

Follow-up to the May 12, 2020 Proposed Budget Study Session

At the May 12, 2020 Study Session on the FY 2020/21 and FY 2021/22 Biennial Capital Budget, a number of questions were asked by the City Council and the public. This attachment provides responses to those questions.

1. Building improvements needed to address COVID-19 safety precautions: There was a question regarding the building improvements at City facilities necessary to address COVID-19 safety precautions.

Response: There are building improvements that have already been implemented, including the installation of plexiglass barriers in contact areas in the Community Development, Human Resources, and Finance Departments and the Offices of the City Clerk and City Manager at an estimated cost of approximately \$15,000, which has been absorbed in departmental budgets. Additional improvements will be implemented in the library, Water and Sewer Utilities, Silicon Valley Power, and parks facilities with the goal of absorbing those costs, estimated at \$20,000, to the extent possible.

Based on the reopening direction provided by the Santa Clara County Health Officer, additional capital projects may be necessary (e.g., HVAC, contactless door openers, workspace modifications, equipment, etc.). The specific improvements and associated cost are not known at this time. Staff will bring forward any necessary capital improvement projects as additional information becomes available. However, in addition to facility modifications, there are operations expenses that will also be incurred to address COVID-19 safety precautions that will come at an expense (e.g., robust disinfection of workplaces, protective personal equipment, etc.).

2. Anticipated development projects that would generate park mitigation fees: There was a question regarding the development project assumptions used to calculate the park impacts fees.

Response: The estimated park impact fees were based on the assumption that the following projects would generate Mitigation Fee Act (MFA) and Quimby Act Fees:

A. FY 2020/21:

- a. 2232-2240 El Camino Real Residential Project: MFA \$2.7 million
- b. 3035 El Camino Real Residential Project: Quimby \$1.3 million
- c. 3069 Lawrence/3503 Ryder (Lawrence Station Project): MFA \$7.4 million
- d. 1530-1540 Pomeroy Residential Project: Quimby \$0.1 million

B. FY 2021/22

- a. 2343 Calle Del Mundo (Tasman East): MFA \$5.4 million
- b. 1205 Coleman Avenue Phase I (Gateway Crossings Project): MFA \$6.7 million

Adjustments to the timing of capital projects may be necessary if these fees are not collected as anticipated.

3. Top 10 priorities for capital projects supported by the General Fund: There was a question regarding the top capital priorities and whether projects could be placed on hold.

Response: There are 34 projects funded by the General Fund totaling \$28.5 million over the five-year CIP period as identified in Exhibit 1 to this attachment. Of those, 13 projects totaling \$15.9 million fall into one of the following categories: mandated, already in progress, required by other agencies, or required to maintain facilities. These projects are considered non-discretionary. The remaining 21 projects total \$12.6 million and have been prioritized by the Capital Project Review Committee (Assistant City Manager/Chief Electric Utility Officer, Public Works Director, Water and Sewer Utilities Director, and Finance Director) as shown in Exhibit 1. The top 10 priorities for projects are highlighted in red for a total of \$7.6 million. The priority category as defined below along with project comments/risks are also identified:

- Priority A - critical need mandated, emergency, or under construction
- Priority B - maintenance system reliability and/or ongoing operations
- Priority C - future system needs or future regulatory requirements
- Priority D - not critical, but achieve efficiencies and/or sustainability

4. Utility rates for FY 2020/21: There was a question from the public on proposed rate increases for FY 2020/21.

Response: The link below for information that was distributed to the public regarding the proposed rate increase:

<https://www.santaclaraca.gov/our-city/departments-a-f/finance/my-utilities-account/rules-rates-and-fees/utility-rates>

A summary of the utility rate increases is available by clicking on the link above. Additional detail regarding proposed rates for FY 2020/21 is contained in the Proposition 218 notice sent to utility customers during the week of May 3, 2020 and is available on the City's website at: <https://www.santaclaraca.gov/home/showdocument?id=67413>. The average increase for residential water (\$4.20/month) and monthly residential sewer rate increases (\$0.92/month) is noted in the summary and on the Proposition 218 notice. Solid Waste monthly rate increases are noted in the Proposition 218 and total \$7.51/month for the typical 32-gallon cart service. An email with information regarding the proposed rate increases and public notification schedule was sent to the Council on March 29. A follow up email was sent on May 4th. This item is scheduled to be heard by Council on June 23.

5. Morse Mansion funding: there was a question from the public regarding the funding and reuse for Morse Mansion.

Response: The Morse Mansion is on the National Register of Historic Places and is a California Historical Landmark. The City has a lease on the Morse Mansion with a private party through June 2024. The City has an obligation to keep the general maintenance of the building up and to continue to repair it per historic requirements. The FY 2020/21 and FY 2021/22 Biennial Capital Budget includes the Morse Mansion Maintenance and Repair capital project with funding of \$50,000 in both FY 2020/21 and FY 2021/22.

