

## Legislation Text

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**File #:** BILL NO. 22-79, **Version:** 1

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An Ordinance repealing previous Ordinances related to the Schedule of Fees and Charges for the City of Lee's Summit and Establishing a New Schedule of Fees and Charges to take effect July 1, 2022 for the City of Lee's Summit, Missouri. (NOTE: First read by Council on April 19, 2022. Passed by unanimous vote. Not placed on Consent Agenda as Council had additional questions.)

**Issue/Request:**

An Ordinance repealing previous ordinances related to the Schedule of Fees and Charges for the City of Lee's Summit and Establishing a New Schedule of Fees and Charges to take effect July 1, 2022 for the City of Lee's Summit, Missouri.

**Key Issues:**

Part of the annual budget process includes updating the Schedule of Fees and Charges for the upcoming fiscal year. By setting the fees and charges in advance of the upcoming fiscal year, it allows City staff to forecast revenue projections for those fees and charges.

**Proposed Council Motion:**

I move for adoption of an Ordinance repealing previous ordinances related to the Schedule of Fees and Charges for the City of Lee's Summit and Establishing a New Schedule of Fees and Charges to take effect July 1, 2022 for the City of Lee's Summit, Missouri.

**Airport**

The Airport operates as an enterprise fund and is expected to cover operational expenses through hangar rental, fuel sales, and ground leases. Annually, the Airport reviews the fuel mark-up rates, fees, and discounts to ensure that the Airport generates enough revenue to cover operational expenses, remain competitive in the marketplace, and is able to plan for future equipment and facilities.

The Airport proposes changes to the following fees:

-Increase Hangar, Office Square Footage and Tie-down Rates by 7.0% in accordance with the CPI-U Index:

Hangar rates are reviewed annually to assess the current local market and cost of operations. As an Enterprise Fund, the Airport is expected to recuperate its operational expenses through fees and services. The Airport Business Plan completed by Clough Harbour & Associates, LLP states in the Rates and Charges section on page 72 that: "Hangar prices should be increased to reflect the Consumer Price Index (CPI) if within service area competitive market rates." The projected CPI rate is provided by staff in the City's Finance Department and is felt to be within the competitive market rates of other surrounding airports. The Kansas City Downtown Airport increased their hangar rental rates also by 6.9% on January 1, 2022.

Proposed Rates for single-engine tenants located in Hangar 1 will increase from \$650.00/month to \$700.00/month. The proposed change will keep a margin between the Hangar 1 amenities provided (In and out service, heated in the winter, 24/7 security, lobby, and pilots lounge) and the enclosed hangars. Other non-single-engine aircraft will have a 7% increase in hangar rental rates. Overall, the proposed increases for all enclosed hangars, Hangar 1, and office space will generate an additional \$64,404 annually.

**-Monthly Electrical Fees**

These rates are the average kilowatt use per year for these types of devices obtained from an electrical appliance power consumption chart. These rates are reviewed and updated periodically to maintain a current schedule of fees.

**-Commercial Filming, Photography, Video Taping Fee**

This fee is charged to commercial filming companies to cover items such as labor, security, space rental, electricity, and other ancillary items. Fees will vary depending on the size and scope of the event.

The Airport proposes adding the following fees:

**-Lost\Stolen\Damage\Loaned Keys: \$50.00**

This fee will cover the labor and materials for replacing Lost\Stolen\Damage\Loaned Keys not returned to the Airport.

## **Cemetery**

-The proposed change for Cremation Columbarium Niche to reflect current pricing for materials. The fee change is recommended to ensure that revenues generate enough to provide perpetual care for the Cemetery.

## **Development Services**

The Development Services Department is proposing the following changes to the Schedule of Fees:

**-Residential Activities - An increase of 0.05% of the project construction valuation from 0.35% to 0.40%**

The increase in the fee for Residential Activities is intended to offset the cost of service delivery and bring Lee's Summit closer in line with the surrounding competitive market. Lee's Summit currently has the lowest permit fee of the surrounding municipalities. The proposed increase would raise the permit fee, however it would still be the lowest of the surrounding municipalities. For a New Single Family Construction: \$300,000 valuation, 3,000 SF, the existing fee would be \$1,050 and the proposed fee would increase the fee to \$1,200.

The increase is estimated to result in approximately \$100,000 of additional revenue, which will be utilized to offset the cost of delivering the services provided by Development Services.

**-Sidewalk Deposits - An increase from \$25 per linear foot to \$7.25 per square foot**

The change in sidewalk deposit is necessary to reflect the actual cost of construction for new sidewalk, as well as to account for sidewalks of different widths.

**-Not Ready Inspection Fee - An increase from \$50 to \$75**

The addition of clarifying language to the fee description indicating that an inspection will be deemed "not ready" if no work has occurred on the item since the last inspection was performed. In the past 4 years, the re-inspection rate has increased 50%. This increase in re-inspections aligns with conversations had with the Home Builders Association of Kansas City and the challenges within the current labor market. A typical single-family home will require 12 inspections

to achieve occupancy and averages over 14 hours of inspection labor. With the increase in re-inspections, an additional 4 hours of inspection labor is becoming common. The proposed increase will recover some of those additional costs and discourage contractors from prematurely scheduling inspections.

