FINANCE AND ADMINISTRATION COMMITTEE
January 23, 2025
2:00 p.m.
Councilman Denny Whayne Conference Room (Busch Building, 4th Floor)

MEMBERS PRESENT: Matthew Simpson, Chair; Heather Hardinger; Monica Horton; and Brandon Jenson.

MEMBERS ABSENT: None.

STAFF PRESENT: David Holtmann, Director of Finance; Tona Bowen, Financial Analyst; Tammy Beeman, Budget Coordinator; Errin Kemper, Director of Environmental Services; Matt Schaefer, Senior City Planner; Jordan Paul, City Attorney; Daniel Neal, Senior City Planner; Anita Cotter, City Clerk; and Michelle Kaasa, Senior City Clerk Administrative Specialist.

GUESTS: Councilmember Lee.

Mayor Pro Tem Simpson, Chair, called the meeting to order at approximately 2:02 p.m., and roll call was conducted. Present: Heather Hardinger, Monica Horton, Brandon Jenson, and Matthew Simpson. Absent: None.

David Holtmann, Director of Finance, noted the topic would be a presentation of the Annual Fee Study. Mr. Holtmann introduced Tona Bowen and Tammy Beeman, Financial Analysts. Mr. Holtmann explained an Annual Fee Study was required, and the objective was to recover all costs. He added one-third of all fees were reviewed each year, and the Consumer Price Index (CPI) index was applied to the remaining two-thirds of the fees.

Ms. Beeman provided a brief overview of the Annual Fee Study. She noted the highlights of the Fee Policy included one-third of fees being evaluated annually; the remaining two-thirds not evaluated would increase by CPI. Fees were recommended to recover 100 percent of the cost, and Enterprise Fund Fees could recover cost plus further capital and maintenance needs. Ms. Beeman noted the one-third to be reviewed included Economic Vitality, Planning and Development, Finance, Municipal Court, Public Information Office, and Environmental Services.

Ms. Beeman noted the fees were calculated by taking the current direct labor cost, with the employee time spent to provide the service being the largest cost to all fees. She added the most current labor costs were used to provide the projections. The costs were then averaged out among all employees in a job title. Ms. Beeman noted this, along with the average time to perform the service, determined the labor cost. Ms. Beeman further noted the plus 3-year average direct cost, which included credit card fees, mileage, and direct materials, provided the direct cost and the plus 3-year averages of division supplies and services cost per unit provided the indirect cost. The above costs plus the 3-year average of department administrative overhead per unit, and the 3-year average of City overhead per unit determined the total cost per unit. Ms. Beeman further noted the units of service for the most recent fiscal year end, the current fees which were effective July 1, 2024, and the proposed fees that would be effective July 1, 2025, were reflected. Ms. Beeman noted the Finance and Administration Committee did have the ability to make changes, and the Finance Department was seeking approval. She further noted community stakeholders were notified of the recommended development fee changes in December and were asked for feedback.

Ms. Beeman noted 83 fees for services were evaluated. No new fees were recommended to be added to the evaluation, and no fees were recommended to be eliminated. She further noted 5 fees were recommended to be reduced, 18 were recommended to have no change, and 60 were recommended to be increased. Ms. Beeman added the impact of the study showed the fee changes were anticipated to add approximately $1.4 million in total revenue. Of this, $1.3 million would be non-general fund revenue. Ms. Beeman noted the total proposed revenue generated would be $17.2 million. She further noted sanitary landfill fees represented 95 percent of the projected revenues for this year's evaluation.

Ms. Beeman reviewed the Permit, Plan Review, and Inspection Fees. She noted these fees were being evaluated for the second time in the five-year cycle. Ms. Beeman further noted more prominent changes as follows: new software resulted in more data collection for Land Disturbance Permits; Planning and Development Fees changes were mainly due to changes in staff; Major Subdivision fees did not account enough for staff time review in prior years; Lot Line Adjustment fees called for increased staff review time; Zoning Certificate fees were updated to more accurately reflect time spent; Zoning Certificate for marijuana staff time by Planning Manager was understated in prior review and was updated to reflect time spent; and the Short-Term Rental Type II was updated to better reflect time spent.

