



**City of Huntington Beach
Proposed FY 2022/23 Budget Adoption**

City Council Public Hearing
June 7, 2022

Presentation Overview

- **FY 2021/22 General Fund Budget Update**
- **Review of Budget Study Session Items**
- **Proposed FY 2022/23 General Fund Budget Review**
- **Proposed FY 2022/23 Capital Improvement Program Budget Review**
- **Master Fee & Charges Schedule Review**
- **Next Steps - Approval of FY 2022/23 Budget Requested**





FY 2021/22 General Fund Budget Update

Economic Overview & Local Budgetary Impacts

- **Economic trends indicate a continued economic recovery from the financial impacts of COVID-19, but a recent decline in GDP signal caution**
 - U.S. real GDP increased **2.3% in Q3 2021, 6.9% in Q4 2021, -1.4% in Q1 2022**
 - Slight decline in the last quarter due to Omicron restrictions in some parts of the country and a scale back of government assistance payments
 - **According to UCLA Anderson Forecast (April 2022) – Orange County**
 - Labor markets and tourism is nearly restored to pre-pandemic levels and is expected to continue with a strong outlook
 - Development surge is expected to continue
 - Housing will face some headwinds due to recent steep price escalation
- **As we emerge from the economic impacts of the pandemic, the City is monitoring recent developments in the economy:**
 - Russia/Ukraine Crisis
 - Inflation & Prices
 - Supply Chain Challenges
 - Rising Interest Rates
 - Labor Shortages



City Budget & Fiscal Position

We are projecting a FY 21-22 surplus with modest surpluses over the next four years as a result of key financial decisions made by City Council and the ongoing recovery from the COVID-19 economic downturn.

- **FY2021-22** is projected to conclude with a \$3.4M surplus
- **Historic Infrastructure Investments in FY2021-22**
 - General Fund transfer to the Infrastructure Fund increased by 130% to \$11.5M.
 - CIP budget increased 57% to \$39.3M
- **Additional One-Time Funding**
 - City received \$29.6M through the American Rescue Plan Act. City Council approved an expenditure plan to invest funds in projects.





Review of Budget Study Session Items

Budget Study Session Held on May 17, 2022

- **Key City Council identified budgetary adjustments to the proposed FY 2022/23 Budget from our Budget Study Session included the following:**
 - 1) American Rescue Plan Act – Administrative Change
 - 2) Review of Projects Requiring Additional Funding – Set-Asides and Project Priorities
 - 3) Circuit Ride Share Program – Continue Program



American Rescue Plan Act

- The \$1.9 trillion American Rescue Plan Act (ARPA) delivered \$350 billion to state, local, territorial, and tribal governments in response to COVID-19.
- Huntington Beach will be receiving \$29.6 million, split into two equal payments:
 - \$14.8 million was received in May 2021
 - \$14.8 million allocation payment is expected in June 2022
- On September 7, 2021, City Council approved an ARPA spending plan.
- Under ARPA guidelines, the City has identified \$52.7 million in lost revenue allowing the City broad latitude to deploy the funds for governmental services.
- Recent efforts on the Federal level have been made to claw back unspent ARPA payments. Those efforts were unsuccessful.
- Based on Council feedback, the ARPA funds is allocated to eligible police and fire personnel costs in the proposed FY 2022/23 Budget to minimize the risk of future claw back efforts.
- General Fund budget savings will be available to fund a newly established Huntington Beach Recovery Reserve to accomplish City Council's priorities approved on September 7, 2021.

Review of Projects Requiring Additional Funding

Description	Funding Source	Amount Funded	Est. Add'l Project Cost	Possible Funding
Downtown Revitalization Improvements*	ARPA / HB Recovery	\$1.75M	\$8.2M-\$17.3M	General
Oak View Library/Community Center Rehabilitation*		\$2M	\$15M-\$20M	Grants/Public Private Partnership
Comprehensive Homeless Response Plan Implementation / Healing Center		\$2.5M	\$50M-\$80M	Grants/Housing
Permanent Supportive Housing / Healing Center		\$2.5M	Combine with Healing Center	Grants/Housing
Carr Park Improvements*		\$355K	\$3.6M	Future Park DIF/Grants
World Skatepark Development*		\$750K	TBD	Public Private Partnership
Major City Facility Upgrade Project		\$3.2M	TBD	Public Private Partnership
Edison Park Improvements*	CIP	\$475K	TBD	Future Park DIF/Grants
Huntington Beach Blufftop Stabilization^		\$400K	\$1M-\$1.5M	Grants
Oil Well Abandonment**^		\$500K	TBD	General

- The projects listed above in most cases cover only the planning phase and will require additional funding for the construction phase of the project.

* Included in FY2022/23 Proposed Budget

^ Funded in Prior Fiscal Year

Possible Funding Sources for Projects

- **Possible Funding Sources for these projects include:**

- Strategic Initiatives Reserves **\$16.5M (General Fund)**
- Proceeds from Prior City Manager Housing Agreement of **\$1.66M (General Fund)**
- CA Superior Court decision in favor of the City related to the dissolution of former RDA **\$5.2M (\$1.5M GF, \$3.7M Housing Fund)**
- Unallocated funds originally allocated to the Talbert Channel Trail Project **\$272K (HB Recovery)**
- State and Federal Grants for Oak View, Healing Center/Permanent Supportive Housing, Blufftop, and Park Projects
- Future Park Development Impact Fee Funding
- Public and Private Partnerships

- **\$19.7M General Fund, \$3.7M Housing Funds, and \$272K HB Recovery Funds**

- **\$78M-\$122M of estimated cost of projects with 4 capital projects with undetermined costs**

- **Based on City Council feedback:**

- Set-aside proceeds from City Manager Housing Agreement **\$1.66M**, and RDA legal proceeds **\$1.5M** in the Strategic Initiative Reserve to fund City Council priorities – total Strategic Initiative Reserve **\$19.7M**
- Set-aside **\$3.7M** in Housing Funds for the Healing Center
- Funding priorities will be discussed further next fiscal year, but Council expressed strong interest in prioritizing the Downtown Revitalization Improvements and Healing Center Projects
- General Fund surplus set-aside in reserves based on the City's Financial Policy (Pension Rate Stabilization, Economic Uncertainties, Infrastructure and Capital Reserves)

Circuit Ride Share Program

- On July 13, 2021, the City launched a Circuit Pilot Program which provides free rides to visitors and residents within Downtown Huntington Beach using the Ride Circuit app
- The pilot program ends on June 30, 2022
- 4-5 HB Circuit all-electric, low-speed, six-seat golf carts

Based on 9 Months of Service:

