

season (Memorial Day weekend through Labor Day) depending on location, and \$2.25 per hour during the off-peak season. Increasing the hourly parking rates by \$1-1.25 during peak season and \$0.75 during the off-peak season is anticipated to generate an additional \$2.7 million in General Fund revenue annually.

Financial Impact:

This action will result in annual additional All Funds and General Fund revenue of \$5.1 million and \$4.7 million, respectively.

Recommended Action:

A) Adopt Resolution No. 2023-21, "A Resolution of the City Council of the City of Huntington Beach Adopting An Updated Master Fee And Charges Schedule By Amending Resolution No. 2016-59, As Amended By Resolution Nos. 2017-28, 2017-44, 2017-46, 2018-01, 2018-29, 2018-48, 2018-55, 2019-07, 2019-19, 2019-87, 2020-37, 2021-17, 2021-18, 2021-36, 2021-78 and 2022-35, Which Established A Consolidated Comprehensive Citywide Master Fee And Charges Schedule (Supplemental Fee Resolution No. 17);" and,

B) Approve for introduction Ordinance No. 4292, "An Ordinance of the City of Huntington Beach Amending Chapter 10.60 of the Huntington Beach Municipal Code Relating To On-Street Parking Meter Zones"

Alternative Action(s):

Provide alternate direction regarding any of the proposed changes to the Master Fee and Charges Schedule and Ordinance No. 4292

Analysis:

Local government operations are primarily funded from taxes, user fees and charges, fines, and grants. The City of Huntington Beach charges fees for providing various services and programs that provide a direct benefit to individual residents, businesses, and visitors. These fees include plan review, permitting, inspection, and many other services.

The City's current Master Fee and Charges Schedule was approved in 2016 based on FY 2014/15 budget and financial data. Typically, a cost of service study is anticipated to be completed every three to five years with incremental updates occurring in the years in between comprehensive studies. This update represents an interim year update with minor, incremental, changes proposed that incorporate direction received after adoption of the City's current schedule of fees.

During interim years (i.e., during years in between comprehensive fee studies) the City Council has authorized inflationary adjustments to fees. The inflationary adjustments are based on the annual percentage change in the all-urban Consumer Price Index for All Urban Consumers, Los Angeles-Long Beach-Anaheim, CA (CPI).

Staff anticipated making inflationary adjustments to fees over the last several years; however, due to the economic challenges caused by the COVID-19 pandemic, the City Council determined to leave fees unchanged for 2020 and 2021. As these challenges lessened in Fiscal Year 2022/23, most development and operational permit fees were increased by 5.93% based on the CPI at the time. The proposed update outlined in this report represents an interim year update with minor, incremental changes that incorporate recent changes in CPI and direction received since adoption of the City's

current schedule of fees in June 2022.

The purpose of the updates is to avoid continued reductions in cost recovery that will occur if fees remain unchanged while costs continue to rise. When a fee is set at less than full cost recovery, another City revenue source (typically the General Fund) subsidizes the difference. Since 2016, regional cost inflation has increased by 21%. Cities throughout the state face inflationary pressures for labor-related and other operating costs. California minimum wage has increased 55% since 2016 and insurance, utility, and professional service costs continue to rise. The City averages 75% cost recovery from its fees; however, the actual cost recovery rate has likely decreased as costs continue to rise.

Ongoing review and adjustment of fees provides multiple benefits, including:

- Keeping pace with general cost inflation.
- Increasing the availability of discretionary General Fund revenues to be used for services and activities available to all residents and businesses, such as public safety services.
- Promoting gradual increases and therefore, avoiding fee spikes for customers 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.
- Helps 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 proposed Fee Schedule recommends adjusting many development and operational permit fees by 14.51% and making strategic adjustments to certain fees in Fire and Community and Library Services. Over half of the fees and charges included on the fee schedule are not being recommended for adjustment. Examples of User and Regulatory Fee Categories recommended for a CPI adjustment of 14.51% include the following:

- Building Fees, such as permitting of new construction or modifications to existing structures
- Planning Fees, such as entitlement review and review for compliance with the Zoning Code
- Land Development Engineering Fees, such as public improvement review
- Encroachment Permit Fees, for work or activities conducted in the City right-of-way
- Fire Prevention Fees, for review for compliance with Fire Code for new development and existing operations

The CPI adjustment would decrease the General Fund subsidy for full fee recovery by \$729,000 annually.

Community and Library Services fees will remain largely unchanged, with the exception of market rate adjustments to certain programs identified below. Additionally, four new fees in Finance and Community Development are proposed. If the Master Fee and Charges Schedule is amended as proposed, General Fund subsidization of these services would decrease annually by an estimated \$1.85 million, increasing available discretionary General Fund dollars to be used for capital projects, equipment, and other City Council priorities.

