



Camarillo City Council

AGENDA REPORT

Date: February 12, 2025

To: Honorable Mayor and City Councilmembers

From: Greg Ramirez, City Manager

Submitted by: Mark Uribe, Finance Director
David Sanchez, Community Development Director

Subject: Adoption of Building and Safety Fees

BACKGROUND

California cities are granted the authority to impose user fees and regulatory fees for services and activities they provide through provisions of the State Constitution, so long as the established fee does not exceed the estimated reasonable cost of providing the service or performing the activity.

The City has established several fees for city services. The current Building and Safety Fees were adopted in 2007 and are outdated. The City hired NBS to conduct a comprehensive Building and Safety Fee study. The Fee Study concluded that the fees collected only reimburse the City for approximately 48% of the cost to provide Building and Safety services, requiring the General Fund to fund the remaining cost (approximately \$1.2 million). The Fee study also identified that a General Plan and Technology Fees can be implemented to help offset the City's associated costs, which the annual cost recovery potential is estimated to be \$807,279 per Fiscal Year based on anticipated activity.

On October 28, 2024, staff met with the Finance Committee to discuss the Building and Safety Fees update. The Finance Committee discussed a "phase-in" approach, which will incrementally implement an increase to certain fees over multiple years, however the Committee reached a consensus to address the costs with a single adjustment.

On December 11, 2024, staff presented an overview of the results of the Fee study, Finance Committee's consensus, and process for updating the current Building and Safety Fees. After review of the agenda item, the City Council discussed the following three concerns:

Building and Safety Fees Study Update

February 12, 2025

Page 2 of 4

1. Are there any projects that would require a lower fee to ensure compliance, benefit the community, or any other projects the City Council should consider having a lower fee?
2. What time or dividing line should be used to implement the new fees?
3. Should all the fees be implemented all at once or incrementally?

After City Council discussion on these three items, staff was requested to discuss items one and two with the original two members of the Finance Committee that discussed the agenda item on October 28, 2024, to develop a series of recommendations for the City Council consideration. Item three was agreed to be discussed by the full City Council in January 2025.

DISCUSSION

As the City progresses in its review of the current Building and Safety Fees, it is guided by the adopted FY 2024/25 Council Goals and Objectives which includes a Fiscal Management Goal: *to maintain sound and conservative financial practices to ensure the fiscal sustainability of the City*, and the City Council Budget and Fiscal Policy 3.01 that states *Cost recovery for City-provided services should generally be very high. In most instances, the City's cost recovery goal should be 100%.*

However, there may be certain circumstances when a specific project may pay a lower fee for various reasons. City Council Policy 3.01 provides the City Council the option to lower the cost recover of a fee or type of permit based on the following exceptions:

- a. To encourage compliance
- b. Economic development
- c. Statutory limit
- d. Small residential customer
- e. Encourage community events
- f. Public convenience

On December 11, 2024, City Council expressed three concerns listed above. Staff prepared responses and a series of recommendations listed below to assist the City Council with their discussion during the January 8, 2025, public hearing:

- 1. Are there any projects that would require a lower fee to ensure compliance, benefit the community, or any other projects the City Council should consider having a lower fee?**

Response: Staff reviewed the proposed fee increases and does not believe the proposed fees will deter compliance or that certain projects should pay a lower fee. Staff also compared the proposed fees with other nearby jurisdictions, and they are comparable. If the City Council desires to have a certain project pay a reduced fee in the future, City Council Policy 3.01 does provide the option to lower the cost recovery of a fee or type of permit, or the City can contribute towards the project.

2. What time or dividing line should be used to implement the new fees?

Response: Staff recommends the fees be implemented with a single adjustment, because the required process to adjust fees has a natural timeline built in prior to the proposed fees going into effect. The process includes a public meeting, public hearing notice with fee data available 14 days prior to public hearing, and a minimum 60-day period until going into effect.

Staff recommends implementing the updated Building Fees on July 1, 2025, to align with the implementation of the City's online permitting system (Open Gov). This allows nearly 6 months for projects that are currently in plan check to pull permits under the current fee schedule.

If the City Council desires to allow additional time for projects to pay the current building permit fees, the Council may allow the current building permit fees for all applications in the plan check process by July 1, 2025. This locked in rate will be for current projects already in the plan check process and for new applications that are submitted by July 1, 2025. The "locked in rate" to the current fee schedule will not exceed the one-year period from adoption of the fee schedule, and any pending permit fees as of July 1, 2026, will be charged per the adopted fee Exhibit F.

At the January 8, 2025 Finance Committee, the Committee expressed support for the staff recommendation as proposed. At the January 8, 2025 City Council meeting, the public hearing was continued to the next (January 22) City Council Meeting due to a power outage. At the January 22, 2025 City Council meeting, the Council expressed support for adopting the proposed fees. The Council also discussed reducing fees for the Pleasant Valley Recreation and Park District, including the proposed amended language below. The agenda item was continued to the February 12, 2025 meeting in order for the full Council to participate in the discussion.

Proposed Amendment:

Add Section 2.C., as follows:

For projects of the Pleasant Valley Recreation & Park District ("District") for which fees may be imposed in accordance with Schedules "F" and "G," the City Council finds that such public projects directly benefit the community and hereby grants discretion to the City Manager, upon consultation with the District, to reduce or waive the respective fees for such project(s) as the City Manager deems appropriate. The City Manager shall report any determinations thereof to the City Council. Such determinations are reviewable by the Council in its discretion or otherwise upon appeal in accordance with the Schedules.

Building and Safety Fees Study Update

February 12, 2025

Although this public hearing had been noticed for all fees, the City will only be considering Building & Safety Fees including related General Plan and Technology surcharges. Any other increases will be noticed at a future time.

FISCAL IMPACT

City Council approval of this action will establish a revised Fee Schedule for Building and Safety Fees and General Plan Maintenance & Technology Surcharge Fees with an annual increase to General Fund revenues of approximately \$2.0 million in Fiscal Year 2025/26 based on estimated levels of activity. The additional revenue will offset the corresponding increase in costs necessary to provide the services, to provide nearly 100% cost recovery.

CEQA DETERMINATIONS

City staff has determined, in accordance with Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, that Building and Safety Fees Study Update is not subject to CEQA review because it can be seen with certainty that there is no possibility that the Building and Safety Fees Study Update may have a significant effect on the environment.

RECOMMENDATION

1. Adopt a Resolution approving the Schedule of Fees for Building & Safety fees and General Plan Maintenance & Technology Surcharge fees and adjustments.

ATTACHMENTS

1. Resolution and Exhibits

REFERENCE MATERIALS – AVAILABLE FOR REVIEW AT CITY HALL

None