



Date: January 27, 2016

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Marvin G. Williams, Director of Public Works
Subject: Ordinance Revising and Establishing Certain Fees by the City of Durham Public Works Department for the Underground Utility Installations

Executive Summary

This staff memo is to present an ordinance for consideration by the City Council to revise and establish certain fees by the City of Durham Public Works Department for Underground Utility Installations. The fees contained in the ordinance are for the review, permitting, and inspections of the installation of private underground utilities and related appurtenances in the public rights of way.

Recommendation

The Public Works Department recommends that City Council conduct a public hearing to consider the adoption of the attached ordinance to revise and establish certain fees by the City of Durham Public Works Department for Underground Utility Installations.

Background

Prior to 2006, no fees were charged in the City of Durham for utilities installed by private companies in the public rights of way. The lack of oversight, dedicated staff, and increasing volume of private utility work resulted in damage to various public utilities and infrastructure throughout the City. In 2006, the Public Works Department developed a new initiative based on the volume of work at the time, and created the Private Utility Permitting Program. In 2010 the fee schedule was revised and a tiered fee schedule became the current Private Utility fee schedule (see attachment A).

Growth of the program has been substantial since the 2011 period, including the announcement of several major fiber builds by multiple service providers in 2015 which exceeded the capacity of existing staff to manage. In June 2015, at Council's direction, the Department of Public Works began to develop options for revised fees associated with the administration of the program to recover up to 100 percent of the cost of the program. Agenda Item #10948 contains a presentation which discusses the costs for the resources necessary to manage the program, including the use of additional consulting staffing resources to compensate for the large backbone installation of fiber services.

Issues and Analysis

The fee proposal will be determined by City Council during the February 4, 2016, Work Session.

Alternatives

City Council can choose from the following alternatives:

- 1) Direct staff to utilize a different cost recovery rate.
- 2) Keep the current rates and not pursue additional revenue.

Financial Impact

N/A

SDBE Summary

The SDBE Summary section is not applicable for this update.