

**ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
November 4, 2009 1:05pm**

Members present: Stacy Rye, Chair; Ed Childers; Marilyn Marler; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Lyn Hellegaard; John Hendrickson; Dave Strohmaier; Jon Wilkins; Bob Jaffe.

Others present: Sonja Morris, Bruce Bender, Marcile Echverry, Starr Sullivan, Carla Krause, Dee Krevey, Brentt Ramharter, Steve King, Ginny Miriam, Denise Alexander, Jim Nugent.

I. Administrative Business

A. Approve committee minutes dated: [October 28, 2009](#)- Minutes will be approved at a later date.

B. **Public Comment on items not listed on the agenda-None**

II. Consent Agenda

A. Approve claims (accounts payable). -Consent Agenda (Brentt Ramharter)

Motion: The committee recommends the City Council approve [claims](#) totaling \$806,695.47 ([Detailed claims](#))

B. Resolution revising fees for services related to the review and processing of land use applications pursuant to Title 20, Missoula City Zoning Ordinance pertaining to zoning, subdivision and floodplain services. ([memo](#)) ([A&F](#)) (Returned from Council floor: 11/02/09)**REMOVE FROM AGENDA**

Motion: The committee recommends the City Council adopt a [resolution](#) of the Missoula City Council revising fees for services related to the review and processing of land use applications pursuant to the City adopted regulations pertaining to zoning fees, subdivision and floodplain services, more specifically revising zoning fees pursuant to adoption of Title 20 Missoula City Zoning Ordinance.

Chairperson Rye called for a motion to start the discussion.

Mr. Weiner moved to adopt the resolution and amend the OPG notification from a first class letter to a certified letter with no return receipt for the difference of \$4.35 per letter.

Ms. Alexander, OPG, reviewed a [PowerPoint](#) presentation showing the entire list of proposed fees.

John Hendrickson said he wants to make sure the City is legally covered and asked if there are an average number of mailings each year.

Ms. Alexander said it's hard to determine how many mailing there are. She added that she did check with the post office and for \$6.38 there is a certified letter with electronic receipt that can be tracked through the post office web site to see that the letter has been delivered.

Mr. Hendrickson asked what OPG would prefer.

Mr. Jaffe pointed out that it's about customer relations and not just to cover ourselves. It's got to be done to public's satisfaction not ours, and totally discretionary. He said it's always better to have the higher rate of verification. Can we establish how we are going to do these mailings?

Ms. Alexander said the requirement to send them certified mail is within Title 20.

Mr. Jaffe he supports the electronic receipt.

Mr. Wilkins supports the return receipt for notification-He discussed many problems over the years with individuals that haven't gotten their letter. He feels this would stop that.

Mr. Wiener changed the motion for the electronic receipt.

Dick Haines also said he has had experiences during the zoning rewrite where many citizens said they were not notified he would like to make a substitute motion to go from the \$5.45 to the \$6.66 rate.

Ed Childers said it will cost more to store the signed receipts. He supported Mr. Wilkins comments about notification and said he would also like the higher rate of verification of mailing. He asked how long the electronic receipts are filed at the post office.

Ms. Alexander replied 2 years.

John Hendrickson said the electronic way is good enough.

Mr. Haines said he will back the electronic receipt and withdrew the substitute motion.

Renee Mitchell said as long as we have proof it was delivered she is in support of the electronic means of receipt for the \$5.45.

Upon a voice vote the motion for a certified mailing with electronic receipt passed unanimously.

Ms. Rye asked what the revised fees are for the Design Review Board appeal.

Ms. Alexander said the cost is \$324.00.

Dave Strohmaier asked if the \$324.00 is 100% cost recovery.

Ms. Alexander said the fees actually have cost recovery of about 25%-60%.

Mr. Strohmaier said it's easier for him to accept an appeal fee for someone who is a property owner who has a vested interest in the project. He asked Mr. Nugent who has standing to appeal a DRB decision.

Mr. Nugent replied any person aggrieved.

Mr. Strohmaier asked are there any legal issues in fairness to have 2 separate fees; one for the applicant and one that is not the applicant.

Mr. Nugent generally the appellant is the one who has to pay the fee, now it's an equal fee.

Ms. Rye replied that she can't see charging someone next door \$324.00 to appeal a decision that affects their property.

