



AGENDA REPORT

Finance Department

DATE:	May 20, 2025
TO:	Mayor Martinez and Members of the City Council
FROM:	Andrea Miller, Director of Finance Mubeen Qader, Deputy Director of Finance Antonio Banuelos, Accounting Manager
Subject:	Master Fee Schedule Update
FINANCIAL IMPACT:	<p>The Master Fee Schedule update adjusts fees to cover the cost of services provided by various City departments.</p> <p>Based on the level of activity in Fiscal Year 2024-25, the proposed fee adjustments would generate additional annual revenue totaling \$373,461, across various departments and funds.</p>
PREVIOUS COUNCIL ACTION:	June 4, 2024 May 20, 2025
STATEMENT OF THE ISSUE:	Sections 2.34.040 (Schedule of fees and service charges) and 13.45.020 (Approval of adjustments by City Council) of the Richmond Municipal Code authorize periodic adjustments to all City levied fees and charges, subject to approval by the City Council. City staff members are requesting the adoption of an Ordinance, creating two new resolutions and adjusting the dollar amount for current Developer Impact Fees as outlined in the proposed Master Fee Schedule.
RECOMMENDED ACTION:	HOLD a public hearing; and INTRODUCE an ordinance (first reading) establishing certain fees for the proposed Master Fee Schedule, and after the second reading of the ordinance, ADOPT a resolution setting the dollar amount for the new fees and adjusting the dollar amount for current fees – Finance Department (Andrea Miller/Mubeen Qader/Antonio Banuelos 510-620-6741).

DISCUSSION:

Section 2.34.040 of the Richmond Municipal Code (RMC) (Schedule of fees and service charges) provides that “The City Manager shall review the fees and charges based upon the review schedule set forth (herein) and shall set and adjust the fees or charges so as to recover up to the ... costs reasonably necessary to provide the listed regulations, products or services.”

Additionally, Sections 13.45.010 and 13.45.020 of the RMC, that was amended by the Richmond City Council at its May 2, 2023, meeting, further provides that

The Director of Finance of the City shall adjust all city-levied taxes, fees and charges provided for in the Richmond Municipal Code on a yearly basis, or as needed, in accordance with any increase or decrease in the Bureau of Labor Statistics Employment Cost Index (ECI), State and Local Government Workers component, during the preceding fiscal year. Additionally, a comprehensive fee study should be conducted at least every five years.

And

Each year, the Director of Finance shall submit to the City Council a report listing all proposed adjustments for approval. No proposed adjustment shall take effect until it is approved by the City Council. The Council may reject, but may not modify, any one or more of the proposed adjustments in any report before approving the adjustments.

USER FEES

On June 4, 2024, City Council adopted the current fees as listed in the Master Fee Schedule (MFS). On May 20, 2025, City Council received a presentation from BerryDunn on the Community Services-Recreation Division’s Fee Study.

This update of the Master Fee Schedule (MFS) adjusts user fees based on the Bureau of Labor Statistics Employment Cost Index (ECI) (Attachment 1). The ECI adjusts for wage rate inflation in local governments. In this update, City staff is proposing to update fees by 3.6 percent for those fees subject to the yearly ECI update. The 3.6 percent corresponds to the change of the ECI from the previous fee adoption date.

The Master Fee Schedule proposed for adoption by the City Council includes the following changes and/or adjustments (Attachment 2 and 3):

- The fee schedule is adjusted to reflect the change in the ECI, as provided in Section 13.45.010 of the RMC. The effective date for fees adjusted by the ECI is 30 days after City Council’s final adoption of the ordinance amendment and adoption of the resolution.
- The Fire Department is proposing two (2) new fees:
 - The “Building Owner (Parent) Permit Fee” is proposed to account for the

time required to inspect buildings. The building owner is responsible for the maintenance and inspections of the fire and life safety systems and fire code compliance for all areas of the property, excluding those that are the responsibility of the tenants. This fee is to be applied to those buildings for which the owner has leased some or all of the building to a tenant.

- The “Fire Hazard Severity Zone Inspection Fee” is proposed to account for the time required to conduct exterior fire hazard inspections required by policy, law, or ordinance or requested by the homeowner.
- The Community Development Department does not have new fees; however, it has updated its section to make the descriptions and layout more straightforward to understand. Additionally, the Traffic Impact Fees are being changed from a per-unit basis to a per-square-foot basis to comply with AB 602. See the AB 602 section below.
- The Subregional Transportation Mitigation Program (STMP) fees included in the Impact Fees section are set by the West Contra Costa Transportation Advisory Committee (“WCCTAC”). The updated rates are effective July 1, 2025. (Attachment 4).
- The Community Services Department will now list the Whittlesey Community Room fee of \$12.50, Per Resolution 17-25, formerly listed under the Library section of the MFS. No fee change is occurring.
- The Recreation Division fees have no proposed changes—they will remain unchanged until City Council provides further direction.

IMPACT FEES – Phase-In Approach

As a reminder, because the approved increases to the Developer Impact Fees were significant, the City adopted a phase-in approach over several years. For non-residential properties, the Developer Impact Fees would be updated over two years. Yearly increases after that would be based on changes to the Employment Cost Index, until the next study is completed in three to four years. For residential properties, the phase-in would be over four years, with the following overall fee study to be completed around year five.

AB 602 Requirements

On January 1, 2022, new requirements went into effect for California jurisdictions implementing impact fees. Among other changes, AB 602 added Section 66016.5 to the Government Code, which set guidelines for impact fee nexus studies. Four (1) key requirements from that section which concern the nexus study are:

- 66016.5. (a) (2) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.
- 66016.5. (a) (4) If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.
- 66016.5. (a) (5) A nexus study adopted after July 1, 2022, shall calculate a fee

imposed on a housing development project proportionately to the square footage of proposed units of the development. A local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.

- 66016.5. (a) (6) Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study.

One key change listed above is the fee calculation methodology for residential properties. Previously, the City of Richmond, like many other cities, calculated the fee based on the number of dwelling units. Going forward, the fee will be on a square-footage basis. The goal here is to be more equitable in that smaller dwellings are charged a lower fee than larger dwellings.

NEXT STEPS:

Due to recent legislation, further technical work is required to justify traffic impact fees by developing a long-term plan demonstrating how the City will expand its transportation resources to mitigate the impacts of new development. Public Works staff are updating a list of traffic projects with one of the City's on-call consultants. This list of projects may include projects that facilitate the movement of traffic, mitigate safety impacts, and/or address the growing requirements for all travel modes consistent with SB 743 (e.g., complete streets, bicycle projects, pedestrian improvements, transit improvements, etc.). City staff will return with proposed updates to the Developer Impact Fees focused on the Traffic Impact Fees.

DOCUMENTS ATTACHED:

Attachment 1 – Master Fee Schedule including Proposed Impact Fees
Attachment 2 – Ordinance
Attachment 3 – Resolution
Attachment 4 – STMP Memo
Attachment 5 – Presentation