



City of Culver City

Staff Report

File #: 25-979, **Version:** 1

Item #: PH-2.

CC - PUBLIC HEARING: Adoption of a Resolution Approving and Adopting the Comprehensive Fee Schedule for Fiscal Year 2025-2026.

Meeting Date: April 28, 2025

Contact Person/Dept: Michael Towler/Finance Department

Phone Number: (310) 253-5865

Fiscal Impact: Yes No

General Fund: Yes No

Attachments: Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (04/23/2025)

Department Approval: Lisa Soghor, Chief Financial Officer (04/22/2025)

RECOMMENDATION

Staff recommends the City Council adopt a resolution approving and adopting the Comprehensive Fee Schedule for Fiscal Year 2025-2026.

PROCEDURE

1. Mayor seeks motion to receive and file the Affidavit of Publication;
2. Mayor seeks a Motion to open the Public Hearing;
3. Mayor requests a staff report, if desired;
4. Mayor calls for, and the City Council receive, public testimony;
5. Mayor seeks a Motion to close the Public Hearing;
6. City Council adopts resolution approving and adopting the Comprehensive Fee Schedule for Fiscal Year 2025-2026

BACKGROUND

On January 13, 2025, the City Council adopted Resolution No. 2025-R008 approving and adopting the Comprehensive Fee Schedule for Fiscal Year 2024-2025 based on a User Fee Study completed by NBS Government Finance Group.

The City Council's Adopted 2024-2029 strategic planning goals included addressing the long-term financial stability of the City by reviewing existing revenue sources. As key General Fund revenue sources, program user fees and regulatory permits were identified as revenue sources to be analyzed. In the past 10 years, the City has experienced significant increases in program costs coupled with changes in operational structure. In Fiscal Year 2022-2023, staff engaged NBS Government Finance Group (NBS) to assist the City with conducting an updated comprehensive user fee and cost of services analysis.

Prudent financial management recommends that cost of services user fee studies be conducted every five to seven years. This ensures that cities use the most up to date methodologies, incorporate program process improvements and organizational and financial changes, and remain compliant with new regulations. In the intervening years, cities will update fees annually with a Consumer Price Index (CPI) increase where applicable to ensure that cost of service increases are incorporated into the fee adjustments. During the January 13, 2025 City Council meeting, Finance staff committed to bringing the Comprehensive Fee Schedule back to City Council annually in April to ensure timely implementation of the fee increases in July of each fiscal year.

DISCUSSION

California municipalities may impose user and regulatory fees for services through provisions set forth in the State or California Constitution, Article XIII C 1(e). Under this legal framework, a fee may not exceed the reasonable cost of providing the service or performing the activity. In addition, Culver City Council Policy No. 5002 calls for a comprehensive user fee and cost of services study to ensure that fees continue to meet cost recovery targets.

The purpose of the User Fee Study is to calculate the full cost of providing each fee activity (including direct and indirect costs), and to provide Council with the data that supports a realignment of fee amounts with localized cost recovery policy recommendations. The full cost, or actual cost, as calculated by NBS, is the maximum that the City can legally charge for each fee related activity.

The proposed resolution includes CPI increases to the Comprehensive Fee Schedule for Fiscal Year 2025-2026 where applicable to ensure that cost of service increases are incorporated into the fee adjustments. The fees are proposed to increase 3.1% based on the Bureau of Labor Statistics February Consumer Price Index for All Urban Consumers for the Los Angeles area for the prior 12-month period ending February 2025 for Fiscal Year 2025-2026. The update also includes some minor adjustments and corrections which are shown in footnotes to the fees schedule attached to the proposed resolution.

FISCAL ANALYSIS

If approved, staff will include the updated fees for the revenue projections in the Proposed Budget for Fiscal Year 2025-2026.

Per California Government Code 66017(a), increases to existing fees or the creation of new fees associated with development projects (for example, including projects involving the issuance of a

permit for construction or reconstruction) shall be effective no sooner than 60 days following the adoption of the fees. Adopting the fee schedule in April allows the fees to be effective at the start of Fiscal Year 2025-2026. Therefore, if Council approves and adopts the new fee schedule and associated resolution, all user fees associated with development projects will become effective on July 1, 2025. For consistency, staff recommends that all other fees become effective at the start of the new fiscal year as well.

ATTACHMENTS

1. 2025-04-28_ATT_Resolution Approving and Adopting Comprehensive Fee Schedule for FY 25-26 (including Exhibit)

MOTION

That the City Council:

Adopt a resolution approving and adopting the Comprehensive Fee Schedule for Fiscal Year 2025-2026.