

READ AND CONSIDERED
DATE 9/2 BY Ch

Response to Grand Jury Report Form

Report Title: Local Fees, Local Subsidies: Fees and subsidies cause local pain
Report Date: June 13, 2025
Response by: Jessica Jones Title: Deputy Director - Planning
Agency/Department Name: City of Santa Rosa / Planning and Economic Development Dept.

FINDINGS:

[List numbers: ie. F1, F2]

I (we) agree with the findings numbered: F1 and F2

I (we) disagree wholly or partially with the findings numbered: F3 (see attached explanation)

(Attach a statement specifying any portions of the findings that are disputed with an explanation of the reasons.)

RECOMMENDATIONS:

[List numbers: ie. R2, R3]

- Recommendations numbered: R1 have been implemented.
(Attach a summary describing the implemented actions.)
- Recommendations numbered: _____ have not yet been implemented, but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendations numbered: _____ require(s) further analysis.
(Attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. ***This timeframe shall not exceed six months from the date of publication of the Grand Jury report.***)
- Recommendations numbered: R2 will not be implemented because they are not warranted or are not reasonable.
(Attach an explanation.)

Date: 8/22/2025

Signed: Mark Stapp
Mark Stapp (Aug 22, 2025 14:48:36 PDT)

Number of pages attached: 2

(See attached PC Civil Grand Jury Response Requirements)

Response to Grand Jury Report – City of Santa Rosa
Local Fees, Local Subsidies

FINDINGS

F3: “Because the fee studies examined did not routinely discuss prior subsidies, Santa Rosa City Council Members were disadvantaged in recognizing excessively large changes.”

Response:

The draft and final versions of the Development Related Cost of Service Fee Study, including the initial draft version released to the public, identified the current and proposed fees for all fee types. The proposed fees identified in the initial draft study reflected a reasonable full cost recovery for the associated service, which is consistent with State law.

On January 30, 2024, the City Council held a study session related to the City’s draft Development Related Cost of Service Fee Study. The presentation involved an overview of the fee types that have historically received subsidies, as well as the justification for all previous subsidies. The City Council provided staff with recommendations and guidance regarding specific use and application types that should be analyzed for potential fee reductions through the development of the Final Development Related Cost of Service Fee Study.

On March 5, 2024, the City Council held a public hearing and adopted Resolution No. RES-2024-033 related to development permit fees. As part of the resolution, Council adopted reductions to certain permit application fees, including appeals, affordable housing, downtown housing development of four units or greater, daycare facilities and grocery stores in designated “food deserts”. A fee reduction for LMA Permits was not included in the list of reductions. However, given the concerns raised by the community, staff returned to the Council on February 4, 2025 with a public hearing item to consider a fee reduction for homeowner submitted LMA Permits. At that meeting the Council adopted a resolution reducing homeowner submitted LMA Permit fees by 92%, which was the average subsidy provided prior to the March 5, 2024 development permit fee adoption.

Although the fee subsidies were discussed during the adoption process and the proposed and existing fees were identified in the presented documents, City staff recognizes the need to ensure that the City Council and the public clearly understand the specific proposed modifications when large scale changes to a fee schedule are presented. Future fee studies and the associated presentation documents will clearly highlight previously subsidized fee categories that are proposed to shift to full cost recovery when large scale fee schedule updates are proposed.

RECOMMENDATIONS

R1: “By December 31, 2025, the City Councils of Petaluma, Rohnert Park, and Santa Rosa direct staff to include a section in all future fee proposals that identifies any fee changes that will exceed a council-specified threshold and any fees with past or proposed subsidies.”

Response:

As part of all proposed fee changes, City staff currently includes information in staff documents and reports, as well as presentations, regarding fee changes that would exceed any Council-specified thresholds, as well as any subsidies currently provided by the City.

R2: “By December 31, 2025, the City Councils of Rohnert Park and Santa Rosa will adopt a policy to avoid abrupt fee increases.”

Response:

The City works diligently to provide early outreach opportunities to inform the community about upcoming changes to fees. Abrupt or sudden fee increases are avoided whenever possible, and the fee adoption process typically involves multiple community engagement steps and occurs over a period often exceeding 12 months. Flexibility to increase a fee consistent with State law on an expedited path is needed to ensure the viability of public programs and services that are reliant on fee revenue. The expedited addition of a new fee may also be needed to provide immediate cost recovery, when applicable, for new regulatory requirements placed on local jurisdictions through State legislation. The City agrees that all necessary steps should be taken to ensure public participation and transparency in the fee adoption process and commits to providing as much time as possible to allow the community to understand and adapt to fee increases. The City cannot commit to investing staffing resources to the development of a policy that defines and prohibits abrupt fee increases at this time. The City commits to adopting fee increases consistent with State law, including all required timelines and public processes.