

# **Report on the Cost of Services (User Fee) Study – Phase I**

---

CITY OF SANTA CLARA, CALIFORNIA



**June 2019**

## Table of Contents

---

1. Introduction and Executive Summary	1
2. Legal Framework and Policy Considerations	3
3. User Fee Study Methodology	7
4. Comparative Survey	9
5. Cost Recovery	11
6. Results Overview	16
7. Citywide	17
8. City Clerk	20
9. Housing and Community	22
10. Electric Utility	25
11. Finance	28
12. Library	32
13. Cemetery	35
14. Recreation	42
15. Police	50

# 1. Introduction and Executive Summary

The report, which follows, presents the results of Phase I of the Cost of Services (User Fee) Study conducted by the Matrix Consulting Group for the City of Santa Clara.

## 1 PROJECT BACKGROUND AND SCOPE OF WORK

The Matrix Consulting Group analyzed the cost of service relationships that exist between fees for service activities for all City departments. This study was conducted in two phases; with this first phase including: City Clerk, Housing and Community, Electric Utility, Finance, Library, Cemetery, Recreation, and Police. The results of this Study provide a tool for understanding current service levels, the cost and demand for those services, and what fees for service can and should be charged.

## 2 GENERAL PROJECT APPROACH AND METHODOLOGY

The methodology employed by the Matrix Consulting Group is a widely accepted “bottom up” approach to cost analysis, where time spent per unit of fee activity is determined for each position within a Department or Program. Once time spent for a fee activity is determined, all applicable City costs are then considered in the calculation of the “full” cost of providing each service. The following table provides an overview of types of costs applied in establishing the “full” cost of services provided by the City:

**Table 1: Cost Components Overview**

Cost Component	Description
<b>Direct</b>	Fiscal Year 2018/19 Budgeted salaries, benefits and allowable expenditures.
<b>Indirect</b>	Division and departmental administration / management and clerical support.

Together, the cost components in the table above comprise the calculation of the total “full” cost of providing any particular service, regardless of whether a fee for that service is charged.

The work accomplished by the Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Departmental Staff Interviews:** The project team interviewed Departmental staff regarding their needs for clarification to the structure of existing fee items, or for addition of new fee items.

- **Data Collection:** Data was collected for each permit / service, including time estimates. In addition, all budgeted costs and staffing levels for Fiscal Year 18/19 were entered into the Matrix Consulting Group's analytical software model.
- **Cost Analysis:** The full cost of providing each service included in the analysis was established. Cross-checks including allocation of not more than 100% of staff resources to both fee and non-fee related activities assured the validity of the data used in the Study.
- **Review and Approval of Results with City Staff:** Department management has reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations are provided in subsequent chapters of this report.

### 3 SUMMARY OF RESULTS

When comparing Fiscal Year 18/19 fee-related budgeted expenditures with fee-related revenue generated in Fiscal Year 17/18 for Phase I departments, the City is under-recovering its costs by approximately \$13 million and recovering about 30% of its budgeted costs annually. The following table outlines these results on a departmental basis:

**Table 2: Annual Cost Recovery Analysis**

Department	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)	Cost Recovery %
City Clerk	\$31,970	\$33,920	(\$1,950)	94%
Housing & Community	\$28,520	\$37,844	(\$9,324)	75%
Electric Utility	\$349,800	\$313,752	\$36,048	111%
Finance	\$2,195,923	\$2,624,117	(\$428,194)	84%
Library	\$112,836	\$330,892	(\$218,056)	34%
Cemetery	\$222,026	\$361,224	(\$139,198)	61%
Recreation	\$2,604,667	\$15,053,849	(\$12,449,182)	17%
Police	\$38,185	\$61,278	(\$23,093)	62%
<b>TOTAL</b>	<b>\$5,583,927</b>	<b>\$18,816,876</b>	<b>(\$13,232,949)</b>	<b>30%</b>

As the table indicates, nearly all of the \$13 million subsidy is related to Recreation services. Finance has the next largest subsidy at almost \$500,000, with City Clerk, Housing & Community, and Police showing minor subsidies of less than \$50,000. The Electric Utility shows a slight surplus of approximately \$36,000.

While the detailed documentation of the Study will show an over-collection for some fees (on a per unit basis), and an undercharge for most others, overall, the City is providing an annual subsidy to fee payers for all services included in the analysis.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Council members and City staff, and do not represent a recommendation for where or how the Council should act. The setting of the “rate” or “price” for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by the Council, with input from City staff and the community.

## **4 CONSIDERATIONS FOR COST RECOVERY POLICY AND UPDATES**

The Matrix Consulting Group recommends that the City use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy, and a mechanism for the annual update of fees for service.

### **1 Adopt a Formal Cost Recovery Policy**

The Matrix Consulting Group strongly recommends that the Council adopt a formalized, individual cost recovery policy for each service area included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. The Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice.

### **2 Adopt an Annual Fee Update / Increase Mechanism**

The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in the previous study, and to account for any major shifts in cost components or organizational structures. The Matrix Consulting Group believes it is a best management practice to perform a complete update of a Fee Assessment every 3 to 5 years.

In between comprehensive updates, the City could utilize published industry economic factors such as Consumer Price Index (CPI) or other regional factors to update the cost calculations established in the Study on an annual basis. Alternatively, the City could also consider the use of its own anticipated labor cost increases such as step increases, benefit enhancements, or cost of living raises. Utilizing an annual increase mechanism would ensure that the City receives appropriate fee and revenue increases that reflect growth in costs.

