



# CITY OF CAPITOLA USER FEE STUDY REPORT

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Date: November 7, 2024

# EXECUTIVE SUMMARY

Comprehensive study to adjust user fees to ensure full cost recovery.

Aim: Reduce reliance on the General Fund.

Most fees are outdated and below cost recovery levels.



# BACKGROUND

- User fees fund specific services benefiting individual users.
- Fees must comply with California regulations (Proposition 218 and 26)
- The study analyzes the actual cost of providing services.

# STUDY METHODOLOGY

- CASE STUDY METHOD: ESTIMATES COST FOR SPECIFIC SERVICES.



- PROGRAM COST APPROACH: FOR RECREATION AND SHARED SERVICES.



- VALUATION-BASED FEES: FOR BUILDING PERMITS BASED ON PROJECT SIZE

# KEY FINDINGS

- Many fees are below cost recovery levels, impacting the General Fund



- Public Works and Police fees require significant adjustments.



- Recreation services fees remain competitive and affordable.

# POLICY CONSIDERATIONS

- Full cost recovery for services that benefit individuals.
  - sets maximum fee amount
- Subsidization for public services may continue.
  - ie. Recreation programs and community events
- Consider inflation adjustments for future fee reviews.

# RECOMMENDATIONS BY DEPARTMENT

## Miscellaneous:

- 3 new fees for marriage ceremonies
- Increase outdoor dining space rent by 3.67% CPI

## Public Works:

- New fees for inspection & permit services
- Increases for traffic control plan reviews, construction parking permits, & stormwater development review



## RECOMMENDATIONS BY DEPARTMENT

- Police:
  - Increase to Special event permits
    - Recurring vs. new major special event
  - New fee for closure of Village (parking)
    - Reduced rate for non-profits
  - New fees for boot removal & tow hearing
    - Better align with full cost recovery



# RECOMMENDATIONS BY DEPARTMENT

## Planning:

- Several fees decreasing
- Increase fees & deposits for complex planning applications and environmental review
- General Plan Maintenance fee increasing
- Development Agreement deposit – remaining at \$10,000
- Information Technology Fee remaining at 5% (Reso. 3786)

## Building:

- Increases for plan checks and inspections.
- New fees for permit extensions and reinstatements
- New fees for Electric Vehicle Charging Permits & Solar P.V. Systems
  - No fee for solar hot water heater

# RECOMMENDATIONS BY DEPARTMENT

## Community Services & Recreation:

- No increase to program fees to maintain affordability
- New fee for changing registration or reservation
- New fee for Rapid Wedding Event
- Incorporates recently adopted park rental fees

## Museum

- No changes recommended

# CONCLUSION

- Updated fee schedule improves cost recovery and compliance.
- Reduces reliance on the General Fund.
- City Council's approval is recommended.

# RECOMMENDED ACTION



**Conduct  
Public Hearing**



**Provide direction  
to staff**

Staff to return to Council Nov. 14, 2024,  
with fee schedule amendments, if any.