



STAFF REPORT

DATE: 10/16/2024
TO: Honorable Mayor and City Council Members
FROM: Finance Department

2024-86

REQUEST FOR CITY COUNCIL AND CORONA UTILITY AUTHORITY ACTION

SUBJECT:

PUBLIC HEARING FOR CITY COUNCIL CONSIDERATION OF RESOLUTION NO. 2024-100 REVISING THE CITYWIDE MASTER FEE RECOVERY SCHEDULE AND RECOVERY PERCENTAGES, AND REPEALING RESOLUTION NO. 2024-012 AND 2020-135

EXECUTIVE SUMMARY:

A comprehensive review and update of all City market-based and non-market-based fees was recently completed to address inflation and other cost changes. The updated fees were approved on May 15, 2024, and took effect on July 15, 2024. Following this update, several departments identified new fees, along with necessary corrections and minor adjustments, to better represent the city's services. In response, the Finance Department has consolidated all fees in preparation for an update to the Citywide Master Recovery Schedule.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2024-100 to update the Citywide Master Fee Recovery Schedule and Recovery Percentages, and repeal Resolution No. 2024-012 and 2020-135.

That the Corona Utility Authority review, ratify, and to the extent necessary, direct the City Council to take the above actions.

BACKGROUND & HISTORY:

The objective of the user fee study is to accurately determine the full costs of providing fee-related services and to recommend appropriate recovery levels for each fee. This process is crucial for establishing user fees that reflect the true cost of delivering City services. Historically, the Finance Department and various departmental staff have conducted these studies every 2 to 3 years, which remains the current practice. These periodic reviews enhance the City's operational efficiency and ensure the ongoing provision of essential services.

ANALYSIS:

The City works with an external consulting firm to conduct a comprehensive review and update of user fees, and is a collaborative effort by staff from various departments. The latest update process commenced in late September 2023, with the updated fees approved by City Council on May 15, 2024.

The primary goals of this update are to ensure accurate accounting of the total costs associated with fee-related services through a citywide cost-based study, identify opportunities for adjusting fees based on comprehensive service costs and economic factors, and establish best practices for maintaining user fees over time. While the policy aims to recover the full cost of service delivery, the City Council has made exceptions in certain cases.

The fee schedule is categorized into market-based and non-market-based fees. Market-based fees apply to services offered in a proprietary capacity, like renting City fields and facilities, and are influenced by current market rates. In contrast, non-market-based fees, including building permits and development-related services, require a detailed analysis to ascertain their full costs.

To achieve accurate cost calculations, all relevant expenses—regardless of their direct relationship to the fees—are assessed to ensure fair distribution across departmental activities. Costs are calculated based on the hourly rates of staff and the time dedicated to service delivery. The user fee calculation for the city's fee study used this methodology, utilizing data from the Fiscal Year 2024 Adopted Budget, staff time estimates, and service volume data.

Master Fee Recovery Schedule

The attached Master Fee Recovery Schedule (Exhibit 1) details the update to the current fee schedule, including updated fee descriptions, the removal of certain fees, and recommended adjustments—both increases and decreases—based on a review conducted since the last fee update approved on May 15, 2024. The proposed effective dates vary by fee type and nature of the changes: new market-based fees or increases will take effect 30 days after City Council approval, effective November 16, 2024, while

new non-market-based fees or increases will take effect 60 days after City Council approval, effective December 16, 2024. Additionally, minor description changes or fee decreases will take effect immediately on October 17, 2024.

A public notice has been issued announcing that the City Council will hold a public hearing in the City Council Chambers to discuss a resolution for updating the Citywide Master Fee Recovery Schedule. This notice was published in Sentinel Weekly News on September 27 and October 4, 2024, in accordance with Government Code Section 6602(a). Additionally, the draft of the Citywide Master Fee Recovery Schedule, pending City Council approval, has been posted on the City website for public viewing.

A summary of these changes by department is included below.

City Manager's Office

CM-001 Online Merchandise Sales (New) – Staff recommends the introduction of a new fee as part of this user fee update. The City intends to launch an online store for Corona-themed merchandise through a third-party seller. A 12% administrative fee will be applied to the base price of each item sold in the store. This fee is essential for recovering administrative costs related to using the third-party platform for online sales and covering additional processing fees, customer support, and system maintenance.

