



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** NOVEMBER 18, 2025

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** STEPHEN BISE, PE, PUBLIC WORKS DIRECTOR

**PREPARED BY:** JEROME JOAQUIN, PUBLIC WORKS ADMIN. MANAGER  
JUAN ZAVALA, PRINCIPAL CIVIL ENGINEER

**SUBJECT:** NEW AND REVISED PUBLIC WORKS DEPARTMENT  
FEES

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### **SUMMARY**

Consideration to amend the City Fiscal Year (FY) 2025-26 Master Fee and Charges Schedule and add, increase and / or modify Public Works Department Fee Schedule to capture full cost recovery of user fees for services provided.

### **PROPOSED MOTION**

Adopt Resolution No. 2025-XXX.

RESOLUTION NO. 2025-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, APPROVING PUBLIC WORKS FEE SCHEDULE CHANGES AND AMENDING THE CITY OF FULLERTON MASTER SCHEDULE OF FEES AND CHARGES FOR FISCAL YEAR 2025-26

### **ALTERNATIVE OPTIONS**

- Approve the Proposed Motion
- Other motions brought by the City Council.

### **STAFF RECOMMENDATION**

Staff recommends the Proposed Motion

### **CITY MANAGER REMARKS**

None.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

## FISCAL IMPACT

The proposed new fees and fee changes in the Public Works Fee Schedule help achieve a 100% cost recovery for engineering services provided by the City. The General Fund currently subsidizes user fees and the difference in cost between the current cost and the full cost of service delivery. The new and revised fees would increase revenue and reduce General Fund subsidy for engineering services, ensuring the fees accurately reflect the actual cost of delivering these services to the public.

Attachment 3 includes the proposed new fees and Public Works Fee Schedule changes. The new and revised user fees for engineering services would become effective 60 days following adoption of resolution.

## BACKGROUND AND DISCUSSION

Government Code Section 66014 allows the City to recover the full cost of providing development related services. The City adopted resolutions establishing Public Works fees over several years. Staff reviewed fee increases over the past twenty-five years but could not find the last application of a full cost recovery method to the Public Works Fee Schedule. The City implemented minor updates, including introducing and/or removing certain fees, within this twenty-five-year period. The City most recently increased Public Works fees by 10% with Resolution No. 2017-40, adopted on June 6, 2017. The same resolution recommended adjusting fees to prevent the City from further subsidizing such costs.

Cities adopt development user fees to recover the cost for services that provide a specific benefit to the person or entity receiving the service. Examples of development user fees include construction, encroachment and grading permits. The Government Code allows cities to set and control the user fees charged to recover the costs to the extent that the fees do not exceed the reasonable cost for the City to provide the service. Without a full cost recovery approach to City developer user fees, the user receives a subsidy from the City General Fund for the services they receive due to increasing staff and consultant costs versus stagnate fees.

The City costs to provide services include the direct salary and benefits costs associated with the services (personnel costs) as well as other operational labor and materials costs (direct overhead). Cities may also recover indirect support costs relating to local government central service departments allocable to the city operating departments (e.g., human resources, finance, purchasing and liability insurance).

Staff published public notices to satisfy user fee increase noticing requirements pursuant to City municipal code. The City must publish the notice twice (ten days prior and no less than five days after that) and mail notice to anyone who subscribed for mail notices no less than 14 days prior to the meeting. The notice states the City made the fee study available for public inspection prior to the meeting.

### *Fee Study Methodology*

The City retained Willdan Financial Services, a consultant, to provide an Engineering Division development fee study. Staff utilized the consultants' fee model structure to identify full cost recovery. The fee study methodology included the following procedures considered industry standards among local agencies:

1. Review existing Public Works fees and fee structure.
2. Review direct and indirect costs to provide fee development services.
3. Review development fee schedule of other comparable cities.
4. Identify potential increases to development fees taking into consideration full cost recovery.
5. Calculate the total cost of providing each service at the appropriate activity level and in a manner consistent with all applicable laws, statutes, rules and regulations governing public entity fee collection, including, but not limited to, Proposition 218 and Proposition 26.

The study for this fee schedule considered various tasks and workflows associated with the services and applied applicable fully burdened hourly rates and time to perform and deliver such services. In comparison to the full cost of the services, the fee study determined the General Fund heavily subsidized many common services. Attachment 4 provides a summary of fees with a significant discrepancy between the full City cost to provide the service versus the current fee charged by the City.

#### *Other City Fees Analysis*

The following table presents the results of a staff comparison of similar size cities within Los Angeles and Orange County to compare the range of fees.

| Permit/Fee                                     | Fullerton          |                            | Orange<br>(2018) | Whittier<br>(2022) | Yorba<br>Linda<br>(2025) | Tustin<br>(2025) | Garden<br>Grove<br>(2017) |
|------------------------------------------------|--------------------|----------------------------|------------------|--------------------|--------------------------|------------------|---------------------------|
|                                                | Existing<br>(2017) | Proposed<br>(Fee<br>Study) |                  |                    |                          |                  |                           |
| Lot Line Adjustment                            | \$825*             | \$4,086                    | \$2,828          | \$6,524            | \$4,064                  | \$2,937*         | \$1,465*                  |
| Encroachment Permit<br>Processing/Issuance     | \$52               | \$131                      | \$535            | -                  | \$120                    | \$305            | \$50                      |
| Encroachment Permit<br>Driveway (non-arterial) | \$373              | \$806                      | \$755            | \$309              | \$143                    | \$805            | \$260                     |
| Encroachment Permit<br>Sidewalk (25 LF/100 SF) | \$270              | \$806                      | \$755            | \$230              | \$902                    | \$805            | \$260-\$360               |
| Encroachment Permit<br>Curb and Gutter (25 LF) | \$373              | \$806                      | \$604            | \$309              | \$902                    | \$805            | \$260-\$360               |

*\*Note: Initial Deposit or Application Fee, these do not include additional consultant expenses and/or staff time.*

The comparison identifies deficiencies in Fullerton fees. However, comparing fees with other cities proves challenging given the nature of each city with varying employee fully burdened rates, different cost recovery philosophies, the content of the fees, etc. Additionally, other cities have not updated their fees in years accounting the discrepancy

in the comparison. These variations make direct comparisons problematic and a less reliable method for analysis but helps gauge how the City fee schedule compares with other cities.

Staff requests City Council adopt the resolution amending the City Master Fee and Charges schedule for FY 2025-26. City Council approval would set development user fees 60 calendar days after adopting the resolution. Staff also requests City Council consider future adjustments for CPI and other budgeted increases on a recurring annual basis, beginning with the FY 2026-27 budget adoption process. Staff would post the approved Public Works Fee Schedule to the City website upon adoption.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Draft Resolution
- Attachment 3 – Proposed Public Works Fee Schedule
- Attachment 4 – Fee Analysis

cc: Interim City Manager Eddie Manfro