



Agenda Report

Fullerton City Council

MEETING DATE: OCTOBER 21, 2025

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: STEPHEN BISE, PE, PUBLIC WORKS DIRECTOR

PREPARED BY: JEROME JOAQUIN, PUBLIC WORKS ADMINISTRATIVE MANAGER
JUAN ZAVALA, PRINCIPAL CIVIL ENGINEER

SUBJECT: NEW AND REVISED PUBLIC WORKS DEPARTMENT FEE SCHEDULE

SUMMARY

Consideration to amend the City Master Fee and Charges Schedule for Fiscal Year 2025-26 to add, increase and/or modify Public Works Department Fee Schedule in efforts to capture full cost recovery 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 CHANGES TO PUBLIC WORKS FEE SCHEDULE 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 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 changes to existing fees in the Public Works Fee Schedule would achieve 100% cost recovery for engineering services provided by the City. The General Fund subsidizes user fees and 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 charged accurately reflect the actual cost of delivering these services to the public.

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

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 the current 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 introduction and/or removal of certain fees, within this twenty-five-year period. The most recent Public Works fees received a 10% increase via 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 amount of user fees charged to recover the cost of providing the service to the extent the fees do not exceed the reasonable cost for the City to provide the service. Without requiring a full cost recovery method 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 benefit costs associated with providing services (personnel costs) as well as other operational labor and materials costs associated with provision of the service (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 noticing requirements before updating user fees. This requires publication of the notice twice (ten days prior and no less than five days after that) and mailing notice to anyone who requested notices no less than 14 days prior

to the meeting. The notice states the fee study is available for public inspection prior to the meeting.

Fee Study Methodology

The City retained the services of Willdan Financial Services, a consultant, to provide a development fee study for the Engineering Division. Staff utilized the consultant's fee model structure to identify the full cost recovery. The Fee Study methodology includes the following procedures considered industry standards among local agencies:

1. Review existing Public Works fees and fee structure.
2. Review direct and indirect cost of providing fee development services.
3. Review development fee schedule of comparable cities.
4. Identify potential increases to development fees taking into consideration full cost recovery.
5. Ensure calculation of 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 fee collection by public entities, including, but not limited to, Proposition 218 and Proposition 26.

This fee schedule study considered various tasks and workflows associated with the services and applied the fully burdened hourly rates and time to perform and deliver such services. The study determined the General Fund heavily subsidized many common services in comparison to the full cost of the 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 (2018)	Whittier (2022)	Yorba Linda (2025)	Tustin (2025)	Garden Grove (2017)
	Existing (2017)	Proposed (Fee Study)					
Lot Line Adjustment	\$825*	\$4,086	\$2,828	\$6,524	\$4,064	\$2,937*	\$1,465*
Encroachment Permit Processing/Issuance	\$52	\$131	\$535	-	\$120	\$305	\$50
Encroachment Permit Driveway (non-arterial)	\$373	\$806	\$755	\$309	\$143	\$805	\$260
Encroachment Permit Sidewalk (25 LF/100 SF)	\$270	\$806	\$755	\$230	\$902	\$805	\$260-\$360
Encroachment Permit 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 fees in years, hence, the discrepancy in the comparison. These variations make direct comparisons problematic and a less reliable method for analysis but still help gauge where the City fee schedule compares with other cities.

Staff requests City Council adopt the resolution approving the proposed new and/or revised Public Works fees. Development user fees would become effective 60 calendar days after resolution adoption. Staff also requests City Council consider future adjustments for CPI and other budgeted increases on a recurring annual basis, beginning Fiscal Year 2026-27. Staff will post the approved Public Works Fee Schedule to the City website upon adoption.

Attachments:

- Attachment 1 – Draft Resolution 2025-XXX
- Attachment 2 – PowerPoint Presentation
- Attachment 3 – Proposed Public Works Fee Schedule
- Attachment 3 – Fee Analysis

cc: Interim City Manager Eddie Manfro