

PREPARED BY: ARTURO CASTILLO

DATE OF MEETING: 11/17/2025

SUBJECT:

..TITLE

CONDUCT A PUBLIC HEARING AND ADOPT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO (1) ADOPTING AN UPDATED CITY OF SAN PABLO MASTER FEE SCHEDULE FOR PLANNING, BUILDING, PUBLIC WORKS, COMMUNITY SERVICES, POLICE, AND OTHER CITY-WIDE MUNICIPAL SERVICES; AND (2) ADOPTING AN ANNUAL BUREAU OF LABOR STATISTICS EMPLOYMENT COST INDEX ADJUSTMENT TO MAINTAIN FEES RELATIVE TO INFLATION AS RECOMMENDED IN THE WILLDAN FINANCIAL CONSULTING GROUP FEE STUDY TO BE APPLIED EFFECTIVE JULY 1ST OF EACH FISCAL YEAR BEGINNING JULY 1, 2026

CEQA: This proposed action is not a project as defined by CEQA.

..Label

CITY MANAGER RECOMMENDATION

..Recommendation

Conduct public hearing; adopt Resolution

..BODY

COMPLIANCE STATEMENTS

Continue Best Management Practices, Fiscal Excellence, and Fiscal Transparency is an adopted City Council Priority contained in the adopted Fiscal Year 2025-2027 City Council Priority Workplan, effective April 7, 2025.

CEQA Compliance Statement

This proposed action is not a project as defined by CEQA.

BACKGROUND

The City of San Pablo historically conducts a cost-of-service fee study every four years, with the last comprehensive study of Building, Planning and Public Works fees occurring in 2016, with such fees subsequently adjusted by the City Council pursuant to Resolution 2016-166. By definition, permit fees or user fees are a charge for services provided by a governmental agency to a public citizen or group. In California, several Constitutional laws such as Propositions 13, 4, and 218, State Government Codes 66014 and 66016, Attorney General's Opinion 92-506, and more recently Proposition 26 stipulate that fees charged by local agencies may not exceed the estimated reasonable cost of providing the service for which the fee is charged.

In early 2025, the City of San Pablo contracted with Willdan Financial Services to perform a City-wide User Fee Study that included all City Departments and services. This is the first time in over 15 years the city conducted a collective City-wide User Fee Study. Willdan utilized a "cost analysis" methodology for establishing the proposed new fees. This method includes identifying direct costs, such as staff time spent on the fee-related activity or service, and incorporating indirect costs, such as administrative staff time, materials and supplies to determine fee recommendations. Willdan also conducted a market survey of fees charged by the neighboring cities of El Cerrito, Hercules, Pinole, Pleasant Hill, and Martinez to compare the proposed fees against comparable agencies in the region.

City staff and Willdan Financial Services recommended that the City attempt to achieve 100% cost recovery for the delivery of Planning, Building, Public Works, Community Services, Police, and other City-wide municipal services. Willdan also recommends that the City adopt an annual inflationary factor with its Master Fee Schedule to account for annual cost increases and to minimize the decreases in cost recovery due to inflation until the City conducts its next City-wide fee study. Use of an annual inflationary factor to more appropriately reflect changes in the cost of fee-related activities or services, without having to do a more frequent formal fee study, and is an industry standard. Staff proposes using the “Bureau of Labor Statistics, Employment Cost Index – total compensation for State and local government workers – all workers” to keep pace with inflation due to the cost of government employees, which is largely what affects the cost of City services related to user and permit fees.

Budget, Fiscal & Legislative Standing Committee

On October 29, 2025, the Budget, Fiscal and Legislative Standing Committee, consisting of Vice Mayor Pabon-Alvarado and Councilmember Ponce, received a preliminary review of the City-wide User Fee Study (Study) and new cost methodology from City staff and Willdan. Based on their initial preliminary review, the Standing Committee recommended that the Study proceed with a scheduled public hearing and formal consideration of adjustments to the Master Fee Schedule by the City Council.

City Manager/Staff Recommendation

City staff recommends that the City Council (1) adopt the updated City of San Pablo Master Fee Schedule for Planning, Building, Public Works, Community Services, Police, and other City-wide municipal services; and (2) adopt an annual inflation factor adjustment based on the “Bureau of Labor Statistics, Employment Cost Index – total compensation for State and local government workers – all workers” to be applied effective July 1st of each fiscal year beginning July 1, 2026.

FISCAL IMPACT

The proposed fees in this update are recommended for full cost recovery for the fee-related activity or service with the exception of a limited number of fees in the City’s Master Fee Schedule. The recommended fees could result in approximately \$190,000 in additional General Fund annual revenue.

Implementing the annual Bureau of Labor Statistics Employment Cost index adjustment is a best practice and would appropriately reflect change in the cost of fee-related activities or services while also mitigating the need for conducting more frequent formal fee studies at an additional cost to the city.

ATTACHMENTS:

Att. A - Resolution

Exh. A Recommended City-wide User Fees

Att. B - City-wide Comprehensive User Fee Study Report

Att. C - Public Hearing Notice

Att. D - Proof of Public Notice

Att. E - User Fees Study Presentation