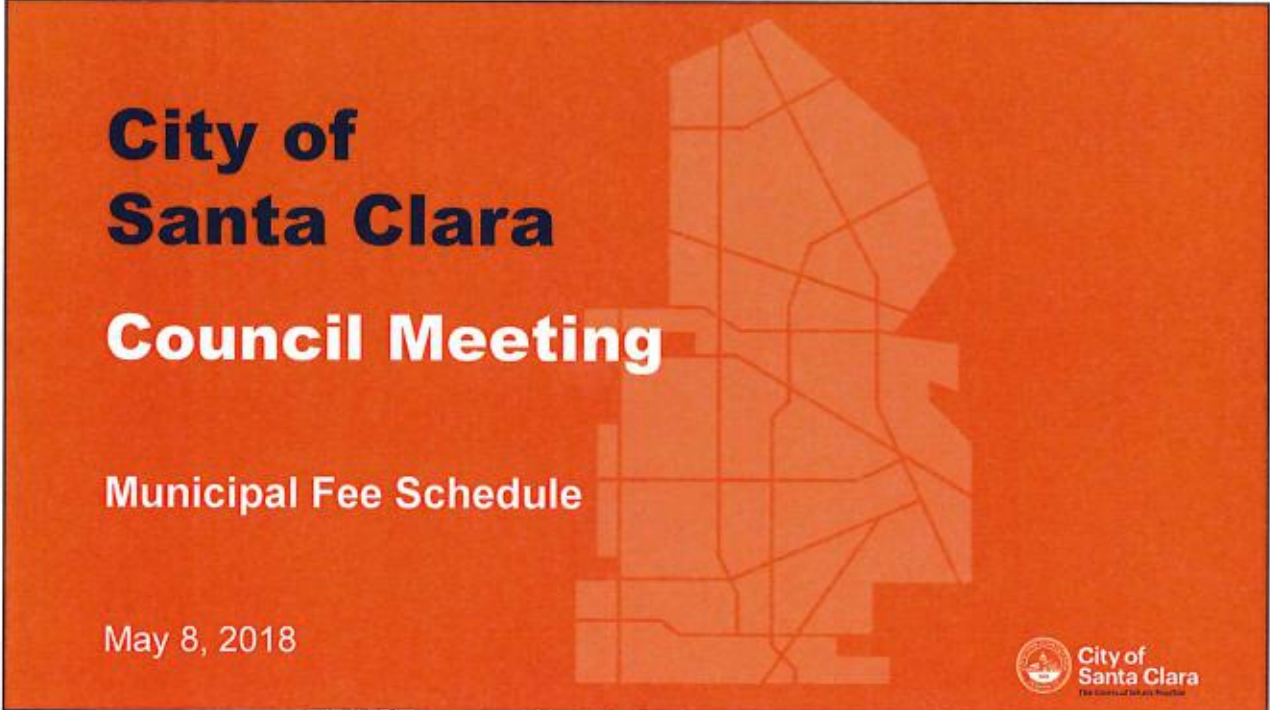


5/8/2018

ITEM # 7


A presentation slide with an orange background. On the right side, there is a faint, light-colored map of the City of Santa Clara. The text is in white and black. The title 'City of Santa Clara' is in a large, bold, black font. Below it, 'Council Meeting' is in a large, bold, white font. Underneath that, 'Municipal Fee Schedule' is in a smaller, bold, white font. At the bottom left, the date 'May 8, 2018' is in a white font. At the bottom right is the City of Santa Clara logo, which includes a circular seal and the text 'City of Santa Clara' and 'The Council of the City of Santa Clara'.

**City of  
Santa Clara**

**Council Meeting**

**Municipal Fee Schedule**

May 8, 2018

 **City of  
Santa Clara**  
The Council of the City of Santa Clara

## **2018-19 Park in Lieu Fee Schedule**

- The Park in Lieu Fee Schedule for New Residential Development was originally scheduled to be presented on April 24, 2018
- The City received several comments from the public and the development community and it was decided to continue this item to a latter date
- Staff is reviewing input, once the review is complete, fee modifications will be made as necessary
- Staff will conduct additional outreach to allow for public comment and feedback
- Prior year (2017-18) Park in Lieu fees will remain in place until such time a new schedule is approved

## 2018-19 Municipal Fee Schedule Introduction

- The Proposed Municipal Fee Schedule is a compilation of fees for City services provided to the public
- This fee schedule contains 948 fees; 70% of fees are eligible for a cost of services study, the remaining 30% are set by voter approval and/or state/federal law, etc.
- Separately published fee schedules not in this document are: Electric Rates, Water & Sewer Utility Rates, and Santa Clara Recreation Activity Charges
- Prop 218 & Calif. Gov't Code 66014 enable local agencies to set fees at rates that obtain fair & reasonable recovery of costs without exceeding full cost recovery

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## 2018-19 Municipal Fee Schedule Introduction (cont.)

