



Department: Finance
Cost Center: 1009
For Agenda of: 7/2/2024
Placement: Public Hearing
Estimated Time: 120 minutes

FROM: Whitney McDonald, Interim City Manager
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SUBJECT: REVIEW AND ADOPT REVISED CITYWIDE USER AND REGULATORY FEES

RECOMMENDATION

Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, amending the City's Comprehensive Fee Schedule with updated User and Regulatory Fees based on the Fee Study prepared by MGT Consulting Group and as represented in the City Council Agenda Report and Attachments" and direct that the fees identified in Attachment B be incorporated into the Resolution as Exhibit 1.

REPORT-IN-BRIEF

Many City services are considered a general public good and are funded through general tax revenues, however, some services are funded only by the users of the service. The City's User Fee Cost Recovery policy calls for the City to review and update service charges on an ongoing basis to ensure that they keep pace with changes in the cost-of-living and changes in methods or levels of service delivery. State law generally provides that fees for services cannot exceed the reasonable actual costs for providing services. In implementing this provision, the City has adopted the goal of comprehensively analyzing service costs at least every five years, with interim adjustments annually based on changes in the Consumer Price Index (CPI). The last comprehensive fee study was implemented in 2017 (R-10790), which did not include Building and Safety fees (these fees were last studied in 2011).

In May 2023, the City contracted with MGT Consulting Group (MGT) and initiated the process to review and update the City's user and regulatory fees, including fees for permits and services from Building and Safety, Development Review Engineering, Fire, General Government (administrative services like business license processing), Parks and Recreation, Planning/Cannabis, Police, Public Works, and Utilities. MGT evaluated the full cost of providing services regardless of which department performs the activity. Many fee-based activities are performed by cross-departmental teams. To gain a full understanding of the total cost of providing the service, the costs for these cross-support activities must also be included.

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MGT's analysis indicates that overall, the City is losing out on revenue by not recovering all of its costs through user fees, and while some fees are proposed to decrease or remain the same, a majority of the fees are proposed to increase. MGT also provided comparisons for a selection of fees with peer agencies, these comparisons begin on page 85 of the MGT report (Attachment C).

Updating user fees is projected to generate \$2,116,340 in additional annual revenue (\$1,800,688 in the General Fund) which is a 60% cost recovery outcome overall for services provided (per Council's adopted policy, cost recovery varies depending on the services provided). Note that the amount of fee revenue generated is not only driven by fee amounts, but also by the units of service (number of times a fee is charged). Therefore, these projections are estimates that can change based on a number of external factors that can impact demand from users.

In addition to evaluating current fees, the study provides an opportunity to add new fees, remove outdated fees, or change fee structures. Several new fees are proposed, as detailed later in this report. Recommendations also include fees that should be deleted as they are no longer relevant, and updated titles that are more transparent and intuitive for the user.

POLICY CONTEXT

California Constitution Article XIIC Section 1(e)(1) distinguishes fees from taxes, describing fees as "A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product."

As a part of Section 2 – User Fee Cost Recovery Goals – within the [City's Budget Policies](#): Fees are reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery. In implementing this goal, a comprehensive analysis of City costs and fees should be made at least every five years. In the interim, user fees are adjusted by annual changes in the Consumer Price Index. Fees may be adjusted during this interim period based on supplemental analysis whenever there have been significant changes in the method, level or cost of service delivery. The City Council reviews its fiscal policies every two years to guide staff in development of the two-year Financial Plan. Council most recently reviewed the User Fee Cost Recovery policy on January 12, 2023.

Additionally, as a part of Strategic Approach 1.5.c within the Economic Resiliency, Cultural Vitality and Fiscal Sustainability Major City Goal, implementing a City fee program update was identified as a work effort within the 2023-25 Financial Plan.

DISCUSSION

Background

The City's User Fee Cost Recovery policy calls for the City to review and update service charges on an ongoing basis to ensure that they keep pace with changes in the cost-of-living and changes in methods or levels of service delivery. State law generally provides that fees for services cannot exceed the reasonable actual costs for providing services. In implementing this provision, the City has adopted the goal of comprehensively analyzing service costs at least every five years, with interim adjustments annually based on changes in the Consumer Price Index (CPI). The last comprehensive fee study was implemented in 2017 (R-10790), which did not include Building and Safety fees (these were last studied in 2011).

In San Luis Obispo, past fee studies involved multiple departments and identified the cost of providing services and comparing the result to the current fee amount to determine whether it is recovering the full cost of the service provided. Determination of the full cost of service focuses on labor and uses expenditure and organizational information with time-tracking data, time estimates, and workload information. Like all jurisdictions and sectors, the City is impacted by cost increases and inflationary pressures on labor, materials, and supplies, and needs to ensure that service fees are aligned with the cost of service. Fee studies provide an opportunity for the City Council to re-align fee amounts with the adopted cost recovery policies.

A fee study also provides an opportunity to add new fees, remove outdated fees, or change fee structures. Simplification of the Building and Safety construction related fees and some Engineering fees was a major goal of this fee study. The City was seeking assistance with creating fee structures that are clear, transparent, easily understood by the general public, and easy to administer. Fee structures that are too complex can result in confusion by both staff and the public, which can lead to incorrect fees being paid. On the other hand, fee structures that are not complex enough to provide some level of distinguishment between major and minor work efforts can result in fees that are not in alignment with the actual costs of providing the services.

In May 2023, the City contracted with MGT Consulting Group and initiated the process to review and update the City's user and regulatory fees, including fees for services provided by Building and Safety, Development Review Engineering, Fire, General Government (administrative services like business license processing), Parks and Recreation, Planning/Cannabis, Police, Public Works, and Utilities. Staff worked with the consultant over the course of nearly a year to analyze the true cost of providing the services for which fees are charged. These efforts included staff at all levels of the agency in order to ensure that accurate time estimates and costs associated with specific tasks were provided. The adopted fees will be incorporated into an updated Comprehensive Fee Schedule, which includes both user fees and development impact fees. Review of updated development impact fees is a separate effort that is underway and is anticipated to be brought to the City Council in the second or third quarter of FY 2024-25.

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In February 2024, the City Council held a [study session](#) to receive an update on the user fee study. The intent of the session was to ensure that the Council and community had an understanding of how fee studies are conducted prior to formal discussions about proposed fee changes. Staff provided a preliminary summary of the outcomes of the MGT study and presented focus questions for Council's consideration and guidance for staff.

Areas of discussion included:

1. Cost recovery categories for different types of fees;
2. Development of fees charged to residents and non-residents for certain services provided by the Parks & Recreation Department;
3. Consideration of whether Planning fees should be collected in full at the time of planning application submittal;
4. Potential phasing of fee increases where significant increases are proposed; and
5. Timeframe for returning to Council with a formal proposal for changes to user fees.

Council supported a timeframe that allowed staff reasonable time to complete the fee study, but directed that staff return no later than January 2025 with proposed fee changes. The other items noted above are discussed later in this report.

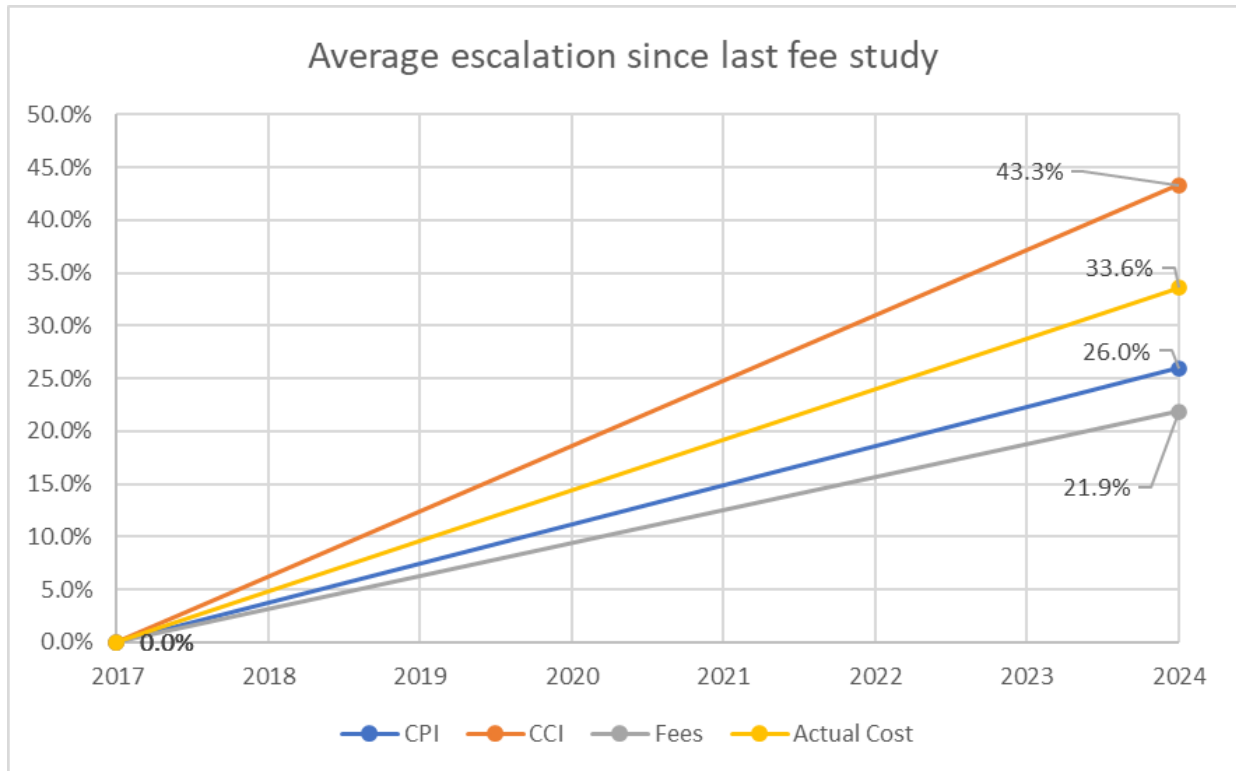
Staff has also conducted considerable outreach to inform stakeholders and the general public about the proposed fee changes and solicit input. Beginning in February 2024, staff has discussed the proposed fees at Developer's Roundtable, with the REACH Building Design and Construction Group, Parks and Recreation Commission, and the Chamber's Economic Development Committee. In addition, proposed fee information was posted on the City's website in late May, with opportunities for the public to provide feedback via Open City Hall.