Monthly ridership range – 6,910 to 10,614

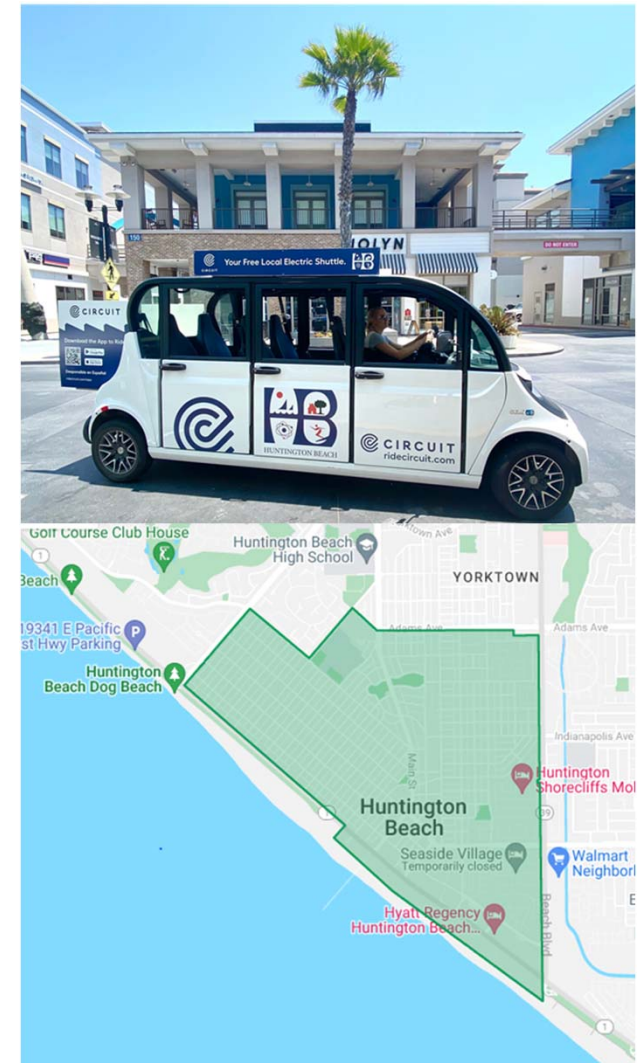
Average monthly ridership - 8,619

Average wait time - 7:44 minutes

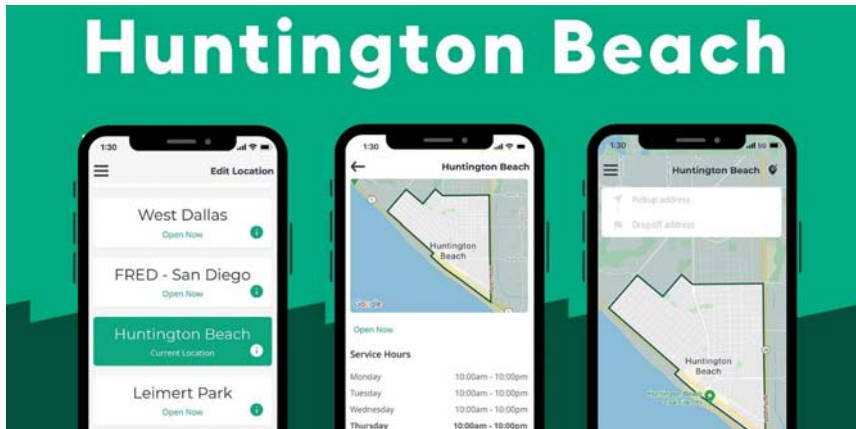
Survey Summary from December 2021 – March 2022

Responses from 742 riders:

- 678 (91%) are HB residents
- 728 (98%) want to keep this service
- 605 (82%) used the service to visit local restaurants and businesses
- Most common response was “it’s free and electric”



Circuit Ride Share Program



Total Contract Cost: \$474,000
Total Cost to the City: \$350,000

2022-2023 Schedule July 1 - June 30

Hours of Operation

Monday: Closed
Tuesday - Thursday: 12pm-9pm
Friday - Saturday: 10am-10pm
Sunday: 10am-9pm

April - October: 5 vehicles, 310 weekly hours
November - March: 4 vehicles, 248 weekly hours

- City will seek to offset costs by pursuing grant funding, private sponsorship, and advertising revenue
- Based on Council feedback, \$350K is included in the FY22/23 Proposed Budget to fund the Circuit Ride Share Program



Proposed FY 2022-23 General Fund Budget Review

FY 2022/23 General Fund Proposed Budget with Changes

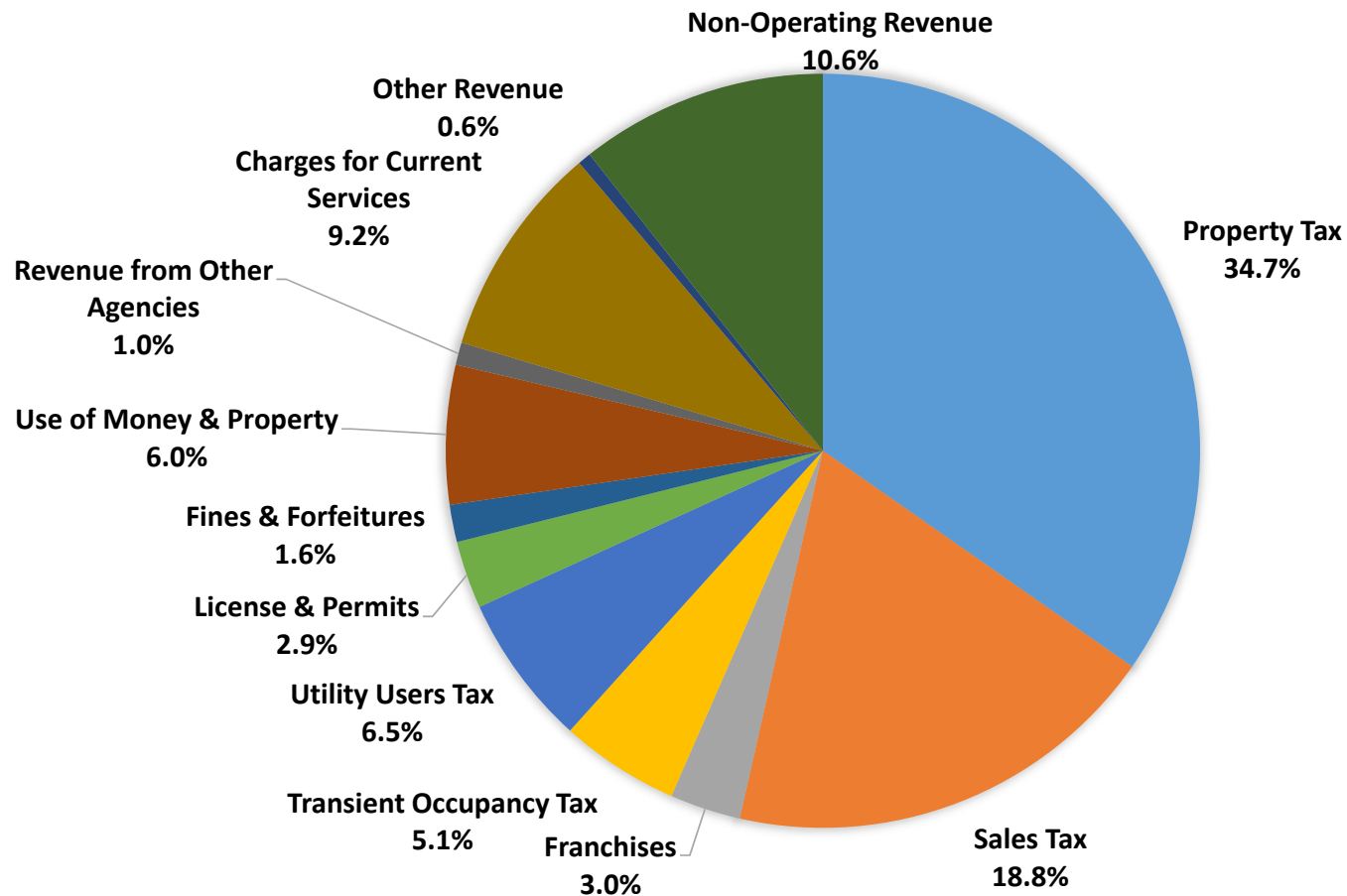
- Proposed FY 2022/23 General Fund Budget based on feedback from City Council Study Session is structurally balanced, with a projected \$690K surplus

General Fund (Fund 100) (in thousands)	Proposed FY22/23
Revenues (Recurring)	\$253,552
ARPA Funds	29,607
Total Revenues	283,159
Personnel Costs	169,892
Operating Costs	48,567
Non-Operating Costs	34,403
HB Recovery Projects	16,135
Total Expenditures	268,997
HB Recovery Reserves	13,472
Surplus	\$690

- Continued Infrastructure Investments in FY2022/23**
 - General Fund transfer to the Infrastructure Fund increased by 17% to \$13.5M
 - CIP budget increased 52% to \$59.7M

