

Capitola City Council

Agenda Report



Meeting: June 26, 2025

From: Finance Department

Subject: FY 2025-26 City Fee Schedule

Recommended Action: Conduct the duly noticed public hearing on the proposed changes to the City's Fee Schedule and adopt a resolution approving the Fiscal Year 2025-26 Fee Schedule.

Background: The annual budget process includes a review of the City's Fee Schedule. Capitola's current fee schedule is based on the comprehensive fee study adopted on November 14, 2024. The consultant recommended the City review the fee schedule annually based on the actual cost of delivering certain services, adjusting rates to match inflation and salary increases. In prior years, the City has only accounted for inflation using the annual Consumer Price Index (CPI) to determine fee increases.

State law requires the City to conduct a public hearing where testimony can be taken before any fees are added or existing fees are altered.

Discussion: Staff recommends increasing fees using a combination of the 2024 annual CPI (2.67%) and salary adjustments resulting from voter approval of Measure Y. The salary adjustments include the employee market rate adjustments adopted on December 22, 2024, and the upcoming cost-of-living adjustments (COLAs) effective July 1, 2025.

Attachment 2 (Fee Schedule Comparison) shows current fees adjusted by CPI only, fees adjusted using the 'full cost' less any subsidy percentage established in the 2024 User Fee Study report, and the variance between current fees and proposed fees.

Fiscal Impact: None at this time, staff will be evaluating fee revenue during the mid-year budget review and will recommend budget amendments, if any, at that time.

Attachments:

1. Resolution (with Recommended FY 2025-26 Fee Schedule attached as Exhibit A)
2. Fee Schedule Comparison

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Reviewed By: Julia Gautho, City Clerk; Jim Malberg, Finance Director; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager