

Councilmember Riley asked if department heads are included in pay equity.

Administrative Services Director Lasher said yes.

Councilmember Musgrove shared that she works with people who own businesses and work hard but do not get paid some of the time based on the market. She asked if they did not go with a market rate adjustment for all department heads, would they get in trouble with the State.

Administrative Services Director Lasher explained that she would have to login and create a sample report to see if they would pass. She shared that in the past, they have passed, but not by a whole lot.

Mayor Kuzma suggested they still give the COLA and market rate adjustment to all Staff and move on to find other ways to save money.

The consensus of the Council was not in support of the proposed 9.8% increase and to direct Staff to look at current fund balances to see if any could be used to fund an interfund loan for the firetruck payment to get the increase down to 8.3%.

2.02: Rental Housing License Fees Discussion

Community Development Director Hanson reviewed the Staff report concerning the rental housing license fees.

Councilmember Musgrove asked if the City would be able to make their own policy for requiring background checks. She asked how this would work if the owner of the property is also the property manager.

Councilmember Howell shared that she did some research into crimes committed by landlords against their renters and she found more crimes committed by renters against their landlords than were found vice versa. She added that the State statute covers harassment and a lot of the items covered under this section could be things that are done stupidly when someone is young, and it would later prevent them from owning a rental property. She said she does not support requiring a background check on a landlord property owner.

Mayor Kuzma asked how many complaints they have received about the new rental licensing process.

Community Development Director Hanson said they have received a handful of complaints. She noted that they have also been receiving a lot of thanks from landlords after the City has found things during inspections.

Police Chief Katers shared that he processes 500 firearm permits a year and he typically denies around ten out of 500 applications. He explained he has denied only one of the 300 rental licenses.

Councilmember Woestehoff asked if the one that was denied was a property owner or manager.

Police Chief Katers said this one was a unique situation. He noted that a majority of the licenses are for a landlord who also manages the property.

Councilmember Specht shared that he supports only doing background checks for what State law requires.

Councilmember Musgrove asked if the background checks are done annually or just one time.

Community Development Director Hanson said it is a one time background check when they get their license.

Councilmember Musgrove asked if the person the background check is being done on automatically gets a copy of the report when it is completed.

Community Development Director Hanson said no.

Police Chief Katers shared that they run the information through the Bureau of Criminal Apprehension, and this is very restrictive information. He added that they can share with the individual whether they passed or failed and if they failed, he can give insight as to why.

Councilmember Howell asked if they run the same background checks on all City employees who will be entering the rental properties.

Administrative Services Director Lasher explained that they run background checks on all City employees with the exception of seasonal workers.

City Attorney Knaak explained that the State requirements are separate from the renewal regulations.

Councilmember Specht asked if they would be getting background checks twice, once through the State and once through the City.

City Attorney Knaak said they would only be doing it once.

Councilmember Riley asked if the rental license application asks for information on the property managers.

Community Development Director Hanson said yes.

Councilmember Olson asked if there is a cost to the City to run the background checks.

Police Chief Katers said no and that it only requires Staff time. He explained that the owners are required to run a background check on their property owners, so this is just to save them this step.

Community Development Director Hanson reviewed the rental licensing fees.

City Administrator Hagen shared that they have a full-time Rental Housing Inspector, and the Planning Administrative Assistant will be helping with this program. He added that the Police and Fire Departments will also assist with the program. He shared that the money they will bring in with licensing fees should cover the Community Development Staff time.

Councilmember Musgrove noted that there is a large disparity between what they will bring in for licensing fees for single-family homes versus apartment buildings. She said this program will be running on the backs of the individual, small property owners. She suggested lowering the licensing fee and increasing the per unit fee to make up some of the difference. She stated that it is unrealistic to have this entire program fund itself. She said she does not think they are charging the apartments too much and they are charging the single-family owners too much.

Community Development Director Hanson shared that their \$15 per apartment unit is quite a bit lower than most other cities in the area.

Councilmember Riley asked how they landed on the \$15 per unit cost.

Community Development Director Hanson said this was something that they had discussed with the Council.

