



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 04/07/2026

ITEM NO: 14

DATE: April 7, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Adopt a Resolution Approving the Comprehensive Fee Schedule for Fiscal Year 2026-27 to Continue and Amend Certain Department Fees, Rates, and Charges for Fiscal Year 2026-27; and Adopt a Resolution Approving the Administrative Fine and Penalty Schedule for Fiscal Year 2026-27 to Continue and Amend Certain Department Fines for Fiscal Year 2026-27**

RECOMMENDATION: Adopt a resolution approving the Comprehensive Fee Schedule for FY 2026-27 to continue certain Department fees, rates, and charges, and amend certain fees, rates, and charges for FY 2026-27; and Adopt a resolution approving the Administrative Fine and Penalty Schedule for FY 2026-27 to continue certain department fines and amend certain fines for FY 2026-27.

FISCAL IMPACT:

The Town's financial policies require that fees be maintained to provide for the recovery of costs associated with Town services. If approved, staff will incorporate the adopted changes into the FY 2026–27 Operating & Capital Budget. Based on the 2.2% CPI adjustment and proposed new fees, staff estimates net annual revenue of \$168,000, allocated approximately as follows: Administrative Services \$4,500; Community Development \$87,000; Parks & Public Works \$70,000; Police \$6,500. Volumes are projected using prior-year activity with conservative assumptions.

STRATEGIC PRIORITY:

This item supports the strategic priorities to ensure prudent financial management and develop structure to ensure accountability of how funding resources move forward.

BACKGROUND:

PREPARED BY: Ed Karas
Accountant / Finance Analyst

Reviewed by: Town Manager, Town Attorney, and Administrative Services Director

The Town's financial policies require that certain fees, rates, and charges for services be maintained to allow for cost recovery based on the actual cost of providing Town services. "Fee" activities are services and functions provided by the Town to individuals who receive some direct material benefit above and beyond services offered to residents at general taxpayer expense. Staff periodically review the cost of providing such services and recommends appropriate fee adjustments when supported by actual cost data.

The Town's most recent comprehensive cost allocation and selected recommendations from the user fee study were incorporated into the FY 2019-20 Fee Schedule. A new user fee study is expected to be completed in Fiscal Year 2026-27.

DISCUSSION:

A. COMPREHENSIVE FEE SCHEDULE:

The Comprehensive Fee Schedule allows for an annual adjustment of fees by the average increase in the Consumer Price Index (CPI) for the previous calendar year. For FY 2026-27, staff is proposing that fees be adjusted by 2.2% CPI (2025 average of San Francisco-Oakland-San Jose CPI-U 2-month and 12-month percent changes, all items index, not seasonally adjusted). In addition to the proposed CPI changes, the proposed FY 2026-27 Comprehensive Fee Schedule accounts for modifications to fees, as explained below:

Administrative Services

1. Expedited Processing Fee (New Fee - \$113.73 per day) – Staff recommends an Expedited Processing Fee when required documentation is submitted post deadline. Event coordinators who do not provide their insurance and other required documents at least one week in advance of the event create additional work hours for event staff. The late documents often require staff to come in on their days off or work overtime to process documents. Moving forward, when this occurs, the event coordinators will be charged a fee to cover the staff costs of processing the late paperwork.
2. No Parking Sign Admin Fee (New Fee - \$56.87) – In prior years, volunteers assisted with preparing the no parking signs for approved events. Out of necessity, this task has shifted to staff, and thus, additional coordination time is necessary to prepare and provide no parking signs for events. Staff is proposing an administrative fee to offset the cost of staff time to determine the number and locations of signs needed for an event, then write out the individual signs. The fee is equivalent to a half hour of the fully burdened hourly rate for the event specialist to complete this task.
3. Entertainment Zone Signicades (A-frame) (New Fee - \$5.00 per Signicade, per day) – For the newly adopted entertainment zone. Event staff will purchase signicades for the perimeter of the entertainment zone. These will be available for organizers to rent in the quantity necessary for the size of the activated zones, should they choose not to use

their own signage that meets the Town's requirements. The fee was determined by considering the purchase of twenty custom signicades with the necessary language included on the signs, with an anticipated life span of two years per signicade.

4. Facilities Maintenance Fee (New Fee - \$155.00) – This fee has been added as an option to charge events a maintenance fee, if/when the event utilizes additional Town facilities for their event, that were not originally approved within the scope of the conditional letter of approval. The use of the facility requires Town staff to engage in support either during or after the event to mitigate the impacts of the event on the Town facility. This fee was determined by actual costs charged for janitorial fees.

Development Services

1. Supplemental Fee for Minor Residential Development applications that require Planning Commission Approval (New Fee - \$3,884.00). New fee line item for Minor Residential Applications that do not include Parks and Public Works review and associated fee.
2. SB 684 Small Lot Subdivision and Housing Development and related Engineering Development Review Service Fee (New Fee - \$1,643.00). New line item for new legislation that created a new application type. This fee is based on the current SB 9 fee, as this process mirrors that process. Further, development engineering fees are based on an analysis of actual time spent by staff to do a typical review or process using their fully loaded hourly rates.
3. Outside Legal Counsel Review (New Fee - Fully allocated hourly rate of legal review Initial \$5,000.00 deposit) – These deposits will be taken to offset Town Attorney expenditures for legal review of complex planning applications to recover the cost of outside legal counsel review. There is a new deposit fee line item, and any remaining deposit will be refunded to the applicant; amounts exceeding the deposit amount will be paid by the applicant.
4. Annual Utility Blanket Permit (New Fee - As determined by the Town Engineer based on anticipated number of installations and hours of staff time) – As determined by the Town Engineer based on anticipated number of installations and hours of staff time. This blanket permit is for minor utility maintenance type work that would require an encroachment permit due to work being done in a Town right-of-way or easement but is minor in nature not requiring plan review or inspection oversight. Examples would be PG&E's installation of a new support cross brace on a pole where no sidewalk or pavement work was needed.
5. Certificate of Correction (New Fee - \$1,500 initial surveyor deposit plus 25% admin fee)– Moving to its own fee, as the certificate of correction fee was repeated for both map types. The deposit was determined based on the average of surveyor costs associated with the COC and staff time associated with managing consultant survey