Finance Fees

Credit Card Transaction Convenience Fee (FN-67) - Each time a person utilizes a credit card for purchases of goods or services, credit card companies charge that entity a fee for the customer's use of said card for that transaction. Most cities (and other public entities) accept credit cards as a courtesy, offering a convenient payment option to their customers. Increasingly over the past few years, many cities have begun to pass this cost along to the customer to help offset the cost of offering this convenience. Credit card processing fees paid by the City total approximately \$690,000 annually. Staff is proposing to implement a credit card convenience fee of 2.29%, identical to the fee charged by the County of Orange. Implementation of this fee would result in annual increased fee recovery of \$617,000, of which \$252,000 is currently subsidized by the General Fund.

Fire Fees

Junior Lifeguard and Sand Crab Program Fees (F-142 - F-143.3) - The City currently charges \$556 and \$159 per student for the Junior Lifeguard and Sand Crab programs, or \$19.86 and \$13.25 per day. The average daily rate of similar programs run by surrounding cities is \$23.37 and \$19.97 per day, respectively. Additionally, the City's Junior Lifeguard program includes amenities such as an annual beach parking pass and field trips, which are not provided by other agencies. By bringing the cost of these programs to the average market rate of surrounding cities, the City's annual General Fund subsidy would decrease by \$126,000.

Community Development Department Fees

Public Notice Fee (PL-154) - Certain planning entitlements require a public hearing. There are typically multiple applications at the public hearing and fees are charged per application, not by hearing. In Fiscal Year 2021/22, the Planning Division received 130 applications that would trigger a public notice fee and conducted a total of 63 public hearings. A new fee of \$518 is proposed for cost recovery of newspaper public noticing, postage, and staff time associated with public notices for public hearings. The City of Newport Beach currently charges the same fee amount. If approved, approximately \$67,000 in reduced General Fund subsidy would be realized.

Conceptual Project Fee (PL-155) - A Conceptual Project Fee would recover staff time meeting with developers regarding conceptual projects that are not ready for submittal. Often, developers have questions about the general and specific plans and zoning codes in order to determine whether a development concept is feasible. When developers have broad questions they often request meetings with planning managers to discuss their development ideas. Frequently staff time is required to research specific issues either before and/or after the meeting. A new fee of \$1,000 is proposed to recover the costs of staff time related to these meetings. The reduction in General Fund subsidy is estimated at \$12,000.

City	Conceptual Project Fee
Anaheim	<i>Conceptual Development Review - Single Family Residence:</i> Initial Deposit of \$800 with ongoing Minimum Balance of \$400. Hourly Rate: \$195. <i>Conceptual Development Review - Other:</i> Initial Deposit of \$3,000 with ongoing Minimum Balance of \$600. Hourly Rate: \$195.
Costa Mesa	Pre-Application Review: \$1,500
Huntington Beach	Conceptual Review ("First Look"): \$1,000
Irvine	Initial Deposit of \$10,000 with ongoing Minimum Balance of \$2,000. Hourly Rate: \$158.50.
Mission Viejo	Pre-application Fee - \$500
Santa Ana	Conceptual Review ("First Look"): \$564

Development Assistance Team (DAT) Hourly Fee (PL-156) - The Development Assistance Team is an interdepartmental team composed of staff from Community Development, Fire, Police, Public Works and Community Services tasked with reviewing new applications for development. Applications may include Conditional Use Permits, Preliminary Plan Reviews, Tentative Tract Maps, Variances, Lot Line Adjustments, or Final Maps. Staff from each department reviews the plans and provides feedback to the applicant with required changes. A similar fee charged by the City of Santa Ana is structured with a base cost based on square footage ranging from \$5,216.38-\$52,264.74 with an additional per square foot fee ranging from \$0.07-\$6.38. The proposed DAT Fee would be set at \$212/hour to ensure cost recovery of staff time reviewing submitted plans. If applications move beyond this stage, the cost of this fee would be credited to other fees related to the project.

Community & Library Services Department Charges

Huntington Beach RV Campground - Rates at the HB RV Campground were last adjusted in 2022. At that time, the nightly rates were increased by \$5 on weekdays and \$15 on weekends and holidays. The proposed adjustment will raise the weekend and holiday rates by an additional \$15 per night, increasing the Senior and Disabled Person (DP) rates from \$75/night to \$90/night and the General rate from \$85/night to \$100/night. This adjustment is estimated to generate additional General Fund revenue of \$60,000.

