

## RESOLUTION 2021-055

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO CHANGING THE INFLATIONARY FACTOR TO BE APPLIED TO THE PLANNING, BUILDING, AND PUBLIC WORKS USER FEES FROM THE CONSUMER PRICE INDEX TO THE BUREAU OF LABOR STATISTICS, EMPLOYMENT COST INDEX TO MAINTAIN FEES RELATIVE TO INFLATION AS RECOMMENDED BY THE MGT CONSULTING GROUP AND TO BE APPLIED EFFECTIVE JULY 2<sup>ND</sup>, 2021 AND JULY 1<sup>ST</sup> OF EACH FISCAL YEAR THEREAFTER**

WHEREAS, in California, several constitutional laws such as Propositions 13, 4, and 218, State Government Codes 66014 and 66016, Attorney General's Opinion 92-506, and more recently Proposition 26 stipulate that user fees charged by local agencies may not exceed the estimated reasonable cost of providing the service for which the fee is charged;

WHEREAS, by definition, permit fees or user fees are a charge for services provided by a governmental agency to a public citizen or group;

WHEREAS, in early 2020 the City contracted with MGT Consulting Group to perform a development cost of service study using fiscal year 2019/20 budgeted figures, staffing and operational information from Building, Planning and Public Works Engineering divisions;

WHEREAS, based on recommendation from Budget, Fiscal and Legislative Standing Committee members on July 7, 2020, MGT Consulting Group prepared information regarding an annual escalation factor to account for inflation and minimize the decrease in cost recovery until the next user fee study;

WHEREAS, MGT recommended an annual escalation factor based on the April Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco Bay area to keep pace with inflation; and

WHEREAS, the City Council approved this escalation for future year adjustments for Building, Planning and Public Works fees to be implemented effective July 2, 2021, and July 1<sup>st</sup> of each subsequent fiscal year; and

WHEREAS, MGT now recommends an annual escalation factor based on the Bureau of Labor Statistics, Employment Cost Index – total compensation for State and local government workers – all workers, to keep pace with inflation due to the cost of government employees, which is largely what affects the cost of City services related to the User Fees.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo hereby adopts the annual escalation factor based on the Bureau of Labor Statistics, Employment Cost Index: total compensation for State and local government workers – all workers and applies it as shown in Exhibit A; and

BE IT FURTHER RESOLVED that the Bureau of Labor Statistics, Employment Cost Index-based annual adjustment, shall be applied effective July 2, 2021 and July 1 of each following fiscal year, to more appropriately reflect change in cost of fee-related activities or services without having to do a more frequent formal fee study and is an industry standard; and

BE IT FURTHER RESOLVED that the fees affected by the escalation factor are fees as defined under State law and not taxes, as (1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) A charge imposed as a condition of property development; or (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

BE IT FURTHER RESOLVED that the foregoing recitations are true and correct and are included herein by reference as findings.

\* \* \* \* \*

ADOPTED this 3<sup>rd</sup> day of May, 2021, by the following votes:

AYES:	COUNCILMEMBERS:	Cruz, Ponce, Xavier and Pabon-Alvarado
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	Pineda
ABSTAIN:	COUNCILMEMBERS:	None

ATTEST:

APPROVED:

/s/ Dorothy Gantt  
Dorothy Gantt, City Clerk

/s/ Elizabeth Pabon-Alvarado  
Elizabeth Pabon-Alvarado, Mayor