Economic Environment

Between 2017 when the last fee study was completed 2023, the base year of the study, the local, national, and global marketplace has endured growth, a global pandemic, economic contraction, re-opening, inflationary pressures, and a high degree of uncertainty. There are a number of indices that are used to measure economic output, inflation, and growth. Two of the most common that the City uses are the Consumer Price Index (CPI) and the California Construction Cost Index (CCCI). In between performing a full fee study, the City's policy has been to increase fees annually based on the CPI for the Southern California geographic area, which has increased by 26.0% since 2017, as reflected in Chart 1 below. During that time, the CCCI has increased by 43.3%.

When considering the costs the City has paid for the operating programs that are most closely associated with fee-based activities (reflected as "Actual Cost" in Chart 1 below), the City has experienced a 33.6% increase. However, the City's fees have only been adjusted upward by about 22%; the fee adjustments have not kept pace with the total costs of providing the fee-based services over the intervening years.

Chart 1



Summary of Fee Study Findings and Recommendations

The fee study prepared by MGT is provided in Attachment C. MGT's fee study methodology is discussed in detail beginning on page 6 of MGT's report and departmental discussions are provided in Chapter 3, beginning on page 11. MGT evaluated the full cost of providing services regardless of which department performs the activity. Many fee-based activities are performed by cross-departmental teams. To gain a full understanding of the total cost of providing the service, these cross-support activities must also be included. A draft fee schedule showing existing fees compared to fees at staff recommended fee levels is provided as Attachment B to this report. The following is a summary table from the MGT report of results for each service area studied:

Table 1

User Fee Categories	Current				Recommended			
	(A) Full Cost User Fee Services	(B) FY2023/2024 Estimated Revenue		(C) Current Subsidy	(D) Cost Recovery Policy		(E) Increased Revenue	
Building	\$ 4,097,808	\$ 3,952,334	96%	\$ 145,474	4%	\$ 4,097,808	100%	\$ 145,474
Engineering	\$ 2,169,022	\$ 1,372,852	63%	\$ 796,170	37%	\$ 2,115,061	98%	\$ 742,209
Fire	\$ 1,301,320	\$ 962,996	74%	\$ 338,324	26%	\$ 975,990	75%	\$ 12,994
General Government	\$ 486,453	\$ 533,154	110%	\$ (46,701)	-10%	\$ 447,953	92%	\$ (85,201)
Parks and Recreation	\$ 9,841,859	\$ 1,906,407	19%	\$ 7,935,452	81%	\$ 3,423,282	35%	\$ 1,516,875
Planning	\$ 2,074,235	\$ 1,026,898	50%	\$ 1,047,337	50%	\$ 1,978,767	95%	\$ 951,869
Police	\$ 338,367	\$ 358,404	106%	\$ (20,037)	-6%	\$ 273,725	81%	\$ (84,680)
Public Works	\$ 67,138	\$ 64,954	97%	\$ 2,184	3%	\$ 67,138	100%	\$ 2,184
Utilities	\$ 1,485,677	\$ 1,071,626	72%	\$ 414,051	28%	\$ 1,375,310	93%	\$ 315,652
Totals:	\$ 21,861,879	\$ 11,249,625	51%	\$ 10,612,254	49%	\$ 14,755,034	67%	\$ 3,517,376

Note: Annual cost includes all cross support costs from other departments.

As shown, the City is currently recovering approximately 51% of costs associated with providing user and regulatory fee related services. MGT's study includes recommended fee amounts to enable the City to cover sufficient costs consistent with Section 2 of the City's adopted [Budget Policies](#).

The policy related to user fee cost recovery indicates that the following factors should be considered in setting fees and cost recovery levels:

1. Whether a program or activity creates a communitywide versus special benefit;
2. Whether customers are a recipient or driver of the service for which the fee is charged;
3. The effect of pricing on the demand for services; and
4. The feasibility of collection and recovery.

The policy states that high levels of cost recovery are followed under the following circumstances:

1. The service is similar to services provided through the private sector.
2. Other private or public sector alternatives could or do exist for the delivery of the service.
3. For equity or demand management purposes, it is intended that there be a direct relationship between the amount paid and the level and cost of the service received.
4. The use of the service is specifically discouraged.
5. The service is regulatory in nature, driven by voluntary property development choices, and non-compliance with regulatory requirements could adversely affect those impacted by the individual property owner's development choices. Building permit, plan checks, and subdivision review fees for large projects would fall into this category.

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The policy indicates cost recovery for Development Review Programs (e.g. planning, building and safety, engineering, fire plans) “should generally be very high” and that “in most instances, the City’s cost recovery goal should be 100%.”

The policy notes that the following types of services should have very low cost recovery goals:

1. Delivering public safety emergency response services such as police patrol services and fire suppression.
2. Maintaining and developing public facilities that are provided on a uniform, community-wide basis such as streets, parks and general-purpose buildings.
3. Providing social service programs and economic development activities.

In most cases, staff is recommending adoption of the fees identified in the MGT study; however, there are several exceptions discussed later in the report. If the City Council adopts the staff recommended fee levels as shown in Attachment B, it is estimated that \$2,116,340 in additional annual revenue could be recovered (\$1,800,688 in the General Fund). It is estimated that the additional revenue would provide a 60% cost recovery outcome for services provided overall, as opposed to the 67% recovery in MGT’s study. As shown below, revenue estimates for Parks and Recreation fees differ from the MGT report.

Table 2

User Fee Category	Increased/(Decreased) Revenue	
	MGT Report	Staff Recommendation
Building	\$ 145,474	\$ 145,474
Engineering	\$ 742,209	\$ 742,209
Fire	\$ 12,994	\$ 12,994
General Government	\$ (85,201)	\$ (85,201)
Parks and Recreation	\$ 1,516,875	\$ 115,839
Planning	\$ 951,869	\$ 951,869
Police	\$ (84,680)	\$ (84,680)
Public Works	\$ 2,184	\$ 2,184
Utilities	\$ 315,652	\$ 315,652
Total	\$ 3,517,376	\$ 2,116,340
General Fund	\$ 3,201,724	\$ 1,800,688

The variance shown within the Parks and Recreation Department is caused by differences between the City’s adopted cost recovery policy and the actual cost recovery recommended by staff. These differences are most defined in facility rental fees. MGT’s calculation of costs considers all cross-departmental expenditures as factors in the true costs of all support services for each fee (parks and facility maintenance and utility costs, public safety involvement in larger events, etc.).

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In many cases with facility rentals where the City's facilities are in competition with similar sized and privately owned facilities, these costs exceed the fee revenue that can be realistically generated under current market conditions. A market analysis of facility rental fees and childcare rates are provided in Attachment D.

Previous Policy Direction – Specific fees

The City Council has previously provided policy direction on various fees and staff would like to reaffirm Council's previous direction or receive further direction. As identified in the 2017 fee study, the following cost recovery rates were adopted, which staff is not proposing to change at this time, absent Council direction.

Fee	Cost Recovery %	Approximate annual subsidy \$ ¹
Home occupation permit	60%	\$24,000
Non-profit special event	25%	\$600
Christmas tree/Pumpkin lot	50%	\$400
Pre-application fees	50%	\$7,500
Mills Act participation application	50%	\$2,600
Voluntary merger	50%	\$4,500
Mandated/Required Fire inspections for schools, day care and affordable housing units owned and managed by the San Luis Obispo Housing Authority, other government agencies or not-for-profit housing organizations	0%	\$37,300
Appeals (non-Planning)	25%	\$5,200

Appeal fees (Planning)

Planning appeal fees are charged based on a tiered system. The tiers for appeals are as follows, with Tier 1 being the highest level of appeal, and Tier 4 the lowest:

Tier 1	Tier 2	Tier 3	Tier 4
<ul style="list-style-type: none"> • Appeals to the City Council 	<ul style="list-style-type: none"> • Administrative Use Permit 	<ul style="list-style-type: none"> • Sidewalk Café/Parklet 	<ul style="list-style-type: none"> • Home Occupation Permit
<ul style="list-style-type: none"> • Major Development Review 	<ul style="list-style-type: none"> • Minor & Moderate Development Review 	<ul style="list-style-type: none"> • Director's Action 	<ul style="list-style-type: none"> • Non-Profit Special Events
<ul style="list-style-type: none"> • Subdivision-Tract Map (>5 lots) 	<ul style="list-style-type: none"> • Subdivision-parcel map (<5 lots) 		<ul style="list-style-type: none"> • Sidewalk Sales Permit
<ul style="list-style-type: none"> • Planning Commission Use Permits 	<ul style="list-style-type: none"> • Lot Line Adjustment 		

As part of the 2017 fee study, the Council adopted Planning appeal fees at less than full cost recovery for certain tiers and based on whether the appeal was initiated by the applicant or a non-applicant. At that time, the goals expressed in [the staff report](#) were to set appeal fee amounts to not overly encourage or discourage appeals, to not unnecessarily distribute costs to the City, and to not discourage housing or other important City Goals. During a study session held in 2017, there was substantial discussion about setting appeal fees.

¹ Based on proposed revised fees.

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Ultimately, based on Council direction, the fees were set higher for applicants than for non-applicants. The discussion at the time indicates that this decision was made in an attempt to balance the desire that appeals would not be cost prohibitive for neighbors/non-applicants to appeal a decision, and that the City should not be burdened with covering the cost of appeals. Feedback received at that time indicated that resident groups supported the lower fee for non-applicants, but developers that were consulted did not support this fee structure.

