



STAFF REPORT

City Council

Meeting Date:

7/14/2026

Staff Report Number:

26-117-CC

Public Hearing:

Consider and adopt a resolution amending the City's comprehensive master fee schedule to revise gymnastic program fees in library and community services

Recommendation

Staff recommends that the City Council adopt a resolution (Attachment A) amending the City's Master Fee Schedule to increase gymnastics program fees in library and community services by up to 20% above the currently adopted rates. If approved, the increase may be implemented either as a one-time 20% adjustment or phased in through several increases. Non-resident gymnastics fees would continue to be set at 135% of the corresponding resident fee. The first revision to the gymnastics fees would become effective following adoption and would impact registration fees for the Fall 2026 session.

Policy Issues

Gymnastics classes are a well-attended recreational program that supports youth development, physical fitness, and community engagement. Because the program provides a direct benefit to enrolled participants, the City Council sets fees to recover an appropriate share of the cost of service, consistent with the City's practice of minimizing reliance on general tax revenues for programs that primarily benefit individual users.

These fees are structured in accordance with state law, including Proposition 26, which authorizes cities to establish fees in amounts that are no more than the estimated proportionate cost of providing service to the person paying the fee. Recreation program fees are charged for a direct benefit to participants and do not exceed the estimated reasonable cost of providing the service. The City Council's User Fee Cost Recovery Policy, last updated Aug. 23, 2022 (Attachment B), places recreation programs that primarily benefit individual users in the high cost-recovery category, with a target recovery rate of 70–100%. The policy is scheduled to return to the City Council for review and potential updates this fall. Currently, the gymnastics program recovers approximately 51% of its costs. A 20% fee increase would raise cost recovery to approximately 61%, which remains below the policy target range and continues to require General Fund support. Based on current enrollment and cost assumptions, an overall fee increase of approximately total 37% would be needed to achieve a 70% cost recovery rate. Because the required public noticing for this item was limited to a maximum 20% fee increase, the City Council could consider an additional fee adjustment this fall to move the program closer to the policy target in advance of the winter term.

Background

On April 28, the City Council adopted a comprehensive update to the master fee schedule (Attachment C) effective July 1 following the citywide cost of services study completed by Government Consulting Partners, Inc. (GCP). As part of that update, gymnastics fees were increased to the current adopted rates shown below in Table 1. At those rates, gymnastics fees recover approximately 51% of the full cost of providing the program.

During both its consideration of the master fee schedule and the fiscal year 2026-27 budget adoption June 23, the City Council expressed interest in moving gymnastics fees closer to the cost of service over time while preserving program affordability and avoiding a single, large rate increase for participating families.

Registration for the gymnastics program is on a seasonal basis with each class consisting of 9-14 hour-long sessions. A resident with one child participating in one class would expect to pay approximately \$162 - \$252 in a season based on the rates in effect as of July 1, 2026.

Consistent with City Council direction, staff has prepared several options for consideration, including:

1. A phased fee structure that increases gymnastics fees by 5% over four consecutive program seasons, resulting in a cumulative 20% increase above the currently adopted rates;
2. Two 10% increases implemented over two program seasons; or
3. A single 20% increase implemented at once.

The phased options provide families with more predictable, incremental fee adjustments that align with the seasonal registration cycle while improving cost recovery.

Analysis

Gymnastics fees

Option 1: the proposed adjustment applies a 5% increase at the start of each of four consecutive seasons, beginning fall 2026, until the full 20% increase is reached in summer 2027. While the proposed fee adjustments also include certain gymnastics-related fees, such as private lessons and birthday party packages, the majority of the increases apply to class registration fees. A representative subset of these class registration fees is presented in the tables below for illustrative purposes to demonstrate the phased increases. The current and proposed resident rates by class tier are summarized in Table 1 to illustrate the phased increases. Non-resident fees are set at 135% of the resident fee and adjust proportionally at each phase.

