



# NEWPORT BEACH

## City Council Staff Report

May 26, 2026  
Agenda Item No. 2

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** Jason Al-Imam, Administrative Services Director/Treasurer - 949-644-3126, jalimam@newportbeachca.gov

**PREPARED BY:** Abigail Marin, Senior Budget Analyst - 949-644-3042, amarin@newportbeachca.gov

**TITLE:** Ordinance No. 2026-04: Amending Newport Beach Municipal Code Section 3.36.030 Related to Cost Recovery Percentages

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### **ABSTRACT:**

For the City Council's consideration is the adoption of Ordinance No. 2026-04, amending Section 3.36.030 (Cost Recovery Percentages) of the Newport Beach Municipal Code (NBMC) to modify language to authorized levels of cost recovery required by the fee changes that were approved by the City Council on May 12, 2026. The attached ordinance was introduced and considered at the May 12, 2026, City Council meeting.

### **RECOMMENDATIONS:**

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Waive the full reading of the Ordinance, read by title only, conduct second reading and adopt Ordinance No. 2026-04, *An Ordinance of the City Council of the City of Newport Beach, California, Amending Newport Beach Municipal Code Section 3.36.030 Related to Cost Recovery Percentages.*

### **DISCUSSION:**

On May 12, 2026, after a noticed public hearing, the City Council adopted Resolution No. 2026-28, approving the Fiscal Year 2025-26 Fee Study update and introduced and passed to second reading Ordinance 2026-04, which amends Section 3.36.030 of the NBMC (Cost Recovery Percentages) to update language to the cost-recovery targets for certain user fees.

### **FISCAL IMPACT:**

The City Council's policy of regularly reviewing cost-of-service fees and maintaining adequate cost recovery ensures users fund fee-based services, allowing general tax revenue to support and enhance non-fee services and programs.

Staff estimates that the fee updates in Resolution No. 2026-28, adopted at the May 12, 2026, City Council meeting, and associated Ordinance 2026-04, introduced at the same meeting, will amount to approximately \$937,000 in additional revenues to the City of Newport Beach. However, this projection does not account for any fees where volume statistics are unavailable.

**ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

**ATTACHMENTS:**

Attachment A – Ordinance No. 2026-04

Attachment B – Redlined Newport Beach Municipal Code Section 3.36.030