

REPORT TO COUNCIL

SUBJECT

..Title

Public Hearing: Action on the Adoption of the Proposed FY 2023/24 Municipal Fee Schedule

..Report

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City Council establishes fees, rates, rental fees, and charges (hereinafter collectively, “Fees”) and the City of Santa Clara’s Proposed FY 2023/24 Municipal Fee Schedule (“Fee Schedule”) is a compilation of these Fees. The advantages of updating the fee schedule include assuring that the fees comply with applicable law, including the California Constitution as well as provide transparency in the fee structure for the City’s development-related and other municipal fees. The revenue related to the Fee Schedule has been factored in the development of the FY 2023/24 Proposed Operating Budget.

Article XIIC and other applicable laws enable local agencies to set fees without voter approval; provided, among other things, the fees do not exceed the reasonable cost of service to the extent that a fee has been set based upon a presumption of 100% cost recovery, the City cannot waive the fee unless covers the cost of such waiver out of another permissible funding source such as the General Fund.

California Government Code Section 66016(a) and 66018 states that prior to imposing a new fee or increasing an existing one, a local agency shall hold at least one open and public meeting at which oral or written presentations can be made as part of a regularly scheduled meeting and notice of such hearing must be published. Pursuant to Government Code section 66018, notices for this public hearing have been published in the Santa Clara Weekly on March 29 and April 5, 2023. Staff has also notified all interested parties that have requested to be notified regarding proposed fee updates. This item and staff’s recommendations are intended to be considered upon completion of the public hearing. The public hearing provides all interested parties with an opportunity to comment or request clarification regarding any of the Fees.

The Fee Schedule is reviewed annually by City staff as part of the normal course of operations. Periodically, a cost of service study is performed to identify the City’s full costs of providing fee-related services. Incremental updates typically occur in the years in between comprehensive studies.

This update represents an interim year update with minor, incremental changes proposed that incorporate feedback received during the prior fee update and input from departments on fee changes needed to align with services.

The fee schedule was most recently comprehensively updated for FY 2022/23. The FY 2022/23 fee schedule update was influenced by a comprehensive cost of service study completed in calendar year 2021. Results of the next comprehensive study will be ready for review for the FY 2024/25 Fee Schedule.

DISCUSSION

The Fee Schedule generally identifies, among other things, fees for services and activities provided at the request of, or on behalf of, a single party as opposed to the public at large. Examples of fees collected by the City of Santa Clara, but are not limited to:

- Planning Fees, for services such as entitlement review and review for compliance with the zoning code
- Building Fees, for services such as permitting of new construction or modifications to existing structures
- Engineering Fees, for services such as map review, encroachment permitting, and public improvement review
- Utility Fees, for services such as requests for sewer lateral inspections, and restoration of discontinued service
- Police Fees, for services such as vehicle impound and false alarm response
- Fire Fees, for services such as annual inspections and construction review to ensure compliance with the fire code
- Recreation Fees, for services such as program participation fees, and facility rental fees
- Administrative Fees, for services such as requests for public records

A summary of the changes proposed in the Fee Schedule is included in the table below.

Proposed Fee Changes	Fee Count	%
Cost of Living Adjustments	695	56%
Unchanged Fees	226	18%
Phase-in Fees/Bring Fees to Cost Recovery	219	17%
Restructured Fees	51	4%
New Fees	35	3%
Decreased Fees	16	1%
Eliminated Fees	9	1%
Total	1,251	100%

For interim years, the majority of fees are generally proposed to increase by a cost-of-living adjustment, typically calculated as the most recent annual change in the regional consumer price index (CPI) or a change in the organization's costs. The CPI change for the most recent year was 5.4%. However, the City is proposing an inflationary factor of 4.61%. This factor represents the percentage growth in the average fully burdened cost of the City between FY 2022/23 and FY 2023/24. This minor recalibration of the Fees is simply intended to maintain cost recovery levels consistent with the fees previously adopted by the City Council. Other cost-of-living adjustments implement specific inflators

for certain fees, align with mandates, and provide further clarification. These types of adjustments are applied to 695 fees in the Fee Schedule.

In addition to the general inflationary changes proposed for fees, 219 Fees have recommended adjustments to bring them closer to cost recovery. Of those Fees, 188 are Fire Department fees that are continuing a phase-in approach to achieve full cost recovery over the span of several years. This approach was approved by the City Council as part of the adoption of the FY 2022/23 Municipal Fee Schedule. The remaining 31 Fees are spread out amongst the Housing and Community Services Division, Planning Division, Electric Utility, Parks and Recreation, and Public Works Departments.

There are also 51 Fees that are being restructured; of that, 49 adjustments reflect changes to the business tax approved by the voters in November 2022 that is effective July 1, 2023, while the remaining two restructured Fees are in the Fire Department Construction Permit section to specify different fee amounts based on the size and type of modification.

There are 16 Fees that are proposed to decrease, with the majority (12) being Parkland In-Lieu Fees. The decrease in the in-lieu fees is based on the separate calculation done by the Parks and Recreation Department that reflects the annual land valuation study. There is a separate item the Parks and Recreation Department will be bringing forward during the April 18, 2023 City Council meeting to seek approval of a resolution establishing the average per-acre land values. There are three additional fees being decreased within the Parks and Recreation Department to reflect updated costs for providing services. The final fee that is proposed to decrease is in the Finance Department, reflective of the lower penalty for delinquent business tax payments approved as part of the business tax update.

The proposed Fee Schedule includes 35 new fees intended to recover the cost for services for which fees are not currently assessed. These include Housing multi-family application and loan fees, fees associated with the Patrick Henry Community Facilities District (CFD) formation, development-related fees, fire operational permit and late fees, and Parks and Recreation rental fees as well a new first year cemetery maintenance fee. Also included is the proposed deletion of nine Fees. Three of these are the elimination of library overdue fines based upon direction from the Board of Library Trustees during the February 7, 2022 meeting. There are four Fees in the Parks and Recreation Department that were approved to be effective for only one year from July 1, 2022 through June 30, 2023. There are also two Fees proposed to be deleted in the Fire Department, one of which is linked to the new Fire Code and another is collected via other Fees.

The proposed new and deleted Fees are detailed in the tables below:

Department	Fee	Proposed Fee
New Fees		
Community Development - Housing	Loan Demand Payoff Processing Fee – Multi-Family	\$782
Community Development - Housing	Multi-Family Transaction Application Review Fee	\$978
Community Development - Housing	Multi-Family Loan Conversion Fee	\$7,824
Community Development - Housing	Multi-Family Loan Origination Fee	\$58,686
Community Development - Housing	Multi-Family Loan Recapitalization Fee	\$46,948
Community Development - Housing	Multi-Family Project Restructuring Fee – Transfer of Ownership (New Parties)	\$15,649
Community Development - Housing	Multi-Family Project Restructuring Fee – Transfer of Ownership (Related Parties)	\$11,737
Community Development - Housing	Multi-Family Project Refinance Fee	\$23,474
Community Development - Planning	Architectural Review – Accessory Dwelling Unit	\$295
Community Development - Planning	Patrick Henry CFD Formation – Application received before July 1, 2023 fee due prior to issuance of Certificate of Occupancy	\$810 per acre
Community Development - Planning	Patrick Henry CFD Formation – Application received on/after July 1, 2023 fee due prior to Development Review Hearing	\$810 per acre
Fire – Construction Permit	Backflow Preventer Replacement	\$1,396
Fire – Operational Permit	Energy Storage Systems; Serving Life Safety Systems	\$140
Fire – Operational Permit	Mobile Fueling of Hydrogen-Fueled Vehicles	\$558

Department	Fee	Proposed Fee
New Fees Cont'd.		
Fire – Operational Permit	HPM Facilities	\$558
Fire – Operational Permit	Fire Hydrants and Valves	\$558
Fire – Operational Permit	Temporary Membrane Structures and Tents	\$558
Fire – Operational Permit	Lithium Batteries	\$558
Fire – Operational Permit	Additional Permits	\$558
Fire – Penalty Fees	Late Payment of CUPA – 31 – 60 Days Late	25% of Assessed Fees
Fire – Penalty Fees	Late Payment of CUPA – 61 – 90 Days Late	50% of Assessed Fees
Fire – Penalty Fees	Late Payment of CUPA – Over 90 Days Late	100% of Assessed Fees
Fire – Penalty Fees	Administrative Citations	Per Code
Fire – Penalty Fees	Late Filing of Documents/Reports/Information	\$100 per occurrence
Fire – Penalty Fees	Late Payment of Operational Permits – Over 30 Days Late	50% of Assessed Fees (not to exceed \$500)
Parks and Recreation	Central Park Picnic Area – Electricity Activation and Use	\$20 / hour
Parks and Recreation	Equipment Rentals (as-needed) – Tables	\$11 each
Parks and Recreation	Equipment Rentals (as-needed) – Chairs	\$2 each
Parks and Recreation	Equipment Rentals (as-needed) – EZ-Up Canopy	\$50 each
Parks and Recreation	Equipment Rentals (as-needed) – Podium	\$50 / each
Parks and Recreation	Equipment Rentals (as-needed) – Portable sound system	\$100 / each
Parks and Recreation - Cemetery	First Year Maintenance Fee	\$440
Public Works – Engineering	Temporary Sanitary Sewer Discharge	\$1,421
Public Works – Engineering	Building Permit Site Clearance Fee – Minor	\$135
Public Works – Engineering	Building Permit Site Clearance Fee – Major	\$271

Department	Fee	Current Fee
Deleted Fees		
Fire	Battery Systems	\$1,254
Fire	Hazardous Waste Generator Fee - Used Oil Only	\$414
Library	Overdue Fines – per item per day	\$0.25 per item per day
Library	Overdue Fines – maximum per item	\$8 maximum per item
Library	Overdue Fines – portable electronic devices	\$15
Parks and Recreation	Residential Development – Patrick Henry Specific Plan Quimby Act Single Family	\$52,570
Parks and Recreation	Residential Development – Patrick Henry Specific Plan Quimby Act Multi-Family	\$42,338
Parks and Recreation	Residential Development – Patrick Henry Specific Plan Mitigation Fee Single Family	\$46,697
Parks and Recreation	Residential Development – Patrick Henry Specific Plan Mitigation Fee Multi-Family	\$37,609

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

The changes incorporated into the Proposed FY 2023/24 Municipal Fee Schedule are intended to offset the cost of providing these services. The anticipated revenue impacts of the proposed changes have been factored into the development of the FY 2023/24 Proposed Budget.

COORDINATION

This report has been coordinated with the City Attorney’s Office.

PUBLIC CONTACT

On March 29 and April 5, 2023, notices of the public hearing were published in the *Santa Clara Weekly* in the manner set forth in Government Code Sections 6062a and 66018. Additionally, the City notified all interested parties that had requested to be notified regarding proposed fee updates. Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

ALTERNATIVES

1. Adopt the “City of Santa Clara 2023/24 Municipal Fee Schedule” by resolution which (1) sets new Fees; (2) amends existing Fees; and (3) retains unchanged Fees for various City departments ; and (4) deletes certain fees with an effective date of July 1, 2023.
2. Adopt the “City of Santa Clara 2023/24 Municipal Fee Schedule” by resolution with modifications with an effective date July 1, 2023.
3. Take any other action the Council deems appropriate.

RECOMMENDATION

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Alternative 1:

Adopt the “City of Santa Clara 2023/24 Municipal Fee Schedule” which by resolution (1) sets new Fees; (2) amends existing Fees; (3) retains unchanged Fees for various City departments; (4) deletes certain fees with an effective date of July 1, 2023.

..Staff

Reviewed by: Kenn Lee, Director of Finance

Approved by: Office of the City Manager

ATTACHMENTS

1. FY 2023/24 Proposed Municipal Fee Schedule
2. Resolution Adopting the FY 2023/24 Municipal Fee Schedule