



# STAFF REPORT – CITY COUNCIL MEETING

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April 03, 2024

**TO:** Honorable Mayor and City Council Members

**FROM:** Tabatha Miller, Finance Director

**PREPARER:** Tabatha Miller, Finance Director

**DATE:** March 26, 2024

**TITLE:** **Schedule a Public Hearing on Wednesday, April 17, 2024, at 6:00 p.m., or As Soon Thereafter As Possible for the Matter to Be Heard, for Consideration of Adoption of a Resolution Updating the City of Arcata Fiscal Year (FY) 2024-25 Master Fee Schedule and Direct Staff to Post and Publish the Public Notice in Accordance with California Government Code Sections 66016 and 6062a.**

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## **RECOMMENDATION:**

It is recommended that the Council:

- 1) Schedule a public hearing on Wednesday, April 17, 2024, at 6:00 p.m., or as soon thereafter as possible for the matter to be heard, for consideration of adoption of a resolution updating the City of Arcata Master Fee Schedule; and
- 2) Direct Staff to post and publish the required notice in accordance with CA Government Code Sections 66016 and 6062a.

## **INTRODUCTION:**

The City reviews and updates the City's Fees, consistent with the goal of ensuring, with a few exceptions, that fees for City services are sufficient to fully recover the cost of providing those services. State law requires that changes to the City's fees be presented to the City Council at a public hearing in accordance with CA Government Code.

## **BACKGROUND:**

Typically, as part of the budget preparation process, staff review current fees to determine whether such fees and charges are sufficient to recoup costs associated with providing services to the public.

The Master Fee Schedule consolidates all City fees and charges into one schedule. As a result, the Schedule will include already adopted rates for certain fees, such as the City's Water and Wastewater Utility services charges, Business License Tax Fees and Established Parking Penalties.

## **DISCUSSION:**

Staff time and other costs incurred in conducting City business (such as processing of development and other applications, inspections, providing classes, renting facilities, and most other services) are generally measurable and are provided for the benefit of individuals as opposed to the benefit of the

community as a whole. Hence, fees for these activities are not taxes, but rather, they are fees for services.

Increases in fees and charges for miscellaneous City services are governed by Government Code Sections 66016-66019. Miscellaneous fees and charges are limited to the amount necessary to cover the service's cost. If fees in excess of the cost are collected, they must be used to reduce the service charge cost. Excess fees cannot become a source of revenue for the General Fund. To ensure that the City recovers no more than the cost of providing the services, the City applies a cost-of-living index most years and only calculates the estimated actual costs periodically.

Fees and charges for a “development project,” as defined by CA Government Code Section 66000, may take effect no less than 60 days after approval. A “development project” is any project undertaken for the purpose of development and includes the issuance of a permit for construction, or reconstruction. For consistency in implementing the fee changes and to confirm that the City complies with all waiting periods, staff recommends fee changes, if adopted by the City Council, become effective on July 1, 2024, which coincides with the start of the new FY 2024-25.

**ENVIRONMENTAL REVIEW (CEQA):**

Setting the Public Hearing and adoption of an updated Master Fee Schedule is exempt from the California Environmental Quality Act (“CEQA” Public Resources Code Sections 21000 et seq.), because it approves and sets forth a procedure for determining fees for the purpose of meeting the operating expenses of City Departments, as set forth in Public Resources Code Section 21080(b)(8)(A) and Section 15273 of the California Environmental Quality Act Guidelines.

**BUDGET/FISCAL IMPACT:**

There is no financial impact from scheduling the public hearing for consideration of adoption of a resolution updating the City’s Master Fee Schedule. Projected fiscal impacts of revisions to the City’s Master Fee Schedule will be discussed in the staff report accompanying the public hearing on this matter.

**ATTACHMENTS:**

- A. Public Notice Fee Resolution (DOCX)