



FEE STUDY UPDATE

Finance Committee Meeting - April 16, 2026

TYPES OF FEES & FINES

Cost Recovery-Based User Fees

Fees limited to recovering the cost of providing the service

Example: Building Permits

Market Rate User Fees

The city can charge whatever price the market will pay
(must be competitive)

Example: Facility Rentals

Fees Set by Law

Some fees are set by Federal or State law

Example: Passport Service

Taxes under Propositions 218 & 26

Certain fees constitute taxes and may not be increased
without a vote of the people

Example: Business Licenses

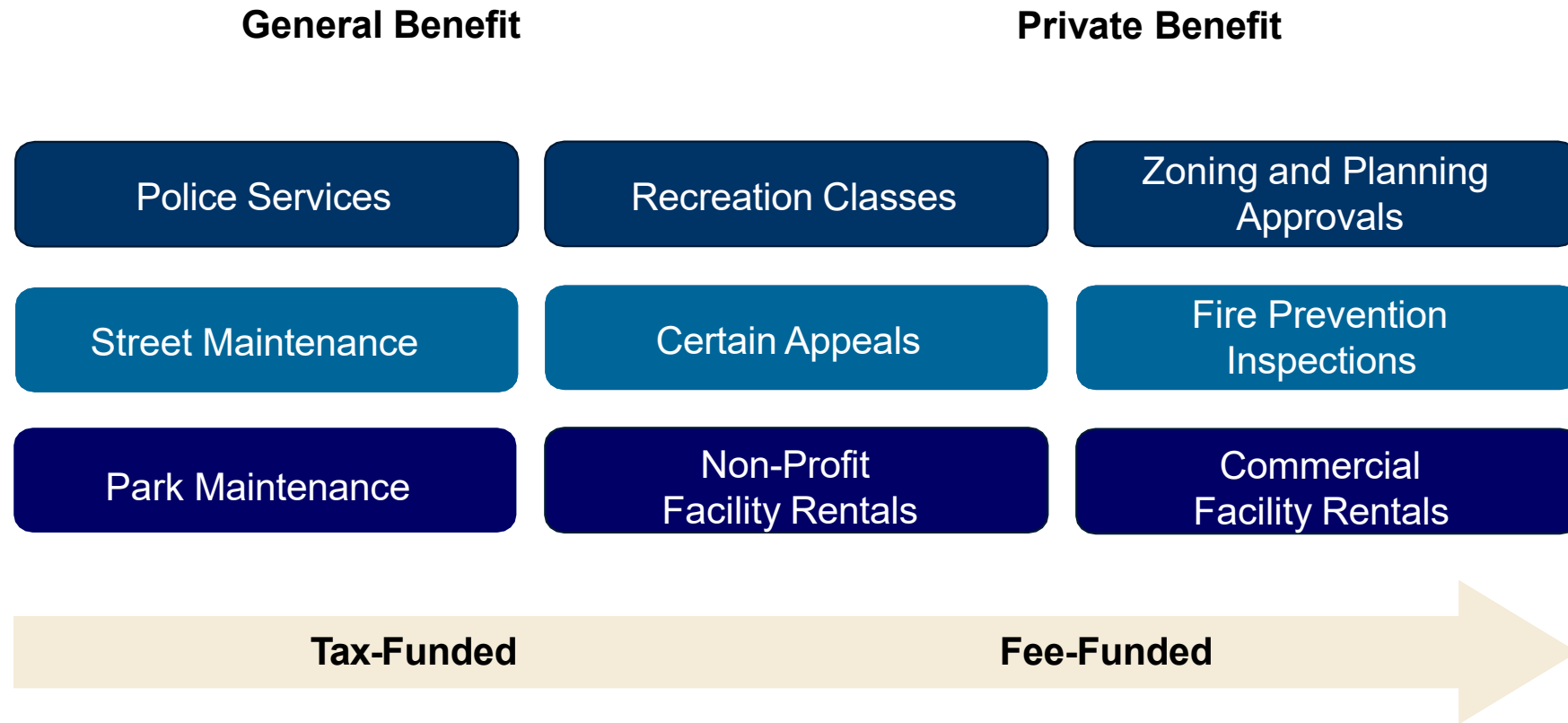
Fines

Fines are not subject to cost recovery rules and may be
set by the Council

Example: Library Fines



DEGREE OF GENERAL VS. PRIVATE BENEFIT



AUTHORITY FOR COST-RECOVERY BASED USER FEES

Fiscal Sustainability Plan

Establish appropriate cost-recovery targets and adjust fee structure to ensure that the fees continue to meet cost recovery targets.

City Council Policy F-4 – Revenues Measures

The City will establish appropriate cost-recovery targets for its fee structure and will annually adjust its fee structure to ensure that the fees continue to meet cost recovery targets.