## **2. Legal Framework and Policy Considerations**

A “user fee” is a charge for service provided by a governmental agency to a public citizen or group. In California, several constitutional laws such as Propositions 13, 4, and 218,

State Government Codes 66014 and 66016, and more recently Prop 26 and the Attorney General’s Opinion 92-506 set the parameters under which the user fees typically administered by local government are established and administered. Specifically, California State Law, Government Code 66014(a), stipulates that user fees charged by local agencies “...may not exceed the estimated reasonable cost of providing the service for which the fee is charged”.

## 1 GENERAL PRINCIPLES AND PHILOSOPHIES REGARDING USER FEES

Local governments are providers of many types of general services to their communities. While all services provided by local government are beneficial to constituents, some services can be classified as globally beneficial to all citizens, while others provide more of a direct benefit to a specific group or individual. The following table provides examples of services provided by local government within a continuum of the degree of community benefit received:

**Table 3: Services in Relation to Benefit Received**

“Global” Community Benefit	“Global” Benefit and an Individual or Group Benefit	Individual or Group Benefit
<ul style="list-style-type: none"> <li>• Police</li> <li>• Park Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Recreation / Community Services</li> <li>• Fire Suppression / Prevention</li> </ul>	<ul style="list-style-type: none"> <li>• Building Permits</li> <li>• Planning and Zoning Approval</li> <li>• Site Plan Review</li> <li>• CUPA</li> <li>• Facility Rentals</li> </ul>

Funding for local government is obtained from a myriad of revenue sources such as taxes, fines, grants, special charges, user fees, etc. In recent years, alternative tax revenues, which typically offset subsidies for services provided to the community, have become increasingly limited. These limitations have caused increased attention on user fee activities as a revenue source that can offset costs otherwise subsidized (usually) by the general fund. In Table 5, services in the “global benefit” section tend to be funded primarily through voter approved tax revenues. In the middle of the table, one typically finds a mixture of taxes, user fee, and other funding sources. Finally, in the “individual / group benefit” section of the table, lie the services provided by local government that are typically funded almost entirely by user fee revenue.

The following are two central concepts regarding the establishment of user fees:

- **Fees should be assessed according to the degree of individual or private benefit gained from services.** For example, the processing and approval of a land use or building permit will generally result in monetary gain to the applicant, whereas Police services and Fire Suppression are examples of services that are essential to the safety of the community at large.

- **A profit-making objective should not be included in the assessment of user fees.** In fact, California laws require that the charges for service be in direct proportion to the costs associated with providing those services. Once a charge for service is assessed at a level higher than the actual cost of providing a service, the term “user fee” no longer applies. The charge then becomes a tax subject to voter approval.

Therefore, it is commonly accepted that user fees are established at a level that will recover up to, and not more than, the cost of providing a particular service.

## 2 GENERAL POLICY CONSIDERATIONS REGARDING USER FEES

Undoubtedly, there are programs, circumstances, and services that justify a subsidy from a tax based or alternative revenue source. However, it is essential that jurisdictions prioritize the use of revenue sources for the provision of services based on the continuum of benefit received.

Within the services that are typically funded by user fees, the Matrix Consulting Group recognizes several reasons why City staff or the Council may not advocate the full cost recovery of services. The following factors are key policy considerations in setting fees at less than 100 percent of cost recovery:

- **Limitations posed by an external agency.** The State or an outside agency will occasionally set a maximum, minimum, or limit the jurisdiction’s ability to charge a fee at all. An example includes time spent copying and retrieving public documents.
- **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may provide better compliance from the community. For example, if the cost of a permit for charging a water heater in residential home is higher than the cost of the water heater itself, many citizens will avoid pulling the permit.
- **Effect on demand for a particular service.** Sometimes raising the “price” charged for services might reduce the number of participants in a program. This is largely the case in Recreation programs such as camps or enrichment classes, where participants may compare the City’s fees to surrounding jurisdictions or other options for support activities.
- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the

community as a whole. Examples include Recreation programs, Planning Design Review, historical dedications and certain types of special events.

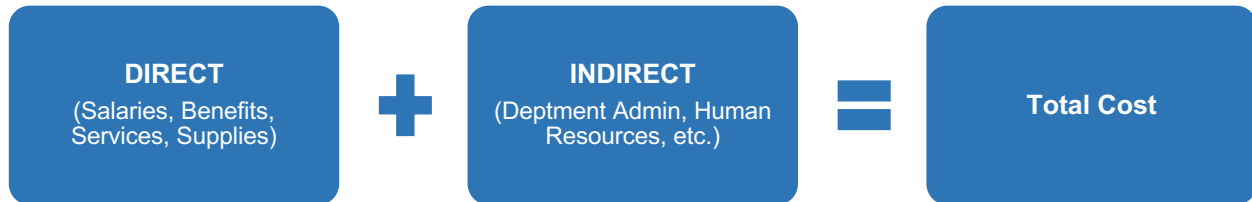
The Matrix Consulting Group recognizes the need for policies that intentionally subsidize certain activities. The primary goals of a User Fee Study are to provide a fair and equitable basis for determining the costs of providing services, and assure that the City complies with State law.

Once the full cost of providing services is known, the next step is to determine the “rate” or “price” for services at a level which is up to, and not more than the full cost amount. The Council is responsible for this decision, which often becomes a question of balancing service levels and funding sources. The placement of a service or activity within the continuum of benefit received may require extensive discussion and at times fall into a “grey area”. However, with the resulting cost of services information from a User Fee Study, the Council can be assured that the adopted fee for service is reasonable, fair, and legal.



### 3. User Fee Study Methodology

The Matrix Consulting Group utilizes a cost allocation methodology commonly known and accepted as the “bottom-up” approach to establishing User Fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The following chart describes the components of a full cost calculation:



The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Calculate fully burdened hourly rates by position, including direct & indirect costs;
- Develop time estimates for each service included in the study;
- Distribute the appropriate amount of the other cost components to each fee or service based on the staff time allocation basis, or another reasonable basis.

