



## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of September 23, 2025

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Edwin Gato, Director of Finance

**SUBJECT:** Approval of a Resolution to update the City's Master Fee Schedule

### **RECOMMENDED ACTION:**

Open the Public Hearing, receive a Staff Report, take Public Testimony, close the Public Hearing, and adopt a resolution approving a revised Master Fee Schedule for the fiscal year 2025-2026. This Master Fee Schedule establishes the fees associated with a wide array of services rendered by the City, including those related to development projects in accordance with Government Code section 66017. The revisions include an increase in certain existing fees; however, all fees set forth in the Master Fee Schedule are set at levels that are compliant with state law.

### **BACKGROUND AND DISCUSSION:**

Municipalities have the authority to establish reasonable fees for the services they provide. The City has implemented these fees through the Municipal Code, City Ordinances, City Resolutions, development agreements, funding agreements, and relevant State and Federal statutes. The structure of these fees reflects the estimated reasonable costs associated with delivering corresponding services, ensuring that they do not exceed these amounts.

To promote transparency for citizens, staff, and stakeholders regarding the various fees imposed by the City, a Master Fee Schedule has been developed. This schedule offers a comprehensive listing of the fees established by the City. Certain fees are set to automatically adjust each year based on changes in the Consumer Price Index (CPI) or fluctuations in the Engineering News-Record Construction Cost Index (ENR). Typically, these adjustments aim to recover the costs involved in providing these services. These adjustments are not considered fee "increases" because they are made pursuant to previous authorizations allowing automatic inflationary increases.

City staff is proposing a resolution to revise the Master Fee Schedule. This proposed revision includes an automatic increase of 2.7% for certain fees, calculated based on the Bay Area

Consumer Price Index (CPI) for the period from February 2024 to February 2025. It is important to note that all fees set forth in the Master Fee Schedule are set at levels that are compliant with state law.. As the fees will be rounded to the nearest dollar, variability in both the percentage and dollar amount changes should be anticipated.

#### **PUBLIC NOTIFICATION:**

The public hearing was announced in the local newspaper on August 21, 2025. This hearing provides a formal opportunity for the community to share their feedback. Once approved, the proposed FY 2025-26 Master Fee Schedule will be available online on the City's website (<https://www.herculesca.gov/government/finance>).

#### **FISCAL IMPACT:**

The user fees outlined in the Master Fee Schedule will be adjusted by 2.7% in accordance with previously adopted metrics and to better align with current financial conditions. It is important to note that all fees set forth in the Master Fee Schedule are set at levels that are compliant with state law. This adjustment is expected to support the projected revenue outlined in the Proposed Fiscal Year 2025-26 Budget. However, it is essential to recognize that the anticipated revenue increase will depend on the level of activity throughout the fiscal year.

#### **ATTACHMENTS:**

1. Resolution – Master Fee Schedule
2. FY 2025-26 Proposed Master Fee Schedule