Newport Beach Municipal Code Section 3.36.030 mandates 100% cost recovery (except for subsidized services identified in the municipal code)



COST RECOVERY-BASED USER FEES

- Fees cannot exceed the cost of providing the service
- Considerations:
 - Degree of private benefit
 - Appropriate cost recovery level
 - Size of increase that would result from full cost recovery
- Calculation of the maximum fee is a math exercise
- Type of fee varies based on fit (flat, tiered based on effort, or deposit-based)
- Degree of cost recovery is a policy decision



EXAMPLE: COST OF SERVICE ANALYSIS



Fully Burdened Hourly Rates:

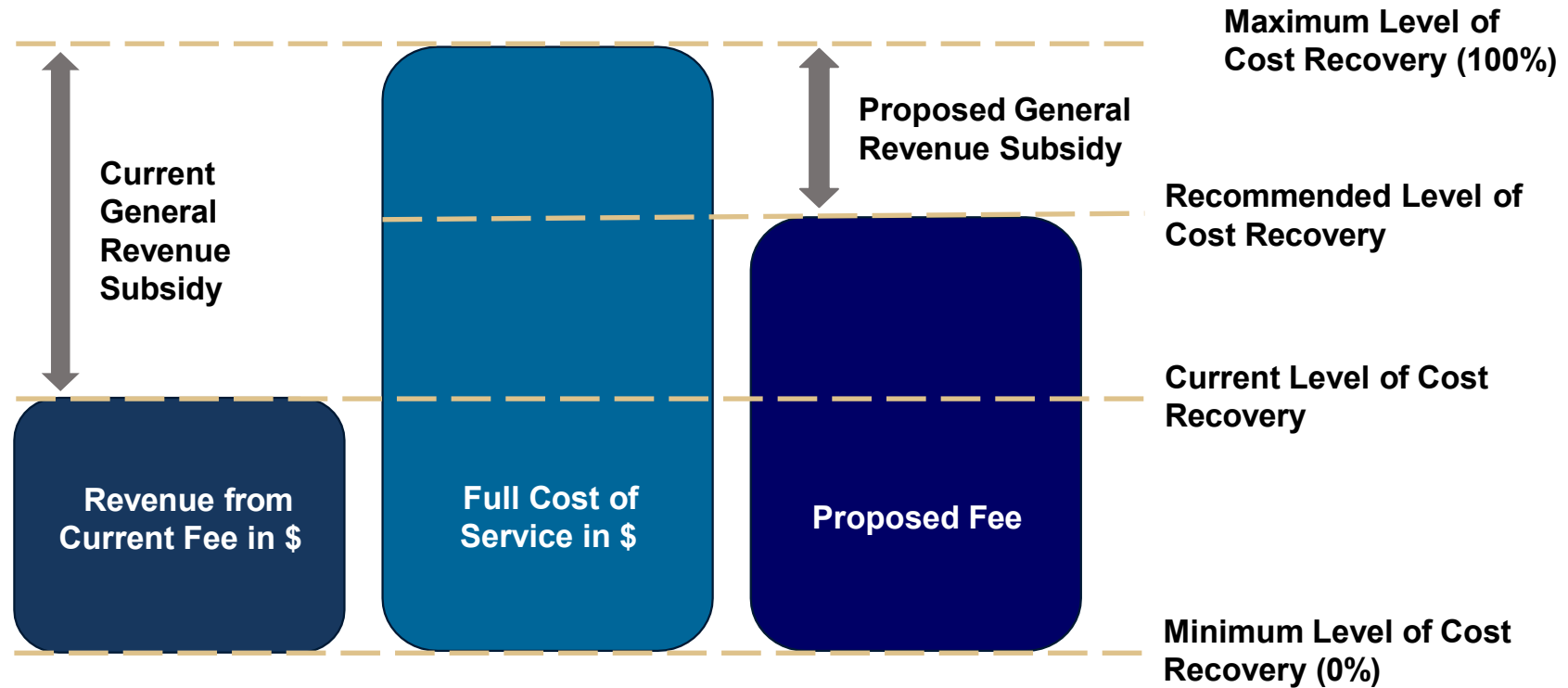
- Direct and indirect labor costs
- Services and supplies
- Agency overhead

Estimated or Known Times for Providing Services

Maximum Fee Amount



COST RECOVERY ANALYSIS



FY 25-26 FEE STUDY UPDATE

- Departments studied
 - Community Development
 - Fire
 - Police
- Other fee updates as set forth on slide 12



COMMUNITY DEVELOPMENT

Fees Last Updated: 2023

Sample Services: Entitlement review and development applications for zoning code compliance. Construction plan review, permitting, and inspection.