There is not a plan for the reuse of the Morse Mansion yet as we have another 4 years before the building becomes available to the City.

6. High bandwidth internet capacity: There was a question from the public about whether there are any considerations for the city to extend the fiber ring capabilities or bring in more Internet Service Providers (wireless) to help fill the demand for higher speeds and greater reliability?

Response: There are no plans to extend SVP's fiber program. Extending the fiber program would be a significant work effort and would need to be a long-term project.

FY 2020/21 and FY 2021/22 Biennial Capital Improvement Program
Projects Funded by the General Fund

Priority Order	Priority Category	Project Name	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	5-Year CIP Total	Comments/Risk
Non-Discretionary Projects (Mandated/In Progress/Required by Other Agencies or Required to Maintain Facilities)									
N/A	B	6549 - Agenda and Document Management Systems	500,000	0	0	0	0	500,000	In progress
N/A	B	6075 - Permit Information System (Building Inspection Reserve funding)	204,400	0	0	0	0	204,400	Different restricted funding source
N/A	D	6559 - Downtown Master Plan (Advanced Planning Reserve Funding)	100,000	0	0	0	0	100,000	Different restricted funding source
N/A	B	1325 - Bridge Maintenance Program		250,000	560,000	740,000	710,000	2,260,000	CalTrans requirement
N/A	A	NEW-131-Public Right-of-Way ADA Improvements (Settlement Agreement)	5,750,000	5,000,000	0	0	0	10,750,000	Needed for Lawsuit
N/A		Transfer to Electric Utility Fund (SCADA projects)		330,000	0	0	0	330,000	Storm share of project in progress
N/A	B	1831 - Storm Drain Repairs and Maintenance	100,000	0	0	0	0	100,000	Repairs required for annual maintenance
N/A	B	1838 - SDPS Motor and Control Maintenance, Repair, and Replacement		189,000	0	0	0	189,000	Repairs required for annual maintenance
N/A	A	1839 - Urban Runoff Pollution Prevention Program	300,000	150,000	0	300,000	0	750,000	Required for regulatory permit
N/A	B	6138 - Repairs-Modifications to City Buildings	150,000	150,000	0	0	0	300,000	Repairs required for annual maintenance
N/A	B	6139 - Repair to Historic Buildings	100,000	100,000	0	0	0	200,000	Repairs required for annual maintenance
N/A	B	6140 - Triton Museum Repair and Modifications	35,000	35,000	0	0	0	70,000	Repairs required for annual maintenance
N/A	B	6558 - Morse Mansion Maintenance and Repair	50,000	50,000	0	0	0	100,000	Repairs required for annual maintenance
Total Non-Discretionary Projects			7,289,400	6,254,000	560,000	1,040,000	710,000	15,853,400	
Other Projects									
1	A	6158 - Stationary Standby Generators	1,000,000	0	0	0	0	1,000,000	Generator failure at buildings and storm pump
2	A	NEW - 325 - Sarah E. Fox Memorial Mausoleum Repairs	300,000	0	0	0	0	300,000	Critical repairs to ensure protection of remains
3	A	3187 - Bowers Roof Replacement Project	130,680	0	0	0	0	130,680	Rated as critical project in Kitchell report
4	A	NEW - 181 - Lafayette St. Underpass at Subway Pump Station	200,000	0	0	0	0	200,000	Study only/no construction funds - current standing water issue
5	B	1841 - Laurelwood Pump Station Rehabilitation	3,200,000	0	0	0	0	3,200,000	Neighborhood flood protection - increased risk during storm events with delays
6	B	4084 - Protective Equipment Replacement	227,001	289,310	247,536	234,374	234,374	1,232,595	Needed to meet replacement cycle
7	B	6501 - FHRMS Update Project (Partial funding by other funds)*	250,000	75,000	75,000	75,000	75,000	550,000	FLSA
8	B	1250 - Annual Curb Ramp Installation	300,000	300,000	0	0	0	600,000	ADA concern
9	B	6505 - Replace Network Equipment	210,000	0	0	0	0	210,000	Potential network failure
10	B	6514 - Consolidate and Upgrade Servers	50,000	150,000	0	0	0	200,000	
Sub-Total Top 10 Other Projects			5,867,681	814,310	322,536	309,374	309,374	7,623,275	
11	B	1203 - Annual Creek Trail Rehabilitation Program	360,000	580,000	0	0	0	940,000	Further degradation of trail surfaces (San Tomas)
12	B	NEW - 182 - Storm Drain Slide Gate Rehabilitation	390,000	0	0	0	0	390,000	Reduced flood protection capacity
13	B	6123 - Public Building Parking Lot Improvements	250,000	0	0	0	0	250,000	Further degradation of parking lot surfaces
14	B	6513 - Computer Replacement Program	100,000	150,000	0	0	0	250,000	
15	B	NEW - 608 - Fire Station 8 Fixtures, Furniture and Equipment	60,000	0	0	0	0	60,000	
16	B	NEW - 326 - Mission Library Gazebo	200,000	0	0	0	0	200,000	
17	B	NEW - 134 - Traffic Engineering Consultant Support	125,000	125,000	0	0	0	250,000	Slower response or not able to address requests
18	B	6144 - Civic Center Campus Renovation (Multi-Department)	100,000	0	0	0	0	100,000	
19	B	NEW - 323 - Electronic Access for Meeting Rooms	576,200	0	0	0	0	576,200	
20	C	1226 - Uncontrolled Crosswalks	200,000	0	0	0	0	200,000	Study only - prioritizing uncontrolled cross walks to evaluate requests
21	D	NEW - 6560 - Downtown Master Plan Implementation (Land Sale Reserve Funding)*	1,800,000	0	0	0	0	1,800,000	
Sub-Total Remaining Other Projects			4,161,200	855,000	0	0	0	5,016,200	
Total Other Projects			10,028,881	1,669,310	322,536	309,374	309,374	12,639,475	
Total All Projects			17,318,281	7,923,310	882,536	1,349,374	1,019,374	28,492,875	