The results of these allocations provide detailed documentation for the reasonable estimate of the actual cost of providing each service. The following sections highlight critical points about the use of time estimates and the validity of the analytical model.

#### 1 TIME ESTIMATES ARE A MEASURE OF SERVICE LEVELS REQUIRED TO PERFORM A PARTICULAR SERVICE

One of the key study assumptions utilized in the “bottom up” approach is the use of time estimates for the provision of each fee related service. Utilization of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and processes unique to the City developed these estimates.

The project team worked closely with City staff in developing time estimates with the following criteria:

- Estimates are representative of average times for providing services. Estimates for extremely difficult or abnormally simple projects are not factored into this analysis.

- Estimates reflect the time associated with the position or positions that typically perform a service.
- Estimates provided by staff are reviewed and approved by the division / department, and often involve multiple iterations before a Study is finalized.
- Estimates are reviewed by the project team for “reasonableness” against their experience with other agencies.
- Estimates were not based on time in motion studies, as they are not practical for the scope of services and time frame for this project.

The Matrix Consulting Group agrees that while the use of time estimates is not perfect, it is the best alternative available for setting a standard level of service for which to base a jurisdiction’s fees for service, and meets the requirements of California law.

The alternative to time estimating is actual time tracking, often referred to billing on a “time and materials” basis. Except in the case of anomalous or sometimes very large and complex projects, the Matrix Consulting Group believes this approach to not be cost effective or reasonable for the following reasons:

- Accuracy in time tracking is compromised by the additional administrative burden required to track, bill, and collect for services in this manner.
- Additional costs are associated with administrative staff’s billing, refunding, and monitoring deposit accounts.
- Customers often prefer to know the fees for services in advance of applying for permits or participating in programs.
- Applicants may request assignment of less expensive personnel to their project.
- Departments can better predict revenue streams and staff needs using standardized time estimates and anticipated permit volumes.

Situations arise where the size and complexity of a given project warrants time tracking and billing on a “time and materials” basis. The Matrix Consulting Group has recommended taking a deposit and charging Actual Costs for such fees as appropriate and itemized within the current fee schedule.

## 4. Comparative Survey

As part of the Cost of Services (User Fee) study for the City of Santa Clara, the Matrix Consulting Group conducted a comparative survey of fees. The City identified five jurisdictions to be included in the comparative survey: Sunnyvale, Palo Alto, Milpitas, San Jose, and Cupertino.

While this report will provide the City with a reasonable estimate and understanding of the true costs of providing services, many jurisdictions also wish to consider the local “market rates” for services as a means for assessing what types of changes in fee levels their community can bear. However, a comparative survey does not provide adequate information regarding the relationship of a jurisdiction’s cost to its fees. Three important factors to consider when comparing fees across multiple jurisdictions are: population, budget and workforce size. The following tables provide this information regarding the jurisdictions included in the comparative survey.

**Table 4: Ranking of Jurisdictions by Population**

<b>Jurisdiction</b>	<b>2017 Census</b>
Cupertino	64,127
Palo Alto	66,649
Milpitas	74,865
<b>Santa Clara</b>	<b>129,604</b>
Sunnyvale	149,831
San Jose	1,051,316

**Table 5: Ranking of Jurisdictions by Development Services Budget**

<b>Jurisdiction</b>	<b>FY 18/19 Budget</b>
Cupertino	\$ 131,718,859
Milpitas	\$ 191,109,583
Sunnyvale	\$ 489,694,482
Palo Alto	\$ 711,200,000
<b>Santa Clara</b>	<b>\$ 860,896,605</b>
San Jose	\$ 3,728,246,392

**Table 6: Ranking of Jurisdictions by Development Services Workforce Size**

<b>Jurisdiction</b>	<b>FY 18 / 19 FTE</b>
Cupertino	201.75
Milpitas	389.50
Sunnyvale	907.96
Palo Alto	1,041.35
<b>Santa Clara</b>	<b>1,111.25</b>
San Jose	6,413.00

Based on the data shown in the above tables, the City of Santa Clara ranks in the middle in terms of population, but on the higher end as it relates to budget and workforce.

While the above comparative information can provide some perspective when paralleling Santa Clara's fees with other jurisdictions, another key factor to consider is when a comprehensive analysis was last undertaken. The following table outlines when the last fee analysis was conducted by each surveyed jurisdiction.

**Table 7: Last Comprehensive Fee Analysis**

<b>Jurisdiction</b>	<b>Response</b>
Cupertino	2016
Milpitas	Not in the last 10 years
Palo Alto	2017
San Jose	2017
Sunnyvale	2017

As the table above indicates, all comparable jurisdictions other than Milpitas have done a fee study in the last 5 years. While Milpitas has not updated with fees in over 10 years, they are currently undergoing a fee study.

Along with keeping these statistics in mind, the following issues should also be noted regarding the use of market surveys in the setting of fees for service:

- Each jurisdiction and its fees are different, and many are not based on actual cost of providing services.
- The same "fee" with the same name may include more or less steps or sub-activities. In addition, jurisdictions provide varying levels of service and have varying levels of costs associated with providing services such as staffing levels, salary levels, indirect overhead costs, etc.

In addition to the issues noted above, market surveys can also run the risk of creating a confusing excess of data that will obscure rather than clarify policy issues. Because each jurisdiction is different, the Matrix Consulting Group recommends that the information contained in the market comparison of fees be used as a secondary decision-making tool, rather than a tool for establishing an acceptable price point for services.

On average, the survey showed that the City's fees are in line with the jurisdictions surveyed, with some fees higher than other jurisdictions and other fees significantly lower. Some of the survey results have been included in this report, and complete survey results have been provided to staff under separate cover.

