



## CITY COUNCIL STAFF REPORT

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**TO:** City Council **DATE:** February 9, 2026

**DEPARTMENT:** Administration Department

**PREPARED BY:** Isaac Whippy, City Manager

**PRESENTER:** Isaac Whippy, City Manager

**AGENDA TITLE:** Receive a report, Hold Public Hearing, and Consider Adoption of Resolution of the Fort Bragg City Council Revising the City's Fee Schedule for various City Fees and Services for Year 2026-27

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### RECOMMENDATION

Following the City Council's review and discussion, the following action is recommended: Conduct the Public Hearing and consider adopting the updated fees for various Planning and Development Services and Miscellaneous City/District services.

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### BACKGROUND

The City periodically reviews and updates its fee schedule to ensure that, with limited exceptions, fees charged for City services are sufficient to fully recover the cost of providing those services. The proposed fee updates are intended to support this objective and align with the City's commitment to fiscal responsibility and transparency.

The most recent comprehensive fee study was prepared and presented in May 2022. Since that time, targeted updates have been incorporated into the fee schedule, including fees related to the C.V. Starr Center and Parks & Recreation, Mendocino Community Network (MCN), credit card processing within the Finance Department, and development impact fees based on the most recent nexus study.

In prior years, staff examined the historical practice of conducting a full annual review of fees, including evaluating the amount of staff time required to complete each activity listed in the fee schedule. This review prompted broader discussion regarding the necessity and effectiveness of conducting a comprehensive fee analysis every year and whether that approach best serves the public. Fee calculations consider estimated staff time, along with the cost of any external services or materials required to perform each service.

City fees generate a relatively small portion of the City's overall forecasted General Fund revenue—less than two percent, or approximately \$153,000 (excluding Downtown Development Authority reimbursements for staff time). In contrast, a full annual fee

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analysis requires a significant investment of staff resources across the organization. While the majority of this effort is concentrated within the Finance and City Manager's Departments, it also requires coordination, review, and input from department heads and staff at all levels of the organization.

Like prior studies, the attached fee schedule includes a calculation of the cost of providing services offered by the Community Development Department, the Public Works/Engineering Department, CV Starr and Parks & Recreation, General Administrative services, and the Police Department and, with few exceptions, full-cost recovery recommended levels for fees the City charges and deposits collected for the listed services.

### **Legal Requirements**

State law contains a number of provisions that affect a City's establishing and updating City fees. They can be summarized generally as follows:

- (i) A fee imposed for a specific benefit conferred, a privilege granted, a government service, or government product provided to the payor which is not provided to those not charged, or for regulatory acts may not exceed the reasonable cost to the City.
- (ii) Fees imposed for the entrance to, use of, or the purchase, rental, or lease of government property are not limited to the City's costs.
- (iii) When the City's cost is relevant, a Cost of Service or Fee Study may be used to calculate the city's costs and set appropriate fees to recover the full cost of providing services and to support findings that the fees reflect a reasonable estimate of the cost of providing the applicable services.
- (iv) Resolutions increasing or imposing fees take effect no less than 60 days after approval.

### **Cost Recovery Strategy**

Some of the City's fees use a "Developer Deposit Account (DDA)," which is a Deposit against time and materials approach for recovering the cost of providing many services- in particular, those where the amount of time/cost can vary greatly depending upon circumstances - and where the costs are generally higher; "flat fees" are utilized where the cost of service is typically less, more predictable, or where the City Council has decided not to recover the full cost of service, and/or when cost recovery is prescribed or limited to a specific dollar amount by statute.

When an applicant requests a service administered with a deposit against time and materials, they complete a processing agreement, acknowledging the deposit and that they will be charged the actual time and materials costs for the work performed. They also agree to provide additional deposits if the costs exceed the initial deposit collected. The Finance Department sends a statement each quarter showing the individual

charges to the project, and the Applicant can follow up with the Planning or Engineering Department with any questions about the work being performed. Using a deposit against time and materials approach provides a more effective means of holding the City and the Applicant accountable for the costs of processing applications that can range from simple and uncomplicated to complicated, controversial, and costly. It also assures the Applicant that the City is not collecting fees in excess of the cost of providing the service. It is not the easiest method to administer, but the advantages outweigh the cost.

This language is consistent with the Council's past policy that developers, rather than taxpayers, should pay for the costs associated with the City's processing of development applications.

## **DISCUSSION AND ANALYSIS**

Staff time and other costs incurred in conducting City business—such as processing development and other applications, performing inspections, and preparing agenda reports and meeting materials—are generally measurable and are incurred primarily for the benefit of individual applicants rather than the community as a whole. Accordingly, these charges are classified as fees for services, products, services, benefits, privileges, or regulatory acts rather than taxes.

These fees may not exceed the estimated reasonable cost of providing the service product, benefit, privilege, or regulatory act for which the fee is charged. Other fees imposed by the City, such as those for the CV Starr or for various equipment is for entrance to, use of, or the lease, purchase, or rental of government property. In fixing a fee, it is proper and reasonable to take into account not only the expense of direct regulation, but also all the incidental consequences that may be likely to subject the public to cost.

The 2026 fee schedule update includes the following noteworthy changes:

### **A. Administration/Miscellaneous Fees**

- Most fees are proposed to be unchanged: Appeal of Administrative Decision, and Letter of Public Convenience, or Necessity.
- Copy Fees have not seen increases since 2019. Cost of paper and ink supplies have increased year-over year with the proposed fee a \$0.10 increase.
- The fee structure for Film Permits has been simplified in recent years by eliminating much of the verbiage and, relying on a deposit account to recover City costs.
- No Changes are proposed to the Water Conservation Fees

### **B. Community Development Fees**

Most proposed changes to the Planning and Development fee schedule are driven by adjustments in personnel costs and refinements to the amount of staff time required to complete specific tasks. In some cases, fees have increased as responsibilities shifted to

higher-classification positions; in others, fees have decreased as newer staff now perform the services at lower cost. Additional changes reflect updated time estimates for task completion, or a combination of both factors.

Outlined below are the most notable changes to Planning and Community Development fees:

1. Fees increased due to changes in personnel costs include hearing-related costs, Coastal Development Permits, and certain administrative and use permits.
2. Fees decreased due to personnel changes include Building Permit plan checks performed by Community Development Department staff and emergency permits.
3. Fees adjusted due to recalculation of staff time and task performance include GIS mapping services, sign permits, and several administrative permit fees.
4. Fees modified primarily due to code changes or changes in service delivery include the following:
  - Addressing: The fee for assigning a street address has been removed. The proposed “Address Label” fee now reflects only the cost of materials and mailing, consistent with the addressing provisions of the Municipal Code.
  - Zoning Letters: The fee for preparing zoning verification letters, which appeared in earlier versions of the fee schedule but was omitted in the most recent iteration, has been reinstated. This fee reflects staff time required to complete zoning confirmation requests upon application.
  - Cannabis Permits: Cannabis business permit and renewal fees have been added in accordance with code updates authorized under FBMC Section 9.30.080 (2020). Associated costs have been reduced due to revised processes involving Police Department site visits and planner review.
  - Design Review: Design review fees have increased to reflect updates to the City’s design guidelines and the associated level of staff review required.
  - Code Enforcement fees are assessed on a cost-recovery basis and are applied to individual cases based on the actual costs incurred by the City in addressing each violation. Fee assessment and recovery are authorized pursuant to Fort Bragg Municipal Code Chapter 6.12, as adopted by ordinance in January 2025. In addition, fees associated with the Vacant Property Registry were added to the fee schedule in November to implement recently adopted regulations and to recover staff time and administrative costs related to monitoring and enforcement of vacant properties.
5. Construction and demolition waste recycling fees remain unchanged.

### **C. Finance Department Fees**

Most of the proposed updates to Finance Department fees reflect increases in the cost of supplies, printing, and labor required to administer these services. These adjustments are

intended to ensure continued cost recovery while maintaining efficient and timely service delivery.

Notable fee updates include Business License fees averaging a 15% increase, Tobacco Retailer License fees, and charges associated with printing and document production, all of which have increased due to higher material costs and staff time required to process and maintain these programs.

#### **D. Parks & Recreation Fees**

The City assumed management of C.V. Starr Center operations in 2024 and formally established a Parks and Recreation Department in July 2025, which included transferring responsibility for parks and facility bookings into the department's fee schedule. In support of this transition, the C.V. Starr Center is currently undergoing a Financial Sustainability Study, which has informed the reevaluation of existing fees and membership structures.

Notable proposed changes include the following:

1. **Daily Drop in Passes:** Daily Drop-in rates have been consolidated into either a youth or adult drop-in fee to simplify administration and improve clarity for users.
2. **Nonprofit Membership Partnerships:** The C.V. Starr Center may offer discounted membership rates to nonprofit organizations that provide scholarships or subsidized access to low-income or underserved populations. Eligibility for individual scholarships will be determined solely by the partner organization.
3. **Membership Rate Adjustments:** Both recurring monthly memberships and recurring annual memberships are proposed to increase by an average of 24 percent to reflect rising operating and staffing costs.
4. **Facility Rentals:** Facility rental fees are proposed to increase as follows: multipurpose room rentals by 14 percent, competition pool rentals by 15 percent, and general facility rentals by 27 percent.
5. **Town Hall Rentals:** Town Hall rental fees, which have seen significant demand, are proposed to increase by 68 percent, from \$125 to \$210. This adjustment reflects staff time associated with reservation processing, as well as IT and maintenance support for setup and post-event cleaning. The City is also in the process of transitioning to FMX software to improve event and facility booking efficiency.
6. **Security Deposit:** A new \$300 security deposit is proposed for events requiring removal of the dais and/or use of City IT equipment to cover potential damage or additional restoration needs.
7. **Gym Rentals:** Gym rental fees have not experienced major increases in more than eight years. The proposed update includes a \$15 increase to the basic hourly rental rate and a \$70 increase for full-day use. These adjustments reflect administrative time for bookings, insurance verification, and custodial services before and after events.
8. **Bainbridge Park and Soccer Fields:** At this time, the City is not proposing fees for use of Bainbridge Park or the soccer fields. Staff intends to conduct additional stakeholder outreach to better understand demand while ensuring continued equitable community access. Fees associated with special events—such as

concerts, movies in the park, or fundraising activities—may be addressed through the Limited Term Permit process.

## **E. Public Safety Fees**

Based on this review, no increases or changes to existing Public Safety fees are proposed at this time.

## **F. MCN Fees**

The City acquired Mendocino Community Network (MCN) in 2025 and conducted a comprehensive review of MCN-related fees as part of the annual fee schedule update. Based on this review, no increases or changes to existing MCN fees are proposed at this time.

Also included in the packet is the Legacy MCN Fees and Fiber Fee Schedule associated with the City's ongoing fiber-to-the-premises network construction. The municipal fiber network is currently under development and is anticipated to be operational in the latter part of 2026

## **G. Public Works, Water, Sewer and Storm Drain Fees**

Similar to other departments, proposed updates to Public Works–related fees are driven primarily by increases in labor and supply costs necessary to maintain service levels and ensure cost recovery across utility and infrastructure programs.

Notable proposed changes include the following:

1. **Fire Hydrant Pressure Testing:** A new fee of \$188 is proposed for fire hydrant pressure testing to recover staff time, equipment use, and administrative costs associated with providing this service.
2. **Water Service Deposits:** The residential water deposit is proposed to increase from \$150 to \$200. This deposit amount has not been adjusted in more than 15 years. The proposed increase reflects higher monthly water bills—now averaging approximately \$110 per month—and is intended to align with State Water Board requirements under Senate Bill 998. The revised deposit amount is designed to cover approximately two months of unpaid service and reduce the need to send accounts to collections.
3. **Voluntary Water Sales:** Water charges for voluntary water sales are proposed to increase by 3.9 percent, consistent with the California Construction Cost Index (CCCI), to account for inflationary cost increases.
4. **Water and Wastewater Connection Fees:** Water and wastewater connection fees are proposed to increase due to higher material costs, particularly water meters, as well as updates to fully loaded staff labor rates for 2025. These adjustments reflect the actual cost of materials and staff time required to install and administer new service connections.

## **FISCAL IMPACT/FUNDING SOURCE**

The precise fiscal impact of the proposed fee updates cannot be determined with certainty, as fee revenues fluctuate based on service demand and activity levels. However, the proposed changes to planning and development fees and other miscellaneous City service fees are intended to reflect updated costs associated with providing those services.

The fees affected by the proposed resolutions account for approximately two percent of the City's total revenue, or an estimated \$152,000 for Fiscal Year 2025. While modest in relation to the overall General Fund, these adjustments support the City's cost-recovery objectives and help offset increases in labor, materials, and administrative costs.

For the City's enterprise funds—including MCN, Water, Sewer, and the C.V. Starr Center—fees represent a significant portion of operating revenues and are necessary to sustain ongoing operations and address rising operating and maintenance costs without reliance on General Fund subsidies.

## **STRATEGIC PLAN/COUNCIL PRIORITIES/GENERAL PLAN CONSISTENCY**

Although the City is currently maintaining healthy reserve levels, the proposed fee updates reflect a proactive approach to financial stewardship and long-term sustainability. Regularly evaluating and adjusting fees to reflect the true cost of providing services helps ensure that City operations remain fiscally responsible, resilient, and aligned with best practices in municipal finance.

These actions are consistent with City Council priorities and the City's Strategic Plan goals related to financial sustainability, organizational effectiveness, and responsible service delivery. By aligning fees with the cost of doing business, the City reduces reliance on limited General Fund resources, supports enterprise fund self-sufficiency, and ensures that services provided primarily for individual benefit are appropriately funded.

The proposed fee updates are also consistent with the City's General Plan, which emphasizes efficient use of public resources, long-term fiscal stability, and equitable service provision in support of the community's overall quality of life.

## **IMPLEMENTATION/TIME FRAME**

The new fees cannot become effective until at least 60 days after the adoption of the resolutions pursuant to the California Government Code Section 66017(a). For consistency, if approved, the fee changes will become effective April 20, 2026. The Consolidated Fee Schedule will be updated and distributed to City staff and will be posted on the City's website.

## **ATTACHMENTS**

Parks & Recreation Fees  
Administration Fees  
Film Permit Fees  
MCN Legacy Fees  
MCN Fiber Fees  
Public Safety Fees  
Community Development Fees  
Public Work Fees  
Public Hearing Notice