



Folsom City Council Staff Report

MEETING DATE:	10/28/2025
AGENDA SECTION:	Public Hearing
SUBJECT:	Resolution No. 11481 – A Resolution to Replace Resolution No. 11356 and No. 11365 and Adopt a New User Fee Schedule for Community Development Services
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommend that the City Council conduct the public hearing and adopt Resolution No. 11481 to Replace Resolution No. 11356 and No. 11365 and Adopt a New User Fee Schedule for Community Development Services.

BACKGROUND / ISSUE

New fees for Building and Engineering services were adopted by City Council Resolution on May 28, 2024 and went into effect on August 1, 2024. New Planning user fees along with modifications to select Engineering user fees were adopted by City Council Resolution on April 22, 2025 and went into effect on August 1, 2025.

Planning Background/Issues

Changes to FMC Chapter 17.52

Staff has proposed changes to Folsom Municipal Code (FMC) Chapter 17.52- Historic District (Ordinance No. 1353) that would move some Planning entitlement projects that are heard by the Historic District Commission to a Director level review. Projects that do not require Commission level review take less time than projects that have to go to Commission. Therefore, fees for Planning entitlement projects moved down to Director level reviews have to be lowered to account for the smaller amount of staff time spent on these projects.

Fire Department Review of Entitlement Projects

Staff notes that all City departments review entitlement projects, and this review is generally captured by the Planning fee for these entitlements. The Fire Department has found that reviews for the more time-consuming reviews that they perform are not captured by the standard

entitlement fee, and that they do not have a specific fee in place to capture costs associated with those larger reviews.

Ministerial Entitlement Review

Per recent State laws, several types of Planning entitlements for housing projects are subject to only ministerial review using objective design and development standards. CDD is presenting a code update and a resolution at tonight's Council meeting to adopt objective development and design standards (ODDS) for multi-unit and mixed-use residential development for certain overlay areas within the City. However, no such fee for this ministerial review currently exists in the fee schedule, and the existing Commission level design review fee accounts for more staff time than what is anticipated for ministerial design reviews.

Entitlement Noticing

Staff currently requires applicants for Planning entitlements that necessitate mailed notices to property owners within 300 feet of the project site to produce stamped and addressed envelopes for such noticing. However, staff have found that it has been difficult for some applicants to obtain accurate address information, and that the quality of the work done on those envelopes by the applicants has been quite variable as well. As a result, staff is proposing a new fee in order to standardize this process and have this be done by CDD staff.

Engineering Background/Issues

Staff has found that flat fees for Engineering and landscape plan checks and inspections on larger projects with valuations above \$300,000 do not adequately reflect staff and consultant time for these services as these size projects are often quite complex and need more extensive review. Staff also realized that the fee described in the staff report and provided as an attachment for the April 22, 2025 fee modification action for miscellaneous landscape plan reviews were inadvertently omitted from the fee schedule provided in the Resolution for that item.

Building Background/Issues

In its review of fees and the staff time involved in reviews, Building staff discovered that the fee for building permits for electric vehicle chargers were too high based on the current level of effort. While originally these reviews took more time, as plan review and inspection for these facilities has become more streamlined with the wider availability of electric vehicle charger technology the amount of staff time has decreased, and a lower fee based on this reduced staff time is warranted.

Background/Issues on Appeals to City Manager

Staff notes that FMC Section 2.08.060 allows for the appeal of decisions by any City Official (including that of the Community Development Director) to the City Manager that are not otherwise appealable to the City Council or a Commission, as well as decisions by the City Manager to the City Council. However, no fee is currently listed for such appeals in the fee schedule. Appeals of Community Development Director decisions to the Planning Commission or the Historic District Commission have a fee of \$1,500 to account for work preparing staff report, presentation, and public hearing. The proposed fee is based on the hourly rate and staff time for City staff, and was approved by City Council to cover only a portion of the costs associated with appeals.

POLICY / RULE

Article XIII C of the California Constitution states that, *“the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payer’s burdens on, or benefits received from, the governmental activity.”* Additionally, Article XIII C identifies the following development processing fees as items that are not defined as taxes:

- A charge imposed for a specific benefit conferred or privilege granted directly to the payer that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege [Art. XIII, C, 1(e)(1)].
- A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product [Art. XIII, C, 1(e)(2)].
- A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof [Art. XIII, C, 1(e)(3)].

Section 66014(a) of the California Government Code includes the following, *“Notwithstanding any other provision of law, when a local agency charges fees for zoning variances; zoning changes; use permits; building inspections; building permits; ...the processing of maps under the provisions of the Subdivision Map Act...; or planning services...; those fees may not exceed the estimated reasonable cost of providing the service for which the fee is charged, unless a question regarding the amount of the fee charged in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue”*.

