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DATE: April 8, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jessie Gooch, Finance Director  
Corey Garberolio, Assistant Director of Finance

SUBJECT: Updated Comprehensive User Fee Schedule

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### **RECOMMENDATION**

It is recommended that the City Council provide feedback.

### **BACKGROUND**

Attached is the City's proposed updated comprehensive user fee schedule. Over the past several months the fees have been reviewed, costs have been updated, and revised fees have been calculated.

This project has been completed in accordance with the City Council's Goal to Achieve Fiscal Stability and Maintain Financial Sustainability. User fees are typically updated every 3-5 years and the last time they were updated at the City was in FY 2016. Willdan Financial Services was selected as the consultant for this project.

There were several goals established when considering the updated fee schedule:

- Provide equitable, defensible and accurate calculations
- Combine and centralize fees where possible
- Make the fee schedule easier to access, understand, and use
- Include recommendations for new fees where appropriate

### **DISCUSSION**

It is our intention to review the fee update process, objectives, and results at tonight's Council Workshop. After the workshop we will integrate any feedback received and bring the fee schedule back for the public hearing and formal adoption. That action is tentatively scheduled for the May 6th Council Meeting. The goal is to have the new fee schedule in effect on July 1, 2024, and to include annual fee updates based on CPI so that the fees keep up with City costs.

Not included in the attached list is a new Advanced Metering Infrastructure Opt-Out Fee, which will be discussed at the Council Meeting if the proposed contract is approved (item 3 on the Consent Calendar on the April 8 meeting).

### **PUBLIC OUTREACH**

This agenda item appeared on the City's tentative agenda document on March 4, 2024, which was a publicly-noticed meeting. A legal notice will be published in the Petaluma Argus-Courier prior to bringing the resolution to update the fees to City Council. Additionally, once approved by Council, the updated fee schedule will be posted on the City's website and sent to the Building Industry Association of the Bay Area prior to fees going into effect on July 1.

### **COUNCIL GOAL ALIGNMENT**

The City Council has identified "A City That Works for Everyone" as one of its key strategic initiatives for 2019-2021. Objective #1 seeks to "ensure a fiscally and organizationally sustainable City;" including a Fiscal and Organizational Sustainability (FOS) plan with the community that achieves a strategic balance of available revenues with City services.

### **ENVIRONMENTAL REVIEW**

The item before the City Council is not an action item and therefore is not a project under the California Environmental Quality Act (CEQA). However, the underlying project that resulted in the fee has gone independent review for compliance with CEQA.

### **FINANCIAL IMPACTS**

There is no financial impact to the workshop discussion. If the fees are adopted on May 6<sup>th</sup>, they will go into effect on July 1, 2024. The estimated General Fund impact is an approximate increase of \$600,000 in FY 2024-25. Building Fee revenues in the Development Fund will likely increase by about \$500,000 annually.

### **ALTERNATIVES**

If the City does not increase the user fee schedule, the fees collected will continue to be less than the cost to the City to provide the service, thereby causing the use of taxpayer dollars to cover fee costs for private parties. The best practice for user fees is 100% cost recovery, unless the Council sees a clear benefit to subsidize certain fees.

### **ATTACHMENTS**

1. Updated Master Fee Schedule
2. User Fee Study by Willdan