New Fees:

Additional Plan Review/Additional Hearing Fee

Net Revenue Impact:

\$316,000

Fee Changes:

- Categorization of fees where there is plan review, the fee has been split into two sections to identify building and planning components of the Plan Review check.
- Fees have been updated with clearer notes and improved presentation for easier reference.
- Stakeholder Review: Staff reviewed proposed fee adjustments with the regional Building Industry Association (BIA).



FIRE DEPARTMENT

Fees Last Updated: 2023

Sample Services: Inspections, plan reviews, operational permits, EMS fees and paramedic subscription fees, Junior Lifeguard Program Fees

New Fees:

- 1) Care Facility / Hospital Lift Assist
- 2) Hazardous Materials Response
- 3) Plan Revisions
- 4) General Inspection Fee
- 5) Multi-Family Apartment / Condos

Net Revenue Impact:

\$143,000

Fee Changes:

- Emergency Ambulance Transportation – fee removed as standalone
- Advanced Life Support Non-Transport, Basic Life Support Non-Transport, ALS First Responder Fee, BLS First Responder Fee proposed NBMC 3.36.030 changes
- Junior Lifeguard Program fee phase in



POLICE DEPARTMENT

Fees Last Updated: 2023

Sample Services: Specialized permit review, vehicle release, Animal regulation fees

New Fees:

1) E-Bike Impound Release Fee

Net Revenue Impact:

\$35,000

Fee Changes:

- Various reports have been consolidated under one Police Reports fee
- Alarm fees throughout the schedule have been grouped together
- Proposed changes to NBMC 3.36.030 to adjust subsidy amounts
- Taxicab Permitting fees proposed to be moved to Administrative Service Department



OTHER UPDATES

- **Administrative Services Department:**
 - Short-Term Lodging Permit Fees
 - Parking Penalties – 22500(n) CVC Parked Near Crosswalk



FISCAL IMPACT OF FEE UPDATES

Fee Related Services	Fund	Current Fee Revenue	Proposed Fee Revenue	Fiscal Impact	Note
Development: Building Fees	General Fund	\$8,893,000	\$9,160,000	\$267,000	[a]
Development: Planning Fees	General Fund	\$981,000	\$1,030,000	\$49,000	[a],[b]
Fire Prevention Fees	General Fund	\$560,000	\$588,000	\$28,000	[a]
Fire Emergency Med Svcs (EMS)	General Fund	\$5,269,000	\$5,310,000	\$41,000	[a]
Fire Junior Lifeguard	General Fund	\$1,228,000	\$1,302,000	\$74,000	[a]
Police - Animal Regulation	General Fund	\$136,000	\$146,000	\$10,000	[a]
Police - Records and Services	General Fund	\$498,000	\$523,000	\$25,000	[a]
Admin Svcs - Short-Term Rental Permits	General Fund	\$534,000	\$977,000	\$443,000	[c]
Total		\$18,099,000	\$19,036,000	\$937,000	

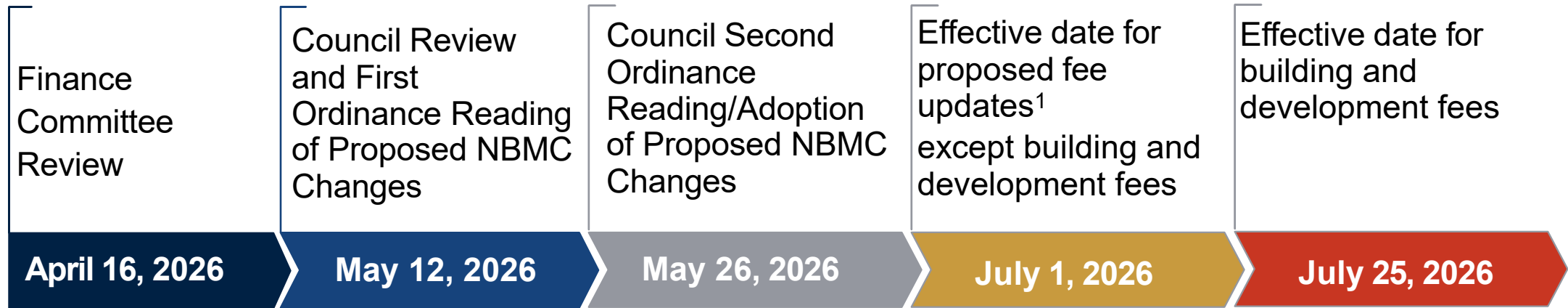
[a] Source: Current fee revenue based on average of FY 22/23 and FY 23/24 actual revenues.

[b] Planning fees include General Plan Maintenance Fee.

[c] Based on current volume of annual initial and renewal permit applications.



TIMELINE & RECOMMENDATION



Recommendation

Review the proposed fee updates and provide any recommendations for consideration by the City Manager and City Council.



1 – CPI adjustments included

QUESTIONS?