The proposed updated fees are intended to comply with applicable federal, state, and local laws including providing confirmation that the proposed fees (“charges”) recommended are not taxes as defined in Article XIII C of the California Constitution and that the proposed fees are no more than necessary to cover the reasonable costs of the City’s activities and services addressed in the fees. Additionally, the modified Planning, Engineering, and Building Fee Schedules (refer to Attachments 1 through 4) show that the manner in which the costs are allocated to a payor bear a fair and reasonable relationship to the payor’s burdens on, or benefits received from the activities and services provided by the City.

ANALYSIS

Proposed updated user fee schedules for Community Development services are provided in Resolution 11481 as Attachment 1. Note that while only some of the fees are proposed to change, the entire fee schedule is included in the resolution for ease of processing the fee updates. Staff has also provided Attachments 2 through 4, which detail how these fees were devised, including fully burdened staff hourly rates, staff time spent on each service, and proposed cost recovery. Note that the proposed changes are shown in red text in Attachments 2 through 4.

PROPOSED PLANNING FEE CHANGES

Director Level Historic District Reviews

The Planning Division is proposing modifications to the fee schedule to reflect updated costs associated with the permit and project reviews in the Historic District (assuming adoption of Ordinance No. 1353). These modifications include the following:

1. Separating fees for existing structures in the Historic District to differentiate between Director-level and Commission level reviews; and
2. Lowering the fee for Historic District demolitions since the vast majority of these will now be reviewed only by the Community Development Director and therefore involve less staff time.

Staff is proposing full cost recovery for the Director level design reviews and retaining partial cost recovery for Commission level reviews. Staff is proposing that fees for Director level Historic District reviews be primarily decreased to account for less staff time spent on these reviews. However, the existing single- and two-family dwelling Director-level reviews would remain essentially unchanged (going up by \$32), as the existing fee did not collect 100 percent cost recovery since these projects previously had to go to Commission. The proposed fee achieves full cost recovery and reflects the fact that these projects no longer go to Commission. The table below demonstrates the difference in existing and proposed design review fees in the Historic District.

Table 1- Historic District Existing and Proposed Fees

	Current Fee	Proposed Fee
New Multi-Family/Commercial Structure (Commission)	\$5,100	\$5,100
Existing Multi-Family/Commercial Structure (Commission)	\$2,210	\$2,210
Existing Multi-Family/Commercial Structure (Director)	\$2,210	\$864
Single- and Two-Family Dwelling, Non-Exempted ADU (Commission)	\$800	\$800
Existing Single- and Two-Family Dwelling/New or Existing Accessory Structure (Director)	\$400	\$432
Demolition	\$400	\$216

Staff is also proposing a fee of \$216 for demolitions in the Historic District (50 percent cost recovery), down from the existing fee of \$400. Under the recently proposed update of Chapter 17.52 of the FMC (Historic District), many demolitions would no longer go to the Historic District Commission for review, and less staff time is therefore anticipated with these reviews. However, staff still must review all proposed demolitions in the Historic District against a number of databases and resources to determine potential historic significance. As such, two hours of staff time was assumed for the average Historic District demolition review, which would result in a fee of \$432 at full cost recovery. Staff believed that this was a prohibitive cost for most demolitions, particularly for the demolition of smaller accessory structures, and would discourage people from obtaining such a permit. During the Historic District Commission hearings regarding the code updates, staff heard from the Commission and the public that there was a community benefit in ensuring that structures proposed for demolition are properly reviewed for historic significance, as it would better lead to the retention of historical resources. As such, staff has proposed a lower fee for Historic District demolition review to help encourage this practice. Overall, staff has tried to strike a balance between full cost recovery and encouraging homeowners and developers to follow City regulations.

Ministerial Design Review

Regarding the new ministerial design review process for multi-family/mixed-use projects subject to the ODDS, staff is proposing full cost recovery for the fees associated with reviews of these projects (\$864) based on the assumption that these reviews would take an average of four hours of staff time to complete. Staff anticipates that this amount of time is needed to review these projects against objective design and development standards and to route the projects for review from other City departments as necessary. This fee is significantly lower than the fee to take these projects to Commission (\$2,210 for existing structures and \$5,100 for new structures).

Fire Department Entitlement Review

Regarding Fire Department reviews of Planning entitlements, staff is proposing to add footnotes into the Planning fee schedule which states that plan reviews by the Fire Department in excess of 4 hours are charged an hourly Fire Plan Check fee as listed in the City Master Fee schedule. This note ensures that the City attains full cost recovery for projects with the more complex Fire Department reviews.

Public Notice Mailing Fee

Staff is also proposing a fee to account for the creation and distribution of mailed public notices for projects that require noticing within a 300-foot radius. Given that the notices come from the City, staff wanted to ensure quality consistency by taking on producing the notices, envelopes, and address labels. Furthermore, staff has an easy way to find the accurate mailing addresses for the correct property owners. As such, instead of requiring project applicants to produce the envelopes, staff is requesting that a flat \$200 fee be applied to projects that require 300-foot noticing so that staff may produce the envelopes. The fee would pay for average time and materials (including postage) of a typical 300-foot noticing. Staff found that other local jurisdictions, including Elk Grove, Roseville, and Sacramento County have noticing fees between approximately \$170 and \$350. As such, the proposed \$200 fee would fall in line with the regional average for this service.