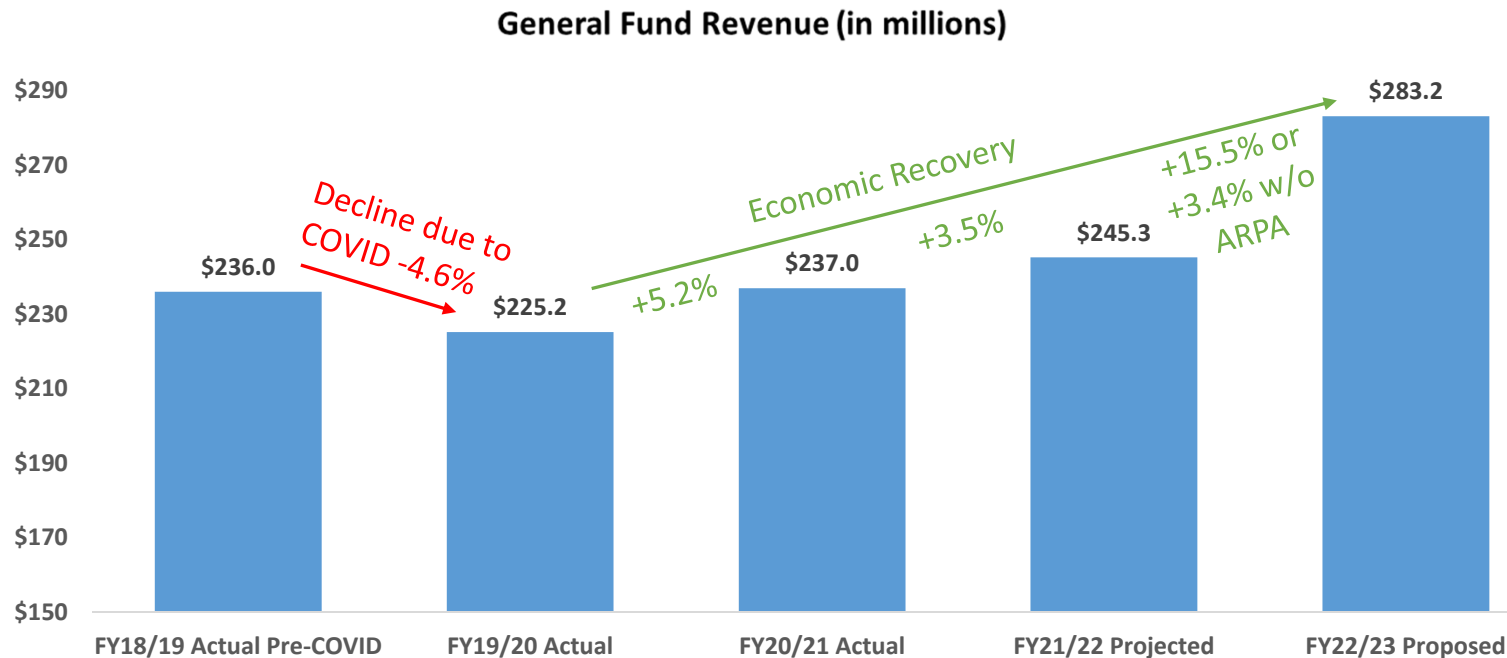


FY 2022/23 General Fund Proposed Revenues - \$283.2M



FY 2022/23 General Fund Budget Revenues - \$283.2M

- General Fund revenues anticipated to increase by \$37.9 million (\$8.3M + \$29.6M ARPA)



FY 2022/23 General Fund Budget Revenues

- **Major revenue variances include:**
 - **Property Tax:** \$98.3 million (5.7% or \$5.3 million increase)
 - Higher assessed valuations as of January 1, 2022 versus prior fiscal year
 - **Sales Tax:** \$53.3 million (2.1% or \$1.1 million increase)
 - Increase due to strong consumer demand across all industry groups and increased prices
 - **Transient Occupancy Tax:** \$14.5 million (8.2% or \$1.1 million increase)
 - Reduced travel restrictions expected to fuel increased local tourism to Huntington Beach, exceeding pre-COVID-19 revenues of \$14 million in FY2018/19
 - **Revenue from Other Agencies:** \$2.7 million (-26.7% or \$1 million decrease)
 - Strike team reimbursements are not included in the FY2022/23 budget, but are included in the FY2021/22 projected revenues
 - **Charges for Current Services:** \$26 million (4.9% or \$1.2 million increase)
 - Primarily attributed to increases in Emergency Medical Services Transports and Billing Rates
 - **Non-Operating Revenue:** \$30.1 million (6,638% or \$29.6 million increase)
 - Recognition of ARPA revenues

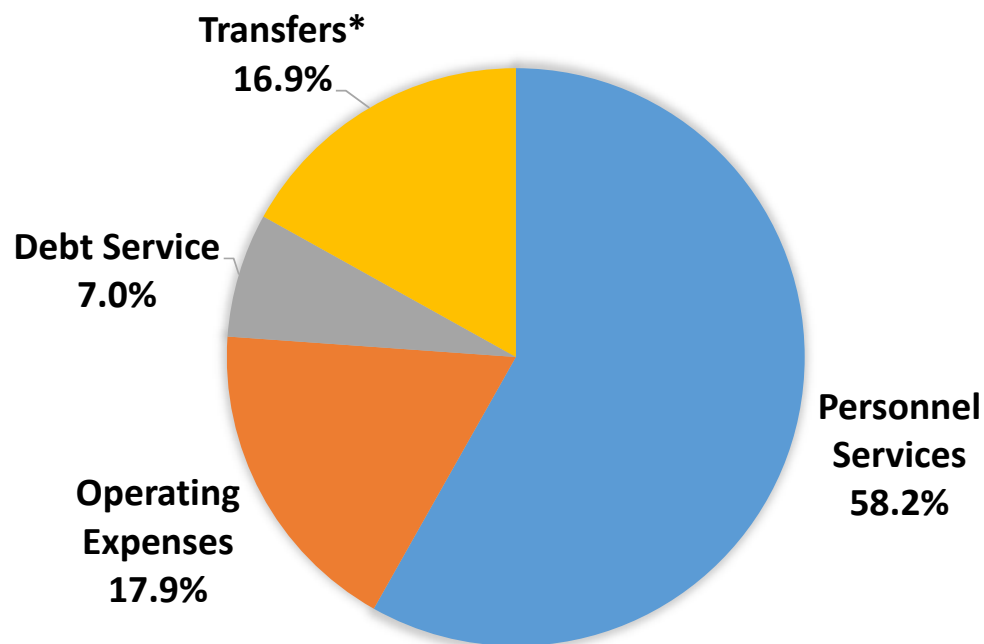
FY 2022/23 General Fund Proposed Revenues

(in thousands)	Projected Revenues FY2021/22	Proposed Revenues FY2022/23	Increase/ (Decrease)	% Increase/ (Decrease)
Property Tax	92,938	98,259	5,321	5.7%
Sales Tax	52,265	53,343	1,079	2.1%
Franchises	8,536	8,604	68	0.8%
Transient Occupancy Tax	13,371	14,471	1,100	8.2%
Utility Users Tax	18,457	18,457	-	0.0%
License & Permits	8,016	8,201	185	2.3%
Fines & Forfeitures	4,516	4,534	18	0.4%
Use of Money & Property	16,807	16,887	80	0.5%
Revenue from Other Agencies	3,712	2,721	(990)	-26.7%
Charges for Current Services	24,820	26,026	1,207	4.9%
Other Revenue	1,368	1,604	235	17.2%
Non-Operating Revenue	446	30,051	29,605	6,637.9%
Total	245,251	283,159	37,908	15.5%



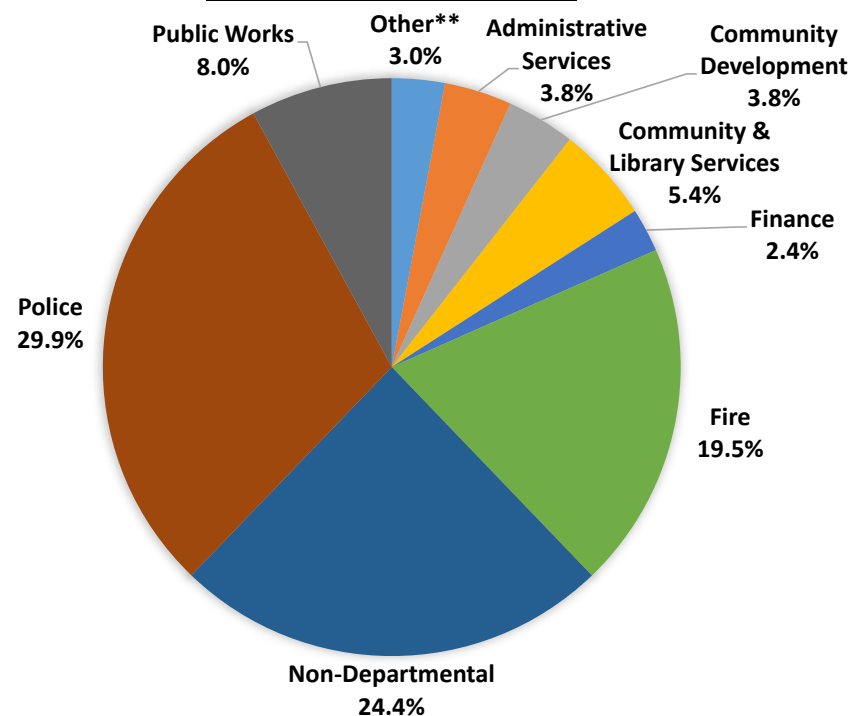
FY 2022/23 General Fund Proposed Expenditures - \$269.0M

