



# STAFF REPORT

**TO:** CLAYTON CITY COUNCIL

**FROM:** Dennis Bozanich

**DATE:** April 7, 2026

**SUBJECT:** Authorize the City Manager to Sign Amendment No. 1 to a Contract Signed May 9, 2025 by the City Manager with NBS Government Finance Group Adding a Citywide Fee Study to the Scope of Work, Extending the Contract to September 30, 2026 and Adding \$42,000 for a total Not to Exceed Amount of \$60,000.

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## **RECOMMENDATION**

Staff recommends approval of the contract amendment to include the development of a validated fee study in the current scope of work for a city-wide Costa Allocation Plan. The addition to the scope of work will require an extension of the contract to September 30, 2026 and the additional of \$42,000 to the not to exceed limit.

## **BACKGROUND**

In May 2025, the City Manager signed a contract with NBS to develop a Cost Allocation Plan for the City of Clayton. That contract was not to exceed \$18,000. This amount was in the City Manager's signing authority.

NBS had also provided an estimate of \$40,300 for completing a citywide Fee Study. Staff is recommending that the amended contract include a not to exceed amount of \$42,000 for the Fee Study; a total (CAP + Fee Study) "not to exceed" of \$60,000. The City Council is being asked to approve this amendment because the total amount would now exceed the City Manager's signing authority.

## **ANALYSIS**

The Fee Study, when completed by NBS, will enhance the accuracy and the justification for the fees being charged for a variety of city-provided permits, licenses and rentals. It is worth noting that Proposition 218 (1996) laid out clear definitions that identify characteristics of a "tax" and the required elements of a "fee."

The work to be completed under the amended contract will also review our fee schedule in comparison to other similar cities to identify any possible fee gaps and avoid fee duplication or overlaps. The goal of the Fee Study will be a robust cost analysis that brings the City of Clayton as close to 100% cost recovery as possible.

When completed the Cost Allocation Plan (CAP) will provide the City with an objective

analysis and plan for allocating operational and overhead costs to the various funds including special revenue funds. Organizations with adopted CAPs greatly simplify budget development and increase the transparency for policy makers and residents.

**CEQA**

None

**FISCAL IMPACT**

The cost of the fee study will be built into future permit and rental fees. The cost allocation plan expenditures will be spread across all funds that as part of overhead or administrative charges.