Community Services Department

CS-011 Recreation Facility Reservations – The recreation facility reservations encompass various charges for using different spaces and services. This includes a non-refundable reservation application processing fee for all groups, change fees based on actual staff time, and cancellation fees that vary depending on how far in advance a reservation is canceled. Facilities available for reservation include library rooms, fitness and activity rooms, picnic shelters, and sports facilities, among others. Following the approval of these fees, community services recognized the need for adjustments to better serve the community needs. Changes include reduced hourly rates for tennis and pickleball court rentals across various groups, and the introduction of additional hourly rates for picnic areas. Additionally, Community Services will be scheduling a separate agenda item to discuss an adjustment in sports field rental rates.

CS-1040 Tree Trimming – Staff recommends introducing a new fee as part of the user fee update. Community Services propose adding pass-through Tree Trimming fees to the Master Fee Recovery Schedule under the Market-Based Fees. This pass-through fee will reflect the actual cost incurred by the City when engaging a vendor for tree trimming services, ensuring that the fee corresponds directly to the expense paid to the service provider.

Group IY has been removed from all sections of the Community Services fee schedule. This group represents "Everybody Plays" Nonprofit Youth Sports Groups, as defined in the Athletic Field Use and Allocation Policy.

Fire Department

FR-090 Hazardous Materials Disclosure—The Hazardous Materials Disclosure Fee varies based on the number of chemicals involved and the facility's square footage. Depending on specific needs and regulations, this fee can be assessed together or separately for review and inspection.

Following the approval of the fees, staff identified a discrepancy: the combined total of the separate review and inspection fees did not align with the single fee (review plus inspection) due to rounding issues. To address this, the fee for “HazMat review + inspection – 6 chemicals or less/5,000 sq ft or less” will increase from \$410.00 to \$415.00, resulting in a \$5.00 increase. Similarly, the fee for “HazMat review + inspection – 51-200 chemicals/10,001 sq ft or more” will rise from \$1,035.00 to \$1,040.00, also reflecting a \$5.00 increase.

Planning and Development Department – Building Division

BL-020 Building Plan Checking – The City Standard and Special Design Fees under the Residential Patio Covers are charges related to the permitting and review process for constructing patio covers in residential areas. After the fees were approved, staff discovered that the City Standard and Special Design fees listed under the Residential Patio Covers in the Miscellaneous Plan Check (Table B) were inadvertently switched. As a result, the fee for the more complex Special Design was set lower than appropriate, while the fee for the less complex Standard Design was charged at a higher rate. To address this discrepancy, staff recommends updating the fees to reflect the correct amounts accurately.

Planning and Development Department – Development Services Division

DS-160 Grading Inspection – Staff recommends updating the description from "101-1,000 CY" to "0-1,000 CY" to ensure consistency with CMC 15.36.030. This change will align the terminology used with the defined parameters outlined in the municipal code.

Planning and Development Department – Planning Division

PL-PC-390 Major Alterations, Relocation or Demolition of Historic Resources – Staff recommends updating the description from “Major Alterations, Relocation or Demolition of Historic Resources” to “Major Alteration, Relocation, or Demolition of Historic Districts & Landmarks, Including Demolition of Heritage Properties.” This update aims to enhance clarity and more accurately reflect the purpose of the fee.

PL-PC-400 Historic Structure of Merit Nominations (New) – Staff recommends introducing a new fee as part of this user fee update. Following the recent approval of the fees, the Planning Division established a framework for Historic Resources Merit Applications. The time required for Historic Resource Nominations will also apply to the new Historic Structure of Merit Nominations. To ensure consistency, staff recommends setting a lower fee that aligns with the existing Historic Resource Nomination fee.

PL-CB-090 Commercial Cannabis – Live Scan / Background Check – Staff recommends changing the description from “Commercial Cannabis – Live Scan / Background Check” to “Commercial Cannabis – Background Check” and a fee reduction due to on-site inspections now classified as police services, lowering associated personnel costs. The new fee accounts for the administrative and sergeant time for conducting background checks and issuing badges, with an added flat fee for badge materials.

PL-CB-100 Commercial Cannabis Employee Identification Badge Replacement – Staff recommends reducing the fee to adequately reflect the administrative time required to issue badges, as well as a flat fee for badge materials.

