



Legislation Text

File #: 21-1363, **Version:** 1

FROM:

Management Services

SUBJECT:

User Fees for City Services

RECOMMENDATION:

COUNCIL GOALS:

- To operate in a businesslike manner by becoming more service oriented.
- To practice sound fiscal management by producing timely and accurate financial information.

DISCUSSION:

On July 13, 2021, the City of Fontana adopted a revised User Fee Policy and Resolution No. 2021-697, authorizing the annual adjustment of previously adopted user fees pursuant to the annual change in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA) Consumer Price Index for All Urban Consumers (CPI-U) for January. The User Fee Policy also stipulated that fees would be adjusted annually based upon CPI-U through 2026-27 with a comprehensive fee study being conducted in 2027-28. Additionally, due to COVID-19, there were no changes made to the fiscal year 2020-21 fee schedule for 2021-22.

The CPI-U increase for January 2022 was 8.6%. Due to this dramatic increase, the fact that fees haven't been adjusted since 2020-21, and the negotiated labor increases for 2022-23, it is recommended that the City instead adopt a 5% increase to all existing user fees, with the exception of deposits, fees that impact seniors, or any fees regulated by statute that have increased.

Additionally, it is recommended that City staff perform a comprehensive fee study through an outside consultant to standardize processes and recalibrate fees now rather than waiting until 2027-28. The fee policy of basing annual adjustments on CPI-U is most appropriate in a stabilized economy where adjustments are historically closer to a 2-3% increase. A comprehensive study and the development of a fee calculation model will allow for economic stabilization to occur as well as future personnel costs to be better forecasted.

It is determined that the user fees increased in Exhibit "A" reasonably cover, but do not exceed, the reasonable cost of providing the service for which the user fee is charged. Fees with a resulting increase less than \$1.00 were not adjusted. Fees with a resulting increase more than \$1.00 were rounded down to the nearest whole dollar amount.

Approval of this report and adoption of the attached Resolution will provide for all fees herein to be effective as of July 1, 2022.

FISCAL IMPACT:

The fiscal impact associated with the approval of this item with result in an estimated 5% increase of fee revenue but actual revenue will be dependent upon fee related activities.

MOTION:

Approve staff recommendation.