-Temporary Certificate of Occupancy - Valid for 30 days - The addition of a \$50 fee for the issuance or extension of a temporary certificate of occupancy

The proposed changes to the “Not Ready” fee and the addition of the “Temporary Certificate of Occupancy” fee is intended to reduce the number of inspections scheduled prior to the work being complete. The addition of the “Temporary Certificate of Occupancy” (TCO) fee will help offset additional administrative costs associated with offering an occupancy prior to all items being completed. The fee will also encourage faster completion of each project.

### **Fire Department**

There is a goal to have a cost recovery of 50% for EMS related services. As a result, it is necessary to annually update the ambulance fees for resident and non-resident services (Basic Life Support, Advanced Life Support 1, and Advanced Life Support 2).

### **Police Department**

The Police Department is proposing to make the following Schedule of Fees changes:

-Special Detail Services - increase the hourly fee from \$43.00 to 61.23.

The City of Lee’s Summit and the police labor group, FOP Lodge #50, recently agreed to a new contract. The contract contains two separate pay schedules, one that goes into effect on 02-05-2022, and a second that is agreed upon, but is contingent on a Public Safety Tax that is currently on the ballot and will be decided on in April. Under the 02-05-2022 agreement, the average overtime rate for officers will increase over 60% since the last time the fee was changed in 2016.

-Audio/Video Research Time - addition of new fee of \$15.35/hr for Police Records Clerks to supply reports/files and to be consistent with statutory requirements for assessment of fees.

-Media - reduction of fee for CD’s, DVD’s Flash Drive media from \$40 to \$5 pursuant to the requestor supplying the media.

### **Public Works**

-Temporary Traffic Control Permit Fee - Increase sidewalk, parking and lane closures to \$60 and increase lane/road closures with detours and/or special terms or conditions from \$80 to \$100.

Public Works is proposing to increase the fees for Temporary Traffic Control permits. These increases are due to increased staff time reviewing permits, as well as expected wage increases and inflation. The increase are intended to recover the cost of reviewing applications and issuing permits; however, the fees still only cover the administrative processing of applications and permits and do not yet include full cost recovery associated with inspection, enforcement, or public impacts related to temporary traffic controls as many other jurisdictions incorporate. Lee’s Summit has very low rates when compared to neighboring cities. The fees encourage contractors to better plan their work and eliminate renewal of permits multiple times or continuing after their permit expires.

### **Water Utilities**

The Water Utilities Department operates as an enterprise fund and is fully funded through the fees & charges set forth by the City Council to adhere to the Code of Ordinance requirements and the adopted Strategic Plan.

-Water and Sewer Rates: The Financial Model (Cost of Service Model) that is utilized to establish the 5-year rate schedule was updated and presented to the Water Utilities Advisory Board on March 2, 2022. The Board reviewed the financial plan and determined that the plan was consistent with the financial objectives identified in the Water Utilities Strategic Plan below:

- Revenue to Expense Ratio - equal to or greater than 1:1 to ensure that system revenues are recovering expenses. (Operating Revenues divided by Operating Expenses)
- Coverage Ratio - minimum of 1.50:1 to assure that adequate revenues are maintained to satisfy debt obligations. (Net Revenues Available for Debt Service divided by Annual Debt Service Payments)
- Working Capital - working capital equal to 90 days of annual operating expenses
- Plan effectively for rate and revenue stability.
- Incremental rate adjustments (annual review)
- Rates are cost-based, equitable, and understandable
- Promote water conservation
- Adequately fund reinvestment in water and sewer infrastructure

The Board unanimously recommended to the City Council that Water and Sewer rates amend the adopted rate schedule for January 1, 2025 to increase the water and sewer rates from 3% to 4% and to append the rate schedule with a 4% increase to water and sewer rates effective January 1, 2026. Sanitary Sewer rates will be presented separately to the City Council to ensure compliance with the state statute regarding sewer rates and charges.

-Meter Setup Fees: In addition to the above recommendations, Staff annually reviews Meter Setup Charges based on actual costs. Increases to the contract costs of meter supplies are responsible for increases to these charges.

-Water Tap Fees: The Water Utilities Advisory Board reviewed the statements related to water tap fee performance and the projections within the tap fee model on March 2, 2022. The Board unanimously recommended the following:

- Based upon current projects and taps consumed, there were 4,799 units available at FYE 2020-21. The current fee does not provide sufficient revenues to ensure that the fund is self-sustaining without fee adjustment.
- Water Tap Fee Project List updated total of \$83,629,874
- Utilize 444 residential equivalent units for growth for (FY2021-22).
- The tap fee for a residential equivalent was calculated at \$3,730 with an effective date of July 1, 2022.

#### Impact/Analysis:

Some of the changes to the Schedule of Fees and Charges for the City of Lee's Summit have a financial impact/estimated revenue increase. Recommendations for Enterprise funds are to ensure sufficient revenues for the operation of those activities.

Other Information/Unique Characteristics:

There is an attachment titled "Proposed FY23 Schedule of Fees-Proposed changes" which shows the proposed changes to the Schedule of Fees and Charges.

Brent Boice, Assistant Director of Business Services for Water Utilities

Staff recommends approval of the ordinance.