* Fully or partially funded by other sources than the Capital Projects Reserve

PROPOSED WATER & SEWER UTILITIES, AND SOLID WASTE RATES FISCAL YEAR 2020-2021

WATER RATES

(General Customers—Residential & Non-Residential)

The following proposed water rate adjustments shown in Table 1 are proposed to take effect for bills issued to Santa Clara residential and business customers on or after July 1, 2020. The adjustments are needed to fund the increasing cost of wholesale water purchases, continue current service levels, fund the maintenance, repair and replacement of aging infrastructure, and to fund needed reserves. For the average residential customer using 12 units of water per month, this new rate will result in a maximum increase of \$4.20 in the monthly bill.

TABLE 1— WATER RATES

Per HCF	Current Rate: \$6.22	Proposed Rate: \$6.57
Water Meter Size	Current Minimum Monthly Charge	Proposed Minimum Monthly Charge
5/8 x 3/4 inch	\$18.59	\$19.28
1 inch	\$28.95	\$30.03
1 1/2 inch	\$54.83	\$56.92
2 inch	\$85.89	\$89.19
3 inch	\$168.72	\$175.24
4 inch	\$261.90	\$272.04
6 inch	\$520.73	\$540.95
8 inch	\$831.34	\$863.64
10 inch	\$1,245.47	\$1,293.89
12 inch	\$1,750.20	\$1,818.26

SEWER RATES

The following proposed sewer rate adjustments shown in Table 2 are proposed to take effect for bills issued to Santa Clara residential and business customers on or after July 1, 2020. Operations and Capital costs at the San Jose-Santa Clara Regional Wastewater Facility, of which Santa Clara is a co-owner, are the biggest drivers for these adjustments. Residential customers are charged a flat rate and will see their monthly sewer charge increase a maximum of \$0.92 per month. The proposed increases in commercial and industrial sewer rates are dependent on the business type and are based on the amount of wastewater discharged.

TABLE 2- SEWER RATES

Residential Sewer Rates Per Month	Current Rate	Proposed Rate
Single Family	\$44.07	\$44.99
Multi-Family	\$44.07	\$44.99
Non-Residential Type (per HCF)	Current Rate	Proposed Rate
Food & Kindred Products	\$12.91	\$14.59
Paper	\$11.05	\$11.16
Industrial Chemical	\$9.15	\$9.70
Metal Plating	\$3.98	\$3.49
Machinery Manufacturers	\$7.59	\$7.59
Electrical & Electronic Equipment	\$4.94	\$5.21
Auto Dealers & Service Stations	\$5.97	\$6.20
Restaurants	\$13.27	\$15.24
Motels & Hotels	\$6.54	\$7.19
Laundries	\$5.56	\$5.93
Industrial Water Treatment	\$3.62	\$3.66
Repair Shops & Car Washes	\$5.10	\$4.76
Amusement Parks	\$5.92	\$5.96
Hospitals & Convalescent Homes	\$6.17	\$6.70
Schools & Colleges	\$5.77	\$5.75
Churches	\$5.27	\$5.16
Other Non-residential	\$5.32	\$5.45
Minimum Charge	\$44.07	\$44.99