Class	Current	Fall 2026 (+5% from current)	Winter 2027 (+10% from current)	Spring 2027 (+15% from current)	Summer 2027 (+20% from current)
1 to 2 hours	\$18.00	\$18.90	\$19.80	\$20.70	\$21.60
3 hours	\$17.00	\$17.85	\$18.70	\$19.55	\$20.40
6 hours	\$14.00	\$14.70	\$15.40	\$16.10	\$16.80
9 hours	\$13.00	\$13.65	\$14.30	\$14.95	\$15.60
12 hours	\$12.00	\$12.60	\$13.20	\$13.80	\$14.40

Option 2: the proposed adjustment applies a 10% increase at the start of fall 2026 and spring 2027, until full 20% increase is reached in spring 2027.

Table 2: Option 2 current and proposed resident gymnastics fee			
Class (per hour / per week)	Current	Fall 2026 (+10% from current)	Spring 2027 (+20% from current)
1 to 2 hours	\$18.00	\$18.90	\$21.60
3 hours	\$17.00	\$17.85	\$20.40
6 hours	\$14.00	\$14.70	\$16.80
9 hours	\$13.00	\$13.65	\$15.60
12 hours	\$12.00	\$12.60	\$14.40

Option 3: the proposed adjustment applies the entire 20% increase at the start of fall 2026.

Table 3: Option 3 current and proposed resident gymnastics fee		
Class (per hour / per week)	Current	Fall 2026 (+20% from current)
1 to 2 hours	\$18.00	\$21.60
3 hours	\$17.00	\$20.40
6 hours	\$14.00	\$16.80
9 hours	\$13.00	\$15.60
12 hours	\$12.00	\$14.40

Table 2 presents the 20% cumulative fee schedule increase for both resident and non-resident participants at the conclusion of the proposed four-season implementation plan (Summer 2027). Prior to the public hearing, the fee schedule was advertised to include a 20% increase with fees matching the amounts shown in Table 4. The City Council may implement the full 20% increase immediately or choose to accelerate or decelerate the phased-in approach.

Table 4: Fully phased-in gymnastics fee schedule (Summer 2027)		
Class (per hour / per week)	Resident	Non-resident – 135%
1 to 2 hours	\$21.60	\$29.16
3 hours	\$20.40	\$27.54
6 hours	\$16.80	\$22.68
9 hours	\$15.60	\$21.06
12 hours	\$14.40	\$19.44

Methodology

Under each implementation option, the proposed fee adjustments are calculated from the current adopted base rate rather than from the previously adjusted rate. This additive approach ensures the cumulative

increase totals exactly 20%, consistent with the City Council's direction. Applying percentage increases on a compounding basis would result in a cumulative increase exceeding 20%. For ease of administration and point-of-sale transactions, the City Council may also direct staff to round each adjusted fee down to the nearest dollar. Any resulting reduction in fee revenue would be minimal and is not expected to materially affect overall revenue projections.

Cost recovery level

At the currently adopted rates, gymnastics fees recover approximately 51% of the cost of providing the program. Assuming enrollment and program costs remain constant, increasing fees by 20% would raise cost recovery to approximately 61% at full implementation.

Even at full implementation, gymnastics fees would recover approximately 61% of cost and would remain below the targeted cost recovery range of 70–100% and below comparable market rates, which range from \$37–\$44 per hour. That means that, at 20% increase, the fee for non-residents (at 135% of the corresponding resident fee) also remains less than the estimated cost of providing services to non-residents. For example, hourly fees for one and two-hour classes would increase from \$18.00 to \$21.60, remaining substantially below comparable market rates. Actual recovery may vary with enrollment, which can shift in response to fee changes. Due to the popularity of the gymnastics program and given that many classes have a waitlist, staff does not anticipate reduced enrollment as a result of the proposed fees. Financial assistance remains available to qualifying residents in the form of recreation scholarships that typically provide a 50% discount off the resident fee, which reduces the impact on the City's most vulnerable participants. The library and community services director has the authority to grant additional individual fee relief on a case-by-case basis through the scholarship program (Attachment D).

