

FINANCE AND ADMINISTRATION COMMITTEE

January 18, 2023

11:00 a.m.

Councilman Denny Wayne Conference Room (Busch Building, 4th Floor)

MEMBERS

PRESENT: Andrew Lear, Chair; Heather Hardinger; Mike Schilling; and Matthew Simpson.

MEMBERS

ABSENT: None.

STAFF

PRESENT: David Holtmann, Director of Finance; Tammy Beeman, Financial Analyst; Teresa Allen, Budget Coordinator; Colten Harris, Superintendent of Streets; Dan Jessen, Operations Supervisor-Engineering; Jon Mooney, Assistant Director of Health; Brad Stulce, Public Health Resource Manager; Ron Petering, Assistant Director of Environmental Services; Paul Williams, Police Chief; Rhonda Lewsader, City Attorney; Jill Burris, Assistant City Attorney V; Anita Cotter, City Clerk; Lauren Fischer, City Clerk Administrative Specialist.

GUESTS: None.

Councilman Lear, Chair, called the meeting to order at approximately 11:00 a.m., and roll call was conducted. Present: Heather Hardinger, Mike Schilling, Matthew Simpson, and Andrew Lear. Absent: None.

Mayor Pro Tem Simpson moved to approve the minutes as presented. Councilwoman Hardinger seconded the motion, and it was approved by the following vote: Ayes: Simpson, Hardinger, Schilling, and Lear. Nays: None. Absent: None. Abstain: None.

Councilman Lear, Chair, noted the evaluation of charges for municipal services as today's topic of discussion. He introduced David Holtmann, Director of Finance.

Mr. Holtmann noted Teresa Allen, Budget Coordinator, and Tammy Beeman, Financial Analyst, put together a detailed review for today's presentation. Ms. Allen noted the presentation will review the policy and methodology used to establish the fees, review the fee study statistics, and introduce all the new fees. (Exhibit A.)

Ms. Allen provided a review of the fee policy. She noted one third of fees are evaluated on an annual rotating basis. She noted the fees in review for this year are related to Building Development Services (BDS), Fire, Health, Police, and Environmental Service Enterprise fees. She further noted they are requesting one new Public Works fee. She noted the remaining two-thirds of the fees not evaluated will increase by the consumer price index (CPI) to keep up with inflation in the non-evaluation years.

Ms. Allen noted the first step in calculating the fees includes using direct labor cost from the FY23 budget projections. She noted an employee's time spent to provide the services accounts for the largest portion of the fee. She further noted they used the most-recent labor cost projections and averaged the amount among all employees within a job title. She explained the three-year average of the direct labor cost, division supplies, department administrative overhead per unit, and the average City overhead per unit totals are considered as the fees are calculated.

Ms. Allen noted over 108 fees for services were evaluated. She noted there are six new fees recommended in the evaluation which include four new fees for firework permits, one fee for operation of hazardous material storage, and one Public Works fee for stormwater structure repair. She further noted no fees are recommended to be eliminated; seven are recommended to be reduced; 15 are recommended to have no change; and 80 are recommended to be increased.

Ms. Allen noted the fee impact of this study includes recommended fee adjustments which would generate an additional \$734,955 in total revenue. She noted the proposed revenue increase would add about \$40,000 to the general fund and \$695,397 to the non-general fund revenue. She further noted the overall total revenue generated would be \$14.5 million. She noted the general fund revenues would include BDS permits, fire permits, fire station room rental, and police reports. She noted the non-general funds fund fees are generated by health food permits, health testing fees and services, nuisance abatements, and enterprise fund fees.

Ms. Allen noted many fees are increasing due to the change in labor costs. She noted this year is the third year in the three-year cycle, and it is anticipated there will be a decrease in fluctuations going forward.

Ms. Allen provided a plan review of permits and inspection fees for BDS, Fire, and Health. She noted a reduction in the BDS fee due to a change in staffing within commercial permits. She noted the technology fee change will impact all fees that utilize the ProjectDox software. She noted the sign permit did have a change in staff by eliminating the director's time. She noted four new Fire fees related to the firework permits which includes an operational permit of hazardous materials storage site for fire and life safety equipment. She noted under health permits, the low-priority food establishment fee cost is the only remaining fee they are working to get to 100% cost recovery. She further noted Health Department staff asked at the last evaluation for the maximum increase of 20% to get to the 100% cost recovery.

