

Memorandum

REPORT TO: City Commission

FROM: Rebecca Harbage, Deputy Director of Community Development
Erin George, Director of Community Development

SUBJECT: Authorize the City Manager to Sign a Professional Services Agreement with Matrix Consulting Group, Ltd., for a Planning and Development Review Fee Study

MEETING DATE: May 5, 2026

AGENDA ITEM TYPE: Agreement - Vendor/Contract

RECOMMENDATION: Authorize the City Manager to Sign a Professional Services Agreement with Matrix Consulting Group, Ltd., for a Planning and Development Review Fee Study

STRATEGIC PLAN: 7.5. Funding and Delivery of City Services: Use equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

BACKGROUND: The Community Development Department leads development review for compliance with state and local land use regulations and processes. Department staff review permit applications for compliance with codes and help applicants navigate permit processes. Staff are also responsible for providing public notices, collecting public comments, and answering questions from the general public who may or may not submit permit applications. Long-Range Planning staff and Department leadership staff also conduct policy work to maintain the City's Community Plan, municipal codes and implement City Commission priorities. The City's general financial policy is to have those who generate needs for municipal services defray the cost of those services. As CD Department staff support both permit applicants and the general public, a portion of the City's review cost is paid with application fees and a portion with General Fund revenue (primarily property taxes).

The Planning Fee Schedule was last updated in August 2024 by Resolution 5622, which adopted flat 15% increases to planning fees for both fiscal year 2025 and fiscal year 2026. At the time of adoption, the city was recovering less than 50% of the cost of development review from Planning application fees. The fee increases were anticipated to generate a 57.5% cost recovery rate in fiscal year 2026, a substantial increase but still short of the cost recovery rate of 59.6% in 2021 when the last fee study was performed. Since 2021, the cost of providing review services has increased at a rate higher

than anticipated in the 2021 cost model. For context, the City's engineering permit fees were also increased in 2024 with a goal of 75% cost recovery in fiscal year 2026.

With a goal of further increasing cost recovery with planning fees, Community Development seeks to further analyze the cost of services and fee structure associated with planning and development review applications. The Department, in partnership with Finance and the Transportation & Engineering Department, issued a request for proposals in February 2026 and, after scoring the proposals and conducting interviews with two firms, selected Matrix Consulting Group, Ltd., as the best qualified to conduct the fee study. Matrix has conducted similar planning and development review fee studies for numerous cities around the country and comes highly recommended from past clients.

The fee study will analyze current costs, existing fee revenues, and effective fee for service models in other jurisdictions of similar size and complexity in Montana and the Mountain West to help the City determine appropriate fee levels. The cost of services analysis will include the Community Development Department as well as the costs incurred by other departments involved in the review of planning applications, such as Transportation & Engineering, Parks & Recreation, and Fire.

The project is proposed to kick off in May with data collection and analysis beginning in June when updated revenue and expense information for fiscal years 2026 and 2027 will be available. Findings and recommendations will be shared with City Commission prior to or in conjunction with the next fee resolution. The Department is cognizant of the City Commission priority to improve efficiencies in the development review process and any recommendations from the fee study will be evaluated alongside potential process improvements.

UNRESOLVED ISSUES: None

ALTERNATIVES: As suggested by the City Commission.

FISCAL EFFECTS: The total project cost is \$20,500, per *Exhibit A. Scope of Services* in the attached Professional Services Agreement. Funding for this project was included in the adopted FY25-26 Biennium Budget.

Attachments:

[2026 PSA_Planning Fee Study_Matrix Consulting Group.pdf](#)

Report compiled on: April 23, 2026