

MINUTES

SPECIAL MEETING—THURSDAY, MAY 08, 2025
PLAZA CONFERENCE ROOM, 500 CASTRO STREET
8:30 A.M.

1. CALL TO ORDER

Chair Clark called the meeting to order at 8:34 a.m.

2. ROLL CALL

Present: Committee members Lucas Ramirez, Emily Ann Ramos, and Chair Chris Clark.

Absent: None.

3. MINUTES APPROVAL

Motion—M/S Ramirez/Ramos—Carried 3-0—To approve the minutes for the Special Meeting of December 6, 2024.

4. ORAL COMMUNICATIONS FROM THE PUBLIC – None.

5. NEW BUSINESS

5.1 FISCAL YEAR 2023-24 SINGLE AUDIT REPORT

Derek Rampone, Director of Finance and Administrative Services, introduced Mr. Ahmed Badawi, President of Badawi & Associates (Badawi), the City's independent audit firm. Mr. Badawi presented the results of the Single Audit Report for the fiscal year ended June 30, 2024.

The auditor reported no findings in the Single Audit, including no deficiencies in internal controls. In addition, Mr. Badawi noted that the City qualified as a low-risk auditee for Fiscal Year 2023-24.

Motion-M/S Ramirez/Ramos- Carried 3-0 - To receive and accept the City Single Audit Report for the fiscal year ended June 30, 2024.

5.2 RESULTS OF USER FEE STUDY AND UPDATE ON CAPACITY CHARGE STUDY

Derek Rampone, Director of Finance and Administrative Services, provided a comprehensive briefing on the consultant's work, which included collaboration with staff across most City departments to complete the User Fee Study (Study). The purpose of the Study was to determine the full cost of City-provided services that benefit a limited number of residents. The results indicated that numerous fees were not covering the actual cost of providing the related services, resulting in subsidies from other funding sources-primarily the General Fund-which absorbed the unfunded portion of these costs.

Elizabeth Flegel, Water Resources Manager in the Public Works Department, presented on the separate but parallel Water and Wastewater Capacity Charge Study (Capacity Charge Study). She noted that these charges were initially adopted in 2014 following the City's first capacity charge study and have since been adjusted annually for inflation in construction costs. The results of the new Capacity Charge Study recommend increases to water and wastewater capacity charges, ranging from approximately 20% to 85% for water, depending on the customer category, and 85% and 125% for wastewater. Staff recommended moving these increases forward for consideration and adoption at the June 10, 2025, City Council meeting, concurrent with the User Fee Study recommendations.

The next steps in the User Fee Study process include the Community Services Department issuing notifications to user groups on May 9, 2025, informing them of the recommended fee increases and providing an opportunity to submit input to the City Council before or at the June 10 meeting. Additionally, a development review update meeting with developers was scheduled for May 12, 2025, during which both the User Fee Study and the Capacity Charge Study would be discussed.

Committee members engaged in discussion, including questions to staff and the consultant, Tony Thrasher of Willdan Financial Services.

Motion-M/S Ramirez/Ramos- Carried 3-0 Move to approve the staff recommendations with additional direction regarding:

1. Subsidy options for planning fees related to:
 - Childcare centers
 - Safe parking programs
 - Nonprofit agency programs (meals and similar services)
2. Adjustments to fees/clarification of fees:

- Reduce the subsidy for the abandoned shopping cart recovery fee to zero, resulting in 100% of cost recovery
- Evaluate the potential for new fees related to tobacco/smoke shops
- Increase Heritage tree removal appeal fee to recover 10% of the cost of processing the appeal, instead of 5% cost recovery. In addition, the fee should increase to recover 20% of the fee as of July 1, 2026
- Ensure adult entertainment, card rooms, and massage business operating permit fees reflect 100% cost recovery
- Add a footnote to clarify when the Parking In-Lieu fee is applicable
- Consider scalability for the gatekeeper pre-authorization fee based on project size
- Rounding down of permit fees to the nearest whole dollar

6. **COMMITTEE/STAFF COMMENTS, QUESTIONS, COMMITTEE REPORTS** - None.

7. **ADJOURNMENT**

The meeting was adjourned at 9:46 a.m.

These Minutes are hereby submitted for approval by Victoria Labrador, Recording Secretary.

Approved on 12/02/2025.