

**BUDGET COMMITTEE OF THE WHOLE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
April 27, 2011 3:30 pm**

Members present: Ed Childers, President; Marilyn Marler; Renee Mitchell; Pam Walzer; Jason Wiener; Lyn Hellegaard; Dave Strohmaier; Bob Jaffe.

Members absent: Cynthia Wolken; Stacy Rye, Dick Haines; Jon Wilkins.

Others present: Steve King, Bruce Bender, Mike Barton, Denise Alexander, Jason Diehl, Cheryl Schatz, Don Verrue, Gordon Hughes, Scott Paasch, Dee Andersen.

I. Administrative Business

A. Approve committee minutes dated: [April 20, 2011](#)-will approve at a later date.

B. Public Comment on items not listed on the agenda-none

II. Consent Agenda

A. An ordinance on the proposed city fee increases in the engineering, business licensing, fire inspections and planning divisions of the city. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 04/25/11) **HOLD FOR CONTINUED DISCUSSION**

MOTION: The committee recommends the City Council set a public hearing on May 23, 2011 on an a resolution of the Missoula City Council increasing fees for services related to the review and processing of land use applications pursuant to city adopted regulations pertaining to zoning, subdivision and floodplain services based on the 2010 cost of services study.

MOTION: The committee recommends the City Council set a public hearing on May 23, 2011 on an ordinance amending title 5, Missoula Municipal Code, entitled “business licenses and regulations” chapter 5.04 entitled “definitions”, chapter 5.08 entitled “licensing provisions generally,” chapter 5.20 entitled “junk dealers”, chapter 5.24 entitled “pawnbrokers,” chapter 5.28 entitled “secondhand dealers,” chapter 5.40 entitled “boiler-room operations,” chapter 5.52 entitled “liquor,” and chapter 5.90 entitled “devices depicting sexual activity” adjusting and/or increasing the fee provisions in each chapter’s fee section in accordance with the results of an official 2010 fee study commissioned by the city of Missoula.

MOTION: The committee recommends the City Council set a public hearing on May 23, 2011 on an ordinance of the Missoula city council amending portions of Missoula Municipal Code chapters 8.40 entitled “hazardous vegetation and nuisance weeds”, 12.04 entitled “street vacation”, 12.12 entitled “curbs, sidewalks, and paving”, 12.14 entitled “right-of-way occupancy permit”, 12.24 entitled “excavations”, 12.30 entitled “fences”, 13.06 entitled “industrial wastewater”, 15.38 entitled “accessibility standards”, 15.65 entitled “grading, drainage, erosion control and storm water pollution prevention plan (swppp)”, pertaining to fees.

MOTION: The committee recommends the City Council set a public hearing on May 23, 2011 on an ordinance amending title 8, Missoula municipal code, entitled “fire inspection fees” section 8.50.010 entitled “establishment of fees” and section 8.52.020 entitled “manufacture in city prohibited—permit for sale or discharge increasing the inspections fees and establishing fees for pyrotechnic/fire performance permits in accordance with the results of an official 2010 fee study commissioned by the city of Missoula.

MOTION: The committee recommends the City Council set a public hearing on May 23, 2011 on an ordinance amending title 12, chapter 12.58 entitled “special event permits” establishing section 12.58.035 to establish a fee for holding special events in accordance with the results of an official 2010 fee study commissioned by the city of Missoula.

Brentt Ramharter, Finance Director, said today we need to set 2 public hearings; one to open up budget discussions and the other on proposed fee increases. We are proposing fee increases in business licensing, planning, fire, and engineering fees. He said staff from each of the departments will explain the changes and answer any questions.

Mike Barton, Interim OPG Director, said what you're seeing in our proposed fee schedule is an attempt to get as close as possible to the 50% recovery from the fee study. The direction to try to recover 50% goes back some time and we have made some headway in getting there.

Mr. Ramharter commented that in the subdivision area, we are not proposing any changes. We don't have a lot of activity right now. In some cases, we are under 50%, in some we are over. We thought the best thing to do would be to keep them at the current level.

Denise Alexander, OPG, said yes, Mr. Ramharter is correct. However, we are recommending that we raise the Final Plat Review fees to 50% of the cost that was established in the fee study. We would like to review the remaining subdivision review fees over the next 6 months because there are some problems with the way they spread right now and it would give us time to work that out. The gradient needs to be changed. We have created a new fee for the *Zoning Compliance Permit for Residential Accessory Uses*. Because the zoning compliance review for single and duplex residential has gone up from \$80-\$100 per the fee study, we have had people get upset about having a garden shed reviewed for \$100, so we are reducing the residential accessory use to \$50. A new fee of \$145.00 will be implemented for a Letter of Map Revision; otherwise any other fees raised are based on 50% recovery from the fee study.

Steve King, Public Works Director, said City Public Works has a goal of 100% recovery of permit services. Our Public Works permits are development related. The cost study identified that we are currently at 93%. The recommendation is a 7% increase overall with the exception of a normal fence permit that will hold at its current rate.

Bob Jaffe said 7% seems a substantial increase, will that be added each year.

