

WORK SESSION OF THE GREENBELT CITY COUNCIL held Monday, February 7, 2011, to discuss the Property License Fee Review.

Mayor Davis called the meeting to order at 8:01 p.m. It was held in the Council Room.

PRESENT WERE: Councilmembers Konrad E. Herling, Emmett V. Jordan, Leta M. Mach, Silke I. Pope, Edward V. J. Putens, Rodney M. Roberts and Mayor Judith F. Davis.

STAFF PRESENT WERE: Michael P. McLaughlin, City Manager; Celia Craze, Director of Planning and Community Development; and Cindy Murray, City Clerk.

ALSO PRESENT WERE: Tom White, News Review.

Celia Craze, Director of Planning and Community Development, summarized the costs for operation of the community development/code enforcement program and compared those costs to the fees charged for apartment rental, owner rental, and commercial licensing. She stated that, based on her comparison, the City undercharges for commercial and apartment licenses.

<u>License Program</u>	<u>Actual Cost Per Unit</u>	<u>Current Fee Per Unit</u>
Apartment Rental	\$109	\$100
Owner Rental	\$106	\$150
Commercial	\$ 57	\$ 25

Ms. Craze explained that, in order to make the program entirely self-funding and to allocate costs accordingly, a fee adjustment of \$10 for apartment rental license fees were justified, as well as an increase in the base fee of a commercial property to \$285 and step increases from \$25 to \$60 as the size of the licensed premise increases. She commented the commercial increases could be done in a two step approach. Ms. Craze estimated revenue increases associated with these changes as follows:

- 1. Apartment License Fee increase of \$10 – Revenue increase of \$45,500*
- 2. Commercial License step increases from \$25 to \$60 – Revenue increase of \$41,235*
- 3. Commercial Base License fee to \$285 – Revenue increase of \$83,680*

Ms. Craze said she did not recommend any adjustment to the current licensing fee of \$150 for owner rented units. She noted that, compared to apartment buildings or a large building area at one address, owner rented units are located throughout the City and require a disproportionate amount of travel time per inspection.

Ms. Craze also suggested consideration be given for penalties for unpaid or delinquent fees for the purpose of creating disincentives and penalties for late payment, as well as a mechanism to recover some of the City costs to pursue payment of amounts owed. She noted that in the past calendar year, 70 of 471 licensed owner rental properties were significantly delinquent in payment of fees and pursuing collection through the process of imposing property liens for unpaid fees is very problematic and time consuming. Ms. Craze noted that New Carrollton charges \$5 per day for late fees and College Park charges a 1% fee per month with a 10% administrative fee.

Ms. Mach asked about reinspection fees. Ms. Craze said the City grants one gratis reinspection, since there are almost always items that have to be reinspected, but a reinspection fee is charged if inspectors need to return a third time. She added that the City had not been aggressive in pursuing reinspection fees.

Mr. Jordan said while it's important to cover the costs of doing inspections, he was hesitant to implement both commercial fee increases at the same time as small business owners may be experiencing problems due to the economic downturn. Ms. Craze said the property owner is responsible for licensing the entire property, although they may make attempt to pass these fees onto individual tenants.

After discussion, Council agreed that an increase in the rental licensing fees and commercial licensing fees was needed, along with enforcement of reinspection fees and implementation of a late policy fee.

The meeting ended at 9:25 p.m.

Respectfully Submitted

*Cindy Murray
City Clerk*