



STAFF REPORT

TO: THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS

MEETING DATE: FEBRUARY 17, 2026

FROM: PAM CARONONGAN, CITY CLERK

**SUBJECT: RECOMMENDATIONS FOR FISCAL YEAR (FY) 2026-2027
PROPOSED MASTER FEE SCHEDULE**

RECOMMENDATION

Staff recommends that the City Council review and discuss the Master Fee Schedule, proposed fee increases and amount of subsidy of certain fees, and provide feedback on any changes to staff. Staff will then bring the item back for approval after public noticing in time for adoption prior to the FY26-27 Budget.

BACKGROUND

We ask that the City Council review and discuss City Fees and recommended changes to the municipal Master Fee Schedule for adoption prior to finalizing the upcoming fiscal year budget. Some changes/new fees may require changes to City ordinances prior to taking effect.

The City provides a broad range of services—including planning, building safety, and administrative support—and, in accordance with California law, maintains a policy of recovering the specific costs of these services from individual applicants rather than subsidizing them through general tax revenues. By consolidating various fees into a single comprehensive schedule, the report ensures that the City's fee levels accurately capture the current costs of labor, materials, and consultant rates, thereby maintaining fiscal responsibility and ensuring that private service requests remain self-funding. Once adopted, this fee schedule will be published on the web site to help applicants quickly see our fees.

The City's Master Fee Schedule is structured around a Cost Recovery Policy that balances fiscal responsibility with community benefit. While the general baseline for services providing a distinct private benefit—such as building permits or planning entitlements—is 100% cost recovery, the City Council retains the discretion to set fees at lower levels, thereby creating a subsidy. These subsidy levels are determined by the continuum of benefit: services that promote public safety, encourage regulatory compliance, or support community wellness (e.g., recreation

programs, appeals, or solar permits) may be set below actual cost to ensure accessibility. In such cases, the difference between the fee revenue and the actual cost of service is subsidized by the General Fund, effectively using tax dollars to bridge the gap in support of broader public policy goals. Which fees and the level of subsidy is a policy decision for the Council.

Framework for Thinking about The Continuum of Benefit

Service Category	Cost Recovery Goal (User Fee)	General Fund Subsidy	Rationale / Benefit Analysis
Development Services (Building Permits, Planning Entitlements)	100%	0%	Private Benefit: The service primarily benefits the individual property owner or developer by increasing asset value.
Code Enforcement (Initial Inspections)	0%	100%	Public Good: Maintaining community standards and safety is a general public benefit funded by tax dollars.
Facility Rentals (Non-Profit / Resident / Commercial Use)	50% - 75%	25% - 50%	Shared Benefit: Provides individual utility while supporting community cohesion and civic engagement.
Recreation Programs (Youth Sports, Senior Classes)	25% - 50%	50% - 75%	High Public Benefit: Heavily subsidized to ensure accessibility and promote community health and wellness.
Appeals & Admin (City Clerk Appeals, Public Records)	10% - 25%	75% - 90%	Access to Gov: Fees are kept nominally low to ensure no financial barrier exists to democratic participation.

DISCUSSION

Staff looked at our existing fee schedule currently on the web site, internal practices, the draft Nexus Study, and our costs to pull together his Master Schedule. The City has not had a Master Fee Schedule, and some of these fees were not well publicized or tracked. Cost Recovery Considerations are governed by the Mitigation Fee Act (Government Code Section 66000).

Administrative Fees

Staff are recommending increases to match increases in labor costs over the years. These are full cost recovery. Our new City Clerk is a notary public, and we are proposing to make notary services available to the public.

Finance Fees

Staff are recommending increases to cover staff time and bank fees for returned checks. We are also recommending that we pass along credit card fees for everything except for a monthly sewer bill in good standing. Currently, the general fund is paying for the transaction fees as we prefer electronic payment to handling paper checks. However, with large amounts, the processing fee can be quite significant. Council should comment on the proposed change, which would charge users the 2.5% processing fee EXCEPT for the monthly sewer bill (one month for account in good standing).