USES OF FUNDS



* Transfers include Infrastructure, Equipment, General Liability & Section 115 Trust Transfers, HB Recovery

BY DEPARTMENT



** Other includes City Council, City Manager, City Attorney, City Clerk, and City Treasurer

Recommended FY 2022/23 Authorized Positions

- Staff is proposing 4 new General Fund positions in the FY 2022/23 Budget:

City Clerk Department

- (1) Records Specialist to manage public records requests

City Manager Department

- (1) Executive Assistant to provide administrative support to the City Manager and Assistant City Manager – restore eliminated position
- (1) Social Worker to assist with the growing Homeless caseload within the Homeless and Behavioral Health Division
- Transfer non-sworn Homeless and Behavioral staff from the Police Department to the City Manager's Office

Finance Department

- (1) Accounting Technician II to process accounts payable invoices and serve as a concierge at City Hall – partially restore accounts payable position eliminated as part of SIP



Recommended FY 2022/23 Authorized Positions

- Staff is proposing a net addition of 5 Other Fund positions in the FY 2022/23 Budget:

Public Works Department

Position Reductions (3)

- Eliminate (2) Water Meter Readers and (1) Water Meter Repair Technician due to implementation of the Automated Water Meter Infrastructure.

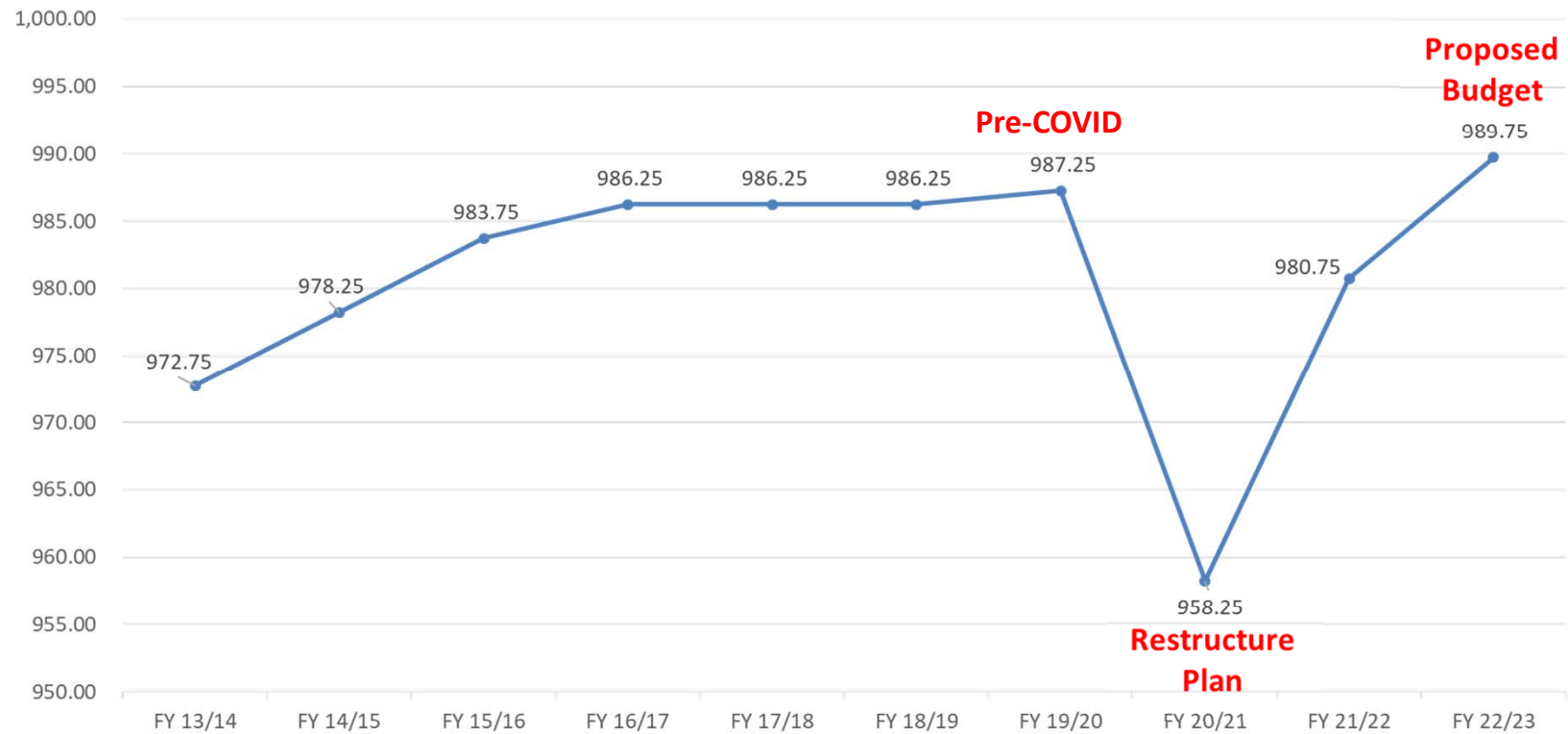
Position Additions (7)

- Add (1) Field Service Representative, (1) Water Distribution Maintenance Leadworker, (1) Water Equipment Operator, (1) Water Systems Technician III, and (1) Water Utility Locator to enhance water system maintenance, focus on air quality mandates and Water Production and Flood Control reporting, and address the high volume of service requests.
- (1) Traffic Maintenance Service Worker to improve traffic signal maintenance response
- (1) Contract Administrator to administer construction contracts within the approved Capital Improvement Program (CIP)

Finance Department

- (1) Senior Accounting Technician in the Finance Department to provide customer service, billing, and system maintenance and implementation support for the City's municipal services team (water, sewer, and trash)

