

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Jennifer Hennessy, Director of Finance

DATE: May 13, 2025

SUBJECT: Approve Amendment to Fiscal Year 2024-25 User Fee Schedule

RECOMMENDATION: That the City Council adopt a resolution entitled:

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TEMECULA, CALIFORNIA, ADOPTING THE AMENDED
USER FEE SCHEDULE, INCLUDING BUILDING AND
SAFETY, PLANNING, LAND DEVELOPMENT, FIRE
PREVENTION, POLICE, AND OTHER CITY SERVICES AND
MAKING RELATED DETERMINATIONS PURSUANT TO THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT

BACKGROUND: The City of Temecula currently imposes various User Fees on private development related services provided by the City.

At its meeting February 27, 2024, the Council approved Resolution No. 2024-16. and adopted the 2024-25 Fee Schedule. The recommended fees were based on the 2023 Full Cost of Services/User Fee Study (Study), which comprehensively analyzes the full cost for each fee service provided by the Building and Safety, Planning, Land Development, Fire Prevention and Police departments. The Study analyzed nearly 900 separate and distinct fees to determine the full cost of each fee, including overhead and support service costs. Staff collectively set the recommended cost recovery rate at 75% of the Full Cost for each fee, where possible. In the cases where the City's current fee exceeded the Full Cost, then the fee was reduced to match the Full Cost, pursuant Government Code Section 66013, which states the fees shall not exceed the estimated reasonable cost of providing the service for which the fee is imposed.

During the programming of the 2024-25 Fee Schedule in the City's permitting software, it was discovered that a section of fees was erroneously omitted from the Fee Schedule. The omitted section included the Inspection-related fees for all Fire-Construction fee types (noted in the attached Exhibit A).

Additionally, since the implementation of the Adopted Fee Schedule, staff has identified a selection of fees that should be adjusted or added, due to a variety of reasons, as noted below:

- Sign Program-New (Planning Department) was adopted with a fee of \$10,211.24, which reflected 75% of the cost of this service as determined by the User Fee Study. The prior fee for this category was \$3,469. Staff believes the higher fee is prohibitive and recommends reducing the fee by 50% to encourage compliance.
- SB9 Urban Lot Split Fee (New Fee – Planning Department). Senate Bill 9 became effective January 1, 2022 and allows homeowners to split their lots and create up to four homes on an existing parcel. The fee for this bill was not included in the scope of the 2023 Full Cost of Services Study. City staff recommends adopting a new fee equivalent to the fully burdened labor rates for the positions involved with the approval of the SB9 urban lot splits, which is calculated to be \$1,237.37 for Fiscal Year 2024-25.
- RV Permit (Police Department) fee was a new fee adopted at \$35.52, which reflects 75% of the cost of providing this service as determined in the User Fee Study. Staff has noted that the fee is higher than the fine, which is \$27, and recommends setting the RV Permit fee at \$20 to encourage compliance.
- Report Copy (Police Department) fee is set at \$50, despite the cost of the service calculated at \$93.18, staff set this fee lower than the cost. Staff has received feedback that \$50 is prohibitive and recommends lowering it further to \$25.

In accordance with Government Code 66016, 66017 and 66018, the specific fees to be charged for certain regulations, services and products must be adopted by resolution, following notice and public hearing. Notice of public hearing has been provided pursuant to Government Code Section 6062a, 66016, 66017 and 66018 and written notice has been provided to those interested parties who filed written requests for mailed notice of meetings on new or increased development-related fees or service charges. Per Government Code Section 66017, the fees may become effective 60 days following City Council approval. The attached Resolution includes an annual Cost of Living Adjustment for the User Fee Schedule, to ensure the fees track with inflation until a subsequent User Fee Study is implemented.

The aforementioned fees, including those listed on Exhibit A, were calculated for Fiscal Year 2024-25, and will escalate on July 1, 2025, in accordance with the Cost of Living Adjustment noted in the Adopted Resolution.

FISCAL IMPACT: The Proposed Fee Schedule has the potential of creating additional General Fund Revenue per year, depending on the volume of User Fees processed.

ATTACHMENTS:

1. Resolution
2. Exhibit A - Amended Fiscal Year 2024-25 User Fee Schedule