



City of Palm Springs

Office of the City Clerk

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DATE: MAY 23, 2023

TO: CITY COUNCIL

FROM: OFFICE OF THE CITY CLERK

SUBJECT: **ITEM NO. 2D AMENDMENT (CITY COUNCIL MEETING OF MAY 25, 2023):**
ADOPTION OF A RESOLUTION MODIFYING CERTAIN USER FEES,
DEVELOPER FEES, AND CHARGES BY IMPLEMENTING A CONSUMER
PRICE INDEX INCREASE AND ADOPTING THE COMPREHENSIVE FEE
SCHEDULE FOR FISCAL YEAR 2023-2024.

Item No. 2D was amended to reflect revisions to the staff report initiated by the removal of a resolution. The following amendments were made to the agenda's language and staff report for Item No. 2D:

SUBJECT: ADOPTION ~~OF A RESOLUTION TO AMEND THE CONSUMER PRICE INDEX TO BE USED FOR ANNUAL INCREASES OF THE CITY'S COMPREHENSIVE FEE SCHEDULE, AND ADOPTION~~ OF A RESOLUTION MODIFYING CERTAIN USER FEES, DEVELOPER FEES, AND CHARGES BY IMPLEMENTING A CONSUMER PRICE INDEX INCREASE AND ADOPTING THE COMPREHENSIVE FEE SCHEDULE FOR FISCAL YEAR 2023-2024.

RECOMMENDATION:

1. Open the public hearing and receive public testimony.
- ~~2. Adopt Resolution No. _____, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, SETTING A PUBLIC HEARING TO CONSIDER AMENDING THE CONSUMER PRICE INDEX TO BE USED FOR ANNUAL INCREASES OF THE CITY'S COMPREHENSIVE FEE SCHEDULE."~~
- 3.2. Adopt Resolution No. _____, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, MODIFYING CERTAIN USER FEES, DEVELOPER FEES, AND CHARGES BY IMPLEMENTING A CONSUMER PRICE INDEX INCREASE AND ADOPTING THE COMPREHENSIVE FEE SCHEDULE FOR FISCAL YEAR 2023-2024."
- 4.3. Direct City Staff to bring back a Policy authorizing the City Manager to waive fees for verified non-profit organizations.



CITY COUNCIL STAFF REPORT

DATE: MAY 25, 2023 PUBLIC HEARING

SUBJECT: ADOPTION OF A RESOLUTION MODIFYING CERTAIN USER FEES, DEVELOPER FEES, AND CHARGES BY IMPLEMENTING A CONSUMER PRICE INDEX INCREASE AND ADOPTING THE COMPREHENSIVE FEE SCHEDULE FOR FISCAL YEAR 2023-2024.

FROM: Scott C. Stiles, City Manager

BY: Department of Finance and Treasury

SUMMARY:

The City Council will conduct a public hearing to consider approval of the Consumer Price Index ("CPI") amendment for the annual escalation of its Comprehensive Fee Schedule, to be in conformance with the percent change for January of the current year to January of the prior year, derived from the United States Bureau of Labor Statistics Consumer Price Index, for All Items (less food and energy) in the Riverside-San Bernardino-Ontario, CA, all urban consumers, region; and consider modifying certain user fees, developer fees, and charges by implementing a CPI increase and adopting the Fiscal Year 2023-2024 Comprehensive Fee Schedule.

RECOMMENDATION:

1. Open the public hearing and receive public testimony.
2. Adopt Resolution No. _____, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, MODIFYING CERTAIN USER FEES, DEVELOPER FEES, AND CHARGES BY IMPLEMENTING A CONSUMER PRICE INDEX INCREASE AND ADOPTING THE COMPREHENSIVE FEE SCHEDULE FOR FISCAL YEAR 2023-2024."
3. Direct City Staff to bring back a Policy authorizing the City Manager to waive fees for verified non-profit organizations.

BACKGROUND:

Local governments are funded from a variety of sources, with the primary sources being taxes, subventions, fees, special charges, fines, and grants. As the traditional provider of basic services, cities are relying more and more heavily on user fees that are charged for various public services.

State law requires that fees charged by local agencies be reasonably related to the actual cost of providing the service. User fee services are those services performed by a governmental agency on behalf of a private citizen or group. The assumption underlying most fee recommendations is that the cost of services benefitting individuals, and not society as a whole, should be borne by the individual receiving the benefit(s).

Pursuant to the Mitigation Fee Act codified at 66000 et seq. of the California Government Code, the City Council must make a finding in approving the proposed Resolution:

- 1) The City Council must find that City revenues estimated in the 2023-2024 fiscal year from fees for services subject to the Mitigation Fee Act and reflected in the Comprehensive Fee Schedule to be adopted, do not exceed the reasonably estimated amount of funds required to provide the services for which they will be charged.