## 5. Cost Recovery

The following sections provide guidance regarding how and where to increase fees, determining annual update factors, and developing cost recovery policies and procedures.

### 1 FEE ADJUSTMENTS

This study has documented and outlined on a fee-by-fee basis where the City is under and over collecting for its fee-related services. City and Department management will now need to review the results of the study and adjust fees in accordance with Departmental and City philosophies and policies. The following dot points outline the major options the City has in adjusting its fees.

- **Over-Collection:** Upon review of the fees that were shown to be over-collecting for costs of services provided, the City should reduce the current fee to be in line with the full cost of providing the service.
- **Full Cost Recovery:** For fees that show an under-collection for costs of services provided, the City may decide to increase the fee to full cost recovery immediately.
- **Phased Increase:** For fees with significantly low cost recovery levels, or which would have a significant impact on the community, the City could choose to increase fees gradually over a set period of time.

The City will need to review the results of the fee study and associated cost recovery levels and determine how best to adjust fees. While decisions regarding fees that currently show an over-recovery are fairly straight forward, the following subsections, provide further detail on why and how the City should consider either implementing Full Cost Recovery or a Phased Increase approach to adjusting its fees.

#### 1 Full Cost Recovery

Based on the permit or review type, the City may wish to increase the fee to cover the full cost of providing services. Certain permits may be close to cost recovery already, and an increase to full cost may not be significant. Other permits may have a more significant increase associated with full cost recovery.

Increasing fees associated with permits and services that are already close to full cost recovery can potentially bring a Department's overall cost recovery level higher. Often, these minimal increases can provide necessary revenue to counterbalance fees which are unable to be increased.

The City should consider increasing fees for permits for which services are rarely engaged to full cost recovery. These services often require specific expertise and can involve more complex research and review due to their infrequent nature. As such, setting these fees at full cost recovery will ensure that when the permit or review is requested, the City is recovering the full cost of its services.

## **2      Phased Increases**

Depending on current cost recovery levels some current fees may need to be increased significantly in order to comply with established or proposed cost recovery policies. Due to the type of permit or review, or the amount by which a fee needs to be increased, it may be best for the City to use a phased approach to reaching their cost recovery goals.

As an example, you may have a current fee of \$200 with a full cost of \$1,000, representing 20% cost recovery. If the current policy is 80% cost recovery, the current fee would need to increase by \$600, bringing the fee to \$800, in order to be in compliance. Assuming this particular service is something the City provides quite often, and affects various members of the community, an instant increase of \$600 may not be feasible. Therefore, the City could take a phased approach, whereby it increases the fee annually over a set period until cost recovery is achieved.

Raising fees over a set period of time not only allows the City to monitor and control the impact to applicants, but also ensure that applicants have time to adjust to significant increases. Continuing with the example laid out above, the City could increase the fee by \$150 for the next four years, spreading out the increase. Depending on the desired overall increase, and the impact to applicants, the City could choose to vary the number of years by which it chooses to increase fees. However, the project team recommends that the City not phase increases for periods greater than five years, as that is the maximum window for which a comprehensive fee assessment should be completed.

## **2      ANNUAL ADJUSTMENTS**

Conducting a comprehensive analysis of fee-related services and costs annually would be quite cumbersome and costly. The general rule of thumb for comprehensive fee analyses is between three and five years. This allows for jurisdictions to ensure they account for organizational changes such as staffing levels and merit increases, as well as process efficiencies, code or rule changes, or technology improvements.

Developing annual update mechanisms allow jurisdictions to maintain current levels of cost recovery, while accounting for increases in staffing or expenditures related to permit services. The two most common types of update mechanisms are Consumer Price Index (CPI) and Cost of Living Adjustment (COLA) factors. The following points provide further

detail on each of these mechanisms.

- **COLA / Personnel Cost Factor:** Jurisdictions often provide their staff with annual salary adjustments to account for increases in local cost of living. These increases are not tied to merit or seniority, but rather meant to offset rising costs associated with housing, gas, and other livability factors. Sometimes these factors vary depending on the bargaining group of a specific employee. Generally speaking these factors are around two or three percent annually.
- **CPI Factor:** A common method of increasing fees or cost is to look at regional cost indicators, such as the Consumer Price Index. These factors are calculated by the Bureau of Labor Statistics, put out at various intervals within a year, and are specific to states and regions.

The City should review its current options internally (COLA) as well as externally (CPI) to determine which option better reflects the goals of departments and the City. If choosing a CPI factor, the City should outline which particular CPI should be used, including specific region, and adoption date. If choosing an internal factor, again, the City should be sure to specify which factor if multiple exist.

### 3 POLICIES AND PROCEDURES

This study has identified the permit areas where the City is under-collecting the cost associated with providing services. This known funding gap is therefore being subsidized by other City revenue sources. Based on the information provided in this report, at a global or per unit level, the City may not have any issues with using non-fee related revenue to account for the current deficit.

Development of cost recovery policies and procedures will serve to ensure that current and future decision makers understand how and why fees were determined and set, as well as provide a road map for ensuring consistency when moving forward. The following subsections outline typical cost recovery levels and discuss the benefits associated with developing target cost recovery goals and procedures for achieving and increasing cost recovery.

