



CITY OF SIGNAL HILL
STAFF REPORT

2175 Cherry Avenue • Signal
Hill, California 90755-3799

6/10/2025

AGENDA ITEM

**TO: HONORABLE MAYOR
AND MEMBERS OF THE CITY COUNCIL**

**FROM: CARLO TOMAINO
CITY MANAGER**

**SIAMLU COX
ACTING ADMINISTRATIVE SERVICES OFFICER/FINANCE DIRECTOR**

**DEBBIE PACHECO
ACCOUNTING MANAGER**

**SUBJECT: PUBLIC HEARING - A RESOLUTION APPROVING AND ADOPTING THE UNIFORM
SCHEDULE OF SERVICE FEES AND CHARGES**

Summary:

For the upcoming fiscal year, the proposed Fee Schedule maintains the methodology of last year's adopted schedule, with adjustments primarily for the Consumer Price Index (CPI) and City operating costs. Prior to adopting new or increased fees, the City Council is required to conduct a public hearing. At the conclusion of the public hearing, the City Council shall determine whether to approve and adopt the updated Fee Schedule. Staff published the legal notice for this public hearing in the Signal Tribune newspaper pursuant to Government Code Section 65091(a)(4). The legal notice appeared in the newspaper on May 30 and June 6, 2025. Staff also posted the notice in accordance with Signal Hill Municipal Code Section 1.08.010 on May 30, 2025. If approved and adopted by the City Council, the revised schedule would become effective July 1, 2025.

Strategic Plan Goal(s):

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

Goal No. 3 Economic & Downtown Development: Improve the local economy, support local businesses, and create a vibrant downtown core.

Goal No. 4 Infrastructure: Maintain and improve the City's physical infrastructure, water system, and recreational spaces.

Recommendations:

1. Staff recommends the City Council open a public hearing, consider public testimony, and approve and adopt the proposed service fees and charges.
2. Adopt a Resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA,
APPROVING AND ADOPTING THE UNIFORM SCHEDULE OF SERVICE FEES AND CHARGES.

Fiscal Impact:

The proposed fees represent the cost for services that are discretionary, meaning that one or more individuals obtain a direct benefit from the service provided. As such, the City's fiscal impact will be based on activity levels after the new fees are adopted and implemented, effective July 1, 2025. The proposed Uniform Schedule of Service Fees and Charges does not establish all fees at 100% recovery as the City will continue to subsidize some services in accordance with stated goals, desired outcomes, and City Council policy direction.

Background:

The City undertakes comprehensive fee studies on a periodic basis. The Fee Schedule adopted last year, for instance, was derived from a thorough analysis of all use fees and departmental feedback, a process managed under contract with Clearsource Consulting. The proposed Fee Schedule presented for approval effective July 1, 2025, utilizes last year's calculation method, updated to reflect changes in the Consumer Price Index (CPI) and increases related to City operations.

Throughout its history, the City has applied a fiscally conservative approach to its budget and operations. Over the years, this fiscal philosophy has greatly aided the City through economic cycles and preserved its ability to deliver high-quality public services. Recovering the costs of providing fee-related services directly influences the City's fiscal health and increases its ability to meet the service level expectations of fee payers. Therefore, one of the ways in which the City continues to preserve its financial ability to deliver public services to residents and businesses is to conduct studies to ensure fees remain consistent with the cost of delivering services.

The services for which the City applies a user or regulatory fee typically derive from an individual person or entity's action, request, or behavior. Therefore, except in cases where there is an overwhelming public benefit generated by the City's involvement in the individual action, a fee for service ensures the individual user bears the cost incurred by the City to provide that service. When a fee targets full cost recovery, the individual bears the entirety of the cost. Conversely, when a fee targets a less than full cost recovery, another City revenue source, typically the General Fund, subsidizes the individualized activity.

As provided under State law, cities have the authority to levy user fees to recover costs associated with providing a specific discretionary service. State law, including Propositions 26 and 218, set parameters under which user fees may be established and administered by public agencies. The user fees may not exceed the estimated reasonable cost of providing the service for which the fee is charged. As such, fees are set based upon an analysis of the cost of providing specific discretionary services, including direct support costs. Pursuant to Government Code Section 660016, et seq., the specific fees to be charged for services must be adopted by the City Council by resolution, and upon

approval would need to be incorporated into the Schedule of Fees and Charges (Attachment A and B).

Analysis:

For the City Council's reference, staff has attached a Cost-of-Service Analysis and the Illustration of Existing and Proposed Fees (Attachment C). The proposed adjustments to the Uniform Schedule of Service Fees and Charges for Fiscal Year 2025-2026 incorporate CPI and operational costs, alongside targeted departmental adjustments to enhance cost recovery and efficiency. In certain instances, including Building Fees and Planning Fees, the City Council previously provided policy direction to set fees at a lower cost recovery rate to encourage development and escalate development fees in future fiscal years. Also pursuant to City Council policy direction, cost recovery for Parks, Recreation, and Library Services Fees are set at the lowest level to encourage program participation at an affordable level to the broader community. The following summarizes key proposed adjustments for Fiscal Year 2025-2026. For ease of reference, staff has summarized the following findings statements by broad fee category that may interest the City Council, residents, and the business community.

- **Administrative Fees**
 - For Fiscal Year 2025-2026, Administrative Fees are largely unchanged, adhering to State of California limitations.
- **Building Fees**
 - Building plan review, permit processing, and inspection fees continue the restructured scale that correlates with project complexity. For Fiscal Year 2025-2026, fee adjustments target a 95% cost recovery, progressing towards full cost recovery in Fiscal Year 2026-2027.
- **Planning Fees**
 - Planning Fees proposed adjustments aim to achieve an 87% cost recovery, moving towards full cost recovery in Fiscal Year 2026-2027.
- **Engineering and Encroachment Permit Fees**
 - For Fiscal Year 2025-2026, the proposed fee structure for Engineering and Encroachment Permits is designed to continue to recover City costs, including those for external service providers and internal staff. Fees are calculated based on project type and complexity, with the overall objective of achieving full cost recovery.
- **Police Fees**
 - Police Fees for Fiscal Year 2025-2026 reflect current service delivery costs and ensure compliance with State limits for certain services, aiming for full cost recovery.
- **Parks, Recreation, and Library Fees**

- The Parks, Recreation, and Library Services Department continues to face rising operational costs, including labor and utilities. For Fiscal Year 2025-2026, staff proposes adjusting certain fees based on the CPI increase of 3.3%. These adjustments balance cost recovery with the need to keep programs affordable and accessible to residents.

Conclusion:

The proposed adjustments to the Uniform Schedule of Service Fees and Charges for Fiscal Year 2025-2026 represent a continued commitment to ensuring that the City's service fees accurately reflect the cost of providing high-quality services to our community. These adjustments, informed by the comprehensive User and Regulatory Fee Study and incorporating current economic factors, adjust cost recovery while maintaining fairness and transparency.

Staff complied with the necessary legal requirements to prepare for the adoption of updated and amended fees:

- Two publications of the Public Hearing notice - May 30 and June 6, 2025
- Conduct Public Hearing - June 10, 2025
 - Provide advanced notice to any party that requests to be notified of any proposed fee adjustments

Following this public hearing, the City Council will determine whether to adopt the updated Fee Schedule, which is set to become effective July 1, 2025.

Reviewed for Fiscal Impact:

Siamlu Cox

Attachments:

- A. Resolution
- B. Exhibit A- Schedule of Fees and Charges
- C. Comparative Analysis of Current and Proposed Fees