In order to comply with the Mitigation Fee Act, a Comprehensive User Fee Study must be prepared to identify revenues received from services and the reasonably estimated costs required to provide those services.

In 2018, the City retained a consulting firm to prepare a User Fee Study and Cost Allocation Plan for FY 2019-20 (per Resolution No. 24622). The study was prepared to ensure that the City was recovering the full cost of providing various public services and that fees were based upon the reasonably estimated cost of providing the type of service for which the fee is charged.

It is the City's intent to retain a consulting firm approximately every five-years to prepare an updated comprehensive User Fee Study and thoroughly review all fees. These time/material studies and overhead calculations and allocations are expensive and very time-consuming for staff. During the interim, each year all fees are to be increased (or decreased) by the applicable Consumer Price Index. This ensures fees remain reasonably related to costs and keep pace with increased costs without having to prepare a comprehensive study each year.

Resolution No. 24622 established a policy for annual CPI adjustments commencing in FY 2020-21. It noted in Section 2(F)(1) that "unless amended," annual CPI adjustments "shall be in conformance with the percent change for February of the current year to February of the prior year, derived from the Consumer Price Index for All Urban Consumers (CPI-U) for the 'West Region,' under the classification 'Region Listing of West Region – Size

Class B/C – (2.5 Million or less),’ (the ‘Index’).” Due to the Coronavirus pandemic (COVID-19), CPI adjustments were not implemented during FY 2020-21 through FY 2021-22.

The City now wishes to amend the CPI to be used annually to increase the fees. A new region for our area has become available, and the City wishes to be in conformance. This would require the Council to amend the language from Resolution No. 24622, annual CPI adjustments shall be in conformance with the percent change for January of the current year, to January of the prior year, derived from the United States Bureau of Labor Statistics Consumer Price Index for All items less food and energy in the Riverside-San Bernardino-Ontario, CA, all urban consumers, region.

Accordingly, the City staff is recommending the “All Items less food and energy” rate (which represents the total year-to-year change for a given month in the CPI-U) from the Riverside-San Bernardino-Ontario, CA region each year in calculating the CPI adjustment. This year, that rate is 6.3%. Additionally, each year, City Departments review the current fee schedule and may recommend modifications to the wording and description of certain fees and charges.

STAFF ANALYSIS:

Generally, State Law requires that fees charged by local agencies not exceed the reasonably estimated cost of providing the service for which they are charged. User fee services are those services performed by a governmental agency on behalf of a private citizen or group. The assumption underlying most fee recommendations is that the cost of services benefiting individuals, and not society as a whole, should be borne by the individual(s) receiving the benefit(s). In effect, the City is prohibited from making a “profit” from providing these services.

AMENDMENTS TO THE FEE SCHEDULE:

The following data reflects significant changes to the fee schedule made by the corresponding departments, such as new fees and other changes that require further explanation:

AVIATION:

Aviation proposed the following amendments:

- 1) Aviation opted out of adjusting fees in FY 2021-22 and FY 2022-23. This fiscal year, the parking fees were increased and rounded up.
- 2) The "Oversized Vehicle Fee" was added, with a \$28 daily rate.

ENGINEERING:

Engineering proposed the following amendments:

- 3) Removed the note "Consultant Direct Cost / Pass-Through (Subject To Change Based Upon Current Contract)" from the 'Encroachment License' fee, as it is no longer used.
- 4) Under the 'Lot Line Adjustment, Parcel Merger, and Certificate of Compliance' fee - the unit notes, ("Includes: Each - Plan Check Fee; Direct Cost / Pass Thru * Plus Admin Coordination Fee") were removed because the fee is charged as a flat fee.

FINANCE AND PLANNING:

The following fee was added to the Finance Department's fee schedule and removed from the Planning Department's fee schedule:

- 5) "Adult Oriented Business Permit" fee - \$2,869

FIRE DEPARTMENT

The Fire Department proposed amending the following fees:

- 6) Added fee: "13D Fire Sprinkler Systems" - \$320.
- 7) Removed "Misc. Failed / Additional Field Inspections" from the fee schedule (the fee was set to \$0.00), and it was a duplicate value.
- 8) Added fee "Fire Sprinkler Systems (Single Family)" - \$156.
- 9) Removed "Cutting & Welding" and "Welding/Cutting Operations" fees and combined those duplicate fees with the "Hot Work Cutting, Welding, & Grinding Operations" permit fee.
- 10) Amended the "Fire Extinguisher Training (Deputy Fire Marshall) fee title; replaced "Deputy Fire Marshall" with "Fire Prevention Specialist".

LIBRARY

The Library proposed the following amendments:

- 11) Under 'Damage & Cleaning Fees for Casings' - The word "casings" was replaced with "cases" - the fee title was amended to read as follows "Damage & Cleaning Fees for Cases".