Impact on City Resources

At current rates, the gymnastics program generates about \$1 million in annual revenue and costs about \$1.9 million to operate, resulting in a 51% cost recovery rate. A 20% fee increase is projected to add about \$0.2 million in annual revenue, assuming enrollment remains stable, increasing cost recovery to approximately 61% and reducing the General Fund subsidy.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines Sections 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 10 days prior to the meeting, pursuant to the requirements of California Government Code Sections 66018 and 6062a. Additionally, the public hearing notice was published in the Examiner July 3, 2026.

Attachments

- A. Resolution
- B. Hyperlink – Aug. 23, 2022, City Council Policy #CC-22-025:
www.menlopark.gov/files/sharedassets/public/v/1/administrative-services/documents/finance/master-fee-schedule/cc-22-025-user-fee-cost-recovery-policy.pdf

- C. Hyperlink – Master Fee Schedule: www.menlopark.gov/masterfeeschedule
- D. Hyperlink – City Council Policy #CC-24-027: www.menlopark.gov/files/sharedassets/public/v/4/library-and-community-services/policies/recreation-scholarship-policy_20240709.pdf

Report prepared by:

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Fenny Lei, Assistant Administrative Services Director

Report reviewed by:

Nicholas Szegda, Library and Community Services Director

Brittany Mello, Administrative Services Director

RESOLUTION NO. XXXX**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK,
UPDATING THE MASTER FEE SCHEDULE TO ADJUST THE AMOUNT OF
CERTAIN FEES AND CHARGES FOR CITY SERVICES RELATED TO
GYMNASTIC PROGRAMS**

WHEREAS, the City has the authority to impose fees, charges, and rates to offset the costs for municipal services and regulatory programs under its police powers under California Constitution Article XI Section 7; and

WHEREAS, the City Council has, through prior actions, adopted various fees and charges for City services provided to the public through various City departments, including the approval of Resolution No. 7023 April 28, 2026, and the City has assembled those fees in a Master Fee Schedule which the City posts on its website; and

WHEREAS, the City Council's approval of the updated fees pursuant to Resolution No. 7023 were supported by the analysis of the City's costs of providing the services funded by the fees, as set forth in the Comprehensive User Fee Study prepared by Government Consulting Partners, dated April 10, 2026 (Fee Study); and

WHEREAS, consistent with the City's User Fee Cost Recovery Policy (CC-22-025, Aug. 23, 2022), the Fee Study identified some City services that are partially subsidized by non-fee General Fund revenue sources based on broader citywide benefits provided by those services; and during the City Council meeting on April 28, 2026, City Council directed staff to decrease the amount of the General Fund subsidy for specified gymnastic programs, as also set forth on Exhibit A; and

WHEREAS, the City has calculated the updated fees identified in this resolution in accordance with the requirements of Proposition 26 (California Constitution Article XIII C, Section 1(e)) by which the fee amounts are no more than necessary to cover the City's estimated reasonable costs of providing the services, and the costs are proportionately allocated to each fee payor based on their respective benefits from or burdens on the services, and each updated fee falls within one or more of the following five exceptions to the definition of "tax" as set forth in Proposition 26:

- a) The amount of the fee does not exceed the City's costs of providing a specific benefit to the payor; or
- b) The amount of the fee does not exceed the City's costs of providing a service or product to the payor; or
- c) The amount of the fee does not exceed the City's costs of regulation (including licensing, permitting, investigation, inspecting, auditing, or enforcement); or
- d) The amount of the fee does not exceed the value of City land authorized by the City for use by the payor; or
- e) The amount of the fee is a fine or penalty for a violation of law; and