Consistent with the cost recovery levels set at that time, staff proposes setting current fees as shown in the table below. The cost of planning appeals is significantly higher than current fee levels. This is due to the controversial nature and complexity of appeals, which require an extensive staff effort in report preparation, compiling summaries of previous reviews and hearings, providing responses to appellant arguments, collaboration with other departments in response to appellant arguments, and responses and preparation for hearings that arise from correspondence from other interested parties. There are often legal or technical issues that require collaboration with the City Attorney's office and/or outside consultants and cross support from other departments. It should be noted that planning appeals are relatively rare. Planning staff has processed 14 appeals in the last five years.

The proposed appeal fees are shown in the blue and green columns in the table below. The full cost to provide the service of processing an appeal is shown in the last column "cost of service (100%)." As illustrated in the table, Tier 1 and Tier 2 appeals are set at 20% of the full cost of the service for non-applicants, and 50% of the cost of service for applicants. For Tier 3 and Tier 4 appeals, the fee is set at 25% for both applicants and non-applicants. These recovery levels are the same as the current recovery levels that were established previously by the City Council for appeals. The table shows various recovery levels and associated cost should the City Council wish to set the recovery level at a different percentage than it is currently set.

Table 3

	Non-Applicant Fee	Applicant Fee	10%	15%	20%	25%	30%	40%	50%	60%	70%	80%	90%	Cost of Service (100%)
Tier 1 Applicant		\$ 8,356	\$ 1,671	\$ 2,507	\$ 3,342	\$ 4,178	\$ 5,013	\$ 6,684	\$ 8,356	\$ 10,027	\$ 11,698	\$ 13,369	\$ 15,040	\$ 16,711
Tier 1 Non-Applicant	\$ 3,408		\$ 1,704	\$ 2,556	\$ 3,408	\$ 4,260	\$ 5,111	\$ 6,815	\$ 8,519	\$ 10,223	\$ 11,927	\$ 13,630	\$ 15,334	\$ 17,038
Tier 2 Applicant		\$ 5,259	\$ 1,052	\$ 1,578	\$ 2,103	\$ 2,629	\$ 3,155	\$ 4,207	\$ 5,259	\$ 6,310	\$ 7,362	\$ 8,414	\$ 9,465	\$ 10,517
Tier 2 Non-Applicant	\$ 2,070		\$ 1,035	\$ 1,553	\$ 2,070	\$ 2,588	\$ 3,105	\$ 4,140	\$ 5,175	\$ 6,210	\$ 7,245	\$ 8,280	\$ 9,315	\$ 10,350
Tier 3	\$ 1,287	\$ 1,287	\$ 515	\$ 772	\$ 1,029	\$ 1,287	\$ 1,544	\$ 2,058	\$ 2,573	\$ 3,088	\$ 3,602	\$ 4,117	\$ 4,631	\$ 5,146
Tier 4	\$ 674	\$ 674	\$ 270	\$ 405	\$ 539	\$ 674	\$ 809	\$ 1,079	\$ 1,349	\$ 1,618	\$ 1,888	\$ 2,158	\$ 2,427	\$ 2,697

Key Changes and Recommendations

1. Building & Safety

Current: Building and Safety fees include fixed fees as well as construction permit fees that are charged on a base plus increment schedule as reflected on 30 separate matrices; 15 are for plan check services, and 15 are for building inspection services. Each matrix represents a building use, and calculates fees based on square footage and type of construction. Fixed fees in Building and Safety include things such as:

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water heater or furnace replacements, balcony/porch/deck construction, electric car charging system installation, and residential re-roofing.

Recommendation: Construction permit fees will be simplified into 12 categories with a separate price per square foot for plan review and for inspections; the categories are aligned with the types of permits that are issued. The 12 categories include:

- Alteration/Addition – Accessory Dwelling Unit
- Alteration/Addition – Commercial
- Alteration/Addition – Mixed Use or Multi Family
- Alteration/Addition – Single Family
- New Accessory Building
- New Accessory Dwelling Unit
- New Commercial Building
- New Commercial Shell
- New Mixed-Use
- New Multi Family (R2)
- New Multi Family (R3)
- New Single Family

These new categories will replace the 30 matrices that consists of hundreds of different options, which will simplify estimating fees for future projects and improve staff efficiency for calculating fees. As in the current fee schedule, the proposed restructured fee schedule is still based on square footage, which ensures that the cost of services are proportionate to the size and cost of the project.

Each of the 12 categories also includes a minimum and/or maximum square footage for calculating the fee. This helps ensure that the fees for very small and very large buildings reflect the actual work effort required for plan review and inspection. The minimum permit fee for each category is necessary to ensure that the City captures all costs associated with processing applications. Regardless of the size of the project, the fee needs to capture the cost of staff time to process the permit and conduct inspections. The maximum permit fee is being recommended after staff analyzed the types of projects that exceed the square footage thresholds that are being recommended. Larger projects in the City tend to be similarly complex when it comes to reviews and inspections with more volume in the building. For example, a single-family home that is 4,000 square feet will have one kitchen, 3-4 bathrooms, and 4-6 bedrooms. Whereas a 2,000 square foot home will have one kitchen, 2-4 bathrooms, and 3-4 bedrooms. The major difference between the two homes is that the individual bedrooms, closets, and general living spaces are larger. Where the 2,000 square foot home may have a primary bedroom that is 350 square feet, the 4,000 square foot home will likely have a primary bedroom closer to 600 square feet.

The cost per square footage is unique to each permit category and is based on how much time a typical project for each category will take to review and inspect. Staff analyzed projects within each category by calculating the time it took to process the permit based on how many review comments were provided and the number of

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inspections performed, as well as the nature of the comments and types of inspections for typical projects within each category. The recommendation represents the conversion of staff's actual time into a cost per square foot. This means that the cost per square foot is not comparable across categories. For example, a new detached Accessory Dwelling Unit (ADU) is similar in nature to a new single-family home. The price per square foot is different in that it is much higher for the ADU; however, the actual permit and inspection costs are lower for the ADU because they are smaller projects.

The following tables provide a few examples of the current and proposed fee amount changes for Building and Safety. In order to provide a sense of the impact of the new fee structure and amounts on projects, Table 4 below, illustrates the plan review and inspection fee that would be associated with several example projects of various sizes. Table 5 provides additional examples of current and proposed fees. Table 5 provides a sample of fixed-fee permits that are provided by the Building and Safety Division to illustrate the proposed changes in Building and Safety.

Table 4

Building & Safety	Current			Proposed			Change \$	Change %
	Plan Review	Inspection	Total	Plan Review	Inspection	Total		
New Single Family Residence								
1000 sqft	\$ 2,690.04	\$ 2,724.74	\$ 5,414.78	\$ 2,590.00	\$ 3,050.00	\$ 5,640.00	\$ 225.22	4%
1800 sqft	\$ 4,120.22	\$ 4,173.61	\$ 8,293.83	\$ 4,662.00	\$ 5,490.00	\$ 10,152.00	\$ 1,858.17	22%
3000 sqft	\$ 5,557.92	\$ 5,900.62	\$ 11,458.54	\$ 7,770.00	\$ 9,150.00	\$ 16,920.00	\$ 5,461.46	48%
New Mixed Use								
10,000 sqft	\$ 19,255.81	\$ 19,255.81	\$ 38,511.62	\$ 13,000.00	\$ 12,500.00	\$ 25,500.00	\$ (13,011.62)	-34%
25,000 sqft	\$ 27,956.96	\$ 41,188.27	\$ 69,145.23	\$ 32,500.00	\$ 31,250.00	\$ 63,750.00	\$ (5,395.23)	-8%
Alt/Addition Single Family								
400 sqft	\$ 1,271.83	\$ 2,003.74	\$ 3,275.57	\$ 1,520.00	\$ 1,408.00	\$ 2,928.00	\$ (347.57)	-11%
1000 sqft	\$ 2,905.97	\$ 3,904.89	\$ 6,810.86	\$ 3,800.00	\$ 3,520.00	\$ 7,320.00	\$ 509.14	7%
New ADU								
500 sqft	\$ 2,690.04	\$ 2,724.74	\$ 5,414.78	\$ 1,945.00	\$ 2,160.00	\$ 4,105.00	\$ (1,309.78)	-24%
1000 sqft	\$ 2,690.04	\$ 2,724.74	\$ 5,414.78	\$ 3,890.00	\$ 4,320.00	\$ 8,210.00	\$ 2,795.22	52%
Alt/Addition Commercial								
1500 sq ft	\$ 1,864.58	\$ 1,482.97	\$ 3,347.55	\$ 1,665.00	\$ 1,740.00	\$ 3,405.00	\$ 57.45	2%
3000 sq ft	\$ 2,968.76	\$ 2,411.88	\$ 5,380.64	\$ 3,330.00	\$ 3,480.00	\$ 6,810.00	\$ 1,429.36	27%

Table 5

Building & Safety	Current	Proposed	Change \$	Change %
Re-Roof Residential	\$ 268.76	\$ 453.00	\$ 184.24	69%
Stairs - Repair/Replace	\$ 1,165.95	\$ 993.00	\$ (172.95)	-15%
Stucco/Siding (Per Building)	\$ 490.45	\$ 734.00	\$ 243.55	50%
Window Retrofit (Non-Structural)	\$ 225.40	\$ 389.00	\$ 163.60	73%
Water Heater	\$ 137.77	\$ 173.00	\$ 35.23	26%
Electrical Service Upgrade	\$ 139.95	\$ 324.00	\$ 184.05	132%
Demolition - Entire Building	\$ 904.11	\$ 993.00	\$ 88.89	10%
Foundation New/Replace (3000 sqft)	\$ 1,550.61	\$ 1,512.00	\$ (38.61)	-2%
Balcony/Porch/Deck (up to 500 sqft)	\$ 1,252.95	\$ 993.00	\$ (259.95)	-21%
Residential Photovoltaic System	\$ 193.21	\$ 604.00	\$ 410.79	213%
Residential Pool/Spa	\$ 1,032.91	\$ 1,382.00	\$ 349.09	34%
Wall Sign	\$ 396.80	\$ 604.00	\$ 207.20	52%
Trash Enclosure	\$ 1,290.52	\$ 1,253.00	\$ (37.52)	-3%
Store Front/Façade Alterations	\$ 1,162.95	\$ 1,512.00	\$ 349.05	30%
Permit Issuance (Minimum Permit Fee)	\$ 278.66	\$ 433.00	\$ 154.34	55%

New and Deleted Fees: As identified in MGT's report, there are 23 new fees proposed and 26 fees that are recommended for deletion or consolidation in the building and safety fee schedule. Additionally, there are 25 fees that staff recommends alterations to the fee title to add clarity and ease of use of the fee schedule.

