



Item No. 5

Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

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

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: FEBRUARY 15, 2023

**SUBJECT: AUTHORIZE RELEASE OF A REQUEST FOR PROPOSAL (RFP)
TO UPDATE THE TOWN’S COST ALLOCATION PLAN AND
MASTER FEE SCHEDULE**

RECOMMENDATION

Authorize the release of a RFP to update the Town’s Cost Allocation Plan and Master Fee Schedule.

BACKGROUND

The Town last adopted a Cost Allocation Plan in 2013. The results of that Plan inform the development of the Town’s Master Fee Schedule. The Master Fee Schedule includes all fees charged by all Town Departments. It was recommended that the Town update the Cost Allocation Plan once the Town Center completed and there was sufficient data related to administrative overhead (facility costs).

Fees for Town services are required to represent actual costs and may not be set at an amount that exceeds actual cost. A detailed Cost Allocation Plan provides detailed cost analyses on which to base new fees. Most fees are set at full cost recovery; however, some fees, such as those for planning applications, are intentionally set below full cost recovery to encourage compliance and to account for customer service hours provided to applicants as part of the process. Fees for market-driven services, such as rental of public spaces (Park or Town Hall) may be set independent of a cost analysis.

The Cost Allocation Plan will include a recommended cost escalator based on the Consumer Price Index. The last increase to the Master Fee Study was in 2020 and the schedule of fees were adjusted to reflect accumulated CPI adjustments. No changes were made to valuation-driven fees (Building and Plan Check Fees) until a new cost study is performed. Valuation-driven fees, such as Building Permit fees and Plan Check fees, have remained consistent with the market since 2013. These fees were *not adjusted* by the labor component increases. These fees will be reviewed during this phase of the comprehensive Master Fee Study.

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Attached is the RFP to seek a qualified consultant to complete the Plan.

The timing for the required work under this RFP is tight and the timeline may need to be extended. Once the study is complete and the proposed fees are incorporated into a Master Fee Schedule, that Schedule would be adopted at a Public Hearing, tentatively scheduled to coincide with adoption of the FY 2023/24 Budget in June 2023. However, if work does not complete timely, adoption may be postponed. If postponed, revenue anticipation for the budget would be adjusted accordingly.

POLICY ISSUES

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.

FISCAL IMPACT

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

GOAL ALIGNMENT

Goal A- Maintain Fiscal Responsibility

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 District, service providers (water, power, and sewer), and regional elected officials. The Town maintains an active and up to date Project Website at <http://ca-atherton.civicplus.com/index.aspx?NID=290>.

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item ____ has or X has not been before a Town Committee or Commission.

- ____ Audit/Finance Committee (meets every other month)
- ____ Bicycle/Pedestrian Committee (meets as needed)
- ____ Civic Center Advisory Committee (meets as needed)
- ____ Environmental Programs Committee (meets every other month)
- ____ Park and Recreation Committee (meets each month)
- ____ Planning Commission (meets each month)

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_____ Rail Committee (meets every other month)

_____ Transportation Committee (meets every other month)

ATTACHMENTS

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