TABLE 3- MAJOR COMMERCIAL & INDUSTRIAL SEWER USERS

Operating & Maintenance Cost Recovery	Current Rate	Proposed Rate
Volume (per MG)	\$2,373.21	\$2,694.02
BOD (per 1,000 lbs)	\$370.42	\$429.85
SS (per 1,000 lbs)	\$520.88	\$584.10
NH3 (per 1,000 lbs)	\$4,438.06	\$4,951.39
Annual Capital Cost Recovery	Current Rate	Proposed Rate
Volume (per MG)	\$1,138,880	\$1,199,534
BOD (per 1,000 lbs)	\$94,070	\$122,304
SS (per 1,000 lbs)	\$53,421	\$55,163
NH3 (per 1,000 lbs)	\$349,107	\$415,131

RECYCLED WATER RATES

Table 4 shows current and proposed rates for each of the existing customer classes. FY20-21 is the first year that all recycled water customers will be in the same class. The rate for general customers is proposed to increase by a maximum of \$.09. These adjustments are proposed to take effect for bills issued to Santa Clara residential and business customers on or after July 1, 2020. The adjustments are needed to pay for increased production costs for recycled water.

TABLE 4 - RECYCLED WATER RATES

Recycled Water Use Type	Current Rate/HCF	Proposed Rate/HCF
Irrigation	\$3.74	\$3.83
Industrial	\$3.58	\$3.83
Irrigation - Former Well User	\$3.35	\$3.83
Industrial - Former Well User	\$3.08	\$3.83

OTHER WATER UTILITY RATES

TABLE 5 - CROSS CONNECTION RATES

Size	Current Monthly Charge	Proposed Monthly Charge
1 inch	\$7.81	\$8.14
2 inch	\$12.50	\$13.02
3 inch	\$25.00	\$26.06
4 inch	\$39.06	\$40.71
6 inch	\$78.13	\$81.43
8 inch	\$125.00	\$130.28
10 inch	\$187.50	\$204.16

TABLE 6 - FIRE SERVICE RATES

Size	Current Monthly Charge	Proposed Monthly Charge
2 inch	\$2.59	\$2.69
4 inch	\$14.67	\$15.25
6 inch	\$43.14	\$44.84
8 inch	\$91.89	\$95.51
10 inch	\$165.22	\$171.73
12 inch	\$267.03	\$277.55

SOLID WASTE RATES

(Residential, Commercial and Institutional Customers Only)

The proposed rates shown in Table 7 generate revenues to cover solid waste programs, which include garbage collection, processing and disposal, yard trimmings collection and processing, recyclables collection and processing, the Annual Cleanup Campaign, household hazardous waste services, street sweeping, and other solid waste program overhead and functions. The proposed rates also fund landfill post-closure maintenance and monitoring and financial system software Capital Improvement Projects. **These rate increases do not apply to customers in areas zoned for industrial use.**

TABLE 7—SOLID WASTE RATES

Monthly Residential Rates: Total Monthly Rate is sum of Garbage Subscription (A1-4) plus Yard Trimmings (B), Annual Cleanup Campaign (C), Recycling (D), and Household Hazardous Waste Charges (E).	Current Rate	Proposed Rate
A1. Super Saver (20-gal.) Garbage Cart Charge	\$7.43	\$12.50
A2. Small (32-gal.) Garbage Cart Charge	\$14.98	\$20.80
A3. Medium (64-gal.) Garbage Cart Charge	\$29.49	\$38.60
A4. Large (96-gal.) Garbage Cart Charge	\$44.00	\$56.50
B. Yard Trimmings Per Unit Charge (not charged to townhomes)	\$11.24	\$11.80
C. Annual Cleanup Campaign Charge	\$5.67	\$5.90
D. Recycling Per Unit Per Once Weekly Pickup Charge (Also applied to Each Extra Weekly Pickup)	\$4.40	\$5.30
E. Household Hazardous Waste Charge	\$0.30	\$0.30
F. Extra Garbage Bag Tags	\$4.50	\$5.70
Monthly Commercial/Institutional/ Multi-Family Rates	Max Increase in Rates	
Larger (per cubic yard) Front-Load Garbage, Recycling*, or Organic Bins	23.1%	
Mission Trail Waste Systems Special Charges**	6.0%	
Recology Per Pickup and Special Charges***	20.5%	

*96-gallons of recycling service included in base of garbage rates, additional service at extra charge.

**All other charges including but not limited to push/pull, driver-time, lock installation, extra pickups and Saturday Service.

***All other charges including but not limited to push/pull and other services for residential recycling.