

ORDINANCE NO. 0003-2023

**AN ORDINANCE OF THE CITY OF MCFARLAND
AMENDING TITLE 3, TO ADD CHAPTER 3.28 COST
RECOVERY SYSTEM OF THE MCFARLAND MUNICIPAL
CODE.**

Section 1. Recitals

WHEREAS, The City of McFarland ("City") desires to amend, clarify and codify its Municipal Code Chapter related to revenue and Finance;

WHEREAS, The Ordinance Amendment updates the Municipal Code to codify the cost recovery system;

WHEREAS, Adoption of this Ordinance will provide the city a method in which to collect for cost recovery as allowed by the California Constitution.

WHEREAS, Adoption of this Ordinance is in furtherance of the City's goals and objectives and provides for the recovery of costs for services provided by the city.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MCFARLAND DOES ORDAIN AS FOLLOWS:

Section 2. Title 3 of the McFarland Municipal Code is hereby amended to include Chapter 3.28 COST RECOVERY SYSTEM as follows:

3.28.010 - Findings and intent.

- A. Pursuant to Article XIII B of the California Constitution, it is the intent of the city council to require the ascertainment and recovery of costs reasonably borne from fees, charges and regulatory license fees levied therefor in providing the regulation, products or services enumerated in this chapter and as may be necessary to address new regulation, product or service not listed herein.
- B. The fee and service charge revenue/cost comparison system set forth in this chapter and as may be necessary to address new regulation, product or service not listed herein provides a mechanism for ensuring that fees adopted by the city for services rendered do not exceed the reasonable estimated cost for providing the services for which the fees are charged.
- C. The adoption of this chapter is exempt from the California Environmental Quality Act (Public Resources Code Sections 2100 et seq.), because it approves and sets forth a procedure for determining fees for the purpose of meeting the operating expenses of city departments, as set forth in Public Resources Code Section 21080 (b)(8)(1).

3.28.020 - Delegation of authority and direction to manager.

- A. The city manager is delegated the authority and directed to provide documents to the city council to implement its policy enumerated in this chapter to adjust fees and charges to recover the percentage of costs reasonably borne as established hereby, in providing the regulation, product or service enumerated in this chapter and as may be necessary to address new regulation, product or service not listed herein in the percentage of costs reasonably borne and on the schedule of rate review and revision as established in this chapter and as may be necessary to address new regulation, product or service not listed herein.
- B. The city manager is delegated authority to issue executive orders defining terms, setting out administrative, fee collection and financial procedures, definitions, and establishing effective dates of all fees set by the city council by resolution. All executive orders shall be originated and signed by the affected department head, shall be signed by the finance

director certifying that the financial requirements of this chapter are complied with, and shall be signed by the city manager connoting the effective date of the executive order and new or revised rate structure, procedure or definition.

3.28.030 - Costs reasonably borne defined.

- A. "Costs reasonably borne," as used and ordered to be applied in this chapter, are to consist of the following elements:
1. All applicable direct costs including, but not limited to, salaries, wages, overtime, employee fringe benefits, services and supplies, maintenance and operation expenses, contracted services, special supplies, and any other direct expense incurred;
 2. All applicable indirect costs including, but not restricted to, building maintenance and operations, equipment maintenance and operations, communications expenses, computer costs, printing and reproduction, vehicle expenses, insurance, debt service, and like expenses when distributed on an accounted and documented rational proration system;
 3. Fixed asset recovery expenses, consisting of depreciation of fixed assets, and additional fixed-asset expense recovery charges calculated on the current estimated cost of replacement, divided by the approximate life expectancy of the fixed asset. A further additional charge to make up the difference between book value depreciation not previously recovered and reserved in cash and the full cost of replacement shall also be calculated and considered a cost so as to recover such unrecovered costs between book value and cost of replacement over the remaining life of the asset;
 4. General overhead, expressed as a percentage, distributing and charging the expenses of the city council, city attorney, city administration, city clerk, city treasurer, economic development, finance department, personnel office, city promotion, and all other staff and support service provided to the entire city organization. Overhead shall be prorated between tax-financed services and fee-financed services on the basis of such percentage so that each of the taxes, fees and charges shall proportionately defray such overhead costs;
 5. Departmental overhead, expressed as a percentage, distributing and charging the cost of each department head and his or her supporting expenses as enumerated in subsections 1, 2, 3, and 6 of this section;
 6. Debt service costs, consisting of repayment of principal, payment of interest, and trustee fees and administrative expenses for all applicable bond, certificate, note or securities issues or loans of whatever nature or kind. Any required coverage factors or required or established reserves beyond basic debt service costs also shall be considered a cost if required by covenant within any securities ordinance, resolution, indenture or general law applicable to the city.
- B. Fees means all charges set forth by the city council in the Master Fee Schedule resolution, but does not include rates or charges for the following enterprise services: water, sewer, refuse, airport, and off-street parking.
- C. Tax supported services means all services financed with general fund monies.
- D. Fee supported services means all services financed by charging a fee for service.

