

2006-0441

CITY OF ROCHESTER HILLS

**P**ublic  
Services

DATE: July 12, 2006

TO: City Council

RE: Development Fee Ordinance

In response to a few questions regarding elimination of the 4% road fee:

Currently, it states in the Ordinance, Sec. 110-372 (4) c Road Construction Fees, 1. Prior to beginning any on site construction, a nonrefundable road fee shall be paid to the city in the amount of four percent of the cost of final grading, paving, curbing, shoulders and ditching; however, such fee shall not be less than \$3,500.00.

An analysis was completed that evaluated the actual difference on two subdivision fees that were calculated based on the 4% road fee versus using the same percentage collected for water main, sanitary sewer, storm sewer and pathway construction costs. The percentage used varies based on the estimated construction costs. It was determined that additional funds would have been deposited into the escrow account using the percentage collected for water main, sanitary sewer, storm sewer and pathways.

By requesting additional funds before construction starts, it eliminates the need to stop inspection to collect additional funds if the escrow account goes into arrears. Escrow funds that are not used are returned to the developer when the project is complete. In addition, it standardizes our processes for collecting escrow deposits and gives the City the ability to charge actual expenditures versus collecting estimated fees.