



CITY OF DURHAM
City Manager's Office

Memorandum

TO: Mayor and City Council
FROM: Thomas J. Bonfield, City Manager
DATE: March 7, 2016
SUBJECT: Private Utility Permitting and Inspection Fees

The public hearing related to Private Utility Permitting and Inspection Fees was continued on February 15, 2016. At the direction of the Mayor and City Council, the City Administration has continued to evaluate the costs associated with the City's permitting and inspections of private utility company work in the public right of way, including the appropriate fees and cost recovery associated with this work. This evaluation has included continued discussions with representatives from the utility companies. As a result of these discussions and our internal review of cost calculations and options, some progress has been made on points of agreement but points of disagreement continue to evolve around actual calculation of costs.

The ability of utility companies to function in the public right of way is essential to their operation and is important to overall development and the efficient delivery of public utility services to residents and business in Durham. Equally important to Durham residents and those that traverse city streets and sidewalks are the assurances that when roadways, sidewalks, and adjacent right-of-ways are disturbed as a result of new utility construction or repairs within the right-of-way, that the disturbed areas are restored to at least their condition prior to the utility work. The utility company representatives acknowledge this importance and wish to continue to work with the City of Durham to find a partnership solution.

Late last week the utility companies submitted the following email regarding their current preferred position on this matter:

"the industry coalition appreciates the meeting we had last week and the proposal we subsequently received from you. We were most excited to learn that the City plans to have the staff log their work activities starting on 3/1/16 as we hope that will help us all determine and understand the actual costs associated with managing the rights-of-way (ROW). Until those work activities are logged, the industry coalition maintains that any increases to the existing ROW permitting fees are inappropriate and unlawful (as are the current fees). However, in the spirit of compromise, the industry coalition is willing to immediately offer the 20% increase on top of the current permitting fees for permits under one mile and a 25% increase on top of the current permitting fees for permits over one mile, recognizing that these increases are purely a

compromise and are not based on data. We would also agree to immediately schedule a meeting with the City Staff to review the actual work logs around the 7/1/16 time frame and again around the 7/1/17 time frame so we can work cooperatively to determine if the ROW permitting fees need to be adjusted to reflect some equitable percentage of the actual cost of managing the ROW. We hope that you, the Mayor and the City Council will also agree that the most prudent course of action is to base any proposed permitting increases on the actual costs of managing the ROW.”

My recommendations to move this matter forward are as follows:

- The current inspection fees for internal staff work related to infrastructure of 5,280 feet or less will remain in place.
- Effective March 1, 2016 staff will begin logging actual time associated with their work for permits on infrastructure of 5,280 feet or less.
- After three months (May 31, 2016) staff will calculate average actual costs associated with this work and update the tiered inspection rate schedule previously proposed.
- Effective July 1, 2016 a new fee structure will commence based on these cost calculations with a 50% cost recovery.
- Effective immediately the permit fee rates associated with contracted inspection for infrastructure greater than 5,280 linear feet will be as reflected in the attached fee schedule and will be based on a 50% cost recovery.
- Effective immediately re-inspection fees for all private utility inspections will be \$325.
- Effective immediately failure to obtain a permit prior to non-emergency work commencing will result in a 3 times fee penalty.
- In June 2016 the actual costs over the prior 90 days associated with all permitting and inspection of private utility work will be reviewed with interested private utility companies and permit and inspection rate schedules will be updated to reflect a 50% cost recovery effective July 1, 2016.