Ms. Alexander stated as part of the general procedures, you could make an option weather or not to charge a fee.

Mr. Nugent agreed.

Mr. Jaffe moved to not have a fee.

Mr. Childers would like to narrow down the status of who could appeal this decision.

Ms. Rye asked Mr. Childers how he felt about the fee.

Mr. Childers said for a property owner next door no fee but someone across town a fee.

Dick Haines said you may be across town but it could set a precedent for something you don't want in your neighborhood. As free citizens I hate to see a fee charged as it could potentially stop citizens from stating their right to complain because they couldn't afford it. I like the idea of no fee.

Ms. Alexander said we can look further into who can appeal the decision.

Upon a voice vote the motion to cancel the DRB appeal fee passed unanimously.

Ms. Alexander brought forward the third and final item on the tickler list, the Zoning Officers opinion.

Mr. Childers expressed concerns that the Zoning Officer would charge people to interpret our ordinances in the event of a conflict. He feels this is different from sending a formal letter of opinion to developers or lawyers. He is fine with charging a fee for that. But doesn't feel we should charge a person for something that is our responsibility.

Mr. Jaffe moved to eliminate the Zoning Officer's opinion fee.

Upon a voice vote the motion carried with Wiener voting nay.

III. Regular Agenda

- A. [Resolution](#) revising the City's sewer use fee structure and increasing sanitary sewer rates by 5% per year for four years to support infrastructure improvements required to operate the city's sanitary sewer system. ([A&F](#)) ([Slideshow presentation as a webpage](#)) (Returned from Council floor: 11/03/08)**REMOVE FROM AGENDA**

Motion: The committee recommends The City Council adopt a [resolution](#) of the Missoula City Council revising resolution No. 6193 the sewer use fee structure and increasing sanitary sewer rate for the use of the Missoula City sanitary sewer system.

Bruce Bender, Chief Administrative Officer, reviewed a [PowerPoint](#) presentation and pointed out that Missoula has one of the lowest sewer rates in the state. He explained the immediate need to increase the sewer rates by 5% per year for the next four years. He said that last year, notice was sent out informing the public of the proposed rate increase and the Council passed a resolution. There was a public hearing on November 3, 2008. This item has been held in committee with the intent of the increase to take effect in January 2010. At the end of the four year period, the residential rates would be increased by \$14.88 every six months.

He explained the problem began in the last 2 years with the replacement and depreciation (R&D) decline. R&D buys all of our major repairs and equipment replacement. Prior to the decline we were allocating \$2 million dollars annually for work on our sewer system; replacing old pipe and making upgrades on the waste water lift stations. Currently that amount is down to about a ½ million dollars, so in summary sewer revenues will need to be increased by \$1.5 million annually.

Brent Ramharter, Finance Director, explained that because the environment is so corrosive it eats up the pipes, machinery and pumps quickly. We will either have to cash fund or bond for the upgrades and maintenance. If we bond for it, there is more cost to us with the interest expense so we are proposing to cash fund about half of what our depreciation is. What we are proposing is to gradually increase our R&D funding over the course of the next four years.

Mr. Bender stated that we were hopeful we could fund the Headwork's project next year but we don't have the funding for it, so it will be delayed another year.

Ed Childers asked what the status of the odor study is.

Mr. Bender replied that we should be getting that info soon and currently there is no recommendation. A new filtration system has helped. They have found some man holes that were putting out some odor and they have been sealed. Any items causing odor are being corrected as they are found.

Bob Jaffe asked what the balance of the R&D fund is now.

Mr. Ramharter it went negative this year as we have had a reversal of revenues.

Mr. Jaffe asked Mr. Ramharter how he is calculating the depreciation.

Mr. Ramharter said it's a straight line depreciation based on the useful life of the pipe construction.

Mr. Jaffe asked if Mr. Ramharter could provide a spreadsheet of the projected depreciation similar to the one presented for the CIP.

Mr. Ramharter said he could provide that in the next week.

Jason Wiener asked if the amount of debt is going down and is that why the coverage ratio is standing above board.

Mr. Bender we always had excess coverage.

Mr. Ramharter said actually two things broke the coverage ratio down; completion of a \$15 million dollar improvement project at the plant and our debt payment went way up. Then once the plant was operational the operating costs increased by \$300,000-\$400,000.

