

STAFF REPORT

Business Agenda Item

DATE: June 15, 2026

TO: Honorable Mayor and Council Members

FROM: Aaron Felmlee, Finance Director

THROUGH: Amy Nilsen, City Manager

**SUBJECT: Public Hearing for the Adoption of Rates and Fees for City Services;
Resolution 2026-18**

STAFF RECOMMENDATION:

Review and adopt the proposed Rates and Fees for Fiscal Year (FY) 2026-27 for Administrative, Building, Community Development, Parks, Recreation, River Lodge, Police, Transit, and Water & Wastewater; Resolution 2026-18.

EXECUTIVE SUMMARY:

On May 18, the City Council considered and approved the adoption of the City's fee schedule. Following that action, staff identified that the public notice requirements associated with the fee schedule adoption were not fully completed in accordance with applicable procedural requirements. Specifically, the required public notice was not published within the timeframe prescribed by policy.

To ensure full compliance with public notice requirements and to maintain transparency in the fee adoption process, staff have re-noticed the proposed fee schedule hearing and is returning the item to the City Council for consideration and adoption. No substantive changes have been made to the fee schedule previously presented to the Council.

BACKGROUND:

The proposed fee schedule reflects increases directly correlated with rising City operating expenses. Over the past year, inflationary pressures have elevated the cost of program supplies, utilities, and contracted services, while state-mandated minimum wage increases have significantly affected personnel costs for recreation programs. Because staffing represents the largest share of Recreation Division expenditures, these wage adjustments, combined with higher recruitment and retention costs, necessitate corresponding fee updates to maintain service levels without reducing program quality.

Additionally, the Building Division is proposing a transition from a unit-based building permit fee structure to a valuation-based fee structure, aligning the City's practices with widely adopted industry standards, including those used by the Cities of Arcata and Eureka. A valuation-based model calculates permit fees according to the estimated construction value. This approach improves consistency, enhances cost recovery, and ensures that larger or more complex projects contribute proportionately to the resources required for plan review, permitting, and field inspections. The updated structure also provides a clearer way for applicants to know what fees they will be charged, improving transparency for applicants and supporting long-term sustainability of Building Division operations.

The purpose of this Public Hearing is to adopt the proposed fees for FY 26-27. For transparency and clarity, the adopted fees from FY 25-26, the proposed changes to the adopted FY 25-26 fees and the proposed FY 26-27 fees are all presented in the attached proposed fee schedule.

A summary of changes from the prior year are listed below:

Administrative Fee Schedule: Added Film Permit, Special Event Permit, and Bingo Permit fees (pg. 5)

Building Fee Schedule: Established new fee structure for building permits as explained in detail above; Increased Building Department fees by 2.9% (pg. 6-11)

Community Development Fee Schedule: decreased Cottage Industry/Home Occupation permit and Sign Permit (pg. 12); increased actual cost Land Use and Development fees by ~3% (pg. 13);

Parks Fee Schedule: Removed Recreation Hall Partial Day Rate and Added Recreation Hall Hourly Rate (pg. 25); Increased Pavilion Use Hourly and Daily rates (pg. 26)

Recreation Fee Schedule: Increased Hot Shots fees by \$10 (pg. 27); Increased Summer Fun and Break Camp Weekly rate by \$10 and Half-Day Summer Fun by \$33 a week (pg. 27-28); Changed Skating fee to flat \$5 rate and increased private skating parties by \$25 (pg. 28); Added City Hosted Activity Classes (pg. 28)

River Lodge and Monday Club Fee Schedule: Removed alcohol deposit, coffee service, and linen service at the River Lodge (pg. 30-31); Increased Monday Club rental fees and added a rescheduling fee (pg. 32-33)

Police Fee Schedule: Increased Shelter drop-off fee for dogs (pg. 35); increased Civil Court Appearance deposit and added pocket bike removal impound and release fee (pg. 36)

Transit Fee Schedule: Added new fee for General population fares and Eureka Shopping trip fares (pg. 39)

Water and Wastewater Fee Schedule: Increase to Water and Wastewater Rates (pgs. 40-49); Increased Service Line Installation fee (pg. 46); Increased Installation for Sewer Cleanout fee (pg. 49)

FISCAL IMPACT:

The various rates and fees for services have a direct financial impact on City revenues. The changes included in the adopted Fee Schedule will be incorporated into the FY 26-27 Budget.

RECOMMENDED COUNCIL ACTION:

1. Receive staff report and review questions with staff
2. Open Public Hearing
3. Close Public Hearing
4. Motion to Adopt Resolution 2026-18; and read by title only. Roll Call Vote

ATTACHMENTS:

- FY 26-27 Proposed Fee Schedule
- *Resolution 2026-18; A Resolution of the City Council of the City of Fortuna Establishing a Schedule of Fees and Charges for Administrative, Building, Community Development, Parks & Recreation, Police, River Lodge, Transit, and Water & Wastewater within the City of Fortuna for Fiscal Year 2026-2027*