

**Purpose:** Share with Board of Commissioners the criteria for reviewing fees and charges, per the User Fee Policy.

North Carolina General Statutes (NCGS) authorize the setting of fees by counties in Section 153A - 102. The statute reads: "The Board of Commissioners may fix the fees and commissions charged by county officers and employees for performing services or duties permitted or required by law. The board may not, however, fix fees in the General Court of Justice or modify the fees of the register of deeds prescribed by G.S. 160-10 or the fees of the board of elections prescribed by G.S. 163-107."

The county User Fee Policy was adopted by the Board of Commissioners on March 13, 2000. This policy establishes guidelines to be used by the County Manager to determine fees and commissions that are not statutorily restricted.

User fees are evaluated by departments as part of the annual budget development process. Proposed user fee changes are submitted to the County Manager and Budget and Management Services for review. Recommended user fees changes are presented to the Board of Commissioners during the budget development process in the annual recommended budget. Changes to user fees are included in the General Fund Operating Budget Ordinance for Board of Commissioner approval.

Fees are defined as regulatory or non-regulatory. Below are guidelines for setting fees based on fee type per the county's user fee policy.

#### **Regulatory Fees**

Fees charged to individuals or organizations for participation in government-regulated activities, such as building permits, land disturbance fees, and code enforcement permits, are considered "regulatory fees." These fees shall be set at a level that strives to recover full costs of providing the service, unless statutory restrictions limit the fee amount.

#### **Non-Regulatory Fees**

Non-regulatory fees are charged for a wide variety of services; therefore, more in depth criteria must be used in establishing the fees. There are two primary purposes for non-regulatory fees: 1) to influence the use of the service and 2) to increase equity. The determination of the level of cost recovery varies based on which purpose applies.

A. If the purpose of the fee is to regulate and influence the use of the service, the fee shall be set to respond to demand.

1. If the purpose of the fee is to discourage use of the service, fees shall be set at a level to recover full costs of providing the service.
2. If the purpose is to provide a service for a fee but not discourage its use, fees shall be set so that demand for the service is not significantly reduced, while recovering partial costs of providing the service.

B. If the purpose of the fee is to improve equity by charging users for the consumption of goods and services, the following criteria should be considered in setting the fee:

1. If the service is purely a private good and does not enhance community-wide quality of life, the fee shall be set according to market rates and shall strive for full cost recovery.

2. If the service provides broader public benefits through its consumption, thereby enhancing community-wide quality of life, the fee shall be set so that use of the service is not discouraged, demand for the service is unchanged and partial recovery of costs is obtained.
3. If low-income citizens are included in the population of service recipients, fees for their participation shall be set to recover partial costs of providing the service, as long as this can be accomplished without precluding their use. A sliding-scale fee is one strategy for accomplishing this.

If a service is provided by the County using general fund dollars to fully fund the service (therefore no fee charged), it is acceptable to set a fee for the use of the service for non-residents of the County. An example of this includes public libraries.

Below is an excerpt of Community Services user fee changes that were approved through the FY 2020 General Fund Operating Budget Ordinance.

| Fee Name                  | Fee Description  | Current Fee                                   | New Fee |
|---------------------------|--|---|---------|
| <b>Community Services</b> |  |   |         |
| Library Late Fees         | Overdue fines for materials.   | \$0.10/day<br>\$2/max/item or<br>\$10/account | \$0     |
| Standard Color Map Sales  | Printing standard County GIS color maps.   | \$2-10  | \$0     |
| Special Project Sales     | Customized map projects produced through interaction between GIS staff and the customer. | \$30/hour                                     | \$0     |