Ms. Beeman noted Licensing fees for investigating liquor license locations, after hours establishment investigations, and tanning location security were updated to accurately reflect staff performing background checks.

Ms. Beeman provided an update of Charges for Services. She noted the majority of charges in this category were from the Economic Vitality Department. Ms. Beeman further noted eight of the fees had changes of more than 10 percent mainly due to changes in staff roles and time spent. She added for property tax abatements, additional time was needed for review. Ms. Beeman noted Chapter 100 fees were updated to reflect changes in staff and a shift in duties.

Councilmember Jenson asked if property owners would only have to pay for the request for property tax abatement for areas that had already received a plan. Matt Schaefer, Senior City Planner, responded affirmatively. Councilmember Jenson asked if there was any consideration of cost based on the scale of the project. Mr. Schaefer responded the cost could outweigh the benefit of Chapter 99 for small scale projects such as single-family homes.

Mayor Pro Tem Simpson noted the objective was to capture full cost recovery; however, this was not an obligation. Councilmember Jenson noted he would like to see movement toward making incentives more readily available to small projects in the future. Mayor Pro Tem Simpson asked if this could possibly be incorporated in the future. Mr. Holtmann responded this could be reviewed.

Councilmember Horton asked if this was a recommendation to create a tiered system. Councilmember Jenson responded potentially.

Ms. Beeman noted Enhanced Enterprise Zone (EEZ) fees had an error in the calculation of two of the fees at the last evaluation. She further noted the total staff time for both fees were the same, and the cost of one position that was previously left out was now included. Ms. Beeman noted Tax Increment Financing fees were updated to reflect staff changes. She added the Public Information Office Rental Fee was updated to reflect correct pay at time-and-one-half.

Ms. Beeman provided an update of Enterprise Fund Fees. She noted theses fees were established to recover operating costs and recover long-term capital investments. She added this evaluation was conducted by Environmental Services, and these fees had no significant changes. Ms. Beeman noted Clean Water Services would increase on average 6.5 percent and Sanitary Landfill fees would increase between 2 percent and 11 percent. She added tipping fees were proposed to increase by 8.5 percent to recover inflationary operating costs.

Councilmember Jenson asked if clean water meter charges were incorporated into the surcharge used for satellite communities. Errin Kemper, Director of Environmental Services, responded the charge was assessed to each of the wholesale wastewater customers who were billed on a per unit rate.

Ms. Beeman noted the fees were proposed fees. She added the proposed fees would go before City Council on February 10, 2025, and it was anticipated City Council would vote on the proposed fees on February 24, 2025. Ms. Beeman noted all fee changes would be effective July 1, 2025.

Councilmember Jenson asked if the brush lot fees would be waived after a significant weather event. Mr. Kemper responded the issue had been discussed, but no formal analysis had been completed. He noted the fees were typically not waived.

Mayor Pro Tem Simpson asked if the changes would require City Council action. Mr. Kemper responded as an Enterprise Fund Fee; he did not believe it would. Councilmember Jenson expressed his belief it would be a good service. Mr. Kemper noted costs for the brush lot were not fully recovered.

Mayor Pro Tem Simpson asked the Finance Department if the approach to fee review was working well. Mr. Holtmann responded affirmatively.

Councilmember Jenson moved to recommend the proposed fees to City Council. Councilmember Hardinger seconded the motion, and it was approved by the following vote: Ayes: Horton, Jenson, Hardinger, and Simpson. Nays: None. Absent: None. Abstain: None.

The meeting adjourned at approximately 2:34 p.m.

Approved by the Finance and Administration
Committee on 03-27-25