3.28.040 - Schedule of fees and services charges.

- A. The Master Fee Schedule shall be reviewed, at least biennially, by each city department head, the city manager, and the finance director. As a part of this review process and if determined to be necessary by the city manager, the biennial review shall also consist of an audit of the Master Fee Schedule. Based on the biennial review or audit, a revised Master Fee Schedule shall be submitted to the city council for consideration in order to allow the city to recover the cost reasonably incurred to provide each regulation, product, or service identified in the Master Fee Schedule.
- B. Nothing stated in subsection A herein shall prevent city staff from recommending or the city council from adopting a revised Master Fee Schedule more often than biennially if

it is determined, in the judgment of the city manager, that a gross inequity would result by not revising the Master Fee Schedule prior to the biennial review or audit thereof.

3.28.050 – Procedure for Setting Fees

Pursuant to California Government Code Sections [66016](#) and [66018](#), the city clerk shall cause notice to be provided as set forth in California Government Code Sections 66016, 66018, and 6062a, and the city council periodically shall receive at a regularly scheduled meeting oral and written presentations concerning fees as defined in Section 3.28.030, proposed to be increased or added. Such notice, oral and written presentation, and public meeting shall be provided prior to the city council taking any action on any new or increased fees. At least one such public hearing shall be held prior to the adoption of a Master Fee Schedule.

3.28.060 - Provision of data.

Pursuant to California Government Code Section 66016, at least ten (10) days prior to the required hearing set out in this chapter, the city manager shall make available to the public appropriate data indicating the cost or estimated cost required to support the fees and charges for which changes are proposed to be made or fees or charges imposed. The city manager also shall provide a summary of the present fee and charge schedules and those proposed at such annual public hearing. A general explanation of such changes also shall be published per the requirements of Government Code Section 6062a.

3.28.070 - Appeal to City Council.

- A. Should any person believe that any fee set by the city council in the Master Fee Schedule is in excess of the costs reasonably incurred, then said person may, no later than five days after said fees are set by the city council, make written objection to the city council setting forth the grounds for dissatisfaction, whereupon the council shall hear said objections at a regular meeting no later than thirty days following the filing of the objection with the city clerk. The appellant shall be given written notice no less than five days prior to said hearing. The council may, upon said hearing, sustain, suspend or overrule the decision setting the specified fee. No fee or charge for which an appeal has been filed shall take effect until heard by the city council. Such appealed fee or charge shall take effect immediately upon hearing by the city council unless ordered otherwise by the city council by ordinance amending this chapter.
- B. The provisions of subsection A shall be in addition to any state law that may apply to any statute of limitations to commence a judicial action to attack or set aside any ordinance or resolution adopting or modifying any fee.

Section 3. **Notice.** The City clerk shall certify to the passage and adoption of this ordinance and shall cause this Ordinance to be posted within 15 days after its passage, in accordance with Section 36933 of the Government Code.

Section 4. **Severability.** If any section, subsection, sentence, clause, phrase, or word of this Ordinance is, for any reason, deemed or held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, or preempted by legislative enactment, such decision or legislation shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of McFarland hereby declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, or word thereof, regardless of the fact that any one or more sections, subsections, clauses, phrases, or word might subsequently be declared invalid or unconstitutional or preempted by subsequent legislation.

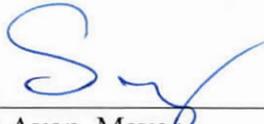
Section 5. **Effective Date.** This Ordinance shall take effect thirty days after its adoption pursuant to California Government Code section 36937.

Section 6. **Certification; Publication.** The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published or posted according to law.

INTRODUCED, at a regular meeting of the City Council of the City of McFarland, California on the 13th day of April 2023.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of McFarland, California on the 27th day of April 2023, by the following vote:

	Aye	Nae	Abstain	Absent
Saul Ayon	✓			
Maria T. Perez				✓
Amador Ayon	✓			
Anita Gonzales	✓			
Ricardo Cano	✓			



Saul Ayon, Mayor

I hereby certify that the foregoing Ordinance was duly and regularly adopted by the City Council of the City of McFarland by a regular meeting thereof held on April 27, 2023.

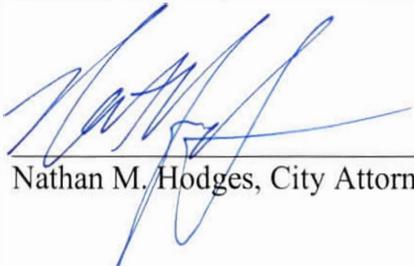
ATTEST:



Francisca Alvarado, City Clerk



APPROVED AS TO FORM:



Nathan M. Hodges, City Attorney

Posted: May 1, 2023