Mr. Bender asked Mr. Ramharter to explain why we were able take on more debt.

Mr. Ramharter replied that we had good rates to start the project because of growth and new connections.

Ms. Rye what happens if we don't grow anymore

Mr. Bender replied we would have to increase our rates.

The Committee continued discussion on other treatment plants in the state, EPA regulations and new septic systems.

Mr. Bender emphasized that this 5% increase should go forward for all customers January 1, 2010 and in six months The Administration will come back to committee to raise commercial/industrial rates an additional 8% for the following fiscal year.

Mr. Ramharter said he is hoping to resolve this by the end of the month, so staff can prepare the semiannual billing for January.

Jason Wiener moved to approve the resolution.

Pam Walzer commented that we have been lucky to have low rates and it's obvious we have to increase the fees. It would have been nice to have implemented it earlier so we could have had a smaller increase.

Mr. Wilkins supported the motion and said our rates still be cheaper than other cities in the state.

Mr. Jaffe asked if other sources of revenue or other reduction in costs had been explored.

Mr. Bender replied that you could delay equipment and replacements.

Mr. Jaffe asked if much of the operation costs at the plant are energy related and if there are means of being more energy efficient.

Mr. Bender said when we rebuilt the plant; we went to the most energy efficient motors available so it's a fairly efficient plant. However we are consuming more energy due to the new process.

Mr. Jaffe is in support of the resolution.

Mr. Wiener asked if we redo the fee schedule and change the percentage would we have to re-notice the public.

Mr. Bender said yes if you go above the 5% we would have to re-notice.

Lyn Hellegaard expressed major concerns about raising the fees for small businesses in this economy, and would like to look at a lower percentage increase.

Mr. Childers pointed out if you start out at a lower rate then you end up with less money at the end.

Mr. Bender said we have a fairly immediate need here, if we delay improvements we put ourselves at risk.

Mr. Ramharter said he would like to change one thing in the resolution and put in the flow based rates for residential. Our office is committed to allowing residential to go flow based with a meter within a year. We would like to put this in the rate table even though we wouldn't implement it.

Ms. Rye responded that she doesn't think the committee wants to sign off on something that they have never seen. She suggested bringing forth the language for the resolution on the Council floor.

Rene Mitchell expressed interest in discussing Mountain Water's leaky pipes.

Upon a voice vote to adopt the resolution to increase the sanitary sewer rates passed with Mitchell, Hellegaard, Haines and Hendrickson voting nay.

IV. **Held in committee**

- A. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08)
- B. Amend City Council Rule 21(a) to clarify quorum requirements ([memo](#)).—Regular Agenda (Jason Wiener) (Referred to committee: 04/28/08) (*Tabled in Committee on 02/11/09*)
- C. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09)
- D. Review the FY 2010-14 CIP projects in committee ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/23/09)
- E. Consider the establishment of Parks and Street Maintenance Districts ([memo](#)).—Regular Agenda (Bob Jaffe) (Referred to committee: 05/04/09)
- F. Clarify position of council member who also serves on the board of a non-profit agency that has dealings with the city. ([memo](#)) – Regular Agenda (Ed Childers) (Referred to committee: 07/20/2009)
- G. [Resolution](#) of the Missoula City Council establishing a tourism business improvement district consisting of non-contiguous lands within the City of Missoula for the purpose of aiding tourism, promotion and marketing within the district. ([Exhibit A](#)) ([Exhibit B](#)) ([memo](#)) ([A&F](#)) (Returned from Council floor: 10/05/09)
- H. Consider a [resolution](#) revising 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 ([memo](#)) ([Revised resolution 10/21/09](#)).—Regular Agenda (Denise Alexander) (Referred to committee: 10/09/09)
- I. Review and determine whether City Council actions pertaining to the adoption of ordinances in general comply with state law MCA 2009 7-5-103 Ordinance requirements and city council rules for the conduct of meetings and business (Rule 24 Adoption of Ordinances) ([memo](#)).—Regular Agenda (Renee Mitchell) (Referred to committee: 10/26/09)

V. **Adjournment**

The meeting adjourned 2:30pm.

Respectfully submitted,

Dee Krevey
Administrative Secretary