6. License Agreement Application (Town Manager) (New Fee - \$3,119.00) - Fee to review a license agreement for private facilities in public right-of-way. This fee was determined based on an evaluation of the fully loaded staff time needed to evaluate and process a license agreement.
7. License Agreement Application (Town Council) (New Fee - \$4,135.00) - Fee to review a license agreement for private facilities in the public right-of-way. This fee was determined based on an evaluation of the fully loaded staff time needed to evaluate and process a license agreement and prepare appropriate materials for Town Council.
8. License Agreement Recording and Issuance (New Fee - \$1,925.00) – Fee to record and issue a license agreement for private facilities in the public right of way. This fee was determined based on an evaluation of the fully loaded staff time needed to develop and process a license agreement once approved by either the Town Manager or Town Council.

Police Services

1. Initial Residential Alarm Registration Fee and Renewal Residential Alarm Registration Fee (New Fees - Initial Registration Fee \$95.00 Renewal Registration Fee - \$50.00) – The proposed changes aim to improve alarm system management by requiring alarm registration. The update includes new fees for residential alarm registrations, while remaining mindful of the fees associated with specific renewal costs. The initial fee covers the administrative work required to establish the permit, including dispatch setup, address and system verification, community outreach and integration, and finance and contract processing. The renewal fee supports ongoing administrative efforts such as financial reconciliation, outreach coordination and scheduling, and dispatch-related tasks including address confirmation, phone line monitoring, and documentation. These adjustments are intended to promote more effective emergency response, greater compliance and to help reduce unnecessary police responses.

Parks and Public Works Services

1. Adopt a Bench (New Fee - Initial Fee - \$9,865, and Renewal Fee - \$5,911.00) – Initial 10 Year Term (Inclusive of Bench Cost) and Renewal Terms. Fees account for staff related maintenance, graffiti, bench installation and procurement. The initial fee includes the cost of the bench. The renewal fee does not. Support policy adopted by the Town Council on February 3, 2026, and sets a fee for a program that has never had one. This fee is calculated based on the estimated installation, maintenance, and fully loaded labor cost for a park bench for a period of 10 years.
2. Electric Vehicle Charging Fee Hourly Charge - 1- 4 hours (Increase Fee - \$1.70). This fee is based on actual associated cost.

Attachment 2 contains the proposed FY 2026-27 Comprehensive Fee Schedule reflecting all Town fees (including proposed changes). An itemized list of recommended FY 2026-27 fee adjustments, reclassifications, and deletions, are reflected in Attachment 3.

B. ADMINISTRATIVE FINE PENALTY SCHEDULE:

The Administrative Fine and Penalty Schedule sets forth the administrative penalty amounts for code violations. Attachment 5, contains the proposed FY 2026-27 Administrative Fine and Penalty Schedule reflecting all Town fines (including proposed changes). An itemized list of recommended FY 2026-27 fine adjustments, reclassifications, and deletions are reflected in Attachment 6 and explained below:

Los Gatos California Fire Code

1. Section 2703.13 Requirements for HPM gases – Section 2703.13 remains in our Administrative Fine and Penalty schedule; this action removes a duplicative listing of the fine section.

In addition, the proposed FY 2026-27 Comprehensive Fine Schedule accounts for modifications to fines, as explained below:

1. Fireworks (First Offense - \$500.00, Second Offense - \$1,000.00, and Third Offense - \$1,500.00) – The justification to raise the fine for the unlawful use of fireworks is to serve as motivation not to use illegal fireworks. The existing fine is insufficient to deter the behavior.
2. False Alarms (False Alarm and No Permit - 2 Times Annual Permit Fee, and Over two (2) false alarms occur on the premises within a six-month period within a calendar year \$175.00)– The primary proposed changes to the false alarm ordinance are to:
 - Require residential alarm users to register their alarm system with the Town,
 - Provide that when the Police Department responds to a false alarm at a location without an alarm permit, the property owner shall pay a penalty of two times the annual permit fee,
 - Provide that residential properties with more than five false alarms within a calendar year will be placed on “no response status”.

Police Services.

The revised schedule imposes new penalties for false alarms at unpermitted properties and two or more false alarms within a 6-month period.

Miscellaneous

Town Code violations that are subject to the Town's standard penalties of \$100 for the first violation, \$200 for the second violation, and \$500 for subsequent violations have been removed from the schedule, because the purpose of the schedule is to list penalties that are different from those standard amounts.

CONCLUSION:

It is recommended that the Town Council approve the Comprehensive Fee Schedule effective July 1, 2026, and the Administrative Fine and Penalty Schedule, effective July 1, 2026, and adopt the related resolutions.

COORDINATION:

The preparation of the Fee and Fine Schedules was coordinated with all applicable Town Departments and Offices.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Resolution approving Comprehensive Fee Schedule FY 2026-27
2. Proposed FY 2026-27 Comprehensive Fee Schedule (Redlined)
3. Proposed FY 2026-27 Fee Adjustment, Reclassification, Deletions and Additions Report
4. Resolution approving Administrative Fine and Penalty Schedule FY 2025-26
5. Proposed FY 2026-27 Administrative Fine and Penalty Schedule (Redlined)
6. Proposed FY 2026-27 Administrative Fine and Penalty Adjustments, Reclassifications, Deletions and Additions Report