The site lock fee is also proposed to increase from \$5/day to \$10/day. Site lock fees are an optional service that campers may add to their reservation. If purchased, campers lock in their desired site. It is estimated that this adjustment will generate an annual General Fund revenue increase of \$25,000.

Staff is also recommending opening the camping season a month earlier. The current camping season is October 1 through May 31. The proposed camping season would begin the day after Labor Day through May 31. It is estimated this adjustment will generate an annual General Fund revenue increase of \$95,000.

A comparison of rates and corresponding amenities for RV camping in nearby areas is included below:

Resort	Regular Rate	Weekend Rate	Holiday Charge	Site Lock	Amenities
Bolsa Chica	\$60-\$70 / night	\$60-\$70/ night	None		Water, Electric, Hot Showers, Dump Station, Picnic tables
Waterfront	\$83-\$146 / night	\$83-\$146 / night	\$5 - \$15		Water, Sewer, Electric, Clubhouse, Game Room, Pool & Spa, Laundromat
HB RV Campground (Current)	\$65-\$75 / night	\$75-\$85 / night	\$75-\$85 / night	\$5/day	Water, Electric, Beach Showers, Dump Station, walkability to beaches, downtown, and Pacific City
HB RV Campground (Proposed)	\$65-\$75 / night	\$90-100 / night	\$90-100 / night	\$10/day	Water, Electric, Beach Showers, Dump Station, walkability to beaches, downtown, and Pacific City
Newport Dunes	\$105-\$170 / night	\$140-\$245 / night	\$10+	\$50/flat	Water, Sewer, Electric, Large Sites, Pool, Laundromat, Golf carts, Showers, Marina, BB Courts

Huntington Central Park (HCP) Sports Complex Parking - HCP Sports Complex parking rates have not increased since its opening in April 2004. It is proposed that rates be increased for \$1/day to \$2/day. Additionally, season pass rates will increase from \$10 to \$20, annual pass rates will increase from \$30 to \$60, and vehicles over 20 feet from \$10 to \$20. It is estimated that these adjustments will generate an annual General Fund revenue increase of \$102,000.

Annual Beach Parking Pass/Permit - The General rate for the Annual Beach Parking Pass/Permit has remained unchanged at \$150 since 2009. In 2016, the Senior rate increased from \$50 to \$75 and in 2018, the Disabled Person (DP) Placard rate increased from \$50 to \$75. The proposed adjustment will raise the General Rate to \$195 to align with the State Beach annual pass rate, and the Senior and DP rate to \$100. The Oversize Vehicle rate of \$300, last changed in 2018, is also proposed to increase to \$400.

In addition, the Annual Beach Parking Pass/Permit will no longer be valid for six (6) days per year, including July 4th, the two (2) days immediately preceding and/or following as selected by the Director of Community & Library Services, and three (3) days of the Air Show.

It is estimated that these adjustments will generate an annual General Fund revenue increase of \$362,000.

Monthly Downtown Business Employee Pass - The Employee Pass rate of \$20 per month has remained unchanged since 2009. These passes are available to employees of downtown businesses only and allow employees to park in the City’s Main Promenade Parking Structure. Approximately 4,000 of these passes are sold annually. The proposed adjustment would increase

the monthly pass rate to \$25, generating an additional \$20,000 in revenue.

Hourly Parking Rates -Off-peak season hourly rates were last raised by \$0.25 in 2021 from \$2/hr to \$2.25/hr. Peak season hourly rates were also raised in 2021 by \$0.50 in the recreation zone (\$2/hr to \$2.50/hr) and \$1/hr in the downtown area (\$2/hr to \$3/hr).

The proposed adjustments will increase hourly rates by \$0.75 in the off-peak season and \$1-\$1.25 in the peak season, depending on the parking zone. The \$0.75/hr off-peak season increase will raise rates in all hourly lots and on-street meters from \$2.25/hr. to \$3/hr. During the peak season, rates in these same zones will increase from \$2.50/hr to \$3.50/hr, with the exception of the Pier Plaza lot and on-street metered spaces in the downtown area, where rates will increase from \$3/hr to \$4/hr.

In addition, a new special event rate of \$2/hr is proposed for the same six (6) days per year as described above in the Annual Beach Pass/Permit section, including July 4th, the two (2) days immediately preceding and/or following as selected by the Director of Community & Library Services, and three (3) days of the Air Show. It is estimated that these adjustments will generate a total annual General Fund revenue increase of \$2.7 million.