- Every three years the City utilizes an outside consultant to conduct a User Fee Study and update the City's Cost Allocation Plan
  - The study was broken out in phases
    - FY 2016-17 – Phase I
    - FY 2017-18 – Phase II
    - FY 2018-19 – Off year for study
- The City contracted with NBS Government Finance Group to perform User Fee Studies resulting in a \$7.8M subsidy reduction to the City's General Fund

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## **User Fee & Cost of Services Study**

- FY 16-17 (Phase I) departments studied:
  - Public Works: 98% of fees at full cost recovery
  - Fire Department: 90% of fees at recovery
  - Electric Utility: 97% of fees at full cost recovery
  - Parks & Recreation: 37% of fees at full cost recovery

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## **User Fee & Cost of Services Study**

- FY 17-18 (Phase II) departments studied:
  - Community Development: 37% of fees at full cost recovery
  - Finance: 97% of fees at full cost recovery
  - Library: 0% of fees at full cost recovery
  - Police: 89% of fees at full cost recovery
  - Water & Sewer Utilities: 73% of fees at full cost recovery
- Building Division was not included in this study

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## **2018-19 Municipal Fee Schedule Highlights**

- FY18-19 departments updated fees by 6.27% representing percentage increase in 2018-19 salaries and benefit costs
- Created a new Citywide Section, listing common City fees
- Electric Utility updated the Load Development Fee to a two-tiered fee structure
- Parks & Recreation redesigned the Cemetery Schedule to include an easy-to-read table outlining Mission City Memorial Park internment rights and burial materials

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## **2018-19 Municipal Fee Schedule New Fees**

- Eighteen (18) new fees have been added to the fee schedule
- New fees recover the costs resulting from significant increases in service level for a service the City already provides but never charged
  - Community Development: Housing & Community Service Fees
  - Public Works: Encroachment Permit Field Marking Traffic Signal
  - Water & Sewer Utility: Wastewater Treatment Plant Capacity fee for Accessory Dwelling Unit

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## **2018-19 Municipal Fee Schedule Deleted Fees**

- Three (3) Fees are proposed to be deleted from the schedule
  - Council Meeting Audio Tape Duplication Fee (Obsolete)
  - IRS Mileage Reimbursement Fees for Superior Court (internal City process)
  - IRS Mileage Reimbursement Fees for Federal District Court (internal City process)

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## **2018-19 Municipal Fee Schedule Technology Fee**

- A 2% Technology Fee is proposed to be added as a surcharge to all appropriate fees
- Revenue generated from the Technology Fee will be earmarked to replace end of life Citywide business applications and systems
- Several City systems are outdated and need to be modernized to comply with current business practices and legal requirements

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## 2018-19 Municipal Fee Schedule

- The proposed 2018-19 Municipal Fee results in a reduction of the General Fund subsidy of \$1.5M
  - \$0.5M of the General Fund reduction will be a direct result of the implementation of the 2% Technology Fee
- Regular Fees will be effective July 1, 2018, Development Impact Fees effective July 8, 2018

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## 2018-19 Municipal Fee Schedule Conclusion

- Adopting the Proposed Municipal Fee Schedule is an important component of the City's financial strategy
- This schedule adheres to the City Council January 29, 2018 adopted Budget Principle that establishes fees based on full cost recovery, with limited exceptions.

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# **City of Santa Clara**

## **Council Meeting**

### **Municipal Fee Schedule Adoption**

May 8, 2018





05/08/18

#7

Genevieve Yip

**From:** Walt and Sue <waltsue@comcast.net>  
**Sent:** Wednesday, May 02, 2018 12:28 PM  
**To:** Mayor and Council  
**Subject:** April 24 continuance: Adoption of the Fee Schedule and Park in Lieu Fee Update

Dear Mayor Gillmor and City Council Members,

Regarding POST MEETING MATERIAL, from the April 24, 2018 City Council Meeting File #18-226  
(<http://santaclaraca.gov/?splash=https%3a%2f%2fsantaclaraca.legistar.com%2fLegislationDetail.aspx%3fid%3d3484601%26GUID%3d0A3F0ED8-734A-40D1-A76C-06B3EEFFFB7B&isexternal=true>)  
for agenda item "Adoption of the Fiscal Year 2018-19 Municipal Fee Schedule and 2018-19 Park In Lieu Fee Schedule for New Residential," I would like to bring the following to your attention.

Regarding the following text in the public letter, from the third (3rd) and sixth (6th) paragraph, sent to the Council by Nick Vanderboom, Jonathan Fearn, John Wayland, "Tyson Sales Principal," and Ardie Zahedani, "Within the Tasman East zip code specifically (95054), the new fee represents an increase of over \$9000 per unit or over 40%. The increase in Zip Code 95050 is over 47%. Such large increases on what already is a substantial fee has significant ramifications for projects in the pipeline that are not yet deemed complete ... Lastly, the principal driver of the fee increase ... is not well justified or explained" -- I would like to point out that real estate itself has soared in value over the past several years. Expert testimony is not needed in order to know this, one need only look at real estate websites such as Zillow or Redfin.

Such increases obviously mean that real estate profit has gone up and the percentages are in the kind of range asked for in fees - which, obviously, would provide justification for a fee increase. Here are a few easy-to-find examples, all from Zip Code 90505:

In 2012, according to Redfin, the single family home at 1802 Henning Place sold for \$662,000, and on May 1, 2018, this house sold for \$1,450,000. This is an increase of 219%.

In May 2015 the townhouse at 2460 Michele Jean Way sold for \$860,000, and on April 25, 2018 this townhouse sold for \$1,400,000, an increase of 162%.

In February 2017 the multi-housing building, containing 2 2-bedroom units, each of about 1216 square feet, sold for \$805,000, and on April 26, 2018 this 2-unit building sold for \$1,495,000, an increase of 185%.

Note that for that last, 2-unit, building, the increase of 185% occurred in slightly more than a single (1) year.

The above examples took approximately 10-15 minutes to find, and they are far from unique. Imagine how City of Santa Clara renters and home buyers must feel while looking at these increases in value. Surely, with prices like these, renters and home buyers expect decent city infrastructure, services, schools, and green space. How does the City fund such new infrastructure? In part through development fees. In light of profits that the above letter writers stand to make, a 40% or even a 47% fee increase seems fully justifiable.

Sincerely yours,  
Susan Hinton  
Citizen of Santa Clara

P.S. I am submitting this letter as public comment on this matter.

**POST MEETING MATERIAL**