



Agenda Item No: 2.a

## **PLACENTIA CITY COUNCIL AGENDA REPORT**

Meeting Date: July 21, 2026

Submitted by: Gavin Houn

From: Finance

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### **Subject:**

### **PUBLIC HEARING AND ADOPTION OF PROPOSED COMPREHENSIVE FEE AND RATE SCHEDULE**

### **Financial Impact:**

The proposed fee changes as of July 21, 2026, are intended to recover the cost of providing existing services associated with fee-related regulatory functions and other programs.

### **Summary:**

The City of Placentia is responsible for providing a variety of services to its citizens. Services that support the general public, such as public safety services are supported by tax and other non-fee revenues, while services that are more elective in nature and have specific individual beneficiaries are typically supported by user fee charges. User fee-related services are provided by many City departments, but tend to be more heavily concentrated on Planning, Building, Engineering and Community Services. By law, user fees must not exceed the City's cost to provide the service. The City Council can choose to set fees that fully recover the cost of service or place said fees at lower levels that provide a level of subsidy or alternatively reduce costs by reducing the level of service provided.

Annually, the City reviews its fees and makes adjustments to ensure fees are consistent with industry best practices and city processes, account for inflation and may also add new fees resulting from new programs and/or changes in service delivery. This consistent review and adjustment of fees provides multiple benefits, including:

- Increasing the availability of General Fund revenues to be used for services and activities available to all residents and businesses, such as public safety services.
- Keeping pace with general cost inflation.
- Avoiding fee spikes that are more likely to occur when municipalities leave fees unchanged for a multi-year period.
- Providing fee payers, City staff, and City policymakers with a pattern of consistency that provides information for forecasting and decision-making purposes.
- Helping to meet fee-payer service level expectations by collecting fees to fund the existing level of services provided.
- Encouraging generational equity among fee payers by avoiding long-term stagnation of fees followed by significant fee increases.

The City engaged Clear Source Financial Consulting to conduct a comprehensive fee study in 2022. Prior to that, fee studies were completed in 2018, 2012 and 2007. Prior to 2007, the City's fee schedule had not been updated since 1990.

Following Clear Sources' recommendation to review and adjust fees annually, staff proposed an adjustment of applicable fees effective July 1, 2025, by 3.0%, the CPI for All Urban Consumers (Los Angeles-Long Beach-Anaheim, CA) for February 2026.

There were calculation errors in the Master Fee Schedule that was presented and adopted on April 21, 2026, and subsequently implemented on July 1, 2026. The CPI increase for FY26/27 were calculated using incorrect baseline fee information for several fees across different departments. Corrections have been made to the schedule, and if approved, the revised Master Fee Schedule will take effect on September 21, 2026. Other minor amendments to the Master Fee Schedule have also been included, all related to cost recovery for services.

### **Recommended Action:**

It is recommended that the City Council:

1. Open the Public Hearing to consider amending the Placentia Comprehensive Fee Schedule for certain fees, rates, and charges for various City user services; and
2. Receive the staff report, consider all public testimony, and discuss the proposed fees; and
3. Close the public hearing; and
4. Adopt Resolution No. R-2026-51, a Resolution of the City Council of the City of Placentia, California, establishing and adopting certain City fees, rates, and charges for various City services with an effective date of September 21, 2026, for Fiscal Year 2026-27.

### **Strategic Plan Statement:**

This item aligns with Strategic Goal No. 1: Fiscal Sustainability, to ensure long-term financial health by responsibly managing resources, investing wisely, and maintaining a balanced budget that supports high-quality services for the community.

### **Discussion:**

The proposed fees are intended to comply with applicable federal, state, and local laws including providing confirmation that the proposed fees and charges are not a tax as defined in Article 13C of the California Constitution and that the proposed fees are no more than necessary to cover the reasonable costs of the City's activities and services addressed in the fees. Additionally, the manner in which the costs are allocated to a payor bear a fair and reasonable relationship to the payor's burdens on, or benefits received from the activities and services provided by the City.

The City engaged Clear Source Financial Consulting to conduct a comprehensive fee study in 2022. Following their recommendation, staff is proposing an adjustment of all fees by 3.0%, the CPI for All Urban Consumers (Los Angeles-Long Beach-Anaheim, CA) for February 2026.

Amendments proposed to the fee schedule are outlined below, the stated amendments only include items not previously captured and adopted by City Council on April 21, 2026.

### Development Services

Regarding Development Services, there were calculation errors in the Master Fee Schedule

that was presented and adopted on April 21, 2026. The CPI increase for FY26/27 was calculated using incorrect baseline fee information for several fees. Therefore, most of the amendments are related to fixing those calculation errors. However, staff has utilized this opportunity to modernize the Building Division valuation table consistent with jurisdictions throughout Orange County as this has not occurred for multiple years. The Planning Division also included some minor amendments/additions including a \$3,118.00 user fee for "State-Mandated Housing Application Review" which will be consistent with the "Site Plan Review" fee.

#### Community Services

For FY26/27, the April 21, 2026 fee schedule included the addition of fees including "Aquatic Birthday Party Package" for \$300-399, "Adult Soccer League (5v5)" for \$429, "Senior Excursions" ranging from \$35-150, and a revised format for Facility Rentals that is now separated into "Resident, Non-Profit w/Residency, Non-Profit w/o Residency, and Non-Resident" fee formatting. Related to this updated Fee Schedule, Community Services did amend some of their fees for other venues citywide to include the aforementioned "Resident, Non-Profit w/Residency, Non-Profit w/o Residency, and Non-Resident" fee formatting.

#### Public Works

Regarding Public Works fees, there were calculation errors in the Master Fee Schedule that was presented and adopted on April 21, 2026. The CPI increase for FY26/27 was calculated using incorrect baseline fee information for several fees. Therefore, most of the amendments are related to fixing those calculation errors.

#### Placentia Fire and Life Safety Department

Regarding Placentia Fire and Life Safety fees, there were calculation errors in the Master Fee Schedule that was presented and adopted on April 21, 2026. The CPI increase for FY26/27 was calculated using incorrect baseline fee information for several fees. Therefore, most of the amendments are related to fixing those calculation errors.

#### **Financial Summary:**

Additional revenues expected from the Proposed Master Fee Schedule are intended to offset the cost of providing existing services associated with those fee-related regulatory functions and other programs. Changes to fees are for cost recovery purposes only.

#### **Attachments**

[1.CC RES R-2026-51 - Fee Update FY26.27.docx](#)

[1a.Master Fee Schedule - FY26.27 7.21.2026.pdf](#)