FY 2022/23 Full Time Equivalent – All Funds

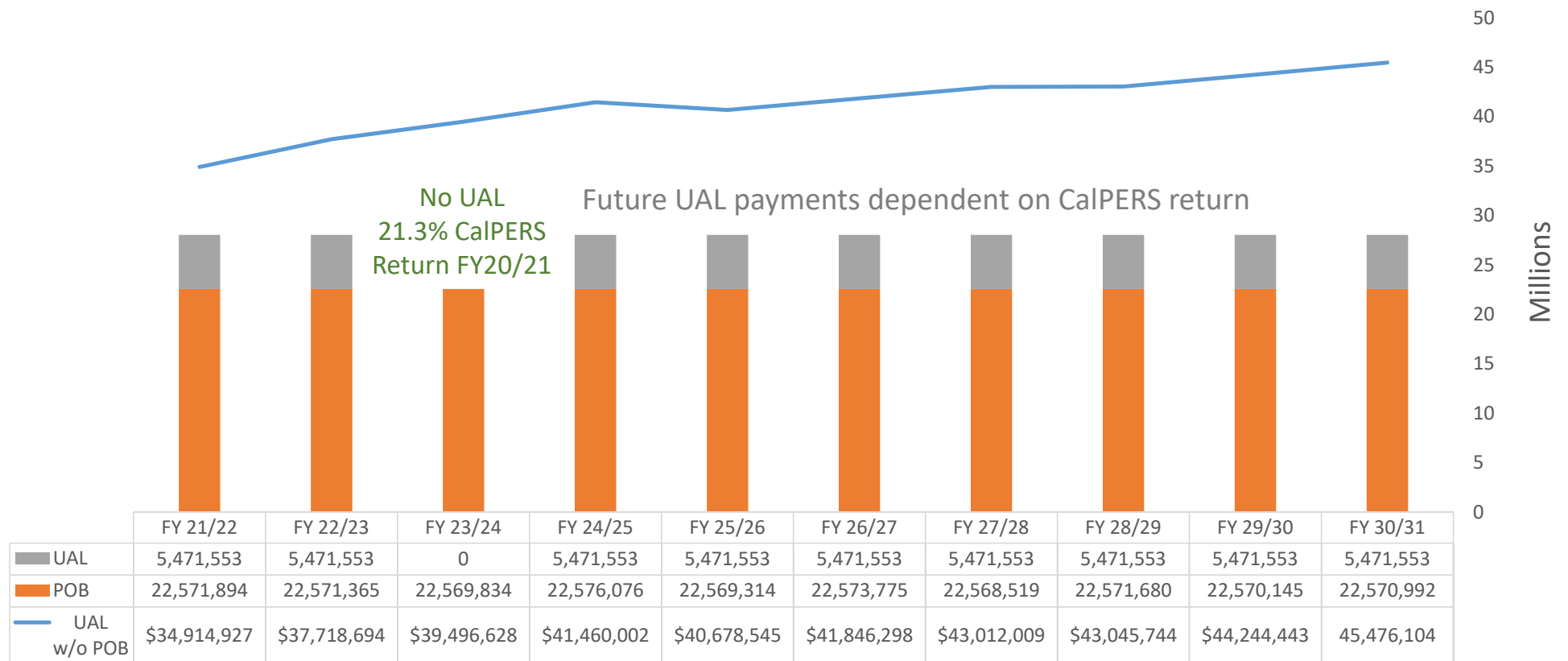


Pension Update

- March 2021, City Council approved refinancing 85% of our pre-existing pension debt at a historically low interest rate of 2.925% allowing the City to **save \$166.7 million** during the next 24-year period
- HB's annual pension payments are anticipated to be up to \$17.4M less than if we did not refinance
- FY22/23 Pension Payment \$28M vs. \$37.7M yielding **\$9.7M Savings**
- CalPERS return in FY20/21 was 21.3%:
 - ✓ CalPERS Funding level 102.8% vs. 76.7% funded
 - ✓ No UAL payment required in FY23/24
- Refinancing will be the better option as long as in the long term CalPERS is able to maintain a market rate of return greater than 2.925% (CalPERS target 6.8%)
- As part of our pension debt refinancing plan, the City also adopted an *Unfunded Accrued Liability Pension Funding Policy* mandating that we set-aside additional funds to payoff any new future pension debt
 - A **\$1.4 million** transfer is included in the proposed FY 2022/23 budget to prefund pension liabilities via our Section 115 Trust

Pension Payment Comparison with and without Refinancing

*Pension Payment Amounts
FY 2021/22 - FY 2030/31*



Financial Outlook

General Fund (Fund 100) (in thousands)	Projected FY21/22	Projected FY22/23	Projected FY23/24	Projected FY24/25	Projected FY25/26
Revenue (Recurring)	\$245,251	\$253,552	\$257,487	\$261,997	\$266,605
ARPA Funds		29,607			
Total Revenues	245,251	283,159	257,487	261,997	266,605
Personnel Costs	164,431	169,892	171,090	173,566	176,032
Operating Costs	43,658	48,567	49,979	51,456	52,960
Non-Operating Costs*	33,767	34,403	35,735	36,339	36,991
HB Recovery Projects		16,135			
Total Expenditures	241,856	268,997	256,804	261,361	265,983
HB Recovery Reserves		13,472			
Surplus	\$3,395	\$690	\$683	\$636	\$622

*Includes Debt Service, Capital Expenditures, and Transfers



FY 2022/2023 Capital Improvement Program (CIP) Review



FY 22/23 CIP BUDGET

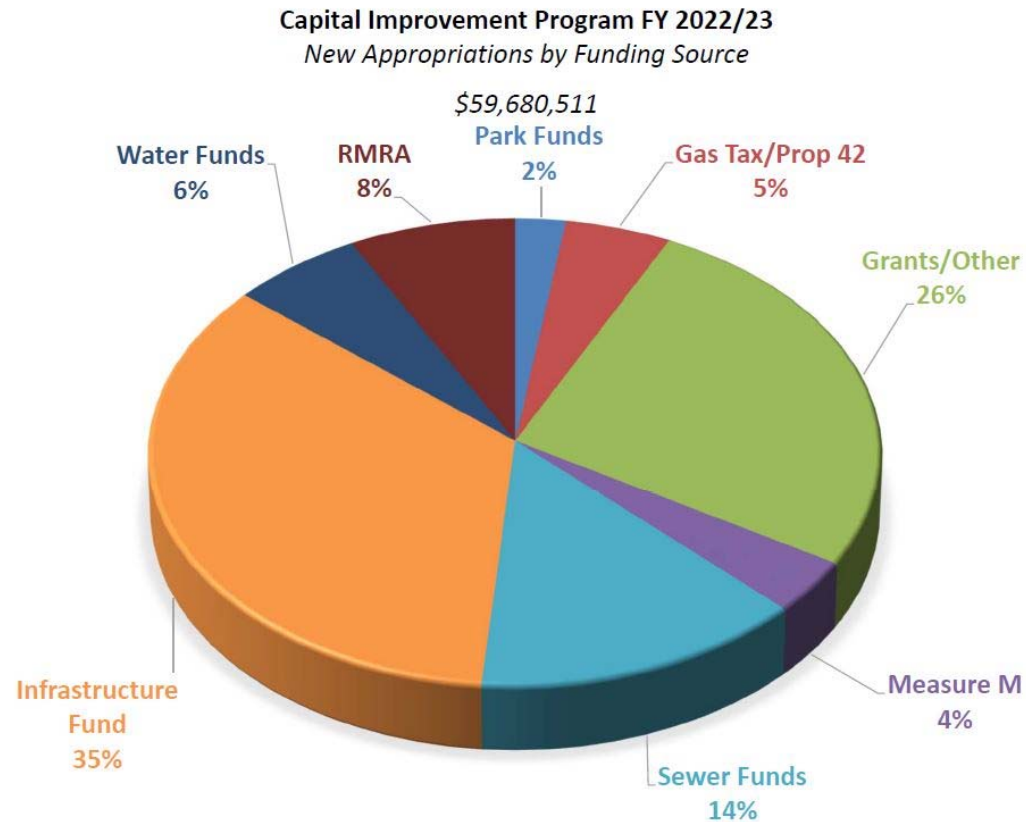
➤ Budget

- New Appropriations: \$ 60 M (\$25M 2 yrs ago)
- Continuing Appropriations: \$ 6 M
- Total \$ 66 M

➤ Funding sources proposed:

- General/Infrastructure Fund
- Enterprise Funds (*Water and Sewer*)
- Special Revenue Funds (*Measure M, Gas Tax, Prop 42, RMRA, AQMD, PEG, Park & PD DIF, Quimby*)
- Grants (*CDBG, Prop 68*)

CIP FUNDING SOURCES



DRAINAGE \$12.8M

- Heil Avenue Storm Water Pump Station \$11M
- Repairs to Channel C6 SC1 \$120k
- Storm Drain PS Building Improvements \$300k
- Storm Drain PS Forebay Improvements \$300k
- Half Round Grates \$300k
- McCallen Storm Drain Trash Removal \$810k



FACILITIES \$10.4M

- Joint Youth Training Center \$2M
- Central Library Children-Teen Concept Plan \$350k
- Oak View Community Center Rehab \$2M
- Civic Center UST Replacement \$1.2M
- Civic Center Generator and Main Switchgear \$1.4M
- Roof Replacement City Yard Bldg “A” \$155k
- City Hall Space Planning and Office Improvements \$158k



FACILITIES (Cont.)

- PD Heliport Hangar (Design) \$200k
- PD Comm. Center Remodel \$1.2M
- PD Traffic Office Remodel \$415k
- PD Women's Locker Room (Design) \$145k
- Replace R22 AC Equipment \$165k
- World Skatepark Development Planning \$750k
- Oil Production Abandonment \$250k



NEIGHBORHOOD \$4.2M

- Residential Curb Ramps \$665k
- Residential Overlay \$3.5M



PARKS AND BEACHES \$3.2M

- Huntington Bluffs Stabilization Project \$400k
- Carr Park Improvements (Design) \$355k
- Edison Park Reconfiguration (Design) \$475k
- Sports Complex LED Lighting Retrofit \$430k
- Huntington Central Park Slater Playground Equipment \$475k
- Marina Park Reconfiguration (Design) \$440k
- Pattinson Park Playground/Picnic Area Improvements \$625k



SEWER IMPROVEMENTS \$8.2M

- Sewer Lift Station Improvements \$4.9M
- Sewer Lining – Various Locations \$1.4M
- Edinger Sewer, Murdy Channel \$1.9M



STREETS & TRANSPORTATION (CONT.)