PL-SS-010 Sidewalk Vendor Permit (New) – On August 21, 2024, the City Council approved Urgency Ordinance No. 3399, which aligns the Corona Municipal Code with state law regarding sidewalk vendors. This ordinance establishes a \$67 application fee for sidewalk vendor permits, reflecting the staff time needed for processing. This fee will be included in the Master Fee Schedule.

PL-SS-020 Solicitor Permit (New) – Along with the Sidewalk Vendor Permit, the City Council also approved the Solicitor Permit through Urgency Ordinance No. 3399. This ordinance introduces a \$67 application fee for solicitor permits, also reflecting the staff time required for processing. This fee will be added to the Master Fee Schedule.

PL-SS-030 Vehicle Impound / Store / Release (New) – Urgency Ordinance No. 3399 also established a \$275 impound fee for sidewalk vending receptacles, food, and merchandise. This fee covers the costs of impounding, storing, and processing the release of the items and this fee will be added to the Master Fee Schedule.

Police Department

PO-1002 Police Training Facility Firearm Range Rentals – Staff recommends a 20% fee increase for range rentals to account for rising maintenance costs. Increased costs due to inflation, supply chain challenges, and more frequent repairs are necessary to maintain our standards and support future improvements.

Utilities

UD-030 New Account Set up Fee Reclaimed Water Turn On – Staff recommends changing the fee description from " New Account Set up Plus Reclaimed Water Turn On" to "Any Additional Meter" to streamline process for both water and reclaimed water meters.

UD-080 Potable Construction Meter Installation and Removal Fee 3” – In a recent analysis, staff has determined that while a Potable Hydrant Backflow Testing has been performed upon the installation and removal of the construction meter, the cost has not been included in the fee. This update is to include the additional fee on Potable Hydrant Backflow Testing to ensure that costs are recovered. This change affects fees UD-080

through UD-110 for Portable Construction Meter Installation and Removal across various sizes.

UD-090 Potable Construction Meter Installation and Removal Fee 4" – Similar to UD-080, this fee update will include the additional cost for Potable Hydrant Backflow Testing to ensure costs are covered. This affects fees UD-080 through UD-110 for Portable Construction Meter Installation and Removal for various sizes.

UD-100 Potable Construction Meter Installation and Removal Fee 6" – Similar to UD-080, this fee update will include the additional cost for Potable Hydrant Backflow Testing to ensure costs are covered. This affects fees UD-080 through UD-110 for Portable Construction Meter Installation and Removal for various sizes.

UD-110 Potable Construction Meter Installation and Removal Fee 8" – Similar to UD-080, this fee update will include the additional cost for Potable Hydrant Backflow Testing to ensure costs are covered. This affects fees UD-080 through UD-110 for Portable Construction Meter Installation and Removal for various sizes.

UD-370 Solar Review Fee - This fee has been re-evaluated, and the update reflects the fully burdened rate for the time of the Electric Utility Analyst.

UD-430 Backflow Prevention - This fee is assessed monthly for all customers with backflow prevention devices; however, the current fee schedule may mislead customers to perceive the fee as a one-time charge of \$76.00. Additional details have been included in the fee description to clarify that this is a recurring monthly payment of \$6.33.

UD-460 Temporary Power (New) – Staff proposes the introduction of a new fee as part of this user fee update. This fee was previously only listed in the Electric Rates and Tariffs. To enhance visibility, it is now being included in the Master Fee Recovery Schedule. The fee is calculated based on the actual cost of connecting temporary power to the electric system, operating on a cost recovery basis.

FINANCIAL IMPACT:

The update to the Master Fee Recovery Schedule introduces new fees, makes minor changes to fee descriptions, and includes increases or decreases for certain fees. These adjustments have a minimal impact on revenue projections due to the offsetting increases and decreases. If necessary, revenue budget amendments for FY 2025 will be incorporated during the mid-year revenue update process.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This Resolution updates the fees for services provided by the City, and there is

no possibility that these actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: JEE KIM, FINANCIAL ANALYST II

REVIEWED BY: KIM SITTON, FINANCE DIRECTOR

ATTACHMENTS:

1. Exhibit 1 – Master Fee Recovery Schedule - Changes Only Redline
2. Exhibit 2 – Resolution No. 2024-100 with Master Fee Recovery Schedule