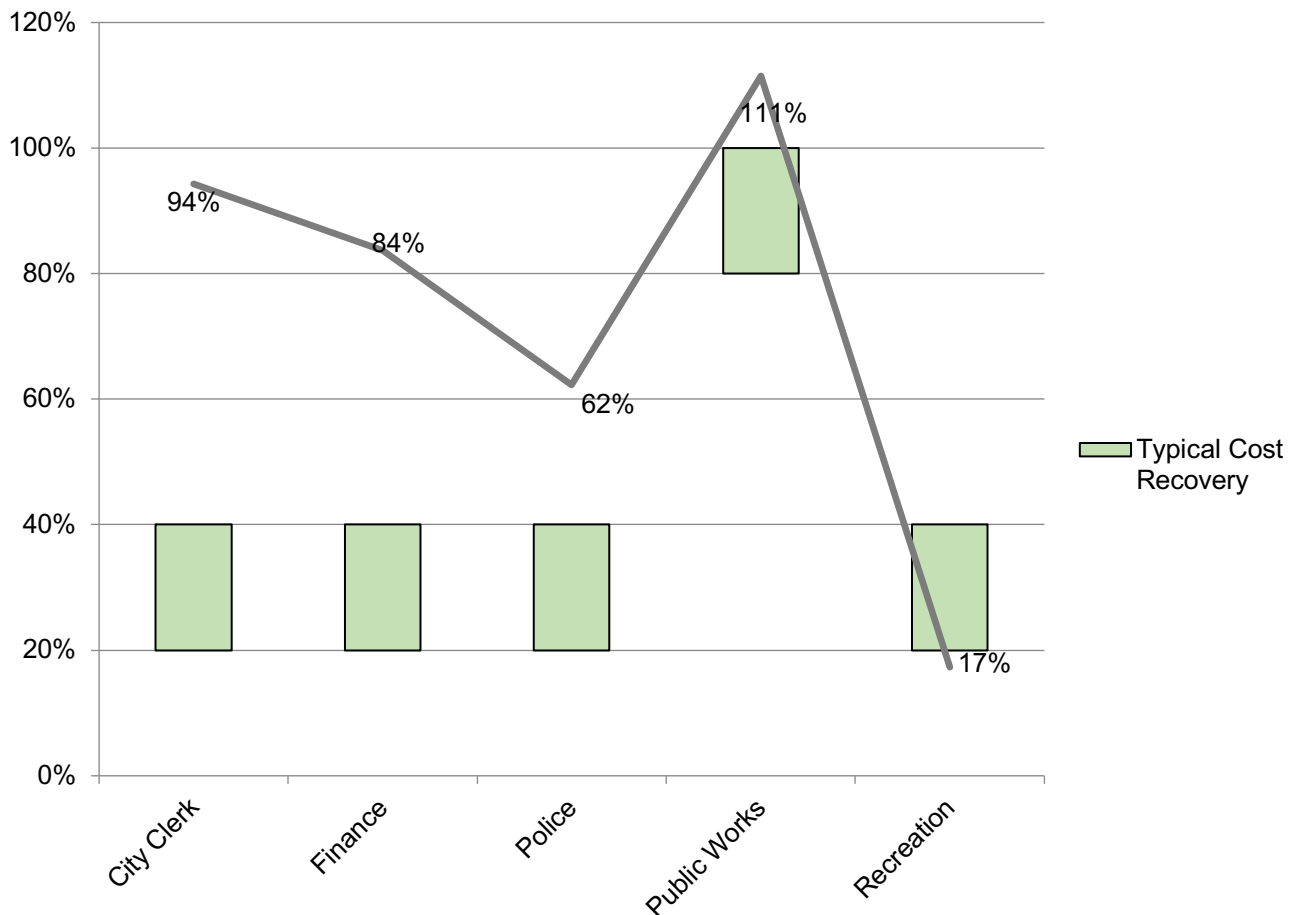
#### 1 Typical Cost Recovery

The Matrix Consulting Group has extensive experience in analyzing local government operations across the United States and has calculated typical cost recovery levels. The table on the following page outlines these cost recovery levels by major department.

**Table 8: Typical Cost Recovery Levels by Department**

Department	Typical Cost Recovery
City Clerk	20 – 40%
Finance	20 – 40%
Police	20 – 40%
Public Works	80 – 100%
Parks and Recreation	20 – 40%

Information presented in the table above is based on the Matrix Consulting Group's experience in analyzing local government's operations across the United States and in California and reflects the *typical* cost recovery levels observed by local adopting authorities. The following graph depicts how Santa Clara compares to industry cost recovery standards.

**Current Cost Recovery vs. Typical Cost Recovery**



The graph above indicates that the City is currently above typical cost recovery for City Clerk, Finance Police, and Public Works (Electric), while below the typical cost recovery for Recreation services.

## **2 Development of Cost Recovery Policies and Procedures**

The City should review the current cost recovery levels and adopt a formal policy regarding cost recovery. This policy can be general in nature and can apply broadly to the City as a whole, or to each department and division specifically. A department specific cost recovery policy would allow the City to better control the cost recovery associated with the different types of services being provided and the benefit being received by the community.

## 6. Results Overview

---

The motivation behind a cost of services (User Fee) analysis is for the City Council and Departmental staff to maintain services at a level that is both accepted and effective for the community, and also to maintain control over the policy and management of these services.

It should be noted that the results presented in this report are not a precise measurement. In general, a cost of service analysis takes a “snapshot in time”, where a fiscal year of adopted budgeted cost information is compared to the same fiscal year of revenue, and workload data available. Changes to the structure of fee names, along with the use of time estimates allow only for a reasonable projection of subsidies and revenue. Consequently, the Council and Department staff should rely conservatively upon these estimates to gauge the impact of implementation going forward.

Discussion of results in the following chapters is intended as a summary of extensive and voluminous cost allocation documentation produced during the Study. Each chapter will include detailed cost calculation results for each major permit category including the following:

- **Modifications or Issues:** discussions regarding any revisions to the current fee schedule, including elimination or addition of fees.
- **“Per Unit” Results:** comparison of the full cost of providing each unit of service to the current fee for each unit of service (where applicable).
- **Annualized Results:** utilizing volume of activity estimates annual subsidies and revenue impacts were projected.
- **Jurisdictional Comparison:** a brief comparison of current permits and services with other local jurisdictions.

