



CITY OF SALINAS FINANCE COMMITTEE

DATE: APRIL 9, 2024

DEPARTMENT: FINANCE

FROM: ABE PEDROZA, SENIOR MANAGEMENT ANALYST
SELINA ANDREWS, ASSISTANT FINANCE DIRECTOR

TITLE: FISCAL YEAR 24-25 CITY-WIDE SCHEDULE OF FEES AND SERVICE CHARGES

RECOMMENDATION:

Staff recommends that the Finance Committee provide input and direction on the proposed City-wide Schedule of Fees and Service Charges for FY 24-25.

EXECUTIVE SUMMARY:

Each year, the City's fee schedule is reviewed and adjusted by each department, as applicable, to ensure fees and charges keep pace with inflation, providing full recovery of City service costs. The updated Schedule of Fees and Charges will be effective 60 days after City Council adoption and will begin July 1, 2024.

BACKGROUND:

Pursuant to Article XIII B of the California Constitution and Chapter 11B of the Salinas Municipal Code, fees for governmental services may be charged to recover all costs reasonably borne in providing all regulation, products, or services. Costs reasonably borne are defined in City Code Section 11B-3 as a) all applicable direct costs; b) all applicable indirect costs; c) fixed assets recovery expenses (depreciation); d) general overhead; e) departmental overhead; f) debt service costs; and g) costs for necessary public services.

City Code Section 11B - Fee and Service Charge Revenue

Chapter 11B of the Salinas Municipal Code provides for adjustments to existing City fee/service charge revenue based upon increases provided in the Consumers Price Index (CPI) – All Urban Consumers for the San Francisco, Oakland, and San Jose areas. Such adjustments are presented to City Council for adoption by resolution.

Study by Willdan Financial Services

In October 2015, City Council adopted an updated Fee Schedule based on a Comprehensive Fee Study prepared by Willdan Financial Services. Willdan analyzed a variety of factors, ultimately quantifying the full cost incurred by the City in providing the respective services. The recommended fee amount was then established to achieve as close to full cost recovery as possible. A number of factors prevented full cost recovery from being attained for certain fees, including mandated fee amounts, industry averages, and full cost recovery amounts that were either exceedingly high and/or varied greatly from the prior established fee. The resulting adopted fee schedule, effective January 1, 2016, is the basis for which the current CPI increase was calculated.

DISCUSSION:

Consumer Price Index

The Consumers Price Index (CPI) – All Urban Consumers for the San Francisco, Oakland, and San Jose areas increased 3.7% in calendar year 2023. Staff, therefore, recommends City fees and service charges be increased 3.7% effective July 1, 2024.

While staff recommends most City fees be increased by 3.7%, some exceptions exist. Specifically, fifty-one fees are mandated by various regulations, cannot increase, and are identified in the “Notes” column of the attachment. As a result of a joint operations agreement, sixty-eight Animal Shelter fees were not increased to align with Monterey County. Department discretion was considered on a case-by-case basis, resulting in fourteen fees either remaining unchanged or decreasing and are identified in the “Notes” and “Recommended” columns of the attachment. Conversely, departments recommended six fees be increased at an amount other than the CPI and are identified accordingly. Lastly, seven new fees are being proposed and are identified in the narrative below and on the attachment.

Finance Committee Recommendations & Chamber Outreach

At the March 5, 2024, Finance Committee meeting, staff will present its recommendation of a 3.7% increase per the CPI. However, staff will ultimately adjust the fee schedule at the rate determined by City Council.

Consistent with previous years, outreach to the Salinas Valley Chamber of Commerce has not yet occurred due to timing. However, feedback will be provided during the presentation to City Council on April 23, 2024.

Attachment – FY 24-25 City-Wide Schedule of Fees and Service Charges

Finance & Administration

Recommendation includes a 3.7% CPI increase.

Cannabis

Recommendation includes a 3.7% CPI increase.

Planning

Recommendation includes a 3.7% CPI increase.

Maintenance

Recommendation includes a 3.7% CPI increase.

Public Works

Recommendation includes a 3.7% CPI increase.

Two new fees are being proposed, are identified in the Public Works section of the attachment and are consistent with similar City of Salinas existing fees. Eight fees did not increase as the department determined the existing amount was sufficient for full cost recovery while one fee increased at an amount greater than the CPI to account for additional services offered.

Airport

Recommendation includes a 3.7% CPI increase.

Fire

Recommendation includes a 3.7% CPI increase.

Police

Recommendation includes a 3.7% CPI increase.

Animal Shelter

Fees were not adjusted to align with Monterey County per joint operations agreement.

Library

Recommendation includes a 3.7% CPI increase.

Four fees did not increase as the department determined the existing amount was sufficient for full cost recovery.

Recreation

Recommendation includes a 3.7% CPI increase. One fee was added at an amount equivalent to staff time.

Building-Permit Center

Recommendation includes a 3.7% CPI increase.

Four new fees are being proposed, identified in the Building-Permit section of the attachment, and are consistent with local jurisdictions and/or similar City of Salinas existing fees. One fee

decreased and three fees increased to amounts determined by the department to be necessary for full cost recovery.

Code Enforcement

Recommendation includes a 3.7% CPI increase. Two fees increased at an amount other than the CPI to better align with similar City of Salinas existing fees.

Housing

Recommendation includes a 2.6% Engineering News-Record Construction Cost Index increase as stipulated in the Inclusionary Housing Ordinance. One fee was not increased at this time.

CEQA CONSIDERATION:

The City of Salinas has determined the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

Updating the City-wide Schedule of Fees and Service Charges supports the City of Salinas Strategic Plan 2023-2025 goals of Effective Government.

DEPARTMENTAL COORDINATION:

Preparation of the City-Wide Schedule of Fees and Service Charges required communication with all departments.

FISCAL AND SUSTAINABILITY IMPACT:

New and increased fees and service charges are an integral part of the City Council's budget-balancing solutions, as these revenues recover the cost of the services being provided. Increased annual revenue associated with the recommended fees and service charge adjustments based on the CPI (3.7%) is estimated to be approximately \$125,000. These fee increases will be included in Fiscal Year 24-25 estimated revenue projections.

ATTACHMENTS:

FY 24-25 City-Wide Schedule of Fees and Service Charges DRAFT
Schedule of Fees & Service Charges Annual Update PowerPoint