Building Fees

We are updating the source of valuations based on updated International Code Council (ICC) standards. Otherwise, we are keeping these fees “as is.” Hourly rates are found at the end of the master fee schedule. All hourly rates include 20% for other staff time involved in projects including the department heads such as the Police Chief, Director of Public Works, Finance Supervisor, City Clerk, and the City Manager.

Developer Impact Fees (City)

These will be updated to reflect the final adopted impact fees from the Nexus Study (heard separately). There is substantial restructuring and simplification here - some of old fees are combined into a single fee (Historical, City Hall, Corp Yard is now a City Facilities Fee), a new Storm drain fee, a single local transportation fee (instead of some variation by development several of which are no longer active). There is a 3.5% administrative fee for managing the impact fee program, as allowed under state law.

Developer Impact Fees (Regional)

We are showing Fire district and Regional Transportation fees separately, as they are not set by the City.

Facility Rental Fees

We are proposing several updates to our facility rental fees. We are paying for utilities and maintaining these buildings 24 x 7. At the same time, these facilities are resources that we want the community to benefit from. Our goal is to maximize use, subsidize non-profit and resident use, and charge more to non-residents and commercial users. We looked at other available spaces nearby as well to adjust the rates. While it varies by facility, we are roughly pricing rentals at 30% of the commercial rate for non-profits and 50% discount for private events. Daily rates are approximately the rate for 5 to 8 hours, depending on the facility. Certain events, such as large parties or expos will continue to require all day rentals.

We also had some facilities with high minimum rental time periods - the auditorium was only available for daily rental (not hourly) and other locations had four hour minimums. We are proposing to change that as well as other changes:

- Decreasing the minimum required time to rent
- Simplifying rates by including the utilities into the hourly / daily fee
- Adding a new facility, the City Hall Front Conference room as a meeting space.
- Adding Wifi access
- Ability to rent the snack shack separately from Cribbs Field
- Aligning Grammar School and Community Center Rates
- Adding Grammar School Entire Building rate
- Hourly fee for use of Kitchen in addition to room fee

We have also reflected increases in insurance requirements, so that the City would remain in compliance with our Risk Management Association (RMA)'s policies.

Planning and Development Fees

We have examined our billing rates and contractor rates and are not recommending many changes at this time. These fees have been updated over the years to maintain cost recovery. We are recommending slight increases for encroachment permits and use permit deposits based on time these projects are taking.

Police and Public Safety Fees

During compilation, staff researched each fee based on what the California Code allows, what other jurisdictions are currently charging, the intent of the fee being charged, and the recovery of cost for the City. Based on our analysis, we are recommending slight increases across many police fees. Many of these fees are quite reasonable compared to other jurisdictions, and they are meant to encourage compliance without being undue financial hardships.

Public Works Fees

In compiling these fees, we found public works fees from 2017, though they were poorly documented and unclear. We have included some new fees here to capture costs to recover when private parties create issues in the public right-of-way.

Wastewater Fees

Connection and monthly wastewater rates are subject to our ratepayer studies and Proposition 218 process. We are suggesting that we introduce Fats, Oils and Grease (FOG) fees to better manage what is put into our wastewater system. We are showing a placeholder, we will need to bring an ordinance and proposal for these programs back to Council.

Special Events Fees

Generally, the City subsidized events that help raise money for the community and support our local businesses. In our code, we are able to recover fully loaded costs for police, but it has not been our practice to do so. We are suggesting maintaining current event pricing. Insurance requirements are increasing to be in compliance with our Risk Management Association (RMA)'s policies.

ENVIRONMENTAL CONSIDERATION

The action of developing the draft 2026 Municipal Fee Schedule / Master Fee Schedule for the City of Sutter Creek is “not a project,” can be seen with certainty that there is no possibility that this activity has a significant effect on the environment, and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (also known as the CEQA General Rule).

BUDGET IMPACT

Keeping our fees current with our costs ensures that fees that are meant to be cost recovery do in fact recover the efforts the City expends to complete the efforts.

ATTACHMENT

1. 2026 City of Sutter Creek Master Fee Schedule - Draft