The full analytical results were provided to Department staff under separate cover from this summary report.

## 7. Citywide

The Citywide section of the Municipal Fee Schedule accounts for fees that can be associated with any City Department, such as fees for copies, data CD's, and technology fees, and jury or subpoena services.

### 1 FEE SCHEDULE MODIFICATIONS

In discussions with City staff, it was determined that several modifications should be made to the Citywide fee schedule in order to streamline the services provided, and ensure compliance with local and state laws. The following dot points outline the proposed changes to the Citywide fee schedule:

- **Per Page Fees:** The City currently has categories for Copy, City Charter, and Fax Machine, and charges different per page rates for the public and employees. Through discussions with City staff, it was determined that these categories could be collapsed into a singular category – Copies – and be charged a singular rate regardless of who is requesting the copy.
- **CD's and DVD's:** The City currently assesses charges for Data CD as well as Council meeting DVD Duplication. It was determined that these fees should be combined into a singular category, as the rates for these materials are the same. Any data provided to the public, including Council Meeting videos, should be assessed a singular media fee.
- **Witness Fees:** The City currently charges two different subpoena fees based upon safety or non-safety employees; however, per government code §68097.1 & §68097.2 there is only deposit, which should be collected for any local government representative. Therefore, these fees are being consolidated into a singular subpoena fee.
- **Subpoena Appearance Fees:** Per California Occupational Safety and Health Regulations Code §340.48 Subpoena and Subpoenas Duces Tecum – Witness Fees – Witness Fees for each day of attendance should be \$35 and mileage of \$0.20 per mile (both ways); as well as fees for subsistence of \$3 per day. Therefore, the City's current schedule of having two separate categories should be consolidated into a singular category.

The modifications noted above will help streamline the Citywide fee schedule, simplifying the services offered, and the associated fees.

## 2 DETAILED RESULTS

The Citywide Fee schedule relates to miscellaneous fees, which can apply to multiple city departments. The total cost calculated for each service includes material costs (where applicable), as well as the costs set by State statutes. The following table details the title/name, current fee, total cost, and surplus or deficit associated with each Citywide activity.

**Table 9: Total Cost Per Unit Results – Citywide**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Copies – per page	\$0.20	\$0.20	\$0
CD / DVD Materials	\$3	\$3	\$0
Payment Default Fee (NSF) – per check – per California Civil Code Section 1719	\$34	\$25	\$9
Subpoena Fee – deposit – all employees – per Government Code §68097.2	\$275	\$275	N / A
Subpoena Fees – per day – per CAL/OSHA §340.48	\$30	\$35	(\$5)

As the table indicates, there are only two fees for which there is variance, the payment default fee and the Subpoena Fees – per day of appearance. The variance for the NSF check is a surplus of \$9 and the variance for the Subpoena Fee per day is a deficit of \$5. It is important that as the City updates their current fee schedule it references the codes; enabling the City to ensure that it updates per the code every year.

## 3 TECHNOLOGY FEE

In addition to the miscellaneous fees charged by the City; the Citywide Fee Schedule is also where the City houses its technology fee. The City's current Technology Fee is 2% and it is only applied to a specific subset of fees.

The purpose of the Technology Fee is to recover the annual costs associated with maintenance and operation of the City's permitting system as well as the costs associated with potentially replacing or upgrading the system. The project team worked with staff to identify the types of costs that would be incurred and the frequency of the occurrence to arrive at an annual cost:

**Table 10: Technology Fee Components**

Cost Category	Amount	# of Years	Annual Amount
Software Acquisition	\$3,302,892	20	\$165,145
Annual Licensing / Maintenance Costs	\$300,000	1	\$300,000
Hardware Acquisition	\$150,000	5	\$30,000
<b>TOTAL</b>			<b>\$495,145</b>

As the table indicates the annual costs associated with the permitting system are approximately \$495,000. The permitting system is meant to account for support to Building, Planning, Fire, and Public Works (Engineering and Streets). Therefore, in order for the City to charge the technology fee as a percentage of the permit, the project team divided the total annual cost by the annual permit revenue to calculate the percentage. The following table shows this calculation:

**Table 11: Technology Fee Calculation**

Cost Category	Amount
Annual Technology Cost	\$495,145
Annual Permit Fee Revenue	\$14,700,000
<b>Technology Fee - % of Permit Revenue</b>	<b>3.37%</b>

Based upon the annual technology costs, the full cost technology fee should be 3.37% of the permit fee. The 3.37% is higher than the City's current fee of 2.0% applied to permits.

It is important to note that this cost does not include dedicated internal staff support for the permitting system. As the City is in the process of transitioning to its new system; it is the project team's recommendation that the City consider adding a dedicated Permit Software Specialist position to the Department; which would be funded through the Technology Fee. However, as the City does not currently have such a classification, there will be some time until such a position can be added and accounted for in this Department. At that point, once the position is added or being proposed to be added, the City should recalculate this fee to ensure it reflect those costs and services. For example, if the City were to add this position within the next fiscal year, the annual cost would increase for \$495,145 to \$655,145 (based on rough estimate of the position's salaries and benefits and overhead) and the Technology Fee would increase from 3.37% to 4.46%.

As part of the Technology Fee analysis, the project team conducted a comparative survey of surrounding jurisdiction. The following table lists how the comparative cities account for Technology Support:

**Table 12: Technology Fee Comparative Survey**

Jurisdiction	Fee Amount
Cupertino	No Fee
Milpitas	2.5% of permit fee
Palo Alto	No Fee
San Jose	No Fee
Sunnyvale	\$19.50 per permit

As the table indicates only Milpitas and Sunnyvale identifies a separate surcharge for Technology services. The City of Milpitas is similar to Santa Clara in that it charges it as 2.5% of the permit fee; whereas, Sunnyvale charges it as a flat fee per permit.