Condition	PCI Range
Very Good	(86-100)
Good	(75-85)
Fair	(60-74)
Poor	(41-59)
Very Poor	(0-40)

Rank	Fiscal Year								
	2003	2006	2008	2010	2012	2014	2016	2018	2020
MPAH	54.1	64.2	69.7	73.4	76.4	76.5	74.7	76.1	80.2
Local	68.1	64.0	62.6	71.6	72.1	78.7	77.6	76.5	77.2
Citywide	63.1	64.1	65.1	72.3	73.5	77.9	76.7	76.4	78.9

STREETS & TRANSPORTATION \$17.5M

- Arterial Rehabilitation \$6.2M
- Arterial Beautification \$1M
- Downtown Revitalization Improvements \$1.8M
- Downtown Street Lighting \$650k
- Fiber Optic Projects \$1.1M

(Garfield, Gothard, Central Library, Bella Terra PD Substation)

Arterial Rehab – Before



Arterial Rehab – After



STREETS & TRANSPORTATION (CONT.)

- Heil Fire Station Signal Improvements \$290k
- TS Synchronization – Bolsa \$20k
- Bridge Preventive Maintenance Program \$500k
- Bridge Rehabilitation \$3.8M
- Goldenwest Median Turf Replacement \$175k
- Citywide Mobility and Corridor Improvements \$2M



WATER IMPROVEMENTS \$3.3M

- Water Well No. 9 Roof Redesign Project \$468k
- Water Well No. 4 Facility Upgrades \$1.5M
- Water Main Replacement Projects \$1.25M
- Water Production Building Rehabilitation \$83k





Master Fee and Charges Schedule Review

Background

- March 1, 2022 - City Council directed staff to review the Master Fees and Charges Schedule and review the results with the Finance Commission for recommendation prior to City Council Consideration.
- March to May - Finance staff worked with the City's fee consultant and other departments to develop recommended fee adjustments based on CPI adjustments and market rate analysis
- May 25, 2022 – After extensive review and discussion, Finance Commission voted to recommend staff's proposed fee adjustments with modifications to City Council
- June 7, 2022 – Review fee adjustment recommendations with City Council for consideration



Background

- The City maintains a Master Fee and Charges Schedule identifying applicable fees and charges for various City service
- Fees are reviewed and updated periodically
 - The City last completed a comprehensive fee study in 2016 based on FY 2014/15 budget and financial data
 - Since then, certain fees were added to implement new programs (e.g., Air Show, Short-Term Rentals) or changed based on market analysis and department feedback
- Communities primarily use tax revenues to fund services that provide community-wide benefits.
 - Public Works, Public Safety, Park maintenance
- Communities use fees and charges (direct recovery) to fund services that provide a direct benefit, such as:
 - Plan review, Permitting, Inspection

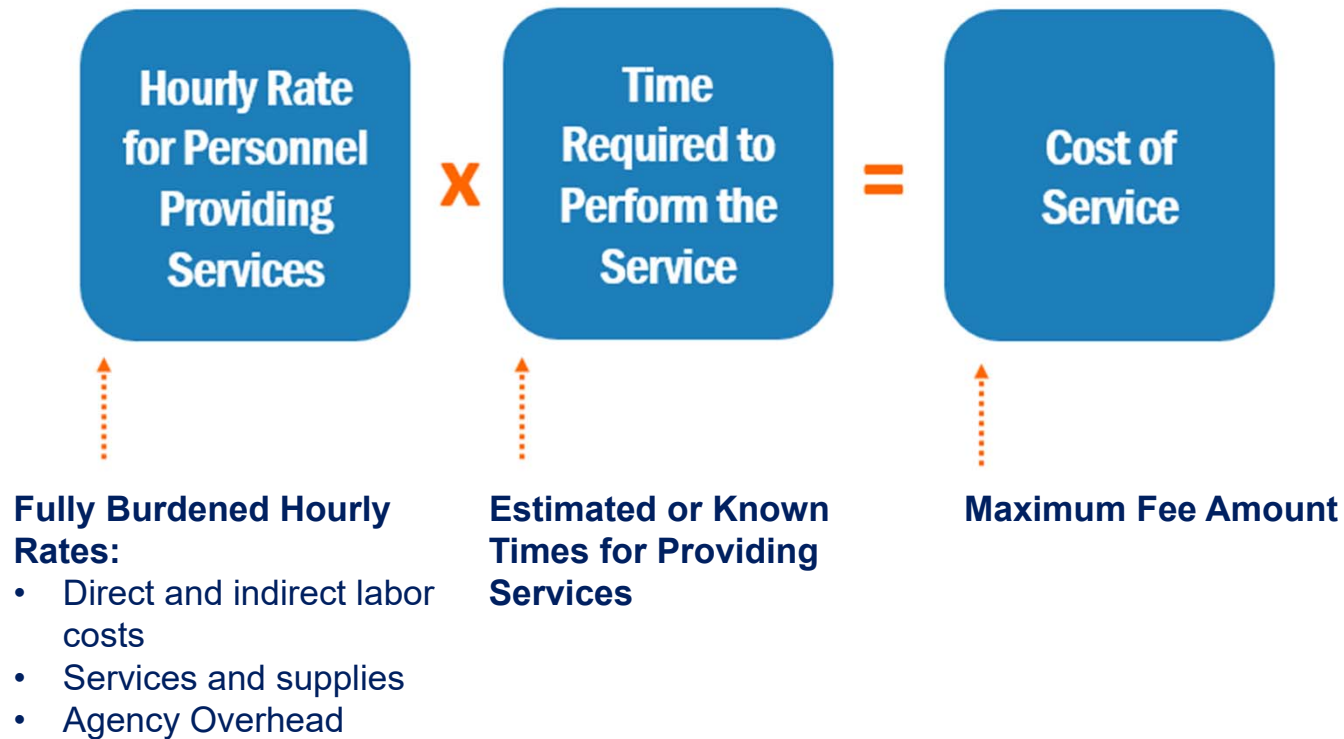
Background

- Since 2016, regional inflation has increased by 19%
- Cities throughout the State face inflationary pressures for labor-related and operating costs
 - California minimum wage has increased by 50% since 2016
 - Insurance and utility costs continue to rise
- A best practice in government finance is for cities to perform a comprehensive fee study update every three to five years
- For FY 2022-23, staff recommends adjusting most development and operational permit fees by 5.93%
- Minimal inflationary adjustments are proposed for Library and Community Services hourly rates only
- Non-inflationary changes to certain department fees are also proposed