SPECIAL PROGRAM COMPLIANCE:

Special Program Compliance proposed the following amendments:

- 12) "Application Fee" & "Renewal Application Fee (Cannabis Business Activity)" - Phased out over three years – year three (3) of phasing the fees, as per Resolution No. 24899, increased the fee to \$10,984 per application.

- 13) The "Junior Vacation Rental" fee was added (this fee became effective on April 10, 2023):
 - a. New Registration: - \$642 (per application)
 - b. Renewal: - \$342 (per renewal)

PARKS & RECREATION:

Parks and Recreation proposed the following amendments:

- 14) "Application Deposits" was amended to "Security Deposits".
- 15) The "Conference Room" at the Demuth Community Center was added with a max occupancy of 25, with the following rates:
 - a. Base Rent (Min. 4 hours - including set-up and clean up) - \$30
 - b. Extended Use (Per hour - after the base rent) - \$15
- 16) Under "Facility Attendant", the note "Facility attendant fee to be charged for afterhours rentals only. Rentals during operational hours do not incur the attendant fees" was added to the language below that section.
- 17) Under Desert Highland Center, the base rent was removed, and the following rental rates were added:
 - I. Resident Facility Rental:
 - a. Gymnasium Day Rate - \$85
 - b. Community Room Rate - \$55
 - c. Meeting Room Rate - \$45
 - d. Extended Use (Per Hour - After The Base Rate) - \$36
 - II. Non-Resident Facility Rental:
 - a. Gymnasium Day Rate - \$184
 - b. Community Room Rate - \$55
 - c. Meeting Room Rate - \$45
 - III. Kitchen Use Fee - \$75 (per event)
- 18) Under Leisure Center, the "Cashier" fee was removed, and the following rental rate was added:
 - a. Extended Use (per hour - after the base rate): - \$15
- 19) New Fees:
 - I. Craft Room:
 - a. Security Deposit - \$100
 - b. Base Rate for a Meeting: Resident - \$30, Commercial - \$50, Tax-Exempt / Non-Profit - \$25

- a. Base Rate for a Special Event: Resident - \$100, Commercial - \$150, Tax-Exempt / Non-Profit - \$31, & Non-Resident Standard, Non-Profit & Commercial Fees - 125% of Current Base Event
- 20) Under 'Park & Playfield Reservations and Use', the following rental rate was added for playfields - softball & baseball:
 - a. Extended Use (per hour - after the base rate): - \$34 per hour
- 21) Under Tennis Courts / Pickleball Courts, the following rental rates were added:
 - a. Tournament / Round Robin (in addition to court rental fees) - \$58
 - b. League (in addition to court rental fees) - \$58
- 22) Under Programs, the following fees were removed:
 - a. Basketball League Fees
 - b. Folk Dancing
 - c. Softball Leagues
 - d. Softball Tournaments

POLICE DEPARTMENT:

The Police Department proposed the following amendments:

- 23) The 'Vehicle Towing Administrative Cost Recovery (VTACR)' Fee was removed; Resolution No. 24733 removed the fee, and the change became effective in April 2020. The impound language under the VTACR fee was also removed as it is no longer applicable.
- 24) The Position Rates have been amended to match the Police Department's Overtime Rate/Productive Hourly Rates.

RENT CONTROL:

Rent Control proposed the following amendments:

- 25) The CPI increase of 6.3% was only applied to the 'Rent Review Request' fee.
- 26) The CPI adjustment was not applied to Rent Control Registration Fees to avoid passing on costs to tenants and to avoid increasing the cost of housing for lower income tenants.

Staff is also recommending that the City Council direct City staff to draft and bring back to Council a written policy that would authorize the City Manager to waive fees for verified non-profit organizations

ENVIRONMENTAL IMPACT:

The requested City Council action is not a “Project” as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a “Project” means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

FISCAL IMPACT:

The proposed 2023-24 Fiscal Year Budget includes a revenue projection of approximately \$449,000 based on increased fees. In the event the proposed user fee increase is adopted, the 2023-24 Fiscal Year Budget will require adjustment to increase the General Fund revenue accordingly.

REVIEWED BY:

Acting Director of Finance:	Kristopher J. Mooney
City Attorney:	Jeffrey S. Ballinger
Assistant City Manager:	Teresa Gallavan
City Manager:	Scott Stiles

ATTACHMENTS:

- A. [Proposed FY 23/24 Comprehensive Fee Schedule](#)
- B. Draft Resolution (Adopting the FY 23/24 CFS using new CPI)
- C. [Public Hearing Notice](#)
- D. [Correspondence from DVBA and the City’s Response](#)
- E. [Letter of Support for the CPI Increase from DVBA](#)

ATTACHMENT A

FY 23/24 Comprehensive Fee Schedule

[\(Click above to access the CFS\)](#)

ATTACHMENT B

Draft Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, MODIFYING CERTAIN USER FEES, DEVELOPER FEES, AND CHARGES BY IMPLEMENTING A CONSUMER PRICE INDEX INCREASE AND ADOPTING THE COMPREHENSIVE FEE SCHEDULE FOR FISCAL YEAR 2023-2024.