## 8. City Clerk

The City Clerk's Office is responsible for a wide variety of functions and services that support not only other City Departments, but residents and visitors as well. Certain services provided are assessed fees, such as Lobbying Activities.

### 1 FEE SCHEDULE MODIFICATIONS

In discussions with City Clerk staff, only one minor modification was made to the current fee schedule; City Administration Building Rental was removed as the City Clerk's Office no longer oversees the rental process.

### 2 DETAILED RESULTS

The City Clerk's office collects fees for Lobbying Activities associated with annual registrations. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the title/name, current fee, total cost, and surplus or deficit associated with each Lobbying Activity.

**Table 13: Total Cost Per Unit Results – City Clerk**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Lobbying Activities</b>			
Annual Registration Fee	\$680	\$710	(\$30)
Prorated Registration Fee	\$340	\$339	\$1
Amended Registration Fee	\$127	\$163	(\$36)
Client Registration Fee	\$106	\$122	(\$16)

All but one of the fees related to Lobbying Activities show an under-recovery, with the exception of Prorated Registration, which shows a surplus of \$1. The subsidy for the remaining registration fees ranges from \$16 for Client Registration to \$36 for Annual Registration. Overall, the City Clerk's average per unit cost recovery is 90%.

### 3 ANNUAL REVENUE IMPACTS

When accounting for workload volumes, the City Clerk's Office is under-recovering its fee-related costs associated with Lobbying Activities by approximately \$1,900. The following table shows the annual workload volume for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual surplus / deficit.

**Table 14: Annual Results – City Clerk**

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
<b>Lobbying Activities</b>				
Annual Registration Fee	40	\$27,200	\$28,410	(\$1,210)
Prorated Registration Fee	1	\$340	\$339	\$1
Amended Registration Fee	4	\$508	\$652	(\$144)
Client Registration Fee	37	\$3,922	\$4,520	(\$598)
<b>TOTAL</b>		<b>\$31,970</b>	<b>\$33,920</b>	<b>(\$1,950)</b>

Overall, the City Clerk's Office is recovering approximately 94% of its Lobbying Activity related costs. The largest source of the City's deficit relates to the annual registration fee for Lobbying Activities at \$1,210.

#### 4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. When reviewing comparative jurisdictions for lobbyist fees, only San Jose provides these services. The following points provide a comparison between San Jose and Santa Clara:

- **Annual Registration:** Currently Santa Clara charges an Annual Registration fee of \$680, which accounts for up to 10 registrants, and the full cost calculated was \$710. San Jose currently charges \$245.25 per registrant per year.
- **Prorated Registration:** Currently Santa Clara charges a Prorated Registration fee of \$340, accounting for up to 10 registrants, and the full cost calculated was \$339. San Jose currently charges \$122.63 per registrant.
- **Client Registration:** Currently Santa Clara charges a Client Registration fee of \$106, while the full cost was calculated at \$122. San Jose currently charges \$83.65 per client.

Overall, Santa Clara's Lobbyist registration fees are lower than San Jose's, with the exception of the Client Registration, which is approximately \$20 higher than San Jose.

## 9. Housing and Community

The Housing and Community Services Division is responsible for CDBG and HOME grants used to promote affordable housing and provide neighborhood improvements for low and moderate-income residents. The division also manages the inclusionary housing program. Fees examined in this study relate to NCIP, Loans, and Affordable Housing. The following subsections discuss any proposed fee schedule modifications, the detailed per unit results, annual revenue impacts, and a jurisdictional comparison.

### 1 FEE SCHEDULE MODIFICATIONS

The project team worked with Housing and Community Services staff to review the current fee schedule. Based upon discussions with staff the current structure only needed minor name rephrasing. In addition to rephrasing existing fees, new fees were proposed to account for services currently being provided:

- AHA Affordable Housing Agreement – Multi-Family (MF) For Rental
- AHA Affordable Housing Agreement Amendments
- Loan Demand Payoff Fee Recalculation
- Reconveyance Fees

Incorporating these new fees will allow the Department to more accurately and transparently capture the support provided to the community.

Finally, the Division wished to convert the current flat fee for Multi-Family (MF) Loan Subordination Request Review to a time and materials (Deposit) service. These review requests can be not only a time consuming process, but at time require significant legal support. Transitioning this fee to a deposit would allow the City to ensure that it recovers its costs associated with these services, for City staff, as well as any legal or outside services.

### 2 DETAILED RESULTS

The Housing and Community Services Division collects fees for NCIP and Affordable Housing. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each permit.



**Table 15: Total Cost Per Unit Results – Housing**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Neighborhood Conservation Improvement Program (NCIP) Loan Application Fee	\$587	\$965	(\$378)
Residential Loan Refinance / Subordinations all programs	\$587	\$1,060	(\$473)
Multi-Family (MF) Loan Subordination Request Review Fee	\$2,937	\$3,475	(\$539)
Loan Demand Payoff Fee - NCIP	\$880	\$1,081	(\$201)
Loan Demand Payoff Fee - FTHB & BMP	\$880	\$998	(\$118)
Loan Demand Payoff Fee All Programs for walk-ins	\$587	\$731	(\$144)
Multi-Family Monitoring Fee	\$49	\$193	(\$144)
AHA Affordable Housing Agreements - For Sale	\$1,500	\$3,534	(\$2,034)
<b>NEW</b>			
AHA Affordable Housing Agreement -MF For Rental		\$4,791	
AHA Affordable Housing Agreement Amendments		\$1,865	
Loan Demand Payoff Fee Recalculation		\$86	

As the table indicates, all Housing and Community Services fees are currently under-recovering. The largest deficit relates to Affordable Housing Agreements, which shows a subsidy of \$2,034.