WHEREAS, to the extent that fees identified on the Master Fee Schedule are imposed for City services provided as conditions of the development of property, and those fees are required to comply with the requirements of the Mitigation Fee Act (the Fee Act, Government Code Sections 66000 – 66025), particularly the requirements of Government Code Section 66014, the City has calculated the updated fees identified in this resolution in accordance with those

requirements; and

WHEREAS, consistent with the requirements of the Fee Act, Government Code Sections 66016, 66017, 66018, and 6062a, the City made documents available for public review to describe the fees proposed for update in accordance with this resolution, and the City provided notice of the public hearing at which public testimony would be considered prior to City Council's approval of this resolution; and

WHEREAS, Government Code Section 66016 requires data describing the proposed fee updates be made available to the public at least 10 days before the meeting at which fee increases are considered for services provided as conditions of developing property; and

WHEREAS, notice of a public hearing on the new and increased user fees was published in accordance with Government Code Sections 66018 and 6062a; and

WHEREAS, pursuant to Government Code Sections 66016 and 66017, fees imposed on a development project that apply to the filing, accepting, reviewing, approving, or issuing of an application, permit, or entitlement to use shall not take effect until at least 60 days have passed since the final action on the adoption or increase of the fee; and

WHEREAS, a duly noticed public hearing before the City Council was held July 14, 2026, at which public testimony was received and duly considered on the proposed fees described in this resolution.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Menlo Park, as follows:

1. The above recitals are true and correct, and incorporated herein by reference and each is relied upon independently by the City Council for its adoption of this resolution.
2. The City Council hereby finds and determines, based upon the data, information and analysis presented to the City Council concerning the fees set forth in the Proposed 2026 Fee Update, attached hereto as Exhibit A (2026 Fee Update), that those fees do not constitute taxes as defined by Proposition 26 (California Constitution Article XIII C, Section 1(e)).
3. The City Council hereby approves the new and updated fees set forth on the 2026 Fee Update, as implemented by this resolution. As of the effective date of this resolution, the amount of each fee in each row identified in the 2026 Fee Update shall be the amount identified in the column labeled "New Fee Amount (Proposed)".
 - a) If there are conflicts between the fee amounts identified in the 2026 Fee Update and the amounts adopted by any prior City Council action, the 2026 Fee Update shall take precedence. This resolution does not supersede any previous resolution or ordinance setting fees that are not included in Exhibit A to this resolution.
 - b) The City Council hereby authorizes the city manager to implement the fee changes authorized by this resolution by administratively organizing and publishing all City fees (including the updated fees described in this resolution) in the City's updated Master Fee Schedule.
4. The gymnastic fees approved by this resolution shall be effective immediately upon adoption of this resolution.
5. If any action, subsection, sentence, clause or phrase of this resolution or the fee amounts established by this resolution shall be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this resolution, or the fee amounts established by this resolution that can be given effect without the invalid

provisions. The newly adopted 2026 Fee Update supersedes and replaces the prior Master Fee Schedule for all fees contained therein that were modified or addressed by this resolution.

6. The City Council finds that this resolution is not subject to the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(8), and California Code of Regulations Section 15273 (of the CEQA Regulations) because it establishes, modifies, structures, or restructures, and approves rates and charges for the purposes of:
(1) meeting operating expenses; (2) purchasing supplies, equipment and materials; and (3) meeting financial requirements. This action is not a project within the meaning of the CEQA Guidelines Sections 15378 and 15061(b)(3) as it has no potential for physical effects on the environment because it involves the adoption or amendment of certain fees and/or charges imposed by the City, does not commit the City to any specific project, and to the extent said fees and/or charges may be applicable to future development projects and/or activities, those future projects and/or activities will be fully evaluated in full compliance with CEQA when sufficient physical details regarding said projects and/or activities are available to permit meaningful CEQA review (see CEQA Guidelines, Section 15004(b)(1)). Pursuant to CEQA Guidelines Section 15378(b)(4), the creation of government funding mechanisms which do not involve any commitment to any specific project which may cause significant effect on the environment, is not defined as a "project" under CEQA. Therefore, approval of the fees and/or charges is not a "project" for purposes of CEQA, pursuant to CEQA Guidelines, Section 15378(b)(4); and, even if considered a "project" under CEQA, is exempt from CEQA review pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that approval of the fees and/or charges may have a significant effect on the environment.
7. The 2026 Fee Update, set forth in Exhibit A, may be revised, amended, or updated from time to time by resolution or ordinance of the City Council.

