



Item No. 8 Town of Atherton

CITY COUNCIL STAFF REPORT – PUBLIC HEARING

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ANTHONY SUBER, DEPUTY CITY MANAGER/ CITY CLERK

DATE: FEBRUARY 21, 2024

**SUBJECT: ADOPT RESOLUTION NO. 24-XX APPROVING AN AMENDED
TOWN MASTER FEE SCHEDULE**

RECOMMENDATION

It is recommended that the Council;

1. Conduct a Public Hearing
2. Review and discussion on the Town's User Master Fee Schedule; and, if appropriate, adopt resolution 24-XX approving an amended Town Master Fee Schedule.

BACKGROUND

A User Fee Study was performed last year and was reviewed at the December 6 City Council Study Session. It was an opportunity for the City Council to identify areas for cost recovery and areas of public policy consideration. The Study revealed the actual cost to provide the service and any associated surcharge or (subsidy). Provided in the User Fee Study analysis were fees based on full cost recovery and a comparative of the total assigned cost of service and the actual fees being charged.

The Town last performed a User Fee Study Cost Allocation Plan in 2013. Since then, the Town has only increased fees by the CPI index in 2020 and 2022 to reflect accumulated CPI adjustments. During those times, no changes were made to valuation-driven fees or flats fees for Building and Plan Check fees. These fees have remained constant since 2013. The Study advises that to maintain full cost recovery, valuation-based fees should be adjusted from \$350 per square foot to \$509 per square foot. This amount per square foot does not represent the actual construction cost per square foot but is solely a multiplier for fee calculation. The cost of a Building Permit is valuation-driven and is based on a per square foot calculation. The Council reviewed and provided direction for specific adjustments to the Town Master Fee Schedule.

FINDINGS

The Master Fee Schedule includes all the fees charged by all Town Departments. Staff recommends recovery as close to 100% as possible. Staff provided suggestions for policy driven fee adjustments derived from the December 6 Study Session review. During the meeting the Council provided direction to set specific fees as follows (all remainder were left at 100% cost recovery):

- Valuation Based Permits for ADUs and JADUs.
 - Set new JADU fees to \$0.
 - Set new ADU fees to \$0 – only for those that comply with Town setback requirements.
 - Set all other ADUs to 50% of valuation-based fee.
- Mechanical, Plumbing, and Electrical Permits (MP&E) for “green” building set to \$0
- Solar Permits set to \$0.
- Planning Permit for ADUs and JADUS
 - Planning fee for new JADU set to \$0.
 - Planning fee for new ADU set to \$0 – only for those that comply with Town setback requirements.
 - Set all other ADUs to Direct Costs at \$1,722
- Landscape Screening Fee set to Full Cost Recovery at \$518.
- Staff Level Heritage Tree Removal Permits set to Full Cost Recovery at \$716 (1st Tree) & \$248 (each additional).
- Fence permit fee set to Direct Costs only at \$675.
- Address Change Fee set to Full Cost Recovery at \$660; except for JADUs and ADUs set to \$0.
- Tree Protection Administration Flat Fee set to Full Cost Recovery, \$745 (initial inspection) and \$910 (full inspection).
- Conditional Use and Variance Permit Cost set to Full Cost Recovery at \$8,360 & \$10,428 respectively.
- Planning Commission Heritage Tree Removal Permit set to Full Cost Recovery at \$6,781.
- Planning Commission Tree Protection Zone Exceptions (TPZ) set to Direct Cost only at \$2,708
- Maintain the Alarm registration fees at \$100.
- False Alarm fees for 4th, 5th, and 6th at \$400, \$500, and \$600 respectively.

After discussion and review, Council suggested that the Town’s Fee schedule be provided to the Builder’s Roundtable for input. Staff presented the Master Fee Resolution and details to the Builder’s Roundtable at its February 5 meeting. Included in the meeting was the City Council agenda item link to the complete Fee Study.

During the meeting staff provided an overview of the Fee Study and discussed the above specific policy updates. In addition, staff presented an updated and simplified table of the Master Fee Schedule. There were several contractor groups present for the discussion. One of the contractors spoke about the fees and echoed sentiments that were the same concerns noted at the January 17 Council meeting regarding the new fees. The primary objection was on the Planning fees that were

particularly related to Conditional Use Permit fees (these do not apply to single-family development), Variance fees of which are strongly discouraged, and Planning Commission Level Heritage Tree Removal Request fees. The City Council noted at its January 17 meeting that the removal of Heritage Trees is discouraged. There are policies and procedures for the protection of Heritage Trees and criteria for their removal that includes enforcement and administration of their preservation. All three of these planning-related fees were set a full cost recovery as supported by the Council. Another contractor group advised they had no issues with the fees and that the Town fees had not been raised in over 10 years, so they understood it was time for an increase. It was noted that the new proposed valuation fee increase \$350 to \$509 cost per square foot is still lower than anticipated.

The Attached Master Fee schedule includes all the fees charged by all Town Departments. The table has been updated and simplified. The highlighted fees are those adjusted by the Council. The highlight will be removed after adoption and posting.

The table also includes the current Park rental fees. These fees were not reviewed as part of the Cost Allocation Study as they can be adjusted based on a market-driven analysis. The Park fees were reviewed and adjusted in 2022 by the Park and Recreation Committee.

Indexed Escalation

The Master Fee Schedule is attached in simplified form; adapted from the Appendices of the Fee Study Report. The User Fee Study recommends updating fees through a CPI adjustment every year and conducting a thorough assessment of Town fees every 3 to 5 years. Instead of building the CPI escalator into the Resolution, staff suggests that the Resolution be returned for Council review each year as part of the budget adoption.

FISCAL IMPACT

None. Any proposed fee adjustments would be incorporated into the Town's Master Fee Schedule and would be reflected in the remainder of the FY 2023/24 anticipated revenues.

GOAL ALIGNMENT

This Report and its contents are in alignment with the following Council Policy Goals:

- Goal Area A – Maintain Fiscal Responsibility

POLICY FOCUS

The City Council's policy discussion should revolve around ensuring the Town's compliance with Proposition 26 which requires the Town's fees to be set at or below full cost recovery.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also

disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders –to include, but be not limited to, media outlets, school districts, Menlo Park Fire Protection District, service providers (water, power, and sewer), and regional elected officials.

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item has not been before a Town Committee or Commission

ATTACHMENTS

1. Resolution No. 24-XX Master Fee Schedule
2. Town Master Fee Schedule