



Agenda Item

Orange City Council

Item #: 9.2.

4/28/2026

File #: 26-0191

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Trang Nguyen, Finance Director

1. SUBJECT

Public Hearing to consider revision of the Master Schedule of Fees and Charges to adopt revised fees as a result of the Cost Allocation Plan and User Fee Study

2. SUMMARY

A Cost Allocation Plan and User Fee Study prepared by Matrix Consulting Group was presented to the City Council in September 2025. Based on the study results and Council direction, a limited update to the City of Orange Master Schedule of Fees to adopt revised fees within the Administration, Police, and Fire departments was adopted in January 2026. Fees related to services provided by the Community Services, Public Works, and Community Development departments are included in this revision for Council consideration.

3. RECOMMENDED ACTION

1. Conduct and close the Public Hearing.
2. Adopt Resolution No. 11665. A Resolution of the City Council of the City of Orange amending the Master Schedule of Fees and Charges for various services and the rental of rooms and equipment.

4. FISCAL IMPACT

The proposed fee updates are intended to recover the reasonable cost of providing services and are not expected to generate revenue in excess of service delivery costs. Adoption of the updated Master Schedule of Fees is expected to have a positive impact on the General Fund and applicable special revenues funds. Detailed fiscal impact varies by department and fee category.

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability

Objective 2.6: Reduce subsidy from general tax revenues

6. DISCUSSION AND BACKGROUND

Background

The City of Orange maintains a Master Schedule of Fees that establishes charges for services provided by various City departments. The Master Schedule of Fees is periodically reviewed and updated to reflect changes in service delivery costs, operational requirements, and applicable regulatory requirements.

California law, including Government Code Sections 66016, 66018, and 66019, requires local agencies to periodically review fees and ensure that fees do not exceed the reasonable cost of providing the associated service. In September 2024, the City Council approved a contract with Matrix Consulting Group to prepare a Cost Allocation Plan and User Fee Study. The study was completed and presented to the City Council in September 2025. The City Council reviewed the Cost Allocation Plan and User Fee Study in September 2025 and discussed policy considerations related to user fees. Following discussion, the Council directed staff to conduct additional public outreach for certain fee categories. The report was received and filed.

Proposed Fee Updates

Based on the study results and Council direction, a limited update to the City of Orange Master Schedule of Fees to adopt revised fees within the Administration, Police, and Fire departments was adopted in January 2026. Fees related to services provided by the Community Services Department, Public Works Department, and Community Development Department are included in this revision to the Master Schedule of Fees. Based on Council feedback, staff will continue to evaluate those fees, including potential alternatives and public outreach opportunities, and will return to the City Council with recommended updates at a later date. The proposed updates to the Master Schedule of Fees include:

- Adjustments to existing fees based on updated cost-of-service information:
- Addition of new fees where services are currently provided without an established fee;
- Removal of obsolete or no-longer-applicable fees; and
- Clarification of fee descriptions to improve transparency and consistency.

A detailed listing of proposed fee changes by department is included as an attachment to this report and summarized as follows.

Community Development

Community Development fees include the Building, Code Enforcement, and Planning divisions and are recommended at 100% cost recovery, as most fees are associated with user-specific services such as inspections, permits, and plan reviews. Overall, the adjustments represent an average increase of 137%, reflecting updated staffing costs and the implementation of more streamlined, inclusive fee structures that provide customers with a clearer understanding of full upfront costs.

Community & Library Services

Community & Library Services department staff developed fee recommendations using an objective, data-driven approach that balances full cost recovery analysis with recognized industry standards for subsidized community services. While the Matrix Consulting Group identified the full cost of service provision (100% cost recovery), it also noted that comparable agencies typically recover closer to 50% for community-based programs. In response, staff established category-based subsidy targets to guide consistent and equitable fee adjustment recommendations across all services. This approach replaces the City's historical practice of setting fees at arbitrarily low levels, in some cases subsidizing nearly 100% of costs, with a structured methodology grounded in best practices and research. Currently, the City's overall cost recovery for Community & Library Services is estimated at only 20-25%, meaning that up to 80% of program and service costs are subsidized by the City. The scale below is proposed to be applied broadly to all recommended Community & Library Services fee

items.