Councilmember Howell shared that she was shocked when she saw these numbers as the apartments are essentially being discounted and they are putting the cost of this program on the backs of a third of the City's rental properties. She explained that she has come up with a solution to not bringing in enough revenue and it would be to charge \$125 a unit across the board regardless of whether or not it was a single-family home or an apartment. She said this would move them away from the tiered program and would be fair to everyone in the community.

Councilmember Woestehoff stated that part of the reason why they did the \$15 per apartment unit was because the cost for the whole apartment building was significantly higher. He said he is not opposed to Councilmember Howell's suggestion.

Councilmember Howell said if the landlords had to pass this cost down to the tenants it would increase rent by around \$10 per month which she finds to be much more affordable than the kind of increase the single-family homes are currently seeing.

Community Development Director Hanson asked if Councilmember Howell's plan includes any application fees or if it would just be \$125 per unit.

Councilmember Howell said she would just suggest the flat \$125 rate for all units with no application fee.

Planning Manager Larson shared that they should keep in mind the length of the inspection. He explained that a single-family home inspection will take 45 minutes to an hour and an apartment

unit inspection will only take 10 to 15 minutes. He added that they are also having issues with the outdoor spaces for single-family homes which would not affect an apartment unit.

Councilmember Howell said the solution to this would be tied to violations and having a definitive scale.

RECESS AND RECONVENE

The meeting recessed at 6:55 p.m.

The meeting reconvened at 8:25 p.m.

2.02: Rental Housing License Fees Discussion (continued)

Mayor Kuzma asked if they would have to hold off on implementing any changes to the program until January 1, 2025.

Community Development Director Hanson explained that they can update the 2025 fee and rate schedule to reflect these fees. She said if they amended this now she is not sure if they would be able to allow rebates.

City Administrator Hagen said it would be the smoothest transition to change the fee schedule for 2025 and leave everything as is for the rest of 2024.

Councilmember Woestehoff asked when the Council typically sets rates and fees for the following year.

City Administrator Hagen said they typically try to get these adopted by the end of November and would include a public hearing.

Councilmember Riley said he would like to think of something that acknowledges the fact that more inspection time is needed for single-family homes while also charging the apartment units more.

Councilmember Specht asked how many units are in their average apartment buildings.

City Administrator Hagen said that some of the buildings have up to 200 to 300.

Councilmember Specht said if they do change the fee schedule now they could look at the rebates as future credits to future fees.

Councilmember Musgrove shared that it would be nice to have somewhere in the Code what is expected to be inspected so the tenant and the landlord know what the inspectors will be looking at.

Community Development Director Hanson explained that the Fire Department is only inspecting the common areas in the apartments, and they do not do anything with single-family homes. She

reiterated that the single-family home inspections take a lot more time because they are looking at water-heaters, air conditioners, and other appliances. She added that a lot of the single-family homes also have basements that need to be inspected. She explained that the inspectors have a checklist of everything they need to look at. She added that they are also finding a lot more violations in the single-family homes.

Councilmember Howell said she does not have a problem with the fee being the same for single-family homes and apartment units.

Councilmember Olson suggested that it could be most fair if they tie the fee to square footage rather than a per unit cost.

Community Development Director Hanson noted that a lot of the time, a smaller home will take up more time on an inspection than a larger home.

Councilmember Musgrove asked if they need to be doing an in-depth inspection on systems that are good for multiple years.

Community Development Director Hanson said they are inspecting all of these systems at every inspection, which is common practice. She explained that with the tiered inspection program they will not be going into units every year anyway. She said they are doing inspections in all units this year since it is a new program.

Councilmember Howell asked if there is a way to reverse the tiers on the program so the inspections are done every two years with more inspections needed at properties with issues.

Community Development Director Hanson said yes and explained that they can bring back the ordinance and make changes as the Council sees fit.

Mayor Kuzma noted that they will be able to see throughout the year what the true costs are that will be associated with this program.

Councilmember Howell said there seem to be enough issues with the program that they need to reevaluate.

Councilmember Musgrove suggested getting rid of the conversion fee.

Community Development Director Hanson explained that the conversion fee is something that all other cities have. She noted this is not something they need to have; they were just following suit with other cities' programs.

The consensus of the Council was to direct Staff to amend the background check requirements to only require them for property managers per State law and to further review the ordinance to make changes to the fee schedule.