Mr. Ramharter said no it's a one time adjustment.

Mr. Jaffe asked if it costs us 7% more to provide the same service this year.

Mr. Ramharter said no, it's a 7 year catch up.

Renee Mitchell said she heard from a developer who put in curbs where the cut-ins for the drive ways weren't designated and he had to go back and do them later and he said the permit cost more than the work. She said she doesn't feel that is right.

Mr. King said whether a job is big or small, we have to issue the permit, perform the inspection and follow up to make sure its cleaned up and then record all of that. We want to recover the cost of the service that is somewhat disconnected from the cost of the work.

Jason Wiener commented on the fee study and the difference in the cost recovery for fees in engineering and planning.

Mr. Jaffe asked when we do the fee studies, is it required by law to justify the increases. Do the fee studies ever review how we can perform our processes more efficiently?

Mr. King said the Taylor Report reviews the processes, and we are all looking at efficiencies with the remaining staff and budget.

Pam Walzer moved to set both public hearings.

Mr. Jaffe asked about the credit card charges and would like to address that as part of our fee discussion.

Mr. Ramharter said we absorb most of those costs. The place where we actually budget a negative amount is for the charges passed to us from the County for tax collections. We reduce the amount of anticipated tax revenue to cover those costs.

Mr. Jaffe said he would like it done differently and would like the customer to be carrying that fee. He said he would like to discuss this further.

Mr. Ramharter said it's a big discussion and it affects how we do business. It would be difficult to accept electronic payment without accepting those costs, but is willing to continue discussing it.

Upon a voice vote, the motion to set a public hearing on May 23 for both the budget and fee increases passed unanimously.

Jason Diehl, Assistant Fire Chief, said this would initiate fees for plans review and onsite inspection of new construction, as well as establishing a fee for permitting pyrotechnics. We have been permitting fireworks but there has never been a fee associated with it and our Fireworks Inspectors spend a considerable amount of time dealing with those issues. It is an effort to recover some of those costs.

Ms. Walzer asked about the hazardous category.

Mr. Ramharter said in Business Licensing, our process has generated the same fee for a new Business License as a renewal. We have been asked by many business owners as to why we are charging the same fee as a renewal when it takes much less time to issue. This proposal will reduce the cost of renewals with no address change. For renewals where staff is heavily involved or if there is a change of address it will be significantly more.

Scott Paasch, Finance Department, said he changed some of the definitions and repealed some items in the ordinance that aren't being used anymore. If you have a home based business you will be paying less than someone operating a retail store. The difference is a home based business just needs a signature from OPG, a retail store requires 4 signatures; OPG, Building, Fire and Engineering, so you will pay more for those services. So if you're a home based business, the first time fee would be \$96.00 and a renewal with no changes would be \$53.00 for a renewal. We did this reduction for rentals and street vendors licenses as well.

Mr. Jaffe asked why commercial rentals need to be licensed if they are renting to a licensed business he said it seems redundant.

Mr. Paasch explained that often, in commercial rentals you get businesses that are exempt from business licensing fees like non-profits, physicians and attorneys. However, if they are leasing that space we can recover the cost from the inspection from that rental.

Mr. Jaffe also requested clarification on why a business that has 2 separate locations would require separate licenses and separate fees. He said it's not the same as 2 businesses.

Mr. Paasch said it would be, because each one would have its own license and each location requires inspections. It takes our staff time to set it up and then OPG reviews the location to make sure it is zoned properly. Then fire goes out and inspects it, engineering makes sure it is ADA compliant and Building inspects it to make sure its up to code. That would be for each location, for example if one location was on W. Broadway and the other is on North Reserve it would require all that to be done at each separate location and there is no redundancy there.

Ms. Walzer asked about mobile vendor licenses and if they are exempt from fees if they make less than the \$3,750.

Mr. Paasch said street vendors are not exempt from business licensing even if they make less than \$3,750, because of the itinerant nature of their business. If they were a home based business they would be exempt if they make less than \$3,750.

Ms. Walzer asked about the Farmers Markets, their license and vendors outside the market area.

Mr. Paasch said anyone who vends outside of the market area is required to have a license.

- B.** Approve a resolution on the preliminary budget for FY 2012 inclusive of the FY 2012 capital improvement program. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 04/25/11) **HOLD FOR CONTINUED DISCUSSION**

MOTION: The committee recommends the City Council set a public hearing on May 23, to approve the annual appropriations and the Capital Improvement Program for the City of Missoula as set forth in the fiscal year 2012 budget.

III. Held in committee

- A.** Review and make recommendations on a proposal to create two City-wide maintenance districts for the purpose of funding a portion of the costs to provide public street and park maintenance ([memo](#)).—Regular Agenda (Carla Krause) (Returned from council floor: 06/21/10) (*Tabled 06/23/2010*) **REMOVE FROM AGENDA**
- B.** Mayor's presentation of the FY 2012 Budget. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/21/11)

IV. Adjournment

The meeting was adjourned at 4:30 pm

Respectfully submitted

Dee Andersen
Administrative Secretary