

COUNCIL ACTION FORM

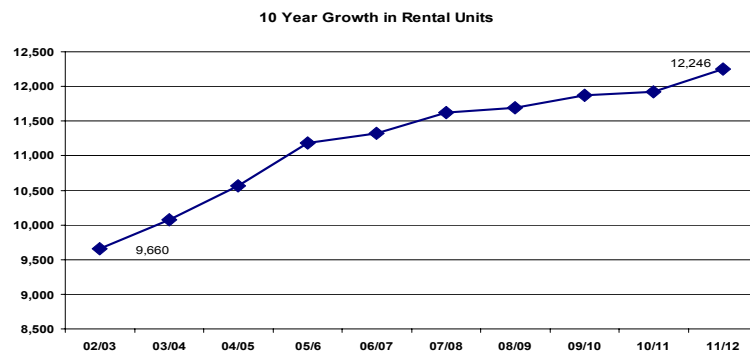
SUBJECT: APPROVAL OF 2011/12 RENTAL REGISTRATION FEES

BACKGROUND:

Rental registration fees are billed annually after approval by City Council. Rental registration is billed near the end of each fiscal year and is calculated by dividing the current year final amended budget by the current number of registered rental units. This method allows the City to closely match the actual cost of administration of the rental program to the user fees charged.

In February 2011, the City Council increased staffing levels in the rental inspection program for FY 2011/12. These additions were made to reduce a six- to nine-month backlog in rental inspections and to improve the timeliness of future inspections. The increased staffing consisted of transitioning a part-time inspector to full-time and adding a 0.4 FTE increase in clerical support. As was highlighted in the FY 2011/12 City Manager's budget letter, the rental registration fees that will be billed in calendar year 2012 are the first that reflect the increase in staff levels and corresponding increase in fees. The total increase in expenses was estimated at approximately 20%, with total fees increased by the same amount.

As a part of last year's budget process, the City Council was informed that the personnel additions alone would result in an increase of \$3.38 per unit in rental registration fees. Since the adoption of the FY 2011/12 budget, there have been other budget changes that have impacted this program, including increased costs for technology



charges due to heavier use by the program; personnel changes and payment of unemployment benefits; several other smaller changes in costs; and finally, an increase in the number of units, which spreads the costs over a larger number of units. The many personnel changes included departure of an employee assigned to rental inspections that resulted in payment of unemployment benefits, since the City is self-insured for state unemployment benefits. The combination of these changes in the budget caused the costs allocated for rental inspections to be approximately \$16,000 over the adopted FY 2011/12 budget of \$304,548. These costs are passed on in higher rental fees.

If the Council chooses to exclude the cost of unemployment benefits from the rental registration fees, we will expect a possible increase of around seven percent in the fees per the FY 2012/13 budget. We expect that this would be the high end of possible fee increases, and that the spreading of costs over a larger number of rental units and

possible reallocation of personnel expenses could bring the following year's fee increase down. If the Council chooses to include the unemployment expense in the amount collected in fees billed this year, the fee increase for FY 2012/13 would instead be minimal.

The City Council is being asked to approve the rental housing registration fees reflected below for FY 2011-12.

		Column A Alternative 1		Column B Alternative 2	
	FY 10-11 Registration Fee	FY 11-12 Registration Fee	Alternative 1 Increase over FY10-11	FY 11-12 Registration Fee	Alternative 12 Increase over FY10-11
Single Family	\$24.30	\$29.17	\$4.87	\$27.69	\$3.39
Duplexes	\$20.00	\$24.87	\$4.87	\$23.39	\$3.39
3-6 Apartments	\$19.60	\$24.47	\$4.87	\$22.99	\$3.39
7-20 Apartments	\$18.80	\$23.67	\$4.87	\$22.19	\$3.39
> 20 Apartments	\$16.83	\$21.70	\$4.87	\$20.22	\$3.39
Lodging & Boarding	\$19.10	\$23.97	\$4.87	\$22.49	\$3.39
Fraternities and Sororities	\$60.00	\$100.00	\$40.00	\$100.00	\$40.00
Condominium	\$24.30	\$29.17	\$4.87	\$27.69	\$3.39
Totals		\$320,523.00		\$300,968.00	