PROPOSED ENGINEERING FEE CHANGES

Staff has found that Engineering and landscape plan check and inspection fees for projects with a valuation of \$300,000 or more often result in a wide range of staff costs depending on the scale of the project, especially when assistance from consultants is needed for such reviews and inspections. As such, the existing fixed fee for projects of this scale does not fully account for staff and consultant review time. As such, staff has proposed a fee for these projects using an initial deposit plus time and materials. While staff does not currently have the resources to track time for all projects, tracking time on these large-scale landscaping reviews and inspections is necessary to better achieve full cost recovery.

Staff is also requesting an update to the miscellaneous landscape plan review fee for production homes/subdivisions. Updated fees for these reviews were previously approved by Council in April 2025. Staff had originally proposed that the landscape review fee for production homes be \$2,300 for up to four landscaping schemes and \$2,500 for 5 schemes plus an additional 10% of the fee for each additional landscaping scheme beyond five. While this change was described in the staff report and provided as an attachment, a clerical error resulted in it not being included in the fee schedule provided in the resolution. Staff has now updated the fee schedule to include this change.

PROPOSED BUILDING FEE CHANGES

Staff is proposing a fee of \$138 for Electric Vehicle (EV) charger building permits. The previous fee accounted for two hours of work (including permit processing, review and inspection). However, based on an analysis of recent review times staff discovered that these permits now take approximately 45 minutes of staff time total. This is due to EV charger installation becoming more common and staff in part becoming more familiar with reviewing permits for them. Staff has also found that the current fee of \$377 is approximately double what nearby jurisdictions charge for these permits, and the current fee is an inordinate percentage of construction valuation (typically approximately \$1,000). As such, staff is requesting a lower fee for EV charger building permits to both reflect up-to-date staff time associated with these permits as well as to encourage contractors to properly pull permits. This lower fee would also put the City in alignment with the State's push towards all-electric vehicles in the future.

PROPOSED APPEAL FEE CHANGES

The appeal of Community Development Director decisions to the Planning or Historic District Commission already has an established fee. Similarly, there is a fee for appeals of Commission decisions to the City Council. However, no fee exists under FMC 2.08.060 for an appeal of a decision by a City official to the City Manager, or a decision by the City Manager to the City Council, for matters that do not have an appeal mechanism in ordinance or resolution. Since the existing \$1,500 fee for appeals of Director decisions assumes approximately 20 hours of work (including a Commission hearing), this fee is not appropriate for appeals to the City Manager. In most cases, an appeal of a staff decision to the City Manager involves the preparation of memo for the City Manager explaining the rationale behind the staff decision and at least one meeting with the City Manager. That typically takes at least 2 hours of staff time. While additional time is often needed for research and subsequent meetings, staff is proposing to only account for 2 hours of staff time both to account for smaller appeals and to not make the fee prohibitively expensive and

discourage those who do not have the resources from appealing. Based on this, staff is proposing a \$432 fee for appeals to the City Manager.

For appeals of City Manager's decisions to the City Council, approximately 20 hours of staff time are anticipated given the need to prepare a staff report and attend a Council meeting, consistent with the average amount of time assumed for appeals of CDD Director decisions to the Planning/Historic District Commission. Staff is proposing a \$1,500 fee to appeal City Manager decisions to Council to match the current appeal fee for CDD decisions to the Commissions. This only accounts for 35 percent cost recovery on average, but given Council's recent direction to keep appeal fees at a reasonable rate to the public, staff is proposing this lower appeal fee.

Conclusions

Staff confirmed that the forecasted revenue from the updated fees did not exceed the actual staff costs associated with this work and should therefore be in line with State law.

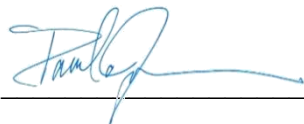
FINANCIAL IMPACT

Staff anticipates that the proposed Planning fee updates will more accurately account for staff time spent on projects that no longer require Commission-level review as well as reflect the time and materials it takes to produce project notice mailers. Furthermore, staff anticipates that the proposed changes to Engineering fees will accurately reflect staff time for landscaping plan reviews. Staff also expects that the proposed Building fee changes will better reflect current staff time associated with review of EV charger permits while incentivizing the public to obtain such permits. Finally, the inclusion of a new appeal fees will cover a portion of staff time associated with such appeals, but the proposed fees will provide a funding source so that this process is no longer being entirely subsidized by the General Fund.

ATTACHMENTS

1. Resolution No. 11481 – A Resolution to Replace Resolution No. 11356 and No. 11365 and Adopt a New User Fee Schedule for Community Development Services
 - a. Exhibit A – Amended Community Development User Fees
2. Existing and Proposed Planning Fees and Cost of Service
3. Existing and Proposed Engineering Fees and Cost of Service (excerpt)
4. Existing and Proposed Building Fees and Cost of Service (excerpt)

Submitted,



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