

TOWN COUNCIL STAFF REPORT

Title: Town of Mammoth Lakes FY25-26 Master Fee Schedule Update

Meeting Date: June 18, 2025

Prepared by: Rob Patterson, Town Manager

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 FY25-26.

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 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 range 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 FY25-26:

Financial Services / Administration Fees

The following revision is proposed for the Financial Services / Administrative Fee schedule:

- Staff has been working to secure an audit form for the Cannabis businesses, financial and compliance. This used to be performed by HdL and the cost has risen to an absurd level of more than \$12,000 per business per year. The Town has decided to use the compliance audit performed by the State of California as evidence to compliance of each business. Further, staff will utilize current audit practices to perform an annual financial audit of each business. The estimated cost of producing the audit, as well as review of all compliance paperwork is \$1,000 per business annually. Therefor the fee for Cannabis business registration shall be reduced from \$8,500 per year to \$1,000 per year.

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 2025.
- The Development Impacts Fees (DIF) and Affordable Housing Fees are proposed to be increased by 2.3% in accordance with the Construction Cost Index as published by Engineer News Record for the preceding twelve months.
- References to applicable Municipal Code sections have been updated throughout the fee schedule.

Public Safety Fees

Staff continue to monitor the changes in parking citations for effectiveness as a deterrent. Staff may bring this item forward at a subsequent Town Council meeting for review. As of the FY25-26 Fee schedule review, 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

There are no updates to the Planning Division Fee Schedule.

Public Art

Staff are proposing that the fee be reduced to \$0 through July 31, 2026, to allow staff time to evaluate the program and provide options to reinstate the program/fee. Staff have been meeting with various art community stakeholders and reviewing art programs from other jurisdictions, with the goal of bringing back a renewed public art program in 2026.

Parks and Recreation Fees

The Parks and Recreation Department presents amended program fees to Town Council annually in February or March, ahead of the summer camp sign-up time period in April. The fee increases for 2025/26 were approved by Town Council on February 19, 2025. The one additional item is a fee for the rental of the Mammoth Creek Park grass area, similar to other parks. The fee is \$17.50 per hour, with a two-hour minimum.

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.