



STAFF REPORT

July 10, 2024
File Number 0480-45

SUBJECT

ADOPTION OF CHANGES TO THE USER AND REGULATORY FEE SCHEDULE

DEPARTMENT

Finance

RECOMMENDATION

Request the City Council adopt Resolution No. 2024-72 approving adjustments to the City's User Fee Schedule and authorize annual inflationary adjustments to fees in between comprehensive studies.

Staff Recommendation: Approval (Finance: Christina Holmes, Director of Finance)

Presenter: Christina Holmes, Director of Finance

ESSENTIAL SERVICE – Yes, Police Services; Fire/EMS Services; Keep City Clean for Public Health and Safety; Land Use/Development; Clean Water; Sewer; Public Works/Infrastructure; Maintenance of Parks facilities/Open Spaces

COUNCIL PRIORITY – Eliminate Structural Deficit;

FISCAL ANALYSIS

This item includes an updated fee schedule proposed for adoption by the City Council, based on a user and regulatory fee study that commenced in FY 2023/24. If updated fees are adopted, staff recommends an effective date of September 15, 2024, for fee changes. For development-related fees a minimum of 60 days is required between the date of fee adoption and the effective date of any new or increased fees. If the amended fees proposed (Exhibit "A") are adopted by the City Council, the anticipated fiscal impact of the proposed fee changes is approximately \$2,601,020 assuming no change in demand for these services.

PREVIOUS ACTION

On June 7, 2023, staff provided the FY2023/24 operating budget workshop which presented the projected General Fund budget deficit and provided scenarios for the programs and services to consider for elimination when all available one-time funds and reserve balances are depleted.

On September 27, 2023, City Council participated in a Visioning and Structural Deficit Strategy Workshop where they identified the City's Essential Services, Council Priorities, and provided direction on revenue options for staff to investigate.

On May 22, 2024, staff provided the Preliminary FY2024/25 Operating Budget Workshop.



CITY *of* ESCONDIDO

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On June 5, 2024, City Council received the results of a User and Regulatory Fee Study prepared by ClearSource Financial Consulting.

On June 19, 2024, a Public Hearing for the adoption of the FY2024/25 Operating Budget Workshop was held. City Council directed Staff to return to Council a fee schedule that adjusted all direct benefit user fees to full cost recovery in year 1 and Recreation Program fees to the top of the market or to full cost recovery.

BACKGROUND

On June 5, 2024, a User and Regulatory Fee Study Workshop was held. City Council was provided with the results of a User Fee Study prepared by ClearSource Financial Consulting. Based on feedback from the City Council on June 5, two additional fee schedules were brought back to the City Council at a Public hearing on June 19, 2024.

- Option 1 adjusted all direct benefit user fees to 100 percent full cost recovery in year 1. Direct Benefit Fees include Building, Planning, Engineering, Development Technology, Long-Range Planning, Fire Prevention, and Facility Rentals. Recreation program fees were moved to full cost recovery or the top of the market. If there is no comparator for a specific fee, the fee was increased by 10 percent to step closer to full cost recovery. Recreation program fees would increase to full cost recovery in year 2.
- Option 2 adjusted all direct benefit user fees to a minimum of 80 percent of full cost recovery in year 1 and 100 percent full cost recovery by year 2. Recreation fees have been adjusted to be closer to full cost recovery, but within the regional comparisons.

At the public hearing on June 19, 2024, City Council directed staff to return with a fee schedule that is full cost recovery for all direct benefit fees and to adjust Recreation Program fees as noted in Option 1 above. However, staff will return to the City Council at a future date to review the Recreation Program fees further and determine next steps for fee adjustments after year 1.

RESOLUTIONS

- a. Resolution No. 2024-72
- b. Resolution No. 2024-72 – Exhibit “A” – Schedule of User and Regulatory Fees