WHEREAS, the City, under various statutory provisions under California Government Code, may set and collect fees for the costs of providing various public services to the community; and

WHEREAS, the City Council, approved by Resolution No. 24622 on June 5, 2019, established a policy for annual adjustments to service fees and charges, approving adjustments to certain User Fees, including Developer Fees, based on the amount of change in the Department of Labor's Consumer Price Index; and

WHEREAS, the City Council wishes to utilize a Consumer Price Index for the annual escalation of its Comprehensive Fee Schedule based on the percent change for January of the current year to January of the prior year, derived from the United States Bureau of Labor Statistics Consumer Price Index for "All items less food and energy in the Riverside-San Bernardino-Ontario, CA, all urban consumers", region; and

WHEREAS, the City will utilize the United States Bureau of Labor Statistics Consumer Price Index for All items less food and energy in the Riverside-San Bernardino-Ontario, CA (all urban consumers), in conformance with the percent change for January 2023 versus January 2022 to calculate the amount of change for certain fees not subject to the Mitigation Fee Act, and that change is an increase of 6.3%; and

WHEREAS, this adjustment to the Comprehensive Fee Schedule modifies certain development fees, permit fees, and/ or regulatory fees that are subject to the Mitigation Fee Act, codified at California Government Code (CGC) § 66000 et seq., and more specifically in accordance with CGC § 66016, § 66013, or § 66014, and the City, in considering this modification, is adhering to the procedures of CGC § 66016(a); and

WHEREAS, notice of the May 25, 2023 public hearing was published, posted and distributed on May 11, 2023, in accordance with the provisions of the California Government Code; and

WHEREAS, at least 10 days prior to the May 25, 2023 meeting, the City made available to the public data indicating the amount of cost, or estimated cost, required to provide the services for which the fees or service charges are levied and the revenue sources anticipated to provide the service, including General Fund revenues; and

WHEREAS, on May 25, 2023, the City Council conducted a public hearing, at which oral and written presentations could be made, as part of the City Council's regularly scheduled meeting; and

WHEREAS, the City Council has considered any verbal and/ or written testimony and has reviewed and considered the information and supporting data, and information provided at the public hearing by staff and the public.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA,
HEREBY RESOLVES, DETERMINES AND APPROVES AS FOLLOWS:

A. The City Council hereby adopts the Fiscal Year 2023-2024 Comprehensive Fee Schedule as set forth in Exhibit A attached to this Resolution and incorporated by reference herein. The City Council finds that City revenues estimated in the 2023-2024 fiscal year from fees for services subject to the Mitigation Fee Act and reflected in the Comprehensive Fee Schedule, do not exceed the reasonably estimated amount of funds required to provide the services for which they will be charged.

B. For Fiscal Year 2023-2024, most fees in the Comprehensive Fee Schedule shall be increased by 6.3% over Fiscal Year 2022-2023 rates, except as set forth in the accompanying staff report and Exhibit A.

C. Pursuant to the Mitigation Fee Act, those fees and charges applicable to a development project, which apply to the filing, accepting, approving or issuing an application, permit, or entitlement to use, shall be effective sixty (60) days after the adoption of this resolution.

D. All new or increased fees and charges, other than those identified in Section C above, shall be effective July 1, 2023.

E. The Director of Finance is hereby authorized and directed to incorporate said increases and changes to fees and charges into the Comprehensive Fee Schedule.

PASSED, APPROVED, AND ADOPTED BY THE PALM SPRINGS CITY
COUNCIL THIS 25TH DAY OF MAY, 2023.

GRACE GARNER
MAYOR

ATTEST:

BRENDA PREE, MMC, CERA
CITY CLERK

CERTIFICATION

I, BRENDA PREE, City Clerk of the City of Palm Springs, California, do hereby certify that Resolution No. _____ is a full, true, and correct copy, and was duly adopted at a regular meeting of the Palm Springs City Council held on _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Palm Springs, California, this 25th day of May, 2023.

BRENDA PREE
CITY CLERK

EXHIBIT A

[FY 2023-2024 Comprehensive Fee Schedule](#)

Available for public review (click here to be directed to the fee schedule)

ATTACHMENT C

Public Hearing Notice

ATTACHMENT D

Correspondence from DVBA and the City's Response

ATTACHMENT E

Letter of Support for the CPI Increase from DVBA