A summary comparison of hourly rates at similar cities is shown below:

CITY	OFF PEAK SEASON RATES	PEAK SEASON RATES
Newport Beach	October - April	May - September
<i>Balboa-Newport Pier Areas</i>	\$1.15/hr to \$3.40/hr	\$1.15/hr - \$3.40/hr
<i>Balboa Business</i>	\$2.30/hr (up to 2 hrs); \$3.40/hr 3+ hrs	\$4.65/hr (up to 2 hrs); \$5.80/hr 3+ hrs
<i>Corona del Mar Main Beach Lot</i>	\$2.65/hr (weekdays)	None
	\$4.40/hr 6-9am; 6-10 pm (weekends)	\$4.40/hr 6-9am; 6-10 pm
	\$7.05/hr 9am-6 pm (weekends)	\$7.05/hr 9am-6 pm
Laguna Beach	Day after Labor Day - End of June	End of June - Labor Day
<i>Downtown Area</i>	\$2.50/hr - \$3.00/hr	\$5.40/hr (3-hr limit)
<i>Coastal Area</i>	\$2.50/hr	\$3.00/hr (3-hr limit)
Huntington Beach - Current	Day after Labor Day - Friday prior to Memorial Day Weekend	Memorial Weekend - Labor Day
<i>Beach Area</i>	\$2.25/hr	\$2.50/hr
<i>Downtown Area</i>	\$2.25/hr	\$3.00/hr
Huntington Beach - Proposed Standard Rate		
<i>Beach Area</i>	\$3.00/hr	\$3.50/hr
<i>Downtown Area</i>	\$3.00/hr	\$4.00/hr
Huntington Beach - Proposed Event Rate		
<i>Beach Area</i>	\$5.00/hr	\$5.50/hr
<i>Downtown Area</i>	\$5.00/hr	\$6.00/hr

Meter Zone at 400 Main Street - In addition to the above, it is proposed that additional metered spaces could be developed along the 400 block of Main Street. As part of the development process, staff would proactively meet with local businesses to obtain feedback and mitigate any concerns they

may have prior to installation. A preliminary survey of the area indicates that a total of 42 spaces could be developed, generating an estimated \$148,000 in annual new revenue which would be partially offset by the initial meter purchase cost estimated at \$23,000.

General Fund and All Funds Revenue Impact

If the Master Fee and Charges Schedule is amended as proposed, General Fund subsidization of these fees would decrease thereby increasing available discretionary General Fund revenue to be used for capital projects, equipment, and other City Council priorities providing a broad public benefit.

The proposed parking meter hourly rate adjustments above would increase General Fund revenues by an additional \$2.85 million, for a total increase in General Fund revenue of \$4.7 million.

Department	
CPI adjustment of 14.51%	\$ 729,000
Finance - Credit Card Transaction Fee (General Fund)	252,000
Fire - Junior Lifeguard & Sand Crab Program	126,000
Community Development - New Public Notice, Conceptual Project, and Development Assistance Team (DAT) Fees	79,000
Community & Library Services - RV Camping	180,000
Community & Library Services - Sports Complex	102,000
Community & Library Services - Monthly Downtown Business Employee Pass	20,000
Community & Library Services - Annual Beach Parking Pass/Permit	362,000
Community & Library Services - Meter Zone at 400 Main Street	148,000
Community & Library Services - Hourly Parking Rate Adjustments	2,702,000
Total Estimated General Fund Revenue Impact	\$ 4,700,000
Finance - Credit Card Transaction Fee (Other Funds)	365,000
Total Estimated All Funds Revenue Impact	\$ 5,065,000

If approved, the changes to the Master Fee and Parking Schedule would take effect July 1st, with the exception of unattended parking lots and HB RV Campground fees, which would be effective May 27th to coincide with the start of peak season. Adjustments to on-street parking meter zones would take effect June 15th per the Ordinance.

Environmental Status:

Not applicable

Strategic Plan Goal:

Financial Sustainability, Public Safety or Other

Attachment(s):

1. Public Hearing Notice
2. Resolution No. 2023-21, "A Resolution of the City Council of the City of Huntington Beach Adopting An Updated Master Fee And Charges Schedule By Amending Resolution No. 2016-59, As Amended By Resolution Nos. 2017-28, 2017-44, 2017-46, 2018-01, 2018-29, 2018-48, 2018-55, 2019-07, 2019-19, 2019-87, 2020-37, 2021-17, 2021-18, 2021-36, 2021-78 and 2022-35, Which Established A Consolidated Comprehensive Citywide Master Fee And

Charges Schedule (Supplemental Fee Resolution No. 17)”

3. Ordinance No. 4292, “An Ordinance of the City of Huntington Beach Amending Chapter 10.60 of the Huntington Beach Municipal Code Relating To On-Street Parking Meter Zones”
4. Legislative Draft of Ordinance No. 4292
5. PowerPoint Presentation