



# Administrative Regulations

Number AR21-4  
Issue 2

**Subject: Procedure for Establishing or Revising a Fee or Charge.**

## I. PURPOSE

The purpose of this administrative regulation is to set forth a procedure to establish or revise a fee, charge or tax levied by a City department.

## II. SCOPE

This regulation is applicable to all City departments and offices responsible directly to the City Manager. It is also requested that elective offices and other offices and departments of the City comply with these procedures in the interest of administrative uniformity.

## III. AMENDMENT

The City Manager may amend the procedures and content set forth in this regulation as required.

## IV. PROCEDURE

Departments wishing to establish or revise a fee or charge for service must submit a draft copy to the Department of Financial Management for review prior to submission to the City Manager. The Department of Financial Management will prepare or review cash flow projections and such other analyses as are appropriate and will return the proposed rates to the submitting department with comments. The submitting department shall incorporate revisions suggested by the Department of Financial Management. If the submitting department chooses not to incorporate the recommendations a narrative explanation of this exclusion shall be attached to the final schedule.

The Office of the City Attorney must also review the proposed fee to determine any potential legal ramifications. This is particularly critical in the case where the establishment or revision of a tax is involved as there may be further implications arising as a result of the passage of Proposition 13 and subsequent court cases. The proposal will be returned to the submitting department and all recommendations shall be incorporated. The final schedule will then be forwarded to the City Manager with a copy to the Department of Financial Management.

The law requires that new fees and charges or increases to existing fees and charges be adopted by resolution. The submitting department must request that the Office of the City Attorney prepare a resolution as soon as the submitting department has received approval from the City Manager for the new or increased fee or charge.

Prior to adopting a new fee or charge and prior to increasing an existing fee or charge, the City must hold a public hearing (during a regularly scheduled City Council meeting) and take oral and written comments. The City Clerk must publish notice of the hearing giving the time, place and a general description of the fee or charge. As a general rule, notice must be published twice within ten (10) days prior to the hearing. Different publication time limits may apply, so the submitting department should consult with the Office of the City Attorney and the City Clerk. Time limits for actions other than publication might also apply (for example, with respect to development projects and providing information to the public), so the submitting department should contact the Office of the City Attorney for guidance.

NOTE: Taxes and assessments are governed by other procedures. The department interested in increasing or implementing taxes or assessments should consult with the Office of the City Attorney before taking any action.