



City of Fort Bragg

416 N Franklin Street
Fort Bragg, CA 95437
Phone: (707) 961-2823
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Meeting Agenda Finance and Administration Committee

Thursday, August 24, 2023

4:00 PM

Town Hall, 363 N. Main Street and Via Video
Conference

Special Meeting

MEETING CALLED TO ORDER

ROLL CALL

COMMITTEE MEMBERS PLEASE TAKE NOTICE

Committee Members are reminded that pursuant to the Council policy regarding use of electronic devices during public meetings adopted on November 28, 2022, all cell phones are to be turned off and there shall be no electronic communications during the meeting. All e-communications such as texts or emails from members of the public received during a meeting are to be forwarded to the City Clerk after the meeting is adjourned.

ZOOM WEBINAR INVITATION

This meeting is being presented in a hybrid format, both in person at Town Hall and via Zoom.

You are invited to a Zoom webinar.

When: Aug 24, 2023 04:00 PM Pacific Time (US and Canada)

Topic: Special-Finance and Administration Committee Meeting

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/82247482684>

*Or Telephone: +1 669 444 9171 US (*6 mute/unmute, *9 raise hand)*

Webinar ID: 822 4748 2684

To speak during public comment portions of the agenda via zoom, please join the meeting and use the raise hand feature when the Chair or Acting Chair calls for public comment on the item you wish to address. Written public comments may be submitted to Administrative Analyst, Diana Sanchez at dsanchez@fortbragg.com

1. PUBLIC COMMENTS ON NON-AGENDA ITEMS

2. CONDUCT OF BUSINESS

- 2A. [23-284](#) Receive Report from the City's Sales Tax Consultant- Thomas Adams of Avenue Insights & Analytics on Quarter 3 2023 Sales Tax and Business Activity

Attachments: [City of Fort Bragg Q1 2023 Sales Tax](#)

- 2B.** [23-275](#) Receive Draft Impact Fee Nexus Study Presentation and Make Recommendations to City Council for Fee Schedule Updates

Attachments: [08242023 Impact Fees Nexus Presentation](#)
[Att 1 - 2023 City Permit Fees for Single Family Residences](#)
[Public Comment Item 2B.pdf](#)

- 2C.** [23-285](#) Receive Report On Credit Card Fees/Processing Fee Set-up for Non-Utility Payments

Attachments: [Staff Report](#)
[Historical Credit Card Fees](#)
[Pay Pad Transaction Fees by Trans Amt](#)
[Projected Credit Card Costs and Offset](#)

- 2D.** [23-286](#) Receive Oral Update from Staff on Departmental Activities

3. MATTERS FROM COMMITTEE / STAFF

ADJOURNMENT

STATE OF CALIFORNIA)
)ss.
COUNTY OF MENDOCINO)

I declare, under penalty of perjury, that I am employed by the City of Fort Bragg and that I caused this agenda to be posted in the City Hall notice case on August 23, 2023.

Diana Sanchez, Administrative Analyst



City of Fort Bragg

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Text File

File Number: 23-284

Agenda Date: 8/24/2023

Version: 1

Status: Business

In Control: Finance and Administration Committee

File Type: Staff Report

Agenda Number: 2A.

Receive Report from the City's Sales Tax Consultant- Thomas Adams of Avenue Insights & Analytics on Quarter 3 2023 Sales Tax and Business Activity

City of Fort Bragg Q1 2023 Sales Tax Update



Tom Adams

August 24, 2023

Sales Tax Performance & Comparisons



Top 25 Sales Tax Producers (~ 66% of total local businesses sales tax revenue)

BOATYARD TOBACCO
BREWERY SHOP
CANCLINI TV & APPLIANCE
CHEVRON SERVICE STATIONS
CVS/PHARMACY
DAVID'S DELI
DENNY'S RESTAURANTS
DOLLAR TREE STORES
EMERALD TRIANGLE CANNABIS
GEO AGGREGATES
HARVEST MARKET
KEMPPE LIQUID GAS

MCDONALD'S RESTAURANTS
MENDO MILL & LUMBER COMPANY
NOYO HARBOR INN
O'REILLY AUTO PARTS
REDWOOD COAST FUELS
RESTAURANTE LOS GALLITOS
RINO SERVICE STATIONS
RITE AID DRUG STORES
ROSSI BUILDING MATERIALS
SAFEWAY STORES
SINCLAIR SERVICE STATIONS
SPORT CHRYSLER-JEEP-DODGE
TACO BELL

City of Fort Bragg

Local Business Sales Tax Drivers

Primary Drivers

- Food (Markets & Restaurants): 33%
- Transportation (Auto Sales & Gas Stations): 21%
- Retail: 20%
- Construction: 17%
- Business to Business: 8%

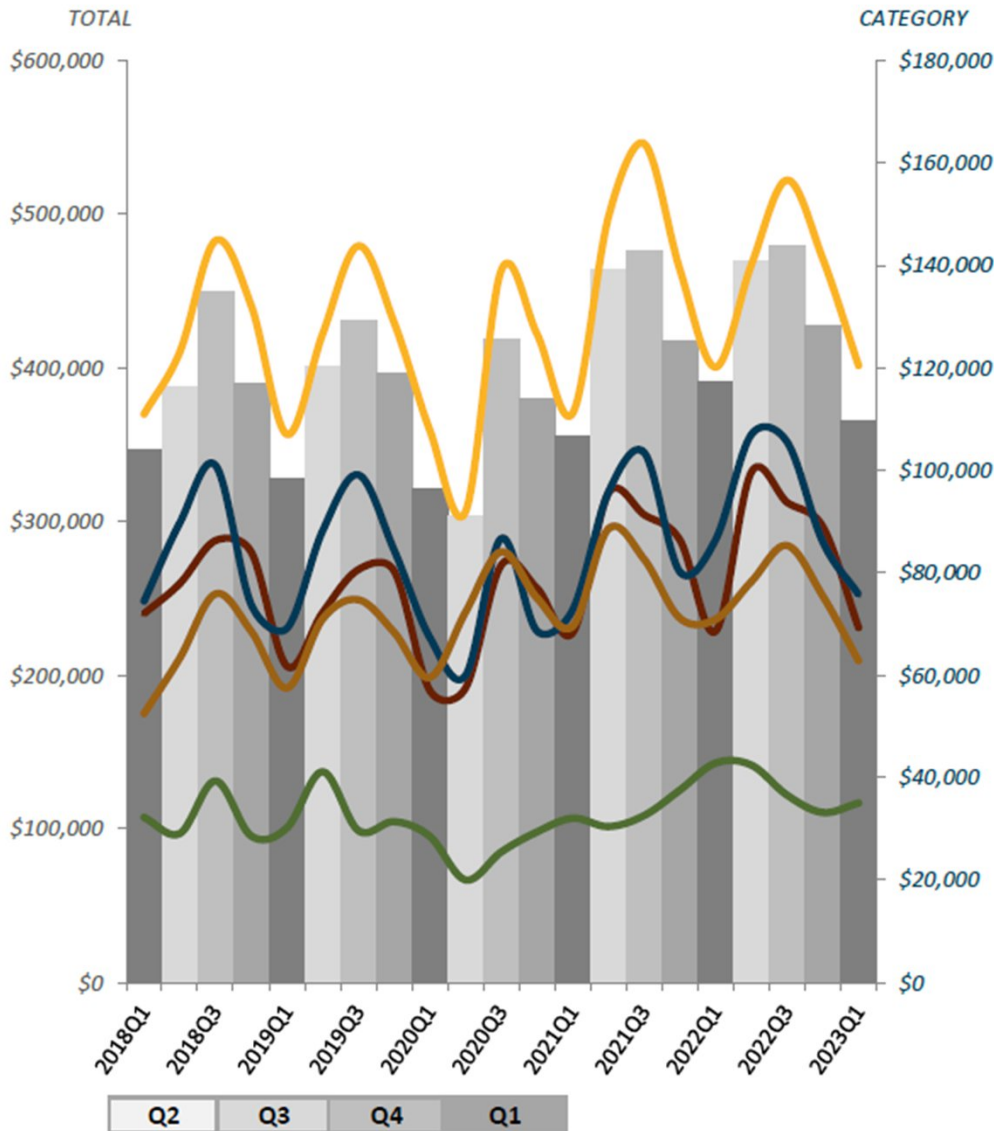
Others

- Miscellaneous: 1%

Fort Bragg 1% Sales Tax Performance

	YE 2019Q1	YE 2020Q1	YE 2021Q1	YE 2022Q1	YE 2023Q1
Total Receipts	\$1,770,876	\$1,707,450	\$1,817,410	\$2,128,296	\$2,077,141
Net Pools/Admin/Adj	\$216,445	\$158,257	\$360,332	\$380,684	\$336,032
Local Businesses	\$1,554,430	\$1,549,193	\$1,457,077	\$1,747,612	\$1,741,109
General Retail	\$310,050	\$290,347	\$284,407	\$341,912	\$351,752
Food Products	\$506,986	\$506,984	\$468,739	\$572,358	\$558,363
Restaurants	275,877	267,548	219,901	318,745	305,871
Transportation	\$333,716	\$339,123	\$288,202	\$365,879	\$374,348
Service Stations	184,203	199,547	166,140	229,417	253,345
Construction	\$265,431	\$273,761	\$301,151	\$313,371	\$301,975
Business To Business	\$126,905	\$130,362	\$106,741	\$143,065	\$146,851
Miscellaneous	\$11,342	\$8,616	\$7,837	\$11,028	\$7,820

Fort Bragg – Q1 Economic Performance



TOTAL				
2023Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$365,157	-6.5%	-\$25,549	-0.4%	-\$6,727

GENERAL RETAIL				
2023Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$69,347	1.1%	\$722	2.9%	\$9,839
% of 2023Q1 Total:		19.0%		

FOOD PRODUCTS				
2023Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$120,461	0.3%	\$326	-2.4%	-\$13,995
% of Total:		33.0%		

TRANSPORTATION				
2023Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$75,788	-12.4%	-\$10,700	2.3%	\$8,469
% of Total:		20.8%		

CONSTRUCTION				
2023Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$62,875	-11.4%	-\$8,088	-3.6%	-\$11,396
% of Total:		17.2%		

BUSINESS TO BUSINESS				
2023Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$34,940	-18.2%	-\$7,780	2.6%	\$3,786
% of Total:		9.6%		

QoQ = 23Q1 / 22Q1

YoY = YE 23Q1 / YE 22Q1



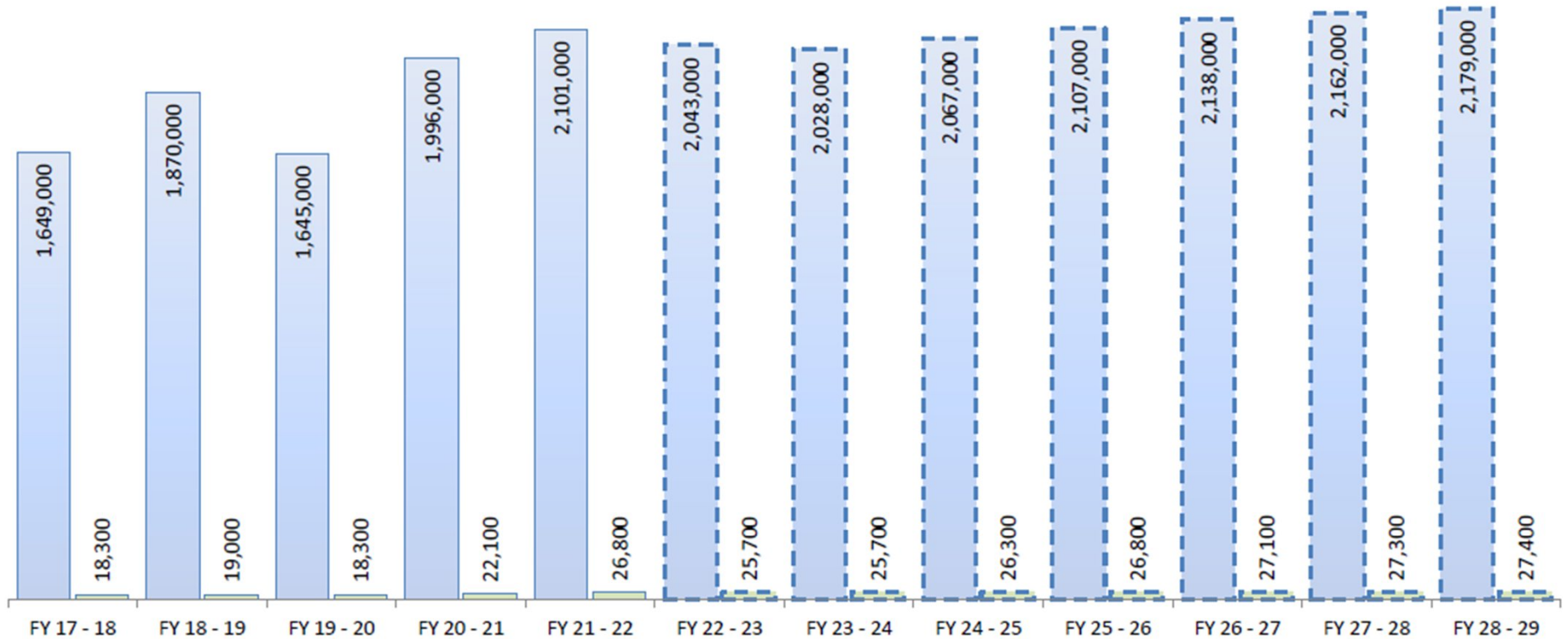
Sales Tax Future?



Fort Bragg 1% Sales Tax Forecast

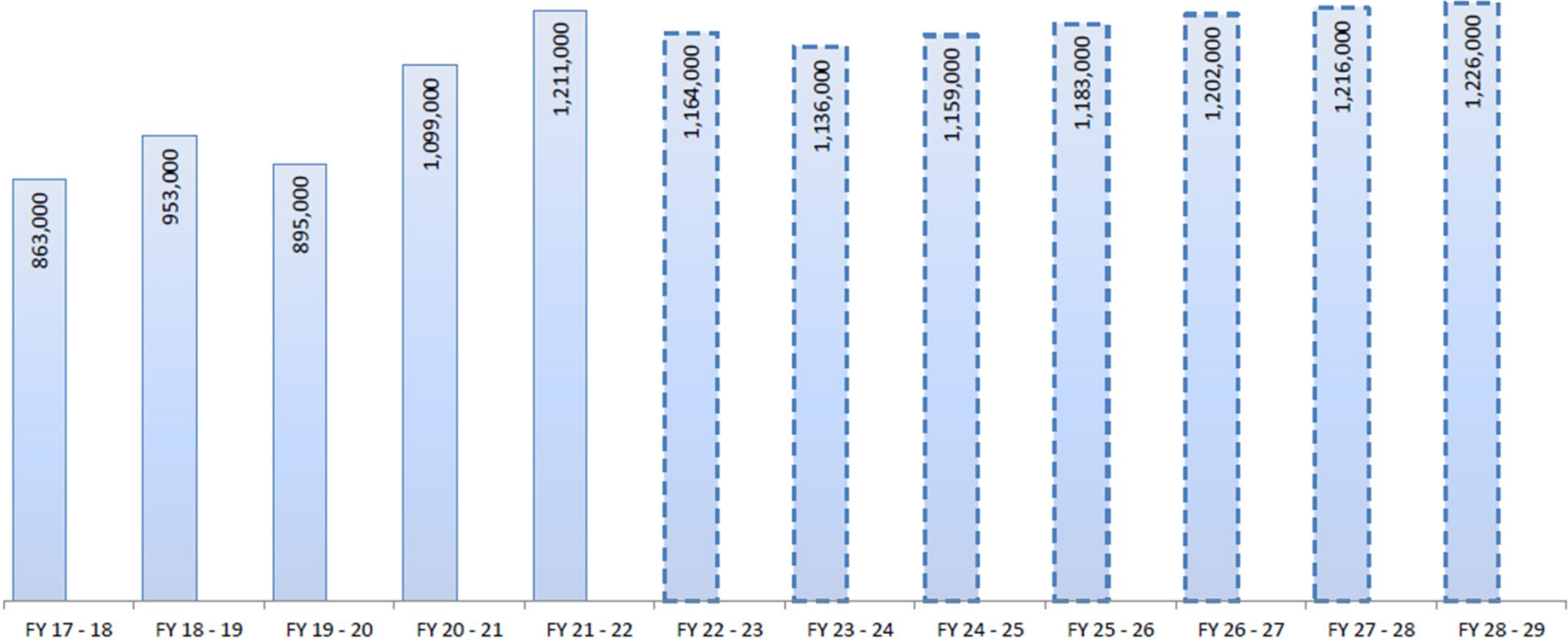
Bradley Burns	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29
Cash Projection	2,101,000	2,043,000	2,028,000	2,067,000	2,107,000	2,138,000	2,162,000	2,179,000
Percent Change	5.3%	-2.8%	-0.7%	1.9%	1.9%	1.5%	1.1%	0.8%

Prop 172	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29
Cash Projection	26,800	25,700	25,700	26,300	26,800	27,100	27,300	27,400
Percent Change	21.3%	-4.1%	0.0%	2.3%	1.9%	1.1%	0.7%	0.4%



Fort Bragg 1/2% 'Add-on' Forecast

Voter Approved	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29
Cash Projection	1,211,000	1,164,000	1,136,000	1,159,000	1,183,000	1,202,000	1,216,000	1,226,000
Percent Change	10.2%	-3.9%	-2.4%	2.0%	2.1%	1.6%	1.2%	0.8%



Sales Tax Future – Uncertainty...

- Recent Pandemic Recession was Different – Primary impacts : restaurants, gas, apparel
- Regional Impacts Vary – Greater Impact on areas reliant on International Tourism, Business Travel, Office Workers
- Uncertain Economic Pathway – Inflation, Interest Rates, Consumer Behavior, Unemployment Trends, Global Geopolitics, Energy Markets, Commercial Real Estate, Student Loan Debt, etc.
- Is a mild Recession Looming in the Near Future?
- When will we Reach the ‘New Normal’?

Legislative Activity – Session Highlights

- AB 52 (Grayson) – A similar bill to expand the exemption for research and development and manufacturing equipment was vetoed by the Governor last year. This year the bill has removed the impact on local government portion of sales tax and it will move forward.
- SB 584 (Limon) Labor force housing and Short Term Rental Tax – this bill would have imposed statewide 15% Transient Occupancy Tax (TOT). This bill has been shelved and will not move forward.
- Various bonds related to homelessness, affordable housing, climate change, and other topics are jockeying for position for either the March or November ballots.
- Legislature will be quite active for the next month until the Sept. 14 deadline to send bills to Governor and then Oct. 14 deadline for Governor to sign or veto bills.

Thank you...Questions?



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Text File

File Number: 23-275

Agenda Date: 8/24/2023

Version: 1

Status: Business

In Control: Finance and Administration Committee

File Type: Report

Agenda Number: 2B.

Receive Draft Impact Fee Nexus Study Presentation and Make Recommendations to City Council for Fee Schedule Updates

CITY OF FORT BRAGG

Impact Fee Nexus Study



August 24, 2023



LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

Alison Lechowicz
Project Manager



Impact Fee Background

- Impact fees are one-time fees paid by new development when building permits are issued by the City
- Assembly Bill 602 requires impact fee updates every eight years
- L&T evaluated a wide range of potential fees and the City can determine if they are appropriate for the community
- Fees are intended to recover the capital costs of public facilities needed to accommodate growth
- Fees cannot recover costs that were funded by other revenue sources such as grants or donations
- The City of Fort Bragg has a lower tax rate than neighboring cities and thus does not the same level of tax revenues to offset the cost of facilities



Impact Fee Background Continued

- Fees cannot be used to pay operating costs or general repair and maintenance projects that are not related to expanded capacity
- Fees must be proportional to the capacity used by new customers (i.e. nexus between costs and benefits received) and are intended to mitigate impacts of growth on existing residents
- Impact fees are not paid by current residents. However, if expansion costs are not funded by growth, existing residents could be burdened with the costs and impacts of new development



Impact Fee Categories

Current Fee Categories	Fee Categories Reviewed via the Impact Fee Study
Water	Water
Sewer	Sewer
Storm Drainage	Storm Drainage
	Civic Facilities
	Police
	Fire
	Parks & Recreation
	Traffic
	CV Starr



Impact Fee Options

- Option A: Maintain current impact fee categories
 - Water, Sewer, Storm Drainage

- Option B: Adopt only certain new fee categories
 - Ex. Water, Sewer, Storm Drainage, Police, Fire

- Option C: Adopt all fee categories which were studied
 - Water, Sewer, Storm Drainage, Police, Fire, Civic, Parks & Rec, Traffic, CV Starr



Impact Fee Methodology

Determine planning horizon and buildout capacity

Determine the cost of facilities for fee recovery

Calculate the unit costs of capacity

Apply unit costs to the estimated capacity of new development



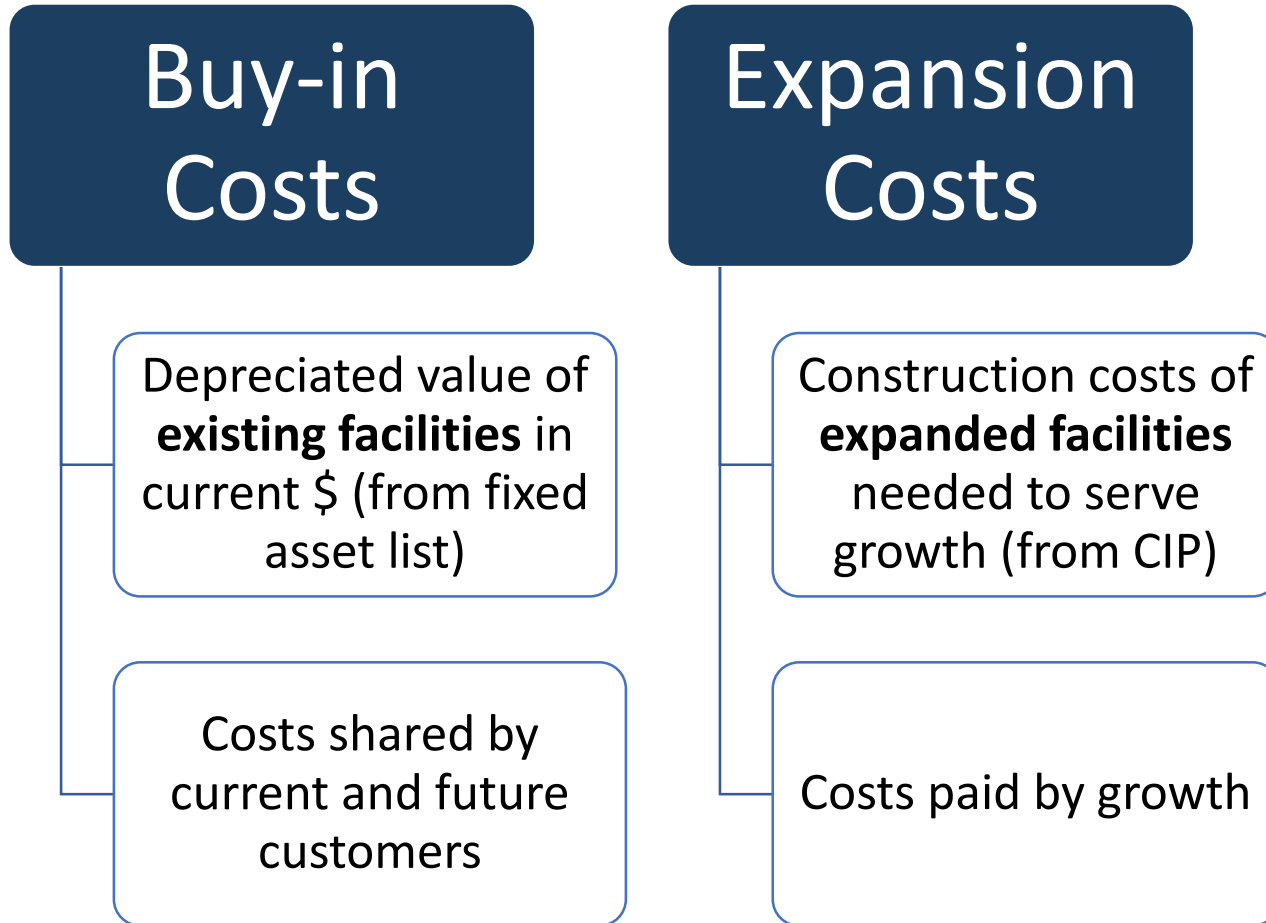
Planning Horizon and Buildout

- Estimated growth over 30 years
 - 1,200 population growth (residents)
 - About 400 new jobs (employees)
 - 429,000 sq ft of commercial development
 - 60,000 sq ft of industrial development
 - 150 new hotel rooms

- Fees are scaled based on impact to facilities
 - Ex. New employees have low impact on civic facilities and parks but high impact on police services
 - Single family or multi-family dwellings – number of people per home
 - Commercial or industrial development – number of employees per 1,000 sq ft
 - Lodging – number of employees per room



Costs of Facilities





Water Impact Fee

- Estimated \$14.7M value of existing assets
- Estimated \$29.2M of expansion costs allocated to growth
- Major Projects:
 - Raw water lines and reservoirs (74.5% allocated to growth)
 - Desalination – ocean intake (74.5% allocated to growth)
 - Extend water system North of Pudding Creek (100% allocated to growth)
- Capacity is assigned using water demand in gallons



Water Impact Fee

- Current fee is \$4,631 per EDU (equivalent dwelling unit)

Component	Proposed Fee
Buy-in fee per EDU	\$734.80
Expansion fee per EDU	<u>\$1,961.30</u>
Total fee per EDU	\$2,696.10
Buy-in fee (\$/gpd)	\$6.68
Expansion fee (\$/gpd)	<u>\$17.83</u>
Total fee (\$/gpd)	\$24.51



Sewer Impact Fee

- Estimated \$20M value of existing assets (RCNLD)
- A portion of the fee will recover costs for debt service for the City's 2018 Wastewater Treatment Plant loan
- Estimated \$2.4M of expansion costs allocated to growth
- Major Projects:
 - Bio Solids dryer (38.9% allocated to growth)
 - Pudding Creek sewer main relocation (38.9% allocated to growth)
 - Extend sewer system North of Pudding Creek (100% allocated to growth)
- Capacity is assigned using sewer flow in gallons



Sewer Impact Fee

- Current fee is \$3,640 per EDU (equivalent dwelling unit)

Component	Proposed Fee
Buy-in fee per EDU	\$2,428.88
Expansion fee per EDU	\$757.57
Debt service fee per EDU	<u>\$275.48</u>
Total fee per EDU	\$3,461.93
Buy-in fee (\$/gpd – gallons per day)	\$25.04
Expansion fee (\$/gpd)	\$7.81
Debt Service fee (\$/gpd)	<u>\$2.84</u>
Total fee (\$/gpd)	\$35.69



Storm Drainage Impact Fee

- Estimated \$705,000 value of existing assets
- Estimated \$908,000 of expansion costs allocated to growth
- Projects Included:
 - Trash capture devices (16.3% allocated to growth)
 - All development driven projects recommended in the City's Storm Drain Master Plan by Winzler & Kelly Consulting Engineers in 2004 (16.3% allocated to growth)
- Capacity is assigned using impervious area
- Fee for each land use classification depends on estimated runoff coefficient



Storm Drainage Impact Fee

Land Use Classification		Current Fee per Sq Ft	Proposed Fee per Sq Ft
RVH, RM, RM	High & Medium Density Residential	\$0.15013	\$0.84258
RL	Low Density Residential	\$0.37054	\$0.66203
RS, RR	Suburban & Rural Residential	\$0.37054	\$0.48148
CN, CO, CBD, CG, CH	Commercial	\$0.14623	\$1.02314
IH, IL, HD, IT	Industrial, Timber Resources, Harbor District	\$0.14623	\$1.02314
PR	Parks and Recreation	\$0.14361	\$0.36111
PF	Public Facilities & Services	\$0.05068	\$0.12037
OS	Open Space	\$0.21541	\$0.24074



Police Facilities Impact Fee

- Estimated \$2.5M value of existing assets
- Estimated \$198,000 of expansion costs allocated to growth
- Major Projects:
 - Vehicle Replacement Plan (14.4% allocated to growth)
 - EV Charging station (14.4% allocated to growth)
- Capacity is assigned using number of residents or employees; weighted based on number of service calls to residential vs. commercial locations

Category	Proposed Fee	Fee Basis
Single family (SF)	\$539.49	per SF home
Multi-family (MF)	\$482.10	per MF home
Commercial	\$2,218.94	per 1,000 sqft
Industrial	\$855.58	per 1,000 sqft
Lodging	\$605.17	per room



Fire Facilities Impact Fee

- Estimated \$2.0M value of existing assets
- No estimated expansion costs allocated to growth (all projected capital improvements are grant funded)

Category	Proposed Fee	Fee Basis
Single family residential	\$389.69	per dwelling unit
Multi-family residential	\$279.76	per dwelling unit
Commercial/Industrial	\$300.06	per 1,000 sqft



Civic Facilities Impact Fee

- Recovers the cost of the City's municipal facilities
- Estimated \$10.2M value of existing assets
- Estimated \$2.3M of expansion costs allocated to growth
- Major Projects:
 - Broadband – Fiber (14.4% allocated to growth)
 - Rehabilitation and improvements to City Hall, Guest House, Town Hall, and Corporation Yard (14.4% allocated to growth)
- Capacity is assigned using number of residents or employees; weighted based on number of working hours vs. non-working hours during the week



Civic Facilities Impact Fee

Category	Proposed Fee	Fee Basis
Single family (SF)	\$6,595.65	per SF home
Multi-family (MF)	\$5,893.99	per MF home
Commercial	\$2,775.51	per 1,000 sqft
Industrial	\$1,070.18	per 1,000 sqft
Lodging	\$756.96	per room



Parks & Recreation Impact Fee

- Estimated \$875,000 value of existing assets (RCNLD)
 - Does not include value of lands that were granted/donated
 - Main assets are the Soldier's Point Coastal Trail and Bainbridge Park
- Estimated \$18,000 of expansion costs allocated to growth
- Projects Included:
 - Bathrooms and fencing at Noyo Headlands Park (14.4% allocated to growth)
 - Parking lot rehabilitation at Pomo Bluffs Park (14.4% allocated to growth)
- Capacity is assigned using number of residents
- Proposed to be charged to residential development only



Parks & Recreation Impact Fee

Component	Proposed Fee
Buy-in fee per resident	\$104.74
Expansion fee per resident	<u>\$14.76</u>
Total fee per resident	\$119.50
Impact fee per SF home	\$280.83
Impact fee per MF home	\$250.95



Traffic Impact Fee

- Estimated \$20.3M value of existing assets
- Estimated \$1.2M of expansion costs allocated to growth
- Major Projects:
 - Funding recommended to improve pavement network in the City's Pavement Management Plan by Nichols Consulting Engineers in 2021 (4.5% allocated to growth)
- Capacity is assigned using number of daily vehicle trips by each customer category

Category	Proposed Fee	Fee Basis
Single family (SF)	\$1,860.49	per SF home
Multi-family (MF)	\$1,144.04	per MF home
Commercial	\$2,424.91	per 1,000 sqft
Industrial	\$763.96	per 1,000 sqft
Lodging	\$1,351.18	per room



CV Starr Impact Fee

- No proposed buy-in component of fee since purchase of the CV Starr Center was funded through fundraising and donations
- Estimated \$364,000 of expansion costs allocated to growth
 - Planned upgrades to the CV Starr Center including the UV disinfection system replacement, HVAC air intake redesign, and roof repair (14.4% allocated to growth)
- Capacity is assigned using number of residents or employees; weighted based on number of working hours vs. non-working hours during the week

Category	Proposed Fee	Fee Basis
Single family (SF)	\$646.23	per SF home
Multi-family (MF)	\$577.48	per MF home
Commercial	\$271.95	per 1,000 sqft
Industrial	\$104.86	per 1,000 sqft
Lodging	\$74.17	per room



Summary of Calculated Fees

Category	Fee per Single Family Home
Water	\$2,696
Sewer	\$3,462
Storm Drainage	\$1,099
Parks & Recreation	\$281
Civic Facilities	\$6,596
Police	\$539
Fire	\$390
Traffic	\$1,860
CV Starr	\$646



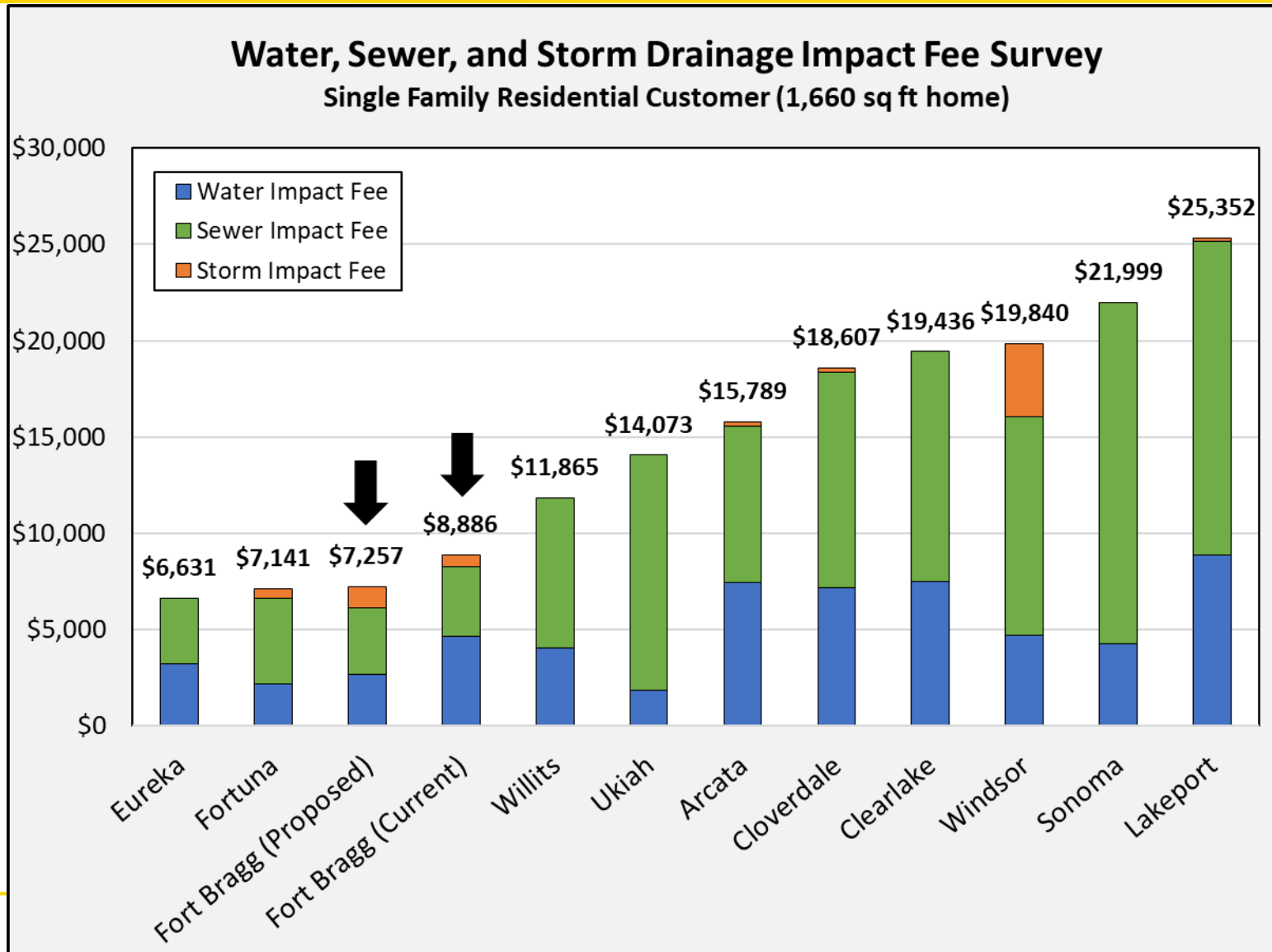
Single Family Residential Fee Survey

Community	Water	Sewer	Storm Drain	Parks	Civic	Police	Fire	Traffic	CV Starr	Total
Fort Bragg (Opt A)	\$2,696	\$3,462	\$1,099							\$7,257
Eureka	\$3,208	\$3,423					\$701			\$7,332
Fort Bragg (Opt B)	\$2,696	\$3,462	\$1,099			\$539	\$390			\$8,186
Fortuna	\$2,165	\$4,445	\$531					\$1,310		\$8,451
Fort Bragg (Current)	\$4,631	\$3,640	\$615							\$8,886
Willits / Little Lake FD	\$4,025	\$7,840					\$1,627			\$13,492
Ukiah / Ukiah Valley SD	\$1,833	\$12,240								\$14,073
Arcata	\$7,429	\$8,161	\$199							\$15,789
Fort Bragg (Opt C)	\$2,696	\$3,462	\$1,099	\$281	\$6,596	\$539	\$390	\$1,860	\$646	\$17,569
Sonoma / Sonoma Valley County SD	\$4,260	\$17,739								\$21,999
Clearlake	\$7,500	\$11,936					\$1,660	\$2,049		\$23,145
Lakeport	\$8,877	\$16,309	\$166				\$1,660			\$27,012
Cloverdale	\$7,192	\$11,160	\$255	\$11,732	\$5,727		\$1,502	\$3,147		\$40,715
Windsor	\$4,695	\$11,387	\$3,758	\$13,463	\$1,626	\$118	\$2,905	\$12,492		\$50,444

Notes: For all fees calculated on a square footage basis, 1,660 sq ft is used to generate rates shown in the table. Water and wastewater impact fees are shown for the smallest meter size available. Some agencies shown in the table charge additional impact fees which are not shown in the table, including fees for affordable housing, schools, or other purposes.



Option A: Water, Sewer, and Storm Survey





Estimated Permit Fees for a Single Family Home

Single Family Residential Customer (1,660 sq ft home)

	Current	Proposed (Option A)	Proposed (Option B)	Proposed (Option C)
Water and Sewer Impact Fees	\$8,271	\$6,158	\$6,158	\$6,158
Water and Sewer Connection Fees	\$4,823	\$4,823	\$4,823	\$4,823
Water and Sewer Permit & Inspection Fee	\$255	\$255	\$255	\$255
Storm Drain Impact Fee	\$615	\$1,099	\$1,099	\$1,099
New Development Impact Fees			\$929	\$10,312
Other City Fees	\$2,681	\$2,681	\$2,681	\$2,681
Total Cost	\$16,645	\$15,016	\$15,945	\$25,328

Notes: Fees shown are based on a new single family residential development in a low-density residential zone with a building permit valuation of \$250,000. "Other City Fees" category includes Business License Surcharge, Planning Department Building Permit Fee, Public Works Department Building Permit Fees, General Plan Maintenance Fee, and Construction and Demolition Deposit (refundable after construction).



Questions?





CITY OF FORT BRAGG

416 N. FRANKLIN, FORT BRAGG, CA
95437 PHONE 707/961-2823 FAX
707/961 -2802

DATE: August 7, 2023

SUBJECT: **SAMPLE** City of Fort Bragg Fees for Single-Family Homes

The City of Fort Bragg permit fees for a single-family residence shown below are based on a typical 2,000 square foot home in a low density residential zone with a building permit valuation of \$250,000.

Building permits for new construction are also subject to school impact fees and Building Department fees. ***Please contact the County Building Department for more information about County fees.***

Fees will vary depending on the individual situation. Below are some **SAMPLE ESTIMATED CITY** fee calculations:

Water and Sewer:

Description	Cost	Comment
Permit & Inspection Fee	\$255	Inspection Fees for sewer and water connections
Capacity Fee - Water	\$4,631	Fixed cost
Capacity Fee - Sewer	\$3,640	Fixed cost
Connection Fee Water	\$2,624	This is the standard fee for a ¾" meter, 30' or less from the City water line. <i>For larger meters and greater distances, prices will increase.</i>
Connection Fee Sewer	\$2199	This is the standard fee for a 4" sewer lateral, 4' deep or less. <i>For greater distances or deeper sewer connections, prices will increase.</i>
Total Cost	\$13,349	

Drainage:

Drainage fees are paid for any development increasing the impervious area on a parcel by 120 sq ft or more. The fee depends on the size of the development and the zoning district of the property. Following is an example of a typical single-family residence drainage fee calculation:

		Comment
Size of Structure	2000 sq.ft.	Size of proposed building footprint & any other proposed impervious lot cover.
Zone	RL	Additional zone information can be obtained from the City of Fort Bragg Community Development Department.
Cost in this zone	\$0.37054 per sq.ft.	The cost per sq.ft. ranges depending on zoning designation. Contact the City of Fort Bragg Department of Public Works for specific costs per sq. ft.
Total Cost	\$740.00	2,000 sq.ft. x \$0.370 = \$740.00

Other City fees:

Some City fees are based on the valuation of the work being done. The Mendocino County Building Department determines valuations of building permits based on work being done.

		Comment
Type of permit	New single family residence	
Valuation	\$250,000	This sum is used for example purposes only. Valuation fees for single family homes vary. Contact the County Building Department for more information.
Business License Surcharge	\$100	Contractor's business license fee applies per FBMC 5.04.260(A). Fee based on .04% of valuation.
Planning Department Building Permit Fee	\$80	Costs for City review and routing of a building permit application for conformance with General Plan, zoning requirements, and City standards.
Public Works Department Building Permit Fees	\$381	Costs for City review of a building permit application for grading, drainage, frontage improvements, City utility connections and fire sprinklers and the encroachment permit for the installation of frontage improvements.
General Plan Maintenance Fee	\$1,325	Costs incurred for maintaining General Plan and Local Coastal Plan plans, policies and regulations necessary to meet State zoning codes. Fee based on .53% of valuation.
Construction and Demolition Deposit (refundable after construction)	\$740 \$55 (non-refundable processing fee)	Construction and Demolition (C&D) materials account for approximately 25% of all material in landfills. In an effort to reduce waste, the State of California instituted AB939 and SB1374 both of which aim to divert waste from landfills. The City's
Total Cost	\$2,681	

FEE SUMMARY:

		Comment
Type of permit	New single family residence	Fees shown are based on a 2,000 square foot development in a low-density residential zone with a building permit valuation of \$250,000.00.
Water and Sewer	\$13,349	
Drainage	\$740	
Other City fees	\$2681	
Total Cost	\$16,770	

From: Paul Clark
Cc: [Paul Clark; CMAR \(CMAR@MCN.ORG\)](mailto:Paul.Clark@CMAR(CMAR@MCN.ORG))
Subject: Thursday Finance and Admin meeting Item 28
Date: Wednesday, August 23, 2023 2:55:40 PM

In looking at the information on the website I see no comparison to the current fee and proposed fee in an easy to read format. Probably a reason for that, but not a good one I suspect.

I will plan on attending

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Receive Report On Credit Card Fees/Processing Fee Set-up for Non-Utility Payments



AGENCY: Finance & Administration

MEETING DATE: August 24, 2023

DEPARTMENT: Finance

PRESENTED BY: Isaac Whippy

AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT ON CREDIT CARD FEES/PROCESSING FEE SET-UP FOR NON-UTILITY PAYMENTS

SUMMARY:

The City is expanding the opportunity for its customers to pay for permits and services online using credit cards. While convenient and efficient, these transactions require the City to pay fees to the credit card company, the payment-processing vendor, and the bank. To mitigate the significant and growing revenue loss, Staff recommends a 3% convenience fee be charged on all non-utility permit and business license tax credit card payments.

BACKGROUND:

Online payment opportunities are expanding to provide more convenient and efficient payment options for the City's customers, resulting in more customer credit card payments. Before April 2022, the City of Fort Bragg only accepted credit cards for utility payments. Credit card fees for municipal water payments are charged very low, so the enterprise fund can absorb these costs. In April 2022, the Finance Department installed a credit card terminal at the Finance counter to accept credit card payments for all types of charges and City services, such as building permits, water deposits, printing, and business licensing.

The Finance Department will deploy an online portal to accept payment for city services and charges in the coming weeks. The number of credit card transactions is expected to continue increasing as more payment activity transitions to online payments. Although online credit card payments offer multiple benefits to the City and its customers, the City must pay fees for each transaction to the credit card companies, the City's payment processing vendor, and the bank. These fees cannot be incorporated into the City's cost-recovery charges for services or permits since they only apply to credit card transactions.

To mitigate the growing fiscal impact of credit card fees on business tax and permit fee revenue, Staff evaluated establishing a convenience fee for persons who pay the City by credit card. Convenience fees are often applied to credit card payments as a percentage of the base charge to offset revenue losses.

Government Code 6159 permits the City to "impose a fee for the use of a credit or debit card or electronic funds transfer, not to exceed the costs incurred by the agency or agent in providing for payment by credit or debit card or electronic funds transfer." Alternatively, the City can implement a service/convenience fee, where cardholders can pay the merchant fees directly. While the precise amount of the service/convenience fee varies, it is generally based on the number of transactions and the average transaction amount.

Currently, the City's credit card processor's breakdown of charges are:

Transaction Breakdown (e.g, a \$67 transaction)	Billing Source	Cost
Per Transaction	Springbrook	\$1.00
Gateway Transaction Fee	Bluefin	0.30
Processor Fee 45 Basis Points	Bluefin	0.31
Variable Rate.0.9-1.9% (Based on 1.9%)	Bluefin	1.27
Total		\$2.88

While most charges are nominal, fees for Building Permits and Transient Occupancy Tax (TOT) can incur over \$400 per transaction. Average monthly transaction costs range from 2.28% to 3.03%. This is also expected to increase if we accept TOT payments online. Average monthly costs range between \$400 to \$800. The estimate for this year is \$6,500 without TOT costs. Transactions are expected to increase substantially once the municipal payment system is implemented. Next year, transaction fees are estimated to exceed \$50,000 if the City accepts all payments by credit card.

Staff is not proposing to apply a Transaction Processing Fee to utility transactions, since their fees are already very low. For this purpose, the Transaction Processing Fee would apply to Planning, Engineering, Building, and Code Enforcement permits, Business Licenses, Transient Occupancy Taxes, and other City items paid for by credit card, debit card, or eCheck (ACH).

FISCAL IMPACT:

At a minimum, approval of a Transaction Processing Fee for the use of credit cards, debit cards, and eCheck (ACH) will result in an annual revenue increase of approximately \$40,000 and offset associated costs. As more payments are made online through the Municipal Payment system, Transaction Processing Fee revenue will increase, offset by a similar increase in processing costs.

RECOMMENDED ACTION:

Following the Committee's review and discussion, Staff recommends referring this item to the City Council for a public hearing to review fees and consider adoption of the following:

1. A 3% transaction processing fees applied to non-utility payments with a \$25,000 limit.
2. Extend the \$5 staff time convenience fee for phone payments processing to non-utility payments. While this would create minimal revenue for the City, it would encourage customers to use the online payment system to create staff efficiencies.

ALTERNATIVE ACTION(S):

Conduct the review and direct Staff to provide additional analysis.

ATTACHMENTS:

1. Transaction fees range by dollar amount.
2. Historical Credit Card Costs
3. Projected Credit Card Costs

IMPLEMENTATION/TIMEFRAMES:

The new fees cannot become effective until at least 60 days after adopting the resolutions pursuant to the California Government Code Section 66017(a). If approved at a public hearing, the

fee changes will become effective 60 days after approval by City Council. The Consolidated Fee Schedule will be updated, distributed to City staff, and posted on the City's website.

Historical Fees - Credit Card Transactions

	Total Trans	Fees	Percentage
Nov-22	26,096.61	671.58	2.57%
Dec-22	16,512.80	407.91	2.47%
Jan-23	26,531.09	805.02	3.03%
Feb-23	17,405.72	411.32	2.36%
Mar-23	18,090.12	412.20	2.28%

Credit Card Transaction Fees by Amount (Low/High)

Debit Card Processing Fees								
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
Amount Charged	10.00	10.00	100.00	100.00	1,000.00	1,000.00	10,000.00	10,000.00
Springbrook	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Bluefin	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Bluefin Per Transaction	0.05	0.05	0.45	0.45	4.50	4.50	45.00	45.00
Variable. (0.8% - 1.65%)	0.08	0.17	0.80	1.65	8.00	16.50	80.00	165.00
Total Charge low/high	1.43	1.51	2.55	3.40	13.80	22.30	126.30	211.30
Total Percentage	14.25%	15.10%	2.55%	3.40%	1.38%	2.23%	1.26%	2.11%
Credit Card Processing Fees								
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
Amount Charged	10.00	10.00	100.00	100.00	1,000.00	1,000.00	10,000.00	10,000.00
Springbrook	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Bluefin	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Bluefin Per Transaction	0.05	0.05	0.45	0.45	4.50	4.50	45.00	45.00
Variable.(1.51% - 2.7%)	0.15	0.27	1.51	2.70	15.10	27.00	151.00	270.00
Total Charge low/high	1.50	1.62	3.26	4.45	20.90	32.80	197.30	316.30
Total Percentage	14.96%	16.15%	3.26%	4.45%	2.09%	3.28%	1.97%	3.16%

Projected Transaction Fees

								Projected if TOT Payments Allowed				
Total Trans		Fees	Percentage	Total Trans		Fees	Percentage	Total Trans		Fees	Percentage	
Jul-23	30,000.00	900.00	3.00%	Jul-23	50,000.00	1,500.00	3.00%	Jul-23	100,000.00	3,000.00	3.00%	
Aug-23	30,000.00	900.00	3.00%	Aug-23	50,000.00	1,500.00	3.00%	Aug-23	100,000.00	3,000.00	3.00%	
Sep-23	30,000.00	900.00	3.00%	Sep-23	50,000.00	1,500.00	3.00%	Sep-23	100,000.00	3,000.00	3.00%	
Oct-23	30,000.00	900.00	3.00%	Oct-23	50,000.00	1,500.00	3.00%	Oct-23	100,000.00	3,000.00	3.00%	
Nov-23	30,000.00	900.00	3.00%	Nov-23	50,000.00	1,500.00	3.00%	Nov-23	100,000.00	3,000.00	3.00%	
Dec-23	30,000.00	900.00	3.00%	Dec-23	50,000.00	1,500.00	3.00%	Dec-23	100,000.00	3,000.00	3.00%	
Jan-24	30,000.00	900.00	3.00%	Jan-24	50,000.00	1,500.00	3.00%	Jan-24	100,000.00	3,000.00	3.00%	
Feb-24	30,000.00	900.00	3.00%	Feb-24	50,000.00	1,500.00	3.00%	Feb-24	100,000.00	3,000.00	3.00%	
Mar-24	30,000.00	900.00	3.00%	Mar-24	50,000.00	1,500.00	3.00%	Mar-24	100,000.00	3,000.00	3.00%	
Apr-24	30,000.00	900.00	3.00%	Apr-24	50,000.00	1,500.00	3.00%	Apr-24	100,000.00	3,000.00	3.00%	
May-24	30,000.00	900.00	3.00%	May-24	50,000.00	1,500.00	3.00%	May-24	100,000.00	3,000.00	3.00%	
Jun-24	30,000.00	900.00	3.00%	Jun-24	50,000.00	1,500.00	3.00%	Jun-24	100,000.00	3,000.00	3.00%	
	360,000.00	10,800.00	10,800.00	10,800.00	600,000.00	18,000.00	18,000.00	18,000.00	1,200,000.00	36,000.00	36,000.00	36,000.00
offset 2%/1.5%/1.0%		7,200.00	5,400.00	3,600.00	off set	12,000.00	9,000.00	6,000.00	offset 2%	24,000.00	18,000.00	12,000.00
		2.0%	1.50%	1.0%		2.00%	1.50%	1.0%		2.00%	1.50%	1.0%
Net Cost CITY		<u>3,600.00</u>	<u>5,400.00</u>	<u>7,200.00</u>	Net Cost CITY	<u>6,000.00</u>	<u>9,000.00</u>	<u>12,000.00</u>	Net Cost CITY	<u>12,000.00</u>	<u>18,000.00</u>	<u>24,000.00</u>



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Receive Oral Update from Staff on Departmental Activites