Municipal Fees in California

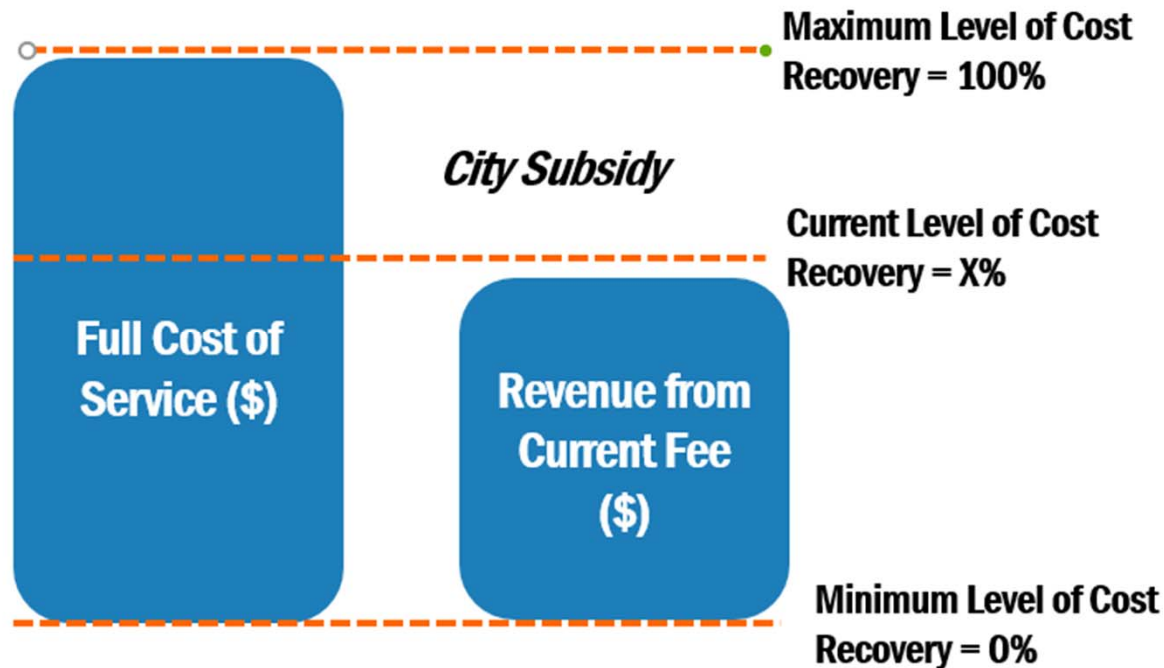
- Why do cities charge fees for services?
 - To recover costs for services provided to individuals for which there is no benefit to the greater general public
 - Enable continuity of service levels by improving cost recovery levels
- Periodic reviews ensure user and regulatory fees are set according to the costs of service
 - User fees must be linked to and not exceed the estimated reasonable cost of service
- The full cost of services sets the maximum limit of a cost-based fee
 - Direct program costs for labor, services, and supplies
 - Facilities overhead
 - Departmental administration
 - Citywide administration and central support services
- Generally, fees from users of one program may not be used to pay for costs incurred to serve users of a different program

Cost of Service



Cost of Service

The program's full cost of service that is supported by other City's revenue sources (typically the General Fund)





Fee Recommendations

Proposed Fee Schedule Updates for FY 2022/23

- Update fees by 5.93% to adjust for inflation
 - This adjustment is significantly less than the change in CPI of 19% (2016-2021)
 - Projected reduced General Fund subsidy: \$301K
- Other refinements to the Master Fee and Charges Schedule to better align certain fees and charges with services provided
- Finance Commission voted to recommend the Proposed Fee Schedule with Commission's modifications on May 25, 2022



Fee Schedule Update – Fire

Proposed Change – Restructure Fire/Life Safety Inspection Fees

- Implement a new self-inspection fee (F-99) for extra-low risk occupancies
 - A nominal fee of \$15 would be charged to cover the cost of managing the program
 - Approximately 2,100 businesses would be eligible to participate
- Streamline the fee schedule for fire and life safety inspections and change fee to include one inspection and charge for re-inspections
- The transition to select low-risk self-inspections would allow Fire staff to focus more time on other critical duties such as fire suppression response training, pre-planning to map hazards and risks, and community risk reduction
- Realigning the program would result in an estimated \$1,900 decrease in cost recovery



Fee Schedule Update – Fire

Proposed Change – Restructure Fire/Life Safety Inspection Fees (continued)

- Add a fee (F-262) for late submission of Inspection, Test, and Maintenance (ITM) reports to increase the compliance rate for fire system maintenance (\$15/month)
- Businesses will receive automated notifications beginning 30 days in advance of the due date and the late fee will be assessed once the report is 90 days overdue
- A similar fee is assessed for annual Hazardous Material Business Plan submissions, which has resulted in a 95% compliance rate
- Currently, 42% of businesses have overdue ITM reports
- The fee is expected to increase compliance to 95% and provide annual increased fee recovery of \$24,900



Fee Schedule Update – Fire

Proposed Change – Restructure Fire/Life Safety Inspection Fees (continued)

Current Fee Schedule		
	Description	Fee
F-99	Up to 750 sq. ft	\$ 72
F-100	751 - 2,500 sq. ft	108
F-101	2,501 - 5,000 sq. ft.	200
F-102	5,001 - 25,000 sq. ft.	320
F-103	25,001 - 50,000 sq. ft.	563
F-104	Over 50,000 sq. ft.	724
F-105	Repeat inspection//violation notice	80
<i>High Rise Inspections</i>		
F-121	7 Stories (base fees)	2,900
F-122	Per floor above 7 stories	223
<i>Junior Lifeguard Program Fees</i>		
F-142	Resident Fees Charged	605
F-143	Non-Resident Fees Charged	635
F-143.3	Sand Crab (resident and non-resident)	150

Proposed Fee Schedule		
	Description	Fee
F-99	Self-inspection Report	\$ 15
F-100	Up to 2,000 sq. ft.	108
F-101	2,001 - 10,000 sq. ft.	280
F-102	Over 10,000 sq. ft.	400
F-262	ITM Late Fee (per month)	15
<i>High Rise Inspections</i>		
F-121	7 Stories (base fees)	Actual Cost*
F-122	Per floor above 7 stories	Actual Cost*
<i>Junior Lifeguard Program Fees</i>		
F-142	Resident Fees Charged	556
F-143	Non-Resident Fees Charged	583
F-143.3	Sand Crab (resident and non-resident)	159

* F-252 Fire Prevention Hourly Rate

- Minor revisions to Central Net Training Center User Fees are also proposed to align fees with training programs administered at the Center
- Reduction in fees for residents and non-residents for the Junior Lifeguard program are also proposed



Fee Schedule Update – Public Works

Proposed Changes

- Revise the Fire Hydrant Flow Analysis fee (PW-9) from a deposit-based fee to actual hourly rate
 - This administrative change would reduce the number of refunds issued
 - Hourly Rate for the Engineering division (PW-77) would be used to calculate the fee
- Revise Utility Company Encroachment Permit fee (PW-22) to eliminate the “Encroachment Permit Expired” fee of \$119
 - No longer applicable as the permit may be continuously renewed as long as the license and insurance remains current
- Proposed revisions are administrative only (cost neutral)



Fee Schedule Update – Community Development

Proposed Change – Eliminate Outdoor Dining Fees PL 106 & 107

- License Agreement Use Charge (PL 106) is considered “rent,” not a fee
 - Current annual rate of \$0.01/sq ft was set in the 1990s and is well below market rates
 - Similar fees charged by other coastal cities are location-based and range from \$1-7.05/sq ft per month
 - Rent charges will be brought to City Council at a future date to set rent charges to be included in License Agreements
 - Fee is unrelated to the Temporary Emergency Use Permit established during the COVID-19 pandemic for the City’s Open Air Dining Program



Fee Schedule Update – Community Development

Proposed Change – Eliminate License Agreement Code Enforcement Fee (PL 107)

- License Agreement Code Enforcement Fee (PL 107) is used for complaint-driven inspections
 - Current rate is \$4/sq ft
 - Utilizing established Code Enforcement fees (CE-10 to CE-14) will more accurately cover staff time to review and investigate complaints



Fee Schedule Update – Community Development

Proposed Change – Revise Building Inspection Fees

- Plan check consultants charge the City a percentage of the plan check fee (~70%)
- Consultants have noted the cost spent on plan review far exceeds the fee collected
- Current fees are significantly lower than comparable surrounding cities

EXAMPLE: Fees for 2,500 sq ft Building valued at \$300,000				
	Building Inspection Fees (B-2)	Planning Plan Check Fees (PL-95)*	Building Plan Check Fees (B-3)**	Total
Huntington Beach (current)	\$ 2,164	\$ 995	\$ 1,320	\$ 4,479
Anaheim	1,580	323	2,577	4,480
Huntington Beach (proposed)	2,400	1,104	1,464	4,968
Long Beach	3,039	900	1,520	5,459
Costa Mesa	3,463	N/A	2,251	5,714
Newport Beach	3,648	520	2,837	7,005
County of Orange	5,490	N/A	3,569	9,059

* 46% of total Building Inspection Fee (B-2)

** 61% of total Building Inspection Fee (B-2)



Fee Schedule Update – Community Development

Proposed Change – Revise Building Inspection Fees

EXAMPLE: Fees for Building valued at \$2,001 - \$25,000				
	Building Inspection Fees (B-2)	Planning Plan Check Fees (PL-95)*	Building Plan Check Fees (B-3)**	Total
Huntington Beach (current)	\$ 295	\$ 180	\$ 136	\$ 611
Huntington Beach (proposed)	404	186	246	836
County of Orange	508	N/A	330	838
Costa Mesa	703	N/A	268	971
Long Beach	450	310	225	985
Anaheim	572	323	351	1,246
Newport Beach	836	208	642	1,686