I, Judi A. Herren, City Clerk of Menlo Park, do hereby certify that the above and foregoing City Council Resolution was duly and regularly passed and adopted at a meeting by said City Council on the fourteenth day of July, 2026, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this __ day of __, 2026.

Judi A. Herren, City Clerk

Exhibits:

A. Updates to Master Fee Schedule (July 14, 2026)

Department - Area of Service		Current Fee Amount	New Fee Amount (Proposed)	Unit
Miscellaneous Water Connection Fees				
Plan Review Fee (staff time needed over base cost for new/upgraded meters, meter exchanges)		\$311.00		base + staff time
Inspection Fee (staff time needed over base cost for new/upgraded meters, meter exchanges)		time and materials		time and materials
Library and Community Services - Recreation and Sports				
Non-resident fees are 135% of resident fee unless a non-resident fee is listed.				
Hyperlocal resident fees are 65% of resident fee unless a hyperlocal resident fee is listed.				
Recreation classes (fees vary by class content, duration, and other factors)				
Resident		\$0.00 to \$65.00		per hour
Non-Resident		\$5.00 to \$100.00		per hour
Hyperlocal resident*		\$0.00 to \$20.00		per hour
Recreation camps (fees vary by camp content, duration, and other factors)				
Resident		\$0.00 to \$65.00		per hour
Non-Resident		\$5.00 to \$100.00		per hour
Hyperlocal resident*		\$0.00 to \$20.00		per hour
Teen program				
Daily		\$5.00		per day
Monthly		\$12.00		per month
Annual		\$70.00		per year
*The hyperlocal fee rate applies to residents who live or attend K-12 school within the neighborhood service area of the Belle Haven Community Campus.				
Gymnastics classes				
(All gymnastics fees for non-residents are 135% of resident fee.)				
1 to 2 hours		\$18.00	\$21.60	per hour / per week
3 hours		\$17.00	\$20.40	per hour / per week
6 hours		\$14.00	\$16.80	per hour / per week
9 hours		\$13.00	\$15.60	per hour / per week
12 hours		\$12.00	\$14.40	per hour / per week
Menlo Children's Center / BHCDC / BYHC participant		\$9.00		per hour fee
Private Lessons				
1/2 hour – resident - up to two children		\$42.00	\$50.40	
- each additional child		\$17.00	\$20.40	
1 hour – resident - up to two children		\$74.00	\$88.80	
- each additional child		\$28.00	\$33.60	
Private or Drop-in Insurance fee		\$1.00		per registration
Gymnastics Program T-Shirt		\$10.00		each
Gymnastics – Registration / Insurance fee		\$9.00		per registration
Birthday Party Packages		\$263.00 to \$1,167.00	\$315.60 to \$1,400.40	per package
Birthday Party Cancellation Fee		\$50.00		
Youth Afterschool Sports				
Volleyball				
All Grades – resident		\$611.00		per season – per team
All Grades – non-resident		\$831.00		per season – per team
Basketball				
3rd & 4th Grades – resident		\$737.00		per season – per team
3rd & 4th Grades – non-resident		\$924.00		per season – per team
5th to 7th Grades – resident		\$952.00		per season – per team
5th to 7th Grades – non-resident		\$1,144.00		per season – per team
Adult Sports – Leagues				
Basketball		\$902.00		per season – per team
Softball				
Men's		\$1,045.00		per season – per team
Co-ed		\$814.00		per season – per team
Noon		\$259.00		per season – per team
Volleyball		\$858.00		per season – per team
Non-resident Team (more than 50% players are nonresidents)		additional 10%		per season – per team