Spectrum of Service Categories

Service Category	Subsidy Range	Service Example
Open Access	80-100%	Park and Library Use
Community Events	50-70%	City-led special events*
Beginner Activities	40-60%	"Learn to" Programs
Enrichment Activities	30-60%	Recreational Youth Sports Field Usage
Drop-In Activities	20-40%	Open Gym Basketball/Pickleball
Rentals & Reservations	0-20%	Park and Library Facility Rentals
Private-Semi Private	0-10%	Adult Basketball League

*May include one time events such as ribbon cuttings, etc.

Youth Approved User Groups

At the first presentation of the proposed fee schedule update, staff received Council feedback and public comment regarding fees specifically for Youth Approved User Group (User Groups) Athletic Field rentals (for lighted and non-lighted fields). User groups maintain a required residency rate, ensuring that all participants are allowed to play and focus on skill building, teamwork, and inclusion. As such, Recreational Youth Sports groups fall under the "Enrichment Activities" category and was originally proposed to receive a 50% City subsidy. However, Council directed staff to re-evaluate the fee, including implementing a phased approach. In response, staff conducted further community outreach to groups, including meeting with the groups and collecting feedback. It was shared with the groups that the fees do not account for many significant expenses associated with field operations and park upkeep, such as maintenance staffing, most materials and supplies, irrigation water, contractor services (mowing, weeding, trash removal, skilled maintenance, etc.) for field care and repairs, and capital improvement. As such, staff is proposing a phased fee increase gradually adjusting rates over a three-year period to reach an eventual target subsidy level of 60% (at the request of the user groups).

For lighted fields, fees would increase from the current \$10 per hour to \$16.00 in Year 1, then to \$22.00 in Year 2, and finally \$27.00 in Year 3. This would be a 60% subsidy compared to full cost recovery amount of \$67. For non-lighted fields, fees would rise from \$2.00 to \$7.00 in Year 1, then to \$11.00 in Year 2, and finally \$15.00 in Year 3. This would also be a 60% subsidy compared to full cost recovery amount of \$38.00.

Because the current fee schedule is only focusing on the upcoming Fiscal Year's fee update, only the first phase of increase would be adopted; however, staff would proceed with future years phasing increases as a part of the FY28 and FY29 update reports.

Public Works

Public Works fees are generally recommended at 100% full-cost recovery, based on the full cost or actual cost, with the exception of fees previously established by City Council. Fees that are not fully recovering costs include those related to the City's neighborhood parking permit program and returned payment fees for water utility customers. Overall, these adjustments represent an average increase of 47% and are projected to recover approximately 95% of total program costs.

Non-Departmental

Fees within the non-departmental category primarily consist of animal care and control-related charges. Animal care and control is provided by the County of Orange through a contract with Orange County Animal Care (OCAC). Since OCAC is a separate government entity, these fees were not evaluated as part of the Matrix fee study. However, OCAC has conducted fee studies in the past, helping cities adopt fees schedules that offset service costs. In relying on OCAC's fee study and meeting with OCAC staff, City staff identified select animal care and control-related fees that may be increased pursuant to the Consumer Price Index without exceeding full cost recovery.

Conclusion

This proposed action advances implementation of the Cost Allocation Plan and User Fee Study by adopting revised fees that more accurately reflect the cost of providing services, consistent with State law and City policy. This update completes the remaining fee adjustments for the Community Services, Community Development, and Public Works Departments, consistent with the user fee study conducted in September 2025. Moving forward, comprehensive fee updates will be incorporated as part of the annual budget process.

7. ATTACHMENTS

- Resolution No. 11665 with attached Comprehensive Master Schedule of Fees