* 46% of total Building Inspection Fee (B-2)

** 61% of total Building Inspection Fee (B-2)

- Projected Annual Increased Cost Recovery: \$324,000



Fee Schedule Update – Community & Library Services

Proposed Change – Revisions to Facilities Cancellation Fee, Camp HB, and Senior Outreach Center

- Facility Reservation Cancellation Fee: \$10 to \$25
- Senior Outreach Center: added rental rates for Residents, Non-Residents, and Commercial categories in preparation of the facility opening
- Adjustments to Camp Charges
 - Camp HB: Proposed increase from \$175/week to \$180-200/week
 - Fees for similar programs offered by Costa Mesa and Irvine are \$220 and \$249 per week
 - Addition of Camp HB Extended Hours charge: \$35-50/week
 - The proposed ranges would phase in over multiple years
 - Proposed changes would take effect beginning Summer 2023
- Projected Annual Increased Cost Recovery: \$9,000



Fee Schedule Update – Community & Library Services

Proposed Change – SANDS CLS Services Guide Advertising Rates

Description	Current	Proposed
Back Cover	\$ 3,500	No change
Inside Front Cover - full page	3,200	No change
Inside Back Cover - full page	2,800	3,200
Full Interior	2,000	3,000
1/2 page	1,200	1,500
1/4 page	800	1,000
1/2 page (B & W, Horizontal)	800	
1/4 page (B & W, Vertical)	500	
Inside Front Cover - 1/2 page	N/A	1,600
Inside Back Cover - 1/2 page	N/A	1,600

NEW

NEW

- Advertising rates were last adjusted in 2016
- Proposed rates would offset increased color printing costs
- Projected Annual Increased Cost Recovery: \$10,000



Fee Schedule Update – Community & Library Services

Proposed Change – Sunset Vista RV Campground Daily Rates

- Adjust rates to reflect increased demand on weekends and holidays
- Holidays: week of Thanksgiving and Christmas, Veterans Day, Martin Luther King Jr. Day, Presidents Day, and Memorial Day
- Modify the existing Reservation Cancellation Fee of \$25 for cancellations less than 30 days to 2-day notification to align with other campground standards
- Addition of Site Lock Fee of \$5/night
 - Allows campers to lock their space for best view or to be near family/friends for an improved camping experience
- Facility Improvements: lot repaved as part of the FY 2021/22 CIP, new electrical hookups, Wi-Fi access
 - New, user-friendly reservation system to be implemented in July 2022



Fee Schedule Update – Community & Library Services

Proposed Change – Sunset Vista RV Campground Daily Rates

Sunset Vista Daily Rates Winter Camping (Oct 1 - May 31)		
	Current	Proposed
Recreational Vehicle (RV) plus Auto	\$70/day	\$75/day Sun-Thurs
		\$85/day Fri & Sat/Holidays*
Senior (62+)	\$60/day	\$65/day Sun-Thurs
		\$75/day Fri & Sat/Holidays*
With Disabled Person (DP) Placard	\$60/day	\$65/day Sun-Thurs
		\$75/day Fri & Sat/Holidays*
Reservation Cancellation Fee (>2 days prior to arrival date)	N/A	\$ 25 NEW
Reservation Cancellation Fee (2 or less days prior to arrival date)	N/A	First Night's Daily Rate NEW
Reservation Fee	\$ 10	
Reservation Cancellation Fee	\$ 25	
(for cancellations less than 30 days)		
Space Lock Fee	N/A	\$5/day NEW

*Holiday Rates

Thanksgiving Week (Sunday preceding Thanksgiving through Saturday night following Thanksgiving)

Christmas Week (day preceding Christmas through New Year's Eve)

Day preceding Veterans Day (observed), Martin Luther King Jr. Day, Presidents Day, Memorial Day

- Projected Annual Increased Cost Recovery: \$73,000



Fee Schedule Update – Summary

Summary of Proposed Changes to the Master Fee and Charges Schedule (by Department)

Department	Inflationary Adjustments	Non-CPI Adjustments*	New Fees	Reduced Fees	Fees Remaining Unchanged	Total by Department
City Clerk	2	-	-	-	6	8
City Manager	24	-	-	-	5	29
Community & Library Services	3	10	11	-	374	398
Community Development	203	8	-	2	54	267
Finance	42	1	-	-	17	60
Fire	145	16	9	2	89	261
Information Services	-	-	-	-	1	1
Police	12	-	-	-	30	42
Public Works	73	1	-	-	27	101
Total	504	36	20	4	603	1167

* Includes recalibration, restructure, pass-through, and market rate adjustment.

- 43% of total fees are adjusted for inflation, and have not been adjusted since the adoption of the Fee Schedule in 2016
- 52% of total fees will remain unchanged



Fee Schedule Update – Summary

Summary of Proposed Changes to the Master Fee and Charges Schedule (by Typical Fee Payer Category)

Typical Fee Payer	Inflationary Adjustments	Non-CPI Adjustments*	New Fees	Reduced Fees	Fees Remaining Unchanged	Total by Fee Payer
Business or Organization	108	10	4	-	90	212
Business or Individual	4	-		-	3	7
Business or Other Public Agency	-	10	8	-	65	83
Developer	-	-	-	-	1	1
Developer, Contractor, Business, or Individual	335	9	-	2	71	417
Developer, Contractor, or Business	29	-	-	-	-	29
Individual	9	5	7	2	227	250
Individual or Business	-	-	-	-	12	12
Individual or Organization	16	1	-	-	34	51
Individual, Organization, or Business	-	1	1	-	26	28
Organization	-	-	-	-	73	73
Other Public Agency	3	-	-	-	1	4
Total	504	36	20	4	603	1167

* Includes recalibration, restructure, pass-through, and market rate adjustment.

- The fees paid by developers, contractors, businesses, or homeowners with proposed adjustments are primarily building and planning fees for permitting of new construction or modifications to existing structures

Fee Schedule Update – Summary

- The intent of these adjustments is to reflect the gradual increase of costs due to inflationary pressures.

Proposed Master Fee and Charges Summary	
Department	Decrease in City Fee Subsidy
CPI Adjustment of 5.93%	\$ 301,000
Fire	23,000
Community Development	324,000
Community & Library Services - Programs	9,000
Community & Library Services - SANDS	10,000
Community & Library Services - Sunset Vista	73,000
Total Estimated General Fund Savings	\$ 740,000

- If the Master Fee and Charges Schedule is amended as proposed, General Fund expenditures subsidizing these fees would decrease by \$740,000 and provide a corresponding increase in available discretionary General Fund revenue to be used for capital projects, equipment, and other City Council priorities.

Fee Schedule Request for Council Direction

- Request for Council direction on the Proposed Fee Schedule recommended by Finance Commission. Options include the following:
 1. Approve the Proposed Fee Schedule recommended by Finance Commission
 2. Approve the Proposed Fee Schedule recommended by Finance Commission with City Council modifications
 3. Do not approve changes to the Fee Schedule at this time
- If approved, the proposed fee adjustments for Community and Library Services would take effect July 1, 2022. All other proposed fee adjustments would be effective August 8, 2022.
- FY2022/23 Proposed Budget does not include the \$740K recommended updates to the Fee Schedule



**Next Steps -
Approval of FY 2022/23
Budget Requested**

City Council Approval Requested

- City Council approval of the proposed FY 2022/23 budget is requested
- Key budget components include:
 - 1) Structurally balanced FY 2022/23 spending plan - \$690K General Fund surplus
 - 2) Continued investment in infrastructure
 - General Fund transfer to the Infrastructure Fund increased by 17% to \$13.5M
 - CIP budget increased 52% to \$59.7M
 - 3) American Rescue Plan Act – administrative change
 - 4) Set-aside \$1.66M CM Housing Agreement & \$1.5M RDA legal proceeds in Strategic Initiative Reserves
 - 5) Set-aside \$3.7M RDA legal proceeds in Housing Funds for the Healing Center
 - 6) Circuit Ride Share Program – continue program
 - \$350K is included in the FY22/23 Proposed Budget to fund the Circuit Ride Share Program
 - 7) Master Fee and Charges Adjustments
 - Finance Commission proposed fee adjustments would increase cost recovery by \$740K

