



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 03/15/2022

ITEM NO: 12

DATE: March 4, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Fee and Fine Schedules for Fiscal Year 2022/23
a. Adopt a Resolution Approving the Comprehensive Fee Schedule for Fiscal Year 2022/23 to Continue Certain Department Fees, Rates, and Charges, and Amending Certain Fees, Rates, and Charges for Fiscal Year 2022/23.
b. Adopt a Resolution Approving the Comprehensive Fine Schedule for Fiscal Year 2022/23 to Continue Certain Department Fines.

RECOMMENDATION:

Fee and Fine Schedules for Fiscal Year (FY) 2022/23

- a. Adopt a resolution approving the Comprehensive Fee Schedule for FY 2022/23 to continue certain Department fees, rates, and charges, and amending certain fees, rates, and charges for FY 2022/23.
- b. Adopt a resolution approving the Comprehensive Fine Schedule for FY 2022/23 to continue certain department fines.

BACKGROUND:

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 to provide 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. "Fines" are the amounts of the penalties for code violations imposed pursuant to Section 1.30.025 of the Los Gatos Town Code.

Staff periodically reviews the cost of providing such services and recommends appropriate increases in fees when supported by actual cost data. The Town's last comprehensive cost

PREPARED BY: Stephen Conway
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

BACKGROUND (continued):

allocation and user fee study recommendations were incorporated in the FY 2019/20 Fee Schedule.

The Town has not adjusted its fees since FY 2019/20. Due to the economic impact of the COVID-19 pandemic, the discussion of changes to the Comprehensive Fee Schedule was postponed to a later date. Council did approve one change to the Town's Comprehensive Fee Schedule at their September 1, 2020, meeting to remove library fines as this provided an immediate operational benefit to the Library Department.

DISCUSSION:

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. The average increase in the CPI for 2019, 2020, and 2021, was 3.2%, 1.7%, and 3.4% respectively, for a cumulative cost of living increase of 8.5% since 2019.

Staff recommends that Council review and choose one of the three CPI scenarios presented in this report. In scenario one, fees are adjusted with the most current 3.4% CPI amount forgoing the 2019 and 2020 CPI increases (see Attachment 1 and its Exhibit A). Scenario two contains a 5.9% CPI increase, which is halfway between the 3.2% and 8.5% (see Attachment 2 and its Exhibit A). Scenario three proposed a full recovery at 8.5% CPI See Attachment 3 and its Exhibit A).

In addition to the proposed CPI changes, the proposed FY 2022/23 Comprehensive Fee Schedule accounts for modifications to fees as explained below:

Administrative Services

1. Credit Card Processing Fee – Proposing 2.4% fee on all transactions to reflect actual costs to the Town.

Development Services

1. Community Benefit – The Town no longer has a Community Benefit Policy so it should be removed from the Fee Schedule.
2. Public Art In-Lieu Fee – At their April 20, 2021, meeting, the Town Council approved a public art funding ordinance (Chapter 25 Article VII) which requires new commercial developments, with some exceptions, to either install public artwork equivalent to 1% of construction valuation or pay that amount into the Town's Public Art Fund in-lieu of installing public artwork.
3. Street Improvement in-lieu fees – Proposing to increase these two fees to reflect current costs as determined by bids for recent Capital Improvement Program (CIP) projects.

DISCUSSION (continued):

4. Two-unit Housing Development and Urban Lot Split - With the creation of two new application types in the implementation of Senate Bill 9 through Urgency Ordinance 2327, Two-Unit Housing Development and Urban Lot Split, new fees are proposed consistent with existing fees for the Accessory Dwelling Unit application type, which is also a ministerial permit.
5. Other Administrative Fee - The existing 10% Administrative Fee that is included for processing of consultant deposits is added here to provide additional clarity and transparency for applicants.

Parks and Public Works Services

1. Tree Removal Permit Application – Proposing to add a note to this fee indicating that the fee will be waived when the tree removal is done to implement or maintain Defensible Space.

Police Services

1. Massage Permit Fees – State law has created a statewide permitting system administered by the California Massage Therapy Council for issuing massage worker permits. Therefore, the Police Department no longer incurs the costs that the fees in items 10 and 11 were imposed to cover. These fees are proposed to be deleted.

Attachments 1 through 3 contain the three scenarios of the proposed FY 2022/23 Comprehensive Fee Schedules reflecting all Town fees (including proposed changes). An itemized list of recommended FY 2022/23 fee adjustments, reclassifications, and deletions, including those to be adjusted by the three CPI scenarios are reflected in Attachment 4. It should be noted that the majority of proposed adjustments relate to the development activity which was not adversely affected during the pandemic.

The Comprehensive Fine Schedule sets forth the administrative penalty amounts for code violations. Attached for Council reference is an updated FY 2022/23 Comprehensive Fine Schedule (Exhibit A to Attachment 5) reflecting all Town fines. Staff does not recommend any changes to the fines this time.

CONCLUSION:

It is recommended that Town Council approve one of the proposed CPI scenarios to the Comprehensive Fee Schedule (Attachment 1, 2, or 3) and the Comprehensive Fine Schedule effective July 1, 2022 (Attachment 5).

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SUBJECT: Fee and Fine Schedule for Fiscal Year 2022/23

DATE: March 15, 2022

FISCAL IMPACT:

The Town's financial policies require that fees be maintained to provide for the recovery of costs associated with Town services. The proposed fee adjustments reflect three scenarios to an increase in the CPI, and, therefore, adopting one of them will better represent the cost to deliver services. If approved by the Town Council, staff will incorporate the selected fee changes into the Town's FY 2022/23 Operating and Capital Budget using conservative development and other activity projections.

COORDINATION:

The preparation of the Fee and Fine Schedules was coordinated with all 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 2022-23, including Exhibit A Proposed FY 2022-23 Comprehensive Fee Schedule – Scenario 1 (Redline)
2. Resolution approving Comprehensive Fee Schedule FY 2022-23, including Exhibit A Proposed FY 2022-23 Comprehensive Fee Schedule - Scenario 2 (Redline)
3. Resolution approving Comprehensive Fee Schedule FY 2022-23, including Exhibit A Proposed FY 2022-23 Comprehensive Fee Schedule - Scenario 3 (Redline)
4. Proposed FY 2022-23 Fee Adjustment, Reclassification, and Deletions
5. Resolution approving Comprehensive Fine Schedule FY 2022-23, including Exhibit A Proposed FY 2022-23 Comprehensive Fine Schedule