ALTERNATIVES:

1. Approve the proposed changes to the Rental Registration fees to increase overall as provided in Column (B) above. This **excludes** the cost of unemployment benefits from the amount collected in Rental Registration fees.
2. Approve the proposed changes to the Rental Registration fees to increase overall as provided in Column (A) above. This **includes** the cost of unemployment benefits in the amount collected in Rental Registration fees.
3. Refer the Rental Registration Fee Schedule back to staff with direction to develop an alternative fee structure.

MANAGER'S RECOMMENDED ACTION:

It is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the proposed changes to the Rental Registration fees to increase overall as provided in column (B) above. This **excludes** the cost of unemployment benefits from the amount collected in Rental Registration fees.

Although this is a departure from the long-standing expectation that rental registration fees pay 100% of associated program costs, this year is unusual. In this case, much of the unemployment liability was earned for work done under permits and inspections in the General Fund. Therefore, staff is recommending that the Council consider not passing this one-time cost on to rental property owners through rental registration fees, but to absorb the cost in the General Fund, resulting in a need for \$3,500 less in revenue than was included in the adopted budget.

RESOLUTION NO. _____

**RESOLUTION ADOPTING NEW AND REVISED FEES
FOR RENTAL HOUSING REGULATION**

BE IT RESOLVED by the City Council for the City of Ames, Iowa, that the following fees shall be adopted or adjusted to recover the approximate actual costs of city services from those who use and benefit from these services, pursuant to Section 13.300, Ames Municipal Code:

A. Multi-family Dwellings.

Three-Six Apartments	\$22.99/apartment
Seven to Twenty Apartments	\$22.19/apartment
Over Twenty Apartments	\$20.22/apartment

Due and payable June 19 of each year is hereby established for multi-family dwellings (Apartment buildings).

B. Lodging House and Boarding House. A fee of twenty-two dollars and forty-nine cents (\$22.49) per room, due and payable June 19 of each year, is hereby established for what are called Rooming Houses, Boarding Houses, and Lodging Houses.

C. Fraternity and Sorority Houses. A fee of one-hundred dollars (\$100.00) per structure, due and payable June 19 of each year, is hereby established for Fraternity and Sorority Houses.

D. Owner-Occupied Single-Family Dwelling with Roomers Paying Rent to the Owner. A fee of twenty-seven dollars and sixty-nine cents (\$27.69) per rental room, due June 19 of each year, is hereby established for single family dwellings with rooms to rent.

E. One- or Two-Family Rental Housing. A fee of twenty-seven dollars and sixty-nine cents (\$27.69) per unit for single family dwellings and twenty-three dollars and thirty-nine cents (\$23.39) per unit for duplexes, due June 19 of each year, is hereby established for one and two unit dwellings.

F. Special Request Inspection. A fee of fifty-two dollars (\$52.00) per dwelling unit for inspections made at the special request of the owner, a realtor, or potential buyer of a property, is hereby established.

G. Reinspection Fee. A fee of fifty-two dollars (\$52.00) per dwelling unit for a reinspection after one free reinspection, is hereby established.

- H. Appeals and Hearings.** For petitions for hearings or appeals to the Housing Code Board of Appeals a fee of seventy-eight dollars (\$78.00) shall be charged to defray the costs thereof.
- I. Condominiums.** A fee of twenty-seven dollars and sixty-nine cents (\$27.69) per unit for condominiums, due June 19 of each year, is hereby established.

BE IT FURTHER RESOLVED, that the aforesaid fees shall be in effect from and after April 1, 2012.

Adopted this _____ day of _____, 2012.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor