create such a corporation and, rather, manage it within city operations primarily through the Planning Department.

Establishing an Administrative Application Fee would, at least, provide the ability to recover some of the costs associated with the program.

The proposal is to establish a fee of .0005 per cent. For instance, an applicant with a value of \$1,000,000 will pay a fee of \$500 or an applicant with a value of \$100,000 will pay a fee of \$50. The logic behind a sliding scale is that the higher the value, the more detailed, complicated and time consuming is the process.

RECOMMENDATION; Establish a Renaissance Zone Administrative Application Fee at the rate of .0003 per cent of the value of the investment reflected in the application effective July 1, 2018.