Revenue Increase: Overall, the change to the fee structure and anticipated volume of permits is projected to generate approximately \$145,000 in additional revenue annually from Building and Safety.

2. Engineering

Current: Engineering fees are assessed as either a percentage of estimated construction costs, a fixed fee or base plus increment, depending on the type of permit/application being reviewed.

Recommendation: The fee structure for Improvement Plan Check and Construction Inspection is proposed to be simplified. Currently the fee is charged using a base fee plus increments based on construction costs. Staff has had difficulty explaining and implementing this current fee structure and has heard that it is also confusing to the public. The proposed fee structure would simplify the methodology for determining fees for Plan review and Inspection and reduce the number of fee line items from 21 to 4. Cost of construction generally correlates with the complexity and size of a project, and therefore the time required for review.

Calculation of the full cost of fee services results in several proposed fee increases, particularly in traffic control plan review and inspection activities, where the support provided by other departments was previously not included in the calculations. Site improvement plan reviews for smaller projects (those less than 5,000 square feet) will also see significant increases in fees due to previously not including the support costs

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of other departments, and the increasing reporting requirements for stormwater compliance. Additionally, previous work efforts indicated that the stormwater activity took approximately two hours of staff time to perform; however, current processes require four to six hours of staff time, on average.

Similarly, fees for encroachment permits are increasing, including the annual encroachment permit for utility companies. This annual permit is currently \$10,545 and the full cost to perform the service is \$20,902. The annual encroachment permit covers permit fees for maintenance work on existing utilities and cover construction plan review, traffic control plan review, permit issuance, and Public Works inspection. Once the annual permit is obtained, individual encroachment permits for each maintenance job can be obtained for no additional cost for the rest of the year. Each of the four utility companies, AT&T, Charter/Spectrum, PG&E, and Southern California Gas Company, obtain between 45-185 maintenance permits per year, which are covered under the cost of their annual permit. The increase in the cost of this particular permit is due to the complex nature of these annual permits and the amount of staff time from multiple divisions that is required to complete the review of the permits.

The following tables provide a few examples of the current and proposed fee amount changes for Engineering activities. Table 6 illustrates change in Plan Check and Construction Inspection (this is a fee charged for projects such as the review of Public Improvement Plans for large subdivision projects). Tables 7-10 illustrate changes for various fixed-fee permits provided by the Engineering Division.

Table 6

Estimated construction cost	Current			Proposed			Change \$	Change %
	Plan check	Inspection	Total	Plan check	Inspection	Total		
\$ 50,000	\$ 7,850.16	\$ 5,221.44	\$ 13,071.60	\$ 7,728.75	\$ 4,328.10	\$ 12,056.85	\$ (1,014.75)	-8%
\$ 100,000	\$ 15,162.45	\$ 10,879.19	\$ 26,041.64	\$ 15,457.50	\$ 8,656.20	\$ 24,113.70	\$ (1,927.94)	-7%
\$ 500,000	\$ 21,204.56	\$ 43,593.36	\$ 64,797.92	\$ 19,579.50	\$ 43,281.00	\$ 62,860.50	\$ (1,937.42)	-3%
\$ 1,000,000	\$ 30,348.99	\$ 61,543.56	\$ 91,892.55	\$ 24,732.00	\$ 60,284.25	\$ 85,016.25	\$ (6,876.30)	-7%

Table 7

Encroachment Permits	Current	Proposed	Change \$	Change %
Sidewalk: 50 feet	\$ 1,121.00	\$ 1,531.32	\$ 410.32	37%
Driveway approach: 16 feet	\$ 1,321.73	\$ 1,723.16	\$ 401.43	30%
Water service lateral: 25 feet	\$ 1,498.82	\$ 1,464.34	\$ (34.48)	-2%
Sewer lateral: 25 feet	\$ 1,018.91	\$ 1,033.33	\$ 14.42	1%
Fire service lateral: 25 feet	\$ 2,697.21	\$ 2,267.87	\$ (429.34)	-16%
Fiber optic conduit bore: 100 feet	\$ 1,498.84	\$ 1,875.51	\$ 376.67	25%
Storage container or rolloff dumpster	\$ 88.15	\$ 172.09	\$ 83.94	95%
Annual Encroachment Utility Companies	\$ 11,279.60	\$ 20,902.00	\$ 9,622.40	85%

Table 8

Subdivision Maps	Current	Proposed	Change \$	Change %
Parcel Map (up to 4 parcels)	\$ 8,209.22	\$ 10,733.69	\$ 2,524.47	31%
Parcel Map Commercial or Condo Base Fee	\$ 11,888.48	\$ 14,524.90	\$ 2,636.42	22%
Tract Map Base Fee	\$ 18,027.11	\$ 23,282.09	\$ 5,254.98	29%
Lot Line Adjustment	\$ 3,558.61	\$ 5,686.30	\$ 2,127.69	60%

Table 9

Traffic Control Plan Review	Current	Proposed	Change \$	Change %
Minor	\$ 229.11	\$ 315.33	\$ 86.22	38%
Moderate	\$ 371.55	\$ 885.20	\$ 513.65	138%
Major	\$ 655.98	\$ 2,397.97	\$ 1,741.99	266%

Table 10

	Current	Proposed	Change \$	Change %
Site Improvement Plan Review 0-2499 sqft	\$ 361.02	\$ 1,033.59	\$ 672.57	186%
SFR Plan Review 0-2499 sqft	\$ 361.02	\$ 689.40	\$ 328.38	91%
Final Inspection Non-SFR 0-2499 sqft	\$ 180.50	\$ 258.66	\$ 78.16	43%
Final Inspection SFR 0-2499 sqft	\$ 180.50	\$ 258.66	\$ 78.16	43%
Flood Zone Analysis - Minor	\$ 180.10	\$ 344.19	\$ 164.09	91%
Flood Zone Analysis - Major	\$ 720.40	\$ 1,378.81	\$ 658.41	91%

Revenue Increase: Adoption of the recommended fees is anticipated to generate about \$742,000 in additional revenue from Engineering.

3. Planning

Current: The Planning Division assesses fees for a wide variety of activities related to the use of private property such as entitlement permits for new multifamily and commercial projects, conditional use permits for certain uses, and general plan amendments and includes fixed fees as well as deposit fees. Currently, as outlined in the existing fee schedule, some planning fees are collected in two phases.

Recommendations: As the table below illustrates, several Planning fee amounts for certain application types are increasing. There are several factors influencing the increases, including staff costs and additional layers of legislative review. The hourly rates for planning and cross support staff have increased since 2017. In addition, there has been increased complexity in the scale and type of projects being reviewed by staff, as well as the required review and analysis due to state legislation, including new housing laws and requirements promulgated and enforced by Housing and Community Development (HCD).

While the overall costs of Planning services have increased, there has also been several updates to the City's planning review processes that help to reduce overall costs, process, and uncertainty borne by property owners and developers in the review of housing projects. Since the last fee study in 2017, updates to the Zoning and Subdivision Regulations have streamlined the development review process in support of housing production. Zoning Code Sections 17.106.020 and 17.106.030 were amended in 2021 to allow more projects to be eligible for ministerial review and shorter processing times by exempting specific housing projects from discretionary review and streamlined development review for housing projects less than 50 units from the Planning Commission to the Director level.

Table 11 provides a sample of Planning Division related permit fee proposed changes.

Table 11

Planning	Current	Proposed	Change \$	Change %
Minor Use Permit	\$ 3,918.00	\$ 3,612.93	\$ (305.07)	-8%
Director Action - General	\$ 1,075.81	\$ 2,874.00	\$ 1,798.19	167%
Development Projects - Minor	\$ 5,302.79	\$ 8,390.00	\$ 3,087.21	58%
Lot Line Adjustment	\$ 3,879.18	\$ 4,175.59	\$ 296.41	8%
Variance	\$ 3,739.41	\$ 4,012.77	\$ 273.36	7%
Pre-Application	\$ 1,154.27	\$ 1,373.66	\$ 219.39	19%
Cannabis Application	\$ 27,713.42	\$ 25,764.56	\$ (1,948.86)	-7%
Home Occupation Permit	\$ 204.68	\$ 301.94	\$ 97.26	48%
Condominium Conversion	\$ 19,085.79	\$ 29,197.16	\$ 10,111.37	53%

New Recommended Planning Fees:

Historic Property Listing/Delisting

An Historic Property Listing is a process by which a property is recognized for its historic status and for its continued preservation and protection for the community. Properties added to the City's historic list are subject to the requirements of the Historic Preservation Ordinance, which requires conformance with the Historic Preservation Program Guidelines and the Secretary of Interior Standards for the Treatment of Historic Properties (SOI Standards). Properties added to the City's historic inventory are also deemed Historic Resources under the California Environmental Quality Act (CEQA) and any significant modifications, demolition, relocation, or proposed development which could have a significant impact would require careful environmental review. Properties added to the Master List of Historic Resources are also eligible for the Mills Act Program, which offers tax incentives to homeowners in exchange for entering into an agreement with the City for long term preservation efforts.