As noted above, the Division wishes to convert the Multi-Family (MF) Loan Subordination Request Review Fee from a flat fee to a time and materials fee. Based on the time estimates provided by staff, the projected full cost for this service is \$3,475. The Division should consider establishing a deposit of \$5,000 for this service. If additional funds are required to provide the review, they can be requested from the applicant, whereas, if the review is easy, any unused funds can be returned.

The proposed new fees include services that are already being provided, but for which fees are not being assessed. This study determined that these services are costing the City between \$86 and \$4,791 for agreements and fee recalculations. The Reconveyance Fees are being proposed at actual cost, and account for postage, and recordation fees levied by the County.

Overall, on average the division is recovering approximately 65% of its per unit costs.

### 3 ANNUAL REVENUE IMPACTS

The Housing and Community Services Division is currently under-recovering its NCIP and Affordable Housing fee-related costs associated with its services by approximately \$9,000. The following table shows the annual workload volume for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual deficit.

**Table 16: Annual Results – Housing**

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
Loan Demand Payoff Fee - NCIP	22	\$19,360	\$23,790	(\$4,430)
Loan Demand Payoff Fee - FTHB & BMP	7	\$6,160	\$6,985	(\$825)
AHA Affordable Housing Agreements - For Sale	2	\$3,000	\$7,068	(\$4,068)
<b>TOTAL</b>		<b>\$28,520</b>	<b>\$37,844</b>	<b>(\$9,324)</b>

Overall, the Housing division is recovering approximately 75% of its NCIP and Affordable Housing costs. The bulk of the Division's workload relates to Loan Demand Payoff Fee – NCIP, which currently has an annual subsidy of \$4,430.

#### 4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. When reviewing comparative agencies, only Sunnyvale and San Jose have similar loan and monitoring programs to those offered by Santa Clara. The following table provides a comparison of similar services between the cities of Santa Clara, Sunnyvale, and San Jose.

**Table 17: Housing Comparative Survey**

Fee Category	Current Fee	Full Cost	Sunnyvale	San Jose
Neighborhood Conservation Improvement Program (NCIP) Loan Application Fee	\$587	\$965	\$500	
Residential Loan Refinance / Subordinations all programs	\$587	\$1,060		\$314
Multi-Family (MF) Loan Subordination Request Review Fee	\$2,937	\$3,475		\$22,616
Loan Demand Payoff Fee - NCIP	\$880	\$1,081		\$4,386
Loan Demand Payoff Fee - FTHB & BMP	\$880	\$998		\$235.50
Multi-Family Monitoring Fee	\$49	\$193		\$25.69 per unit per year
AHA Affordable Housing Agreements - For Sale	\$1,500	\$3,534	\$1,081	\$4,582
AHA Affordable Housing Agreement -MF For Rental	\$-	\$4,791	\$1,081	

Currently, the City of Santa Clara's fees are on par or slightly higher than those charged by Sunnyvale and San Jose. The largest exception to this relates to Multi-Family Loan Subordination Request Review Fees, which San Jose currently charges a fee of \$22,616, while Santa Clara only charges \$2,937. Santa Clara currently charges a flat fee of \$49 for Multi-Family Monitoring, while the City of San Jose charges \$25.69 per unit.

## 10. Electric Utility

The Electric Utility Department oversees electric power for the City and provides electric services to over 55,000 City customer accounts. The fees examined with this study relate to Temporary connections, Reconnections, Disconnections, Plan Check, Meter Installation, and Field Markings. Electric rates were not reviewed through this study, as rates are not a time-based service.

### 1 FEE SCHEDULE MODIFICATIONS

Based upon discussions with staff in the Electric Utility Department, only one minor modification was made to the fee schedule. Electric Field Marking fees were removed, as provision of these services can no longer be assessed a fee.

### 2 DETAILED RESULTS

The Electric Utility department collects flat fees related to electric connections, installations, and plan check. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), Departmental and Citywide overhead. The following table details the permit title / name, current fee, total cost, and surplus or deficit associated with each Electric Department service.

**Table 18: Total Cost Per Unit Results – Electric Utility**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Temporary Connection to Pole	\$563	\$605	(\$42)
Service Wire Relocation from Mid-Span	\$2,364	\$2,266	\$98
Service Wire Relocation from Pole	\$520	\$500	\$20
Meter Test Deposit	\$94	\$180	(\$87)
Service Reconnection at the Pole/Weatherhead	\$140	\$151	(\$11)
Service Disconnection at the Pole/Weatherhead	\$140	\$151	(\$11)
Electric Reconnection Fee - Normal Reconnection	\$94	\$101	(\$7)
Electric Disconnection Fee	\$94	\$101	(\$7)
Service Fee Customer-Owned Equipment Problem	\$115	\$202	(\$87)
Electric replacement/reconnection fee due to meter tampering/illegal access	\$186	\$202	(\$16)
Engineering Plan Check - Electric	\$318	\$274	\$44
Engineering Plan Check - Electric - 4th and subsequent review	\$47	\$39	\$8
Time of Use Meter Installation - Residential	\$302	\$280	\$22
Time of Use Meter Installation - Non-Residential	\$604	\$560	\$44
Field Marking-Fiber Up to 50 ft of excavation	\$140	\$115	\$25
Field Marking-Fiber Over 50 ft of excavation	\$94	\$77	\$17

Half of the Electric Utility's fees show an under-recovery. The largest subsidy relates to both Service Fee Customer-Owned Equipment Problem and Meter Test Deposit at \$87 each