

## TOWN COUNCIL STAFF REPORT

Title: Town of Mammoth Lakes FY24-25 Master Fee Schedule

Meeting Date: June 19, 2024

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### **RECOMMENDATION:**

Staff are recommending that the Town Council conduct a public hearing on the proposed fees and charges. After taking public comments and consideration of the proposed fees, adopt the attached resolution establishing and updating a master schedule of fees and charges for Town services for FY24-25.

### **BACKGROUND:**

Proposition 4 was approved by the California voters in 1979 and amended Article XIII B of the California Constitution. Article XIII B limits government appropriations and defines proceeds of taxes as all tax revenue and the proceeds to an entity of government, from regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service. In 2006 the voters adopted Proposition 218 which further limited local government's ability to set fees and charges and required specific types of fees and charges to go through a more involved public process. In line with the California Constitution and subsequent court rulings, the Town of Mammoth Lakes Municipal Code Chapter 3.39 Fee and Service Charge Revenue/Cost Comparison System details Town services provided that are to receive a subsidy from the General Fund and defines "costs reasonably borne."

The cost recovery for eligible fee supported services ranges from 0% to 100% of the "costs reasonably borne" to provide the service. The Town has established a policy of a range of cost recovery to encourage certain activities and compliance with Town codes. For example, there is only partial cost recovery for recreation services. The cost of a film permit is also partially recovered as the use of the area for this purpose is desired and Town costs should not be a hindrance for compliance or to conducting business. The vast majority of development related services are designed for full cost recovery. The "costs reasonably borne" include but are not limited to direct costs such as wages and benefits, indirect costs such as computer costs, communication expenses, services and supplies, insurance, and both department and general overhead costs. The proposed fees and charges have been reviewed by staff and meet the statutory requirements.

The fees that the Town collects for services provided can be categorized into two broad areas. The first is variable fees. For variable fees a deposit is collected, and staff time and costs are tracked against the deposit (cost accounting.). This method is especially useful for large or complicated projects. The fees listed on the updated fee schedule with the

designation of “Cost Accounted” are the variable fees. Cost accounting includes charging for direct pass-through costs such as consultant charges, hourly salary and benefit rate for employees, plus an overhead charge. The second category is fixed fees. A fixed fee simplifies the collection process and saves the customer the cost that is generated from the time involved doing the “cost accounting.” The general method that is used to determine a fixed fee is to first identify each service-by-service type. Second, staff time is tracked for the majority of fees and an average amount of time is calculated then multiplied by the staff billable rate. Some fixed rates are also set more based on the market and the desire to provide community services such as those provided through the recreation department and are not necessarily designed for full cost recovery.

The list below includes a summary of changes made to the Town of Mammoth Lakes fee schedule proposed for FY24-25:

### **Financial Services / Administration Fees**

The Finance department has updated a number of fees in the prior year based on review of both time and accounting for increased costs. In FY23-24, the work performed by the STR Advisory Committee recommended a \$250 annual charge for each certified property in Town as well as the removal of TOT certificate language. The fee adjustments for FY24-25 reflect these edits. The Town also increased fees for Cannabis Business Registration Fees to cover increased costs of audit. The Town will be seeking an RFP for audit services in 2024 and expects the costs of these specialized audits to exceed the recommended fee for the business.

### **Community and Economic Development – Building Division**

The following revisions are proposed for the Building Division Fee Schedule:

- New Structures and Additions (*Section 1*): The International Code Council (ICC) Building Valuation Table has been updated to the most recent ICC valuation table published in February 2024.
- Re-Roofing Permit (*Section 5*): Siding is proposed to be added to the re-roof permit fee structure. Siding is a similar scope of work to roofing and both are calculated by squares (100 sq. ft. = 1 square). This allows siding permits to be processed efficiently in the same manner as re-roof permits.
- Limited Scope Permit (*Section 6*): The limited scope fee structure is proposed to be expanded. Limited scope permits are issued for plumbing, electrical, mechanical, windows or any other singular scope of work that does not require a formal plan review. The submitted project valuations for these limited scope type permits have been increasing and in response to that, the limited scope permit fee structure was expanded to address the increased project costs associated with these permit types. The limited scope fee for permits with a valuation of less than \$1,000 remains \$45. The next level of limited scope permits was revised from \$1,000-\$20,000 valuation to \$1,000-\$40,000 valuation, and the fee remains at \$60. A third level for this permit type was added for permits valued at more than \$40,000, with a fee of \$225 for every \$100,000 valuation or fraction thereof.

- CASp Fee (*Section 10*): This section was revised to reflect the legislative update that the fee will remain at \$4 indefinitely (rather than reverting back to \$1 as previous legislation was written).
- Deleted the ‘Airport’ row from the DIF Schedule since the Airport DIF was eliminated in 2015.
- The Development Impacts Fees (DIF) and Affordable Housing Fees are proposed to be increased by 9.4% in accordance with the Construction Cost Index as published by Engineer News Record for the preceding twelve months.

### **Public Safety Fees**

These fees had significant updates in the prior year, mainly for parking citations. There are no recommended changes at this time.

### **Airport Fees**

There are no recommended changes to the Airport Fees at this time.

### **Public Works / Engineering Fees**

There are no recommended changes to the Public Works / Engineering Division Fees at this time.

### **Community and Economic Development – Planning Division**

A fee was added to the Planning Division Fee Schedule for Urban Lot Splits and Two-Unit Projects (*implemented by Senate Bill 9*). The processing of these types of permits is similar to that for a Lot Line Adjustment and the initial fee is proposed to be the same.

### **Public Art**

In FY23-24, staff proposed that the fee be reduced to \$0 through June 2025 to allow staff time to evaluate the program and provide options to reinstate the program/fee. There is no adjustment required for FY24-25.

### **Parks and Recreation Fees**

The Parks and Recreation Department brings the program fee to Town Council annually in March, ahead of the program sign up season. The fee increases were approved on March 20, 2024 and are included as highlights on Attachment A to identify those that have changed.

### **Other Fees and Charges**

The Master Fee Schedule includes the majority of the service-related fees and charges for the Town but is not all-inclusive. There are some fees and charges specifically enumerated by ordinance and tied to specific permits or licenses. It does not include taxes, fines or penalties.

## **OPTIONS ANALYSIS**

Option 1: Approve the attached resolutions establishing and updating a schedule of fees and charges for Town services

Option 2: Provide alternative direction on proposed fees.

## **FINANCIAL CONSIDERATIONS:**

The proposed modifications to the Town's fees and charges are designed to achieve proper cost recovery for the services provided and to enhance efficiencies in the process. The lack of proper fees and charges will mean a redirection of other revenue from Town General Fund to support Town services that should be fee supported. The proposed fees and charges provide a balance between full and partial cost recovery based on the type of fee and services provided.