



# CITY OF ATASCADERO

## CITY COUNCIL STAFF REPORT

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**Department:** Administrative Services  
**Date:** 5/27/25  
**Placement:** Public Hearing

**TO:** JAMES R. LEWIS, CITY MANAGER

**FROM:** JERI RANGEL, ADMINISTRATIVE SERVICES DIRECTOR

**PREPARED BY:** CINDY CHAVEZ, DEPUTY DIRECTOR OF ADMINISTRATIVE SERVICES

**SUBJECT:** Amendments to Fee Schedule

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### RECOMMENDATION:

Council adopt Draft Resolution, adopting amended fees and deposits to offset costs incurred in planning services, and a schedule of fees and charges for City services.

### DISCUSSION:

The purpose of City government is to service the needs of the people. The City offers a variety of services to the community including those such as planning and building development services, park and recreational services, rental of City property, police and fire services, and other miscellaneous City services of a voluntary or limited nature. These services are funded in part by fees paid by the users and in part by a General Fund subsidy. The amount of General Fund subsidy that is required is predicated on the degree to which the City can recover the costs reasonably borne to provide the special services.

California law allows the City to recover “costs reasonably borne” by the City in providing services. However, the fee may not exceed those “costs reasonably borne” or it is by definition a special tax that must be approved by two-thirds of the voters. In 2022, the City hired a consultant, Revenue & Cost Specialists, LLC (RCS) to perform a complete Cost Allocation and User Fee Study. RCS is an expert in the industry and has been providing fee and costing services to local government agencies for 45 years. RCS provided similar services for the City in 2002, 2006, and 2014.

In 2014, Council directed staff to bring back the issue of adjusting fees annually using the Consumer Price Index (CPI). The CPI adjustment for year ending 2024 is 2.96%. The CPI used was the California weighted average change from calendar 2023 to 2024 that is calculated by the State Department of Industrial Relations. Attached, as Exhibit A to the Draft Resolution, is a summary fee comparison detailing the proposed adjustments.

Recreation activity fees adjust according to cost recovery guidelines and local trends. The Council has consistently demonstrated the desire to keep recreation fees affordable to the average family, resulting in a benefit to the entire community. In this Fee Schedule update, most recreational activity fees are only being proposed to increase by CPI.

Council has historically indicated their intention to have development pay for itself. The majority of the development fees proposed are at 100% cost recovery. Recovering the full cost of the service allows the City to deliver the development services more efficiently as it helps to provide the funding for the staffing needs of the department. As discussed during previous Council meetings, there are some development fees that continue to be subsidized for economic development reasons. Fees such as outdoor dining encroachment permits and sign permits fall into this category.

Other fees are limited by State law. Those cost recovery fees will remain at a constant level unless they are updated by the State.

The remaining fees, which are neither managed by the State nor fall into the already discussed categories, were adjusted to reflect the actual changes in the costs of providing those services.

The Service Fees will go into effect sixty days (60) after the resolution is adopted.

#### **ALTERNATIVES TO THE STAFF RECOMMENDATION:**

1. Council may change any of the proposed fees not limited by State law.
2. Council may keep the current fees. This option is not recommended as the amount of tax dollars necessary to provide these services would increase, reducing the amount of money available for key Council priorities.

#### **FISCAL IMPACT:**

There will be an increase in operating revenue resulting from the CPI increase, with an offsetting increase in costs to provide the services.

#### **REVIEWED BY OTHERS:**

This item has been reviewed by the Administrative Services Director.

#### **REVIEWED AND APPROVED FOR COUNCIL AGENDA**



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James R. Lewis, City Manager

**ATTACHMENT(S):**

1. Draft Resolution
2. Schedule of Fees and Charges for Service Fees - Current vs. Proposed Fee Schedule  
(Exhibit A)