Councilman Lear asked if there was any angst over increasing the permit costs or inspection fees and asked if the increased costs would be onerous for some businesses. Jon Mooney, Assistant Director of Health, noted there have not been any issues with these specific fee increases which is why they asked for a 20% maximum increase to limit the impact on business owners and food establishments.

Mayor Pro Temp Simpson asked what factors distinguish the high-priority, medium-priority, and low-priority establishments. Mr. Mooney explained it depends on the food type in use, if it is potentially hazardous food, and the temperature at which the food items need to be kept. He further explained it depends on the type of food prep that is needed for the establishment.

Councilwoman Hardinger asked if there was any education going to the business owners regarding the reason for the increase and the benefit the increase will have to the City. Mr. Mooney noted the Health Department sends out information at the end of the billing cycle. He noted they begin in October and utilize multiple sources to send information out about the fees including what these fees cover and if there will be an increase.

Ms. Allen noted the charges for services. She noted these fees are not regulatory and are not imposed by City ordinance. She further noted the consumers of these City services have the freedom to choose whether or not the service provided has enough value to justify paying the established charges. She noted the Fire Department fees include labor cost changes due to a slight increase in department overhead that is calculated on each fee. She noted the police accident injury report fee did increase from \$2 to \$3. She noted the Health Department requested the animal turn-in fee and two of their testing fees that are not at 100% recovery, increase by close to 20% to recover the cost to provide the service. She noted the new Public Works fee is for the repair of stormwater structures such as box culverts and pipe damaged by communication companies or City Utilities repairing their facilities.

Ms. Allen noted there are no changes in ordinance violation fees. She noted the State statutes allow recovery of the cost incurred by the City while enforcing certain ordinance violations. She noted the weed and nuisance abatement fees are recommended to go down due to the change in staff.

Ms. Allen noted the enterprise fund fees are determined differently than the other fees and are established to recover operating cost as well as recover long-term capital investment. She noted Clean Water Services is proposing these fees be increased between 9% and 9.9%. She noted the sanitary landfill associated fees will increase by 5% and 10%. She further noted the largest generator of fees is the tipping fees which are proposed to increase to 5% to cover a portion of inflationary operating costs.

Ms. Allen noted the first reading to City Council would be February 6 with the second reading to be held February 21 for the proposed fees changes. She further noted all new fees and fee changes would be in effect starting July 1, 2023.

Councilman Lear asked about the tipping fees for the landfill and if there was a way to compare local and non-local trash haulers to see who uses our landfill. Ron Petering, Assistant Director of Environmental Services, noted the fee is the same for both non-local and local haulers, and there was not a way to know who was local.

Mayor Pro Tem Simpson mentioned the future cost of maintaining the landfill facility and asked if the future capital cost can be added into the cost of doing business on an annual basis. Mr. Holtmann noted there is a specific way this cost is set up for solid waste. Mr. Petering noted tipping fees are completed by a third-party financial consultant who creates a long-term rate model for future costs.

Councilman Lear asked if there has been more construction and demolition waste and if this is the same tipping fee as residential use. Mr. Petering noted he did not have a way of knowing if

there has been more construction and demolition waste but explained it would be the same cost as residential users.

Councilman Schilling asked if there are any municipalities or entities that have programs to encourage putting usable demolition materials back into the public use sector. Mr. Petering noted it depends on the community. He further noted very few communities participate in these types of programs due to the cost of labor to make these materials usable again.

Councilman Lear clarified the other two-thirds of fees are increasing at 9%. Ms. Allen noted that was correct except for Hazelwood. Mr. Holtmann noted if the Committee members were comfortable with the presentation, the fees would be taken to City Council on February 6, 2023.

Councilman Lear asked if there was any push back to these proposed fee changes. Mr. Petering noted they do not anticipate a negative push back related to the proposed fee increase.

Councilman Schilling moved the issue be taken to the full City Council. Councilwoman Hardinger seconded the motion, and it was approved by the following vote: Ayes: Simpson, Hardinger, Schilling, and Lear. Nays: None. Absent: None. Abstain: None.

Mr. Holtmann noted Forvis is in the process of an audit survey for the internal auditing service. He noted this information would be sent out via e-mail with a survey for any comments or thoughts.

Councilman Lear thanked everyone for today's attendance and discussion.

There being no further business to come before this Committee, Councilman Simpson moved to adjourn. Councilwoman Hardinger seconded the motion, and it was approved by the following vote: Ayes: Schilling, Simpson, Hardinger, and Lear. Nays: None. Absent: None. Abstain: None.

The meeting adjourned at approximately 11:38 a.m.

Completed by Lauren Fischer