Staff proposes adopting a fee to cover the direct costs associated with staff time in the evaluation of properties for their eligibility for historic property listing/delisting including review of historic consultant reports, site visits, staff report preparation, hearing presentations for review by the Cultural Heritage Committee (CHC) and final approval by the City Council. Costs also include notifications, property posting, agenda packet publishing, and communications with interested citizens, Committee and Council members.

The amount for full cost recovery for typical listing/delisting project is \$3,647 and is based on experience with the amount of staff hours associated with all the services provided/recovered as discussed above. Staff is recommending the following adjustments:

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Listing: (\$0) zero. Staff recommends no fee for this listing type since it confers a substantial community benefit² for long term preservation. This adjusted fee amount from full cost recovery would continue the City's current fee structure not to charge for this service.

Contributing and Master List property delisting: \$3,647. Full cost recovery is recommended. Delistings are discouraged in the Historic Preservation Ordinance³ and these types of applications require the most thorough review and often include the most staff time for review due to potential environmental impacts and controversy associated with proposed projects and/or demolitions.

Cultural Heritage Committee (CHC) Development Review

Staff recommends creating a new fee for Development Review Projects (Minor, Moderate, and Major) that require CHC review. Applicants for Minor, Moderate, and Major Development Review projects that require CHC review currently pay the same fee as applicants that do not require CHC review. The proposed new CHC Development Review fee included in Attachment B covers direct costs associated with staff time for project evaluation, site visits, staff report preparation, and hearing presentations reviewed by the CHC. Costs also include cross support from the Clerk's office, City Attorney, notifications, property posting, and agenda packet publishing. The fee will apply to developers, property owners, and applicants proposing development projects with applications for Minor, Moderate, and Major Review that require review and recommendations from the CHC. The new fee of \$3,860 is based on the cost of staff time to complete the tasks listed above and full cost recovery is recommended.

CHC Staff Referral Review

This fee is for minor projects that require Director level determination of Historic Preservation Ordinance compliance that are referred to the CHC for input. Examples of where this fee could apply would include window replacements, significant repairs, and minor additions that require CHC input on Secretary of Interior Standard compliance. Currently, small scale alterations that are clearly consistent with the Secretary of Interior Standards and demolitions of structures deemed "non-historic" can be approved at the staff level. This new fee is intended to work with the pending Historic Preservation Ordinance update to provide a streamlined process and reduced fee compared to the current structure where the only option to refer these types of projects to the CHC would be to require the Minor Architectural review application and fee. The new fee can also apply to applications to demolish or significantly modify buildings that are not on the City's historic inventory, but which are 50 years or older and would benefit from CHC review.

² General Plan Conservation and Open Space (COSE) Goal 3.2: City will expand community understanding, appreciation and support for historic and architectural resource. COSE Policy 3.3.1 – Historic Preservation: Significant historic and architectural resources should be identified, preserved, and rehabilitated.

³ SLOMC 14.01.060.C. Removal from Historic Listing. It is the general intention of the City not to remove a property from historic listing.

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The new fee of \$881 covers direct costs associated with staff time for project evaluation, site visits, and preparation of reports in a memo or summary format requiring significantly less staff time for preparation compared to a project requiring CHC Development Review as described above. The fee is based on the cost of staff time to complete the tasks listed above and full cost recovery is recommended⁴.

Senate Bill 9 (SB9) Urban Lot Split

SB9 Urban Lot Splits are a type of subdivision that can only be reviewed ministerially (no discretion or hearing process) and are applicable to the R-1 zone only. SB9 is a 2021 statute, and the City has only recently been receiving these applications. SB9 allows local jurisdictions to charge a reasonable fee for costs incurred by the processing of these subdivisions. The full cost of this activity is \$8,704. The City currently does not have a specific fee for this application type and has been applying the Tentative Parcel Map fee.

All of the typical evaluation and review procedures for a subdivision are applicable to SB9 subdivisions with the exception of the costs that would normally be incurred with the preparation and conduct of a public hearing. Since SB9 prohibits discretionary review, there are no costs associated with noticing, environmental determinations, staff report preparation, or in the holding of a public hearing. SB9 subdivisions require review for conformance with provisions of SB9 and with the City's Subdivision Regulations which includes a Chapter to specifically implement SB9. SB9 Subdivisions also require review by City Departments and Divisions including Fire, Building, Engineering, Planning, Transportation, and the City Attorney's office. Review includes determinations of eligibility, code compliance, access, easements, and utility provisions.

The fee is based on the cost of staff time to complete the tasks listed above and full cost recovery is recommended.

Cannabis Transfer Fee

The City Council prioritizes local hiring, community support, and equity ownership in its Cannabis Regulations and Merit Criteria, which are used to evaluate cannabis operator permit applications. To uphold these values, Commercial Cannabis Operator Permits cannot be transferred according to Municipal Code section 9.10.120(B), unless the applicant proves their ability to meet the same criteria as the original permit holder. This involves satisfying the requirements outlined in the Community Benefit Agreement and/or the original application that led to the permit issuance.

Staff hours go towards initial review of transfer requests, communications with the City's Cannabis Steering Committee, Steering Committee meetings, communication with the cannabis operator, and police department review of background reports from the City's consultant.

⁴ The Historic Preservation Ordinance (HPO) and Historic Preservation Program Guidelines (HPPG) require alterations to historic properties to be consistent with Secretary of Interior's Standards for the Treatment of Historic Properties (HPPG 3.1.1 & HPO 14.01.040).

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The fee applies to operators who wish to transfer an amount of ownership in their cannabis operation to an external or internal owner, where the transfer has the potential to affect the Community Benefit Agreement commitments, as well as any transfer to a party not currently affiliated with the business. The fee does not apply to internal transfers of ownership among current permittees affiliated with the business that would not affect the Community Benefits Agreement commitments.

The charging of this fee is described in the Municipal Code and is currently charged on a deposit basis per the Cannabis Program Administrative Regulations, which were set at the inception of the program. Staff is now recommending a simplified flat fee of \$13,978 based on experience with recent transfer applications that allowed tracking of staff hours.

The fee is based on the cost of staff time to complete the tasks listed above and full cost recovery is recommended.

Creek Setback Exception

This action was previously covered under the minor use permit fee and has been separated out consistent with recent updates to the Zoning Regulations and for transparency to applicants and the public. The full cost of this activity is \$3,663 and includes the cost associated with planning review, cross support review from other divisions including Natural Resources, and the costs of preparing for and holding the Director's Hearing.

New Specific Plan

The City currently does not have a specific application or fee for establishing a new specific plan area. It should be noted that this is a very rare application type since most new specific plans are initiated by the City; however, the staff time and resources associated with reviewing and implementing a new specific plan area is significant. Project management is one of the largest tasks associated with a new specific plan. Management includes coordinating all tasks, meetings, and schedules with City staff, consultants, and the applicant team to review General Plan consistency (land use review, resource analyses (e.g. available water, sewer capacity, fire, police, etc.), fiscal impacts analysis, etc.), environmental review, architectural review, subdivision review, and developing a development agreement. Under the existing fee schedule, a deposit is required for a Specific Plan Amendment, which is the most closely related current application fee, based on an estimate of costs. Staff is now proposing a deposit of \$53,127 by the applicant for a new specific plan area and actual staff time would be tracked. The ultimate cost would be determined based on complexity and activity required.

Tree Removal Permit and Tree Committee Recommendation

While not entirely new, these permit fees were moved to Planning from Public Works due to the fact that the tree program has moved to Community Development from Public Works. The current full cost recovery amount established for both a Tree Removal Permit and Tree Committee Recommendation are \$661 each. Staff is

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recommending that the City Council consider setting these fees at 50% of full cost recovery (\$330.50) to bring the fee amount into greater proportionate alignment with the likely costs of removing a tree and to encourage property owners to follow proper protocol for tree removal. This is consistent with the adopted policy factors favoring low cost recovery levels. Attachment B reflects these staff recommendations.

Planning Fees recommended for deletion:

Plan Revision – This fee is redundant and is covered by the “Modification” fee.

Environmental Impact Determination – This fee is redundant and is covered by the “Initial Study / Environmental Impact Report” fee.

Street Name change – Staff does not have a record of this service being requested. Street names are proposed via tract map submittals where new rights-of-way are established.

Clarification, name changes or transfer of fees to the Planning fee schedule:

Business License Change of Location – This fee was previously listed under the “General Government Fees” section of the Comprehensive Fee Schedule and is now being listed under “Planning Services.”

Pre-Application with site visit + ARC Review – This is replacing the “Conceptual Review” fee on the current comprehensive fee schedule to provide clarity and transparency to applicants and the public.

Revenue Increase

Adoption of the recommended Planning fees is estimated to generate an additional \$952,000 in revenue.

Collection of Planning Fees

Currently 12 planning fees (out of 71 total) are collected in two installments (one installment is paid by the developer upon submittal of the planning application, and the second installment is meant to be paid upon approval of the application). This practice was raised as a discussion point during the February 20 Study Session, however, no decision was made at that time as to whether the practice should continue or not.

The 12 planning fees that can be shown in two installments are included in Table 12. As shown below, there are 42 applications since February 2020 that have not yet paid the completion payment and \$296,522.85 remains uncollected, even though the work to complete these permits was carried out by staff. Non-payment of the second installment generally occurs when a planning permit is approved, but the project does not move forward to seek building permits. The non-payment results in lost revenue, as the work to complete the planning permit was undertaken by staff, and the cost of that work is never recouped by the City. Providing two installment payments allows for a lower up-front cost to an applicant, however it leaves staff in the difficult position of becoming collection agents on permits when the second payment is due. This further increases City costs on these projects and has not resulted in fees being collected for a variety of reasons, such as change of property ownership, or unresponsive applicants. Furthermore, allowing fees for services provided to remain

uncollected is contrary to City Council’s policy of full cost recovery for these activities. Staff recommends that the City Council consider ending the practice of collecting certain planning fees in two installments in order to ensure that the City is being reimbursed for work completed. Attachment B reflects this staff recommendation.

Table 12

Fees currently collected in two installments					
	2023-24	IT	First	Completion	Currently
	Application Fee	Surcharge	Payment	Payment	Uncollected
Minor Use Permit	\$ 1,291.89	\$ 115.98	\$1,407.87	\$ 2,510.57	\$ 18,667.94
Conditional Use Permit	\$ 2,976.25	\$ 241.38	\$3,217.63	\$ 4,937.84	\$ 9,875.68
Variance	\$ 1,365.54	\$ 110.68	\$1,476.21	\$ 2,263.19	
Affordable Housing Incentive Request	\$ 559.70	\$ 45.96	\$ 605.66	\$ 947.34	\$ 1,758.50
Reviews Requiring ALUC Hearing	\$ 2,268.58	\$ 103.90	\$2,372.48	\$ 1,181.36	
Architectural Review					
Signs	\$ 2,607.75	\$ 185.94	\$2,793.68	\$ 3,488.61	
Conceptual Review	\$ 2,732.96	\$ 221.63	\$2,954.59	\$ 4,533.62	\$ 4,367.65
Development Projects - Moderate	\$ 5,572.34	\$ 455.71	\$6,028.05	\$ 9,369.04	\$ 71,915.67
Development Projects - Major	\$ 7,559.87	\$ 609.02	\$8,168.89	\$12,407.96	\$125,993.29
Development Projects - Minor	\$ 2,016.42	\$ 156.95	\$2,173.37	\$ 3,129.42	\$ 24,135.64
Plan Revision	\$ 2,367.13	\$ 178.01	\$2,545.14	\$ 3,469.17	
Cannabis Operator	\$ 27,713.42	\$ 285.45	\$5,903.19	\$21,810.23	\$ 39,808.48
					\$ 296,522.85

4. Parks and Recreation

Current: Parks and Recreation fees are currently reflected in the fee study in alignment with the cost recovery policy, except as previously discussed.

Recommendation: The fees proposed in Attachment B largely reflect current cost recovery policy levels, except for facility rentals and for childcare programs. The proposed fees were analyzed by staff contemplating multiple factors, not simply cost and recovery percentages. The recommendations also consider market-based analysis (a typical consideration among other local agencies for certain fees) and expected enrollment levels, as shown in Attachment D. As childcare needs for the community have become more prevalent, policy changes related to cost recovery for this area could be reassessed to move to a lower cost recovery percentage, i.e. the Mid-Range cost recovery category of 30-60%, within the City’s Cost Recovery Policy. Proposed childcare fees are projected to achieve 58% cost recovery, and while this recovery percentage falls in the mid-range level, and childcare services are currently in the high-range category, the estimated recovery is close to policy levels.

Based on operational changes (increase in enrollment capability and adjusted staffing models) during the spring program which resulted in an increase in cost recovery, and for consistency with other camp related programs and services, realigning the Junior

Ranger Camp from the Low-Range to the Mid-Range cost recovery could also be considered.⁵

Current cost recovery policies for Parks & Recreation fees are categorized as follows:

Low-Range 0-30%	Mid-Range 30-60%	High-Range 60-100%
<ul style="list-style-type: none"> • Aquatics • Community gardens • Junior Ranger camp • Minor commercial film permit applications • Skate park • Parks and Recreation sponsored events • Youth sports • Teen services • Senior services 	<ul style="list-style-type: none"> • Triathlon • Golf • Summer and Spring Break Camps • Classes • Major commercial film permit applications 	<ul style="list-style-type: none"> • Adult athletics • Banner permit applications • Child care services • Facility rentals (indoor and outdoor)

Additionally, implementing a non-resident fee for popular programs such as camps (spring break, summer, and Jr. Ranger), impacted classes (swim lessons), and for facility rentals (Swim Center) would benefit cost recovery, as well as provide more equitable access for current residents. The practice of incorporating two different fee structures, such as a resident and non-resident fee, for key programs and facility rentals is not uncommon for many city parks and recreation agencies. The majority of the Parks and Recreation Department’s programs and services are supported by the City’s General Fund which current community members contribute to through taxes. By recommending the addition of a non-resident fee category, the City seeks to better support community members, as well as offset the revenue, by equalizing the burden of certain programs utilized by non-residents through increased non-resident fees. Staff have assessed high impact programs, as well as unique facilities such as the SLO Swim Center and Jack House Gardens, for the recommendation of the inclusion of a non-resident fee. The non-resident fee is proposed to be approximately 15%

⁵ The Junior Ranger camp is currently reflected in the low-range cost recovery category based on the program at that time being fairly new and staffed by full-time Ranger staff when initially addressed in the cost recovery policy. Enrollment was intentionally kept low, at 14 to 16 children, for safety and risk management of the outdoor program as well as limited Ranger staff availability to operate the weeklong program. With operational changes implemented this spring, the Junior Ranger program was expanded to accommodate an enrollment of 18-20 children per session, as well as implemented the use of supplemental staff to reduce the impact of full-time Ranger staff, while also maintaining the high quality and safe activities. These updated operational changes will allow the program to achieve 30 – 37% cost recovery rate going forward. With these changes, and in the interest of aligning this camp with other youth camps, the Junior Ranger Camp may be realigned to the Mid-Range category.

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higher than the resident fee. Of note, the Jack House Gardens is currently utilizing a resident and non-resident fee structure for wedding reservations.

Highly impacted classes such as youth swim lessons and day camps (non-school year childcare) are highly sought after, and current rosters show that enrollment includes approximately 20% non-residents. MGT forecasted that a higher percentage non-resident fee would contribute to meeting the cost recovery policies while reducing the financial impact to resident enrollees. In order to support the City's childcare goals, Staff recommend that children enrolled within the five SLCUSD elementary schools within City limits (Bishop Peak, CL Smith, Hawthorne, Pacheco, and Sinsheimer) would qualify as a resident for enrollment in camps even if their home address falls outside of the City limits.

The following table provides a few examples of the current and proposed fee amount changes for Parks and Recreation activities.⁶ Items shown in bold provide an example of the Resident and Non-Resident fee variation. Note that the columns for Change \$ and Change % reflect the variance from the Proposed Resident rate column.

Table 13

	Current	Proposed Resident	Proposed Non-Resident	Change \$	Change %
Sun-N-Fun Registration	\$ 72.50	\$ 90.00	\$ 90.00	\$ 17.50	24%
Sun-N-Fun Hourly	\$ 5.80	\$ 6.00	\$ 6.00	\$ 0.20	3%
Youth Sport Camp	\$ 150.00	\$ 157.00	\$ 181.00	\$ 7.00	5%
Lap Swim (adult per use)	\$ 4.25	\$ 4.75	\$ 4.75	\$ 0.50	12%
Junior Lifeguard Program	\$ 249.00	\$ 250.00	\$ 290.00	\$ 1.00	0%
Adult Softball (team)	\$ 664.00	\$ 710.00	\$ 710.00	\$ 46.00	7%
Mission Plaza Rental (full)	\$ 698.00	\$ 800.00	\$ 800.00	\$ 102.00	15%
Jack House Wedding Weekend	\$ 3,529.00	\$ 4,000.00		\$ 471.00	13%
Jack House Wedding Weekend	\$ 3,999.00		\$ 4,600.00	\$ 601.00	15%
Damon-Garcia Full Facility (day)	\$ 547.00	\$ 1,000.00	\$ 1,000.00	\$ 453.00	83%
Golf Fri-Sun (regular)	\$ 15.50	\$ 16.00	\$ 16.00	\$ 0.50	3%
Golf Cart Rental	\$ 10.75	\$ 12.00	\$ 12.00	\$ 1.25	12%

New Recommended Fees:

As reflected in the attached fee schedule, staff are recommending establishing two new fee categories: adding a municipal rate for rentals of indoor facilities; and incorporating a non-profit classification for use of softball fields and for youth sport leagues that utilize the Damon-Garcia Sports Complex. The additional category of municipal rate will allow more affordable and accessible options for groups that currently do not fall in the non-profit or for-profit categories, such as schools, universities, and other municipal organizations (e.g, County). This fee was calculated

⁶ Sun-N-Fun (before and after school child care) costs are paid as follows: Annual enrollment registration fees are paid once per year per child, and hourly fees are paid in advance on a deposit basis for the hours used.

by providing a mid-cost option between the current non-profit and the for-profit rates based on current market rates. An additional recommendation is to include a fee for overflow parking for the Damon-Garcia Sports Complex which would apply to large events and tournaments. This new parking fee would assist in offsetting the annual fee in the amount of \$10,000 paid by the City to SESLOC for use of their parking lots on evenings and weekends to support large events at the Damon-Garcia Sports Complex.

Revenue Increase: As discussed above, adoption of the recommended fees is expected to generate approximately \$116,000 in additional revenue annually.

5. Utilities

Current: User fees related to Water and Sewer operations largely fall into meter services, industrial user permits, review of development plans and the use of recycled water for construction purposes.

New Recommended Fees:

Non-Compliance Water Restoration – This \$169 fee would be charged to customers that are shut off for non-compliance with the Municipal Code or due to a risk to public health. The fee would not apply to customers that are requesting assistance from the City to shut water off. Municipal Code 13.04.060 provides that the Utilities Department may discontinue water service for non-compliance, however, no fee currently exists to recover the cost of staff time associated with turning water service back on.

Temporary Wastewater Discharge Application - A temporary wastewater discharge permit allows temporary discharge into the City's sanitary sewer system. This \$253 fee would recover the costs associated with reviewing the application and reviewing sample results of discharged water that needs to be treated prior to entering the sanitary sewer, if applicable.

Sewer Lateral Closed-Circuit television (CCTV) Review - The City's inspection upon sale (of private sewer laterals) program, and sewer lateral inspections conditioned through violations, require City staff to review CCTV camera inspections performed by private contractors. City staff hold a specific certification for reviewing lateral conditions, which results in a non-discretionary rating of the lateral condition. Staff recommend creating a fee that would recover the costs associated with these reviews, which are not currently recovered through existing fees. Continued collection of private sewer lateral conditions is critical to the City's strategy of reducing the infiltration of stormwater into the City's wastewater collection system.

Sewer Wye Installation - When a private sewer lateral is replaced, it must be connected to a City sewer main. This proposed new fee would recover the labor and materials associated with the installation of the "wye" connection fitting. Currently, the fee is waived for all connections. Staff recommends charging the fee for all connections and refunding it for laterals replaced through the City's rebate program.

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Recycled Water Construction Permit - Staff recommends creating a new fee structure for recycled water used for dust control, compaction, and other construction activities where the contractor needs to utilize water but is unable to directly pay for a metered recycled water connection due to restrictions in the area that recycled water serves. The proposed fee is based on the amount of time (quarter, half-year, or full year) and the number of vehicles permitted. The current flat fee of \$1,260 does not take these factors into consideration. As shown below, the fees would range from \$1,084 to \$9,504, depending on the permit.

The proposed Utilities fees reflect full cost recovery consistent with adopted cost recovery policies.

The following table provides a breakdown of the proposed fee amounts for Utilities:

Table 14

New Utilities Fees	Proposed
Non-compliance Water Restoration Fee	\$ 169.00
Temporary Wastewater Discharge Application	\$ 253.00
Sewer Lateral CCTV Review	\$ 84.00
Sewer WYE Installation	\$ 530.00
Recycled Water Construction Permit (Full Year, 0-2 Vehicles)	\$ 3,400.00
Recycled Water Construction Permit (Full Year, 3 Vehicles)	\$ 4,884.00
Recycled Water Construction Permit (Full Year, 4 Vehicles)	\$ 6,330.00
Recycled Water Construction Permit (Full Year, 5 Vehicles)	\$ 7,776.00
Recycled Water Construction Permit (Full Year, 6 Vehicles)	\$ 9,223.00
Recycled Water Construction Permit (Half Year, 2 Vehicles)	\$ 1,847.00
Recycled Water Construction Permit (Half Year, 3 Vehicles)	\$ 3,293.00
Recycled Water Construction Permit (Half Year, 4 Vehicles)	\$ 4,740.00
Recycled Water Construction Permit (Half Year, 5 Vehicles)	\$ 6,186.00
Recycled Water Construction Permit (Half Year, 6 Vehicles)	\$ 7,632.00
Recycled Water Construction Permit (Quarterly, 2 Vehicles)	\$ 1,052.00
Recycled Water Construction Permit (Quarterly, 3 Vehicles)	\$ 2,498.00
Recycled Water Construction Permit (Quarterly, 4 Vehicles)	\$ 3,944.00
Recycled Water Construction Permit (Quarterly, 5 Vehicles)	\$ 5,390.00
Recycled Water Construction Permit (Quarterly, 6 Vehicles)	\$ 6,836.00

Revenue Increase: Adoption of the recommended fees will result in additional revenue of approximately \$315,700 in the Water Fund and Sewer Fund.

6. Fire

Current: Many fees associated with the Fire Department are for activities performed by the Hazardous Prevention division such as reviews of building, fire sprinkler and alarm system plans, or inspection of hazardous occupancies and materials. The division is also responsible for activities such as fire prevention education and community outreach, for which no fees are generated. Approximately 25% of the division’s costs are not fee-recoverable, which has been factored into the MGT study. The current fire construction permit fee schedule operates on a base plus increment structure, which currently has a total of 128 fees.

Recommendations: For efficiency, a recommendation is being made to adopt a fee structure consistent with the new Building and Safety categories for construction related plan checks and inspections, as reflected below. Similar to the process used for Building and Safety, an analysis of work effort required for each building type was undertaken and fees are recommended to be realigned based on the percent of time spent on each category. The increases to new accessory buildings and single family are reflective of the typical project size relative to the fixed amount of review activity required. For example, new accessory buildings are generally about 250 square feet, but require the same work effort to create and close out a project in the tracking software as a 30,000 square foot commercial space. Therefore, the fee per square foot must be higher to recover the portion of the costs that are fixed and not variable by size.

Table 15

Fire Construction Plan Review & Inspection by Type	Current per sqft	Proposed per sq	Change \$	Change %
New Accessory Building	\$ 0.24	\$ 0.64	\$ 0.40	166.7%
New Commercial	\$ 0.51	\$ 0.28	\$ (0.23)	-45.1%
Alt/Addition-Commercial	\$ 1.16	\$ 0.32	\$ (0.84)	-72.4%
Alt/Addition-Mixed Use	\$ 0.91	\$ 0.44	\$ (0.47)	-51.6%
New Mixed Use	\$ 0.33	\$ 0.42	\$ 0.09	27.3%
Alt/Addition ADU	\$ 2.03	\$ 1.84	\$ (0.19)	-9.4%
Alt/Addition- Single Family	\$ -	\$ 1.02	\$ 1.02	
Alt/Addition-Multi Family	\$ 2.52	\$ 0.44	\$ (2.08)	-82.5%
New Multi Family	\$ 0.38	\$ 0.20	\$ (0.18)	-47.4%
New Single Family	\$ 0.12	\$ 0.70	\$ 0.58	483.3%

Certain fees have historically been waived by policy. The fee study included the calculation of the cost of these services; however, staff continues to recommend 0% cost recovery. These include:

- Mandated/Required Inspections for:
 - 26 public/private schools and commercial day cares
 - 65 affordable housing facilities.

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Waiving these inspection fees represents approximately \$9,900 of subsidy for inspection activities annually. Additionally, the policy to waive fees for multi-dwelling fire and life safety inspections for units that are built, owned, and managed by the San Luis Obispo Housing Authority, other government agencies or not-for-profit housing organizations represents a subsidy of approximately \$27,400 annually.

The fee study completed by MGT includes recommended fee amounts for three potential new fire department fees, including a lift assistance fee, a defensible space assessment fee, and an extraordinary response/high use fee. While the amounts for these new fees were calculated based on the estimated actual costs of providing these services, staff are not recommending moving forward with these fees at this time. Additional analysis is needed to determine the extent to which amendments to the City Municipal Code are required to impose these fees. Staff will return to Council in the future with additional information and recommendations.

Revenue Increase: The recommended updates to Fire fees are estimated to generate approximately \$13,000 in additional revenue annually.

7. Police

Current: Many of the fees for services offered through the Police Department are set by statute and cannot be changed, regardless of the City's costs or recovery policies. As discussed in the MGT report, a change in processing alarm permits will result in the alarm permit fee reducing from \$46 to \$32. In addition, the City Attorney's Office reviewed the current tiered penalty structure for false alarm responses and affirmed that the methodology is sound as a penalty. As shown in the table below, in the current structure, the first and second false alarm responses do not incur any charge and subsequent false alarm responses for the same address in a 12-month period incur increasingly higher penalties. The City Attorney's office advised that this escalating structure is legal, provided that the punitive portion does not exceed \$500 per instance. Staff recommends continuing the current progressive structure. The increased penalties are avoidable if false alarms are avoided.

Table 16

False Alarms and Alarm Permits	Current rate	Proposed	% change
Permit	\$ 48.06	\$ 32.00	-33.4%
Renewal	\$ 48.06	\$ 32.00	-33.4%
1st and 2nd False Alarm Response	\$ -		
3rd False Alarm Response (cost recovery flat fee)	\$ 104.47	\$ 175.00	67.5%
4th False Alarm Response (flat fee + penalty \$50)	\$ 174.53	\$ 225.00	28.9%
5th False Alarm Response (flat fee + penalty \$175)	\$ 287.92	\$ 350.00	21.6%
6th or more (flat fee + penalty \$325)	\$ 517.23	\$ 500.00	-3.3%

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In December 2023, Senate Bill 2 (SB2) was introduced and went into effect on January 1, 2024 (for Phase 1). SB2 amended various laws related to Concealed Weapons permits (CCW); specifically related to costs, updates were made to how licensing authorities can charge fees. Fees for permits and renewals were previously set and limited by statute; the language has been revised to allow for a licensing agency to charge an amount that is “reasonable” for processing the application for both a new license and renewal of a license. The department conducted a time analysis, and the data reflected a significant increase in the costs.

Recommendation:

The Police Chief recommends establishing a 50% cost recovery level for CCW applications based on the following: achieving 100% cost recovery at this time could substantially increase the department’s fees in comparison to other agencies; due to this change in law being recent, other agencies (such as the San Luis Obispo County Sheriff’s Office) have not had the opportunity to conduct a time study, nor are they positioned to address fee changes at the time of this report so as to create a local comparison by which to assess “reasonableness” as required by statute. However, given the broader legal landscape around gun ownership and the relatively new statutory language, and consistent with the City’s cost recovery policies favoring low cost recovery levels, staff recommends the fees should be reasonable in relation to the actual costs incurred for processing, at a level accessible to the public, and set at a level that will encourage compliance with permitting requirements, which advances law enforcement and public safety.

Table 17

CCW Fees	Current Fee (previously limited by Statute)	Full Cost Analysis (100% Cost Recovery)	Department Recommendation 50% Cost Recovery	Change \$	Change %
New Permit - Investigative costs and permit processing	\$100	\$537	\$269	\$ 169.00	169%
New Permit - Livescan Fee (pass through fee)	\$93	\$93	\$93	\$ -	0%
New Permit Social Media Check (new requirement/pass through fee)	n/a	\$33	\$33	\$ 33.00	100%
Renewal - Concealed Weapons Permit: No new firearms	\$25	\$261	\$131	\$ 106.00	424%
Renewal - Concealed Weapons Permit: Adding new or replacing firearms	\$25	\$374	\$187	\$ 162.00	648%
Amendment - Concealed Weapons Permit: Adding new firearm	\$10	\$324	\$162	\$ 152.00	1520%
Amendment - Concealed Weapons Permit: Change in Address	\$10	\$143	\$72	\$ 62.00	620%

The department is also recommending less than 100% cost recovery for property damage-only collision investigations. Currently the fee is \$139 with the full cost analysis at \$227, an increase of 163%. The department is recommending the fee be set at 50% cost recovery, or \$113. Setting the fee at 50% cost recovery is

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recommended so that the City is less likely to collect more than 100% cost recovery if the fee is paid by multiple parties involved in a collision.

Revenue Decrease:

The recommended updates to Police fees are estimated to result in a revenue decrease of \$84,680 compared to current fees.

There are currently 45 active CCW permits; during the last year, there were 17 new permits, 14 renewals and 10 amendments. Based on volume data and the recommendation regarding 50% cost recovery, these fees would generate approximately \$7,902 in annual revenue.

8. General Government

Current:

The General Government section of the fee schedule includes a variety of fees from the City Clerk's Office, Finance Department and the City Attorney's Office. Due to efficiencies and the increased participation of online business license renewals, the cost of renewing a business license has decreased. The current fee is \$55; to remain compliant with City policy and State Law, this fee will need to be reduced to \$42.

Recommendation:

The City no longer offers microfiche copies, audio recordings and electronic documents as the equipment is no longer readily available and/or maintained and therefore it is recommended that these fees be removed from the City's fee schedule. A new fee was added for reproduction of microfiche, audio, or electronic copies to be charged at actual cost since the City would need to send out for these specialized services.

Staff propose creating a fee for Hearing Officer Reviews. In October 2015, City Council adopted Ordinance No. 1625 which made various changes and additions to the City Municipal Code related to administrative citation issuance and appeal. At the time, unlike other appeals throughout the City, there was no fee implemented for expedited review by a volunteer Hearing Officer and appellants are still not charged to have a valid administrative citation appeal reviewed via this method. The MGT study looked at staff time required to support each such appeal and, similar to other appeal fees, their report has categorized this proposed fee with a recovery level of 25% and indicates that the resulting fee would be a fixed \$106; however, staff recommends the recovery level should be changed from a fixed rate to "\$106 or 25% of the fine being appealed, whichever is lesser" given that many of these types of appeals are for fines that are \$100 or less.

Revenue Decrease:

Based on current volumes, the recommended fee changes are estimated to result in decreased annual revenue of approximately \$85,200.

Previous Council or Advisory Body Action

The fee study review Study Session was conducted on [February 20, 2024](#) and a summary of the Council's discussion and staff's responses are included in the Discussion section of this report.

Public Engagement

Public engagement efforts were conducted consistent with the City's Public Engagement and Noticing Manual. Staff began public engagement to inform stakeholders and the public regarding the fee study and update process in the beginning of February and met with:

- Developer's Roundtable – February 14 & May 2
- REACH Building Design and Construction Group – May 8
- Parks and Recreation Commission –December 6, 2023 and June 5, 2024
- Chamber of Commerce Economic Development Committee – May 2

Outreach was in the form of in-person meetings, notification emails and an Open City Hall page on the City's website. Notification emails were sent to entities that have previously requested to be notified of any upcoming fee changes (including some utility companies) as well as individuals or groups that have expressed interest in the topic of fees or who were identified by staff as being groups that may be impacted by fee changes. Direct emails were sent to the Builder's Roundtable email list and City contacts at utility companies. In addition, informational flyers were posted at the Community Development public counter to direct members of the public to the project website.

The following themes emerged in comments provided on the fee study:

- General concern about the impact of increased fees on the cost of construction projects (as well as discussion regarding the length of review process for projects impacting project cost).
- Discussion about the appeal fees for planning projects, including comments about whether fees should continue to be higher for applicants than for non-applicants.
- General support for simplified fee schedules in Community Development.
- Concerns from utility companies regarding the increase in cost of annual encroachment permits.

Next Steps

The updated user and regulatory fees can become effective 60 days after Council's adoption of the resolution. However, staff recommends that the new fees become effective on October 1, 2024 (approximately 90 days following adoption of the resolution). This recommendation is intended to provide staff with ample time to provide notice of adopted fee changes to the public and interested parties, and to program the City's various point of sale systems to ensure that the correct fees are being charged. Updates to the City's software program which is used by the Community Development Department (CDD) to calculate all fees charged by CDD requires support from staff and consultants who specialize in system configuration. The employee who supported the software recently left the organization, and while the City has a consultant on board to assist with

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fee updates, staff believes that additional time is needed to update fees in the system and do adequate testing. Additionally, making the fees effective on October 1, 2024, will coincide with the start of the second quarter of the fiscal year, which will enable clearer budget reporting throughout the year.

The City typically updates its fees at the start of the new fiscal year. To be consistent with prior practice and minimize confusion for users of the City's comprehensive fee schedule, staff recommends that the fees adopted via this item remain in effect until June 30, 2025 and then be increased by CPI on July 1, 2025, consistent with the City's fiscal policies.

The increased cost of providing services due to inflationary pressures has resulted in significant recommended fee increases in some areas. Though the City adjusted user and regulatory fees by annual changes in the CPI, those adjustments have not kept pace with the City's cost to provide services. As noted, the last comprehensive fee study was implemented in 2017 (R-10790), which did not include Building and Safety fees (these were last studied in 2011). The time between comprehensive fee studies contributes to the significant fee increases as differences in the CPI and actual costs compound year over year. To address the impact that these sudden increases have to the City's customers and to reduce General Fund subsidies to fee funded services, staff is planning to recommend that the City perform a fee study every three years, rather than every five years. In addition to addressing sudden significant increases and impacts to the budget, more frequent fee studies will help to build institutional knowledge of user and regulatory fees. Staff plans to recommend this change to the Council as part of the bi-annual review of the City's fiscal policies in November 2024. If there is consensus about updates to the programs and services that fall into various cost recovery categories, staff could incorporate these updates into recommended policy changes in November 2024 as well.

Additionally, during the February 20, 2024 study session, the concept of phasing in the fee increases was discussed briefly with Council. If the Council would like to consider a phased approach to fee increases, staff would recommend considering establishing a threshold for what fees would be phased. For example, the Council could decide that any fees that are increasing less than 50% be implemented immediately, and any fees that are increasing by more than 50% and more than \$10 be phased in over a two-year period with half the increase occurring in October 2024 and the second half occurring in July 2025. Under this proposal, square footage based fees would all fall under the \$10 threshold and therefore would not be phased. If it is determined that fee increases above a certain threshold should be phased in, staff would recommend only applying a CPI increase in July 2025 to those fees that are recommended to increase below the identified threshold. This means that if Council elects to establish a threshold of 50% and \$10, fee increases of less than 50% would be increased in full on October 1, 2024, and then adjusted by CPI on July 1, 2025. Fee increases of more than 50% and \$10 would be incrementally made effective October 1, 2024 and July 1, 2025 without an additional CPI adjustment in July 2025. Phasing in the increases would reduce the amount of estimated revenue collected for fee-based activities by approximately \$632,000 in the period of October 1, 2024 through June 30, 2025.

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While phasing in fees lessens the immediate impact of larger fee changes, it is worth noting that updating fee amounts has the potential to create confusion for customers and also requires considerable staff time in order to accurately program point of sale systems to charge the correct fee amounts.

CONCURRENCE

All appropriate City departments have been extensively involved in providing information including budget information, staffing information, and time estimates to the consultant. All requisite departments have also performed extensive review of draft fee models provided by the consultant and have reviewed and commented upon the final report.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a "Project" under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: N/A
Funding Identified: N/A

Budget Year: 2024-25

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$0	\$0	\$0	\$0
State				
Federal				
Fees				
Other:				
Total	\$0	\$0	\$0	\$0

At recommended fee levels, an additional \$2,116,340 in costs are anticipated to be recovered annually; totaling nearly \$13.1 million in estimated fee revenue per year across all departments included in the study.

ALTERNATIVES

1. ***The Council could adopt the proposed Resolution with the alternative phase-in schedule (Attachment E lists the fees that would be phased in and would modify Attachment B).*** Under this alternative, fees that are recommended to increase more than 50% and by more than \$10 would be phased in over the span of two fiscal years, with half the increase implemented in October 2024 and the remaining half implemented in July 2025 (and no CPI adjustment in July 2025). The specific fees that meet these criteria have been identified and the phased fee amounts calculated, as shown in Attachment E. Staff have not proposed adoption of this alternative in order to bring fees into better alignment with the City's current Cost Recovery Goals. As noted above, phasing in the increases would reduce the amount of estimated revenue collected for fee-based activities by approximately \$632,000 in the period of October 1, 2024 through June 20, 2025.
2. ***The Council could direct staff to modify the fees identified in Attachment B and adopt the modified fees.*** It is recommended that any changes to the proposed fees shown in Attachment B be considered in relation to the City's current Cost Recovery Goals. Significant decreases in projected revenue may impact the City's ability to provide timely and effective services. Changes to the fees included in Attachment B may require changes to the City's Cost Recovery Goals, which may be addressed as part of the annual review of financial policies in November 2024 leading up to 2025-27 Financial Plan development.
3. ***The Council could direct staff to not continue the finalization of the fee study and delay completion of the fee study until a later date.*** This action is not recommended as it would result in fees continuing to be out of alignment with adopted Fee Cost Recovery Goals within the City's Budget Policies. Per policy, fees are to be reviewed and updated on an ongoing basis (every five years and in the interim annually by CPI) to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery.

ATTACHMENTS

- A - Draft Resolution amending the City's Comprehensive Fee Schedule
- A - Exhibit 1 to the Draft Resolution – Fee Schedule
- B - Draft Fee Schedule showing changes from current
- C - MGT Consulting Comprehensive Citywide User Fee Study
- D - Parks & Recreation Market Rate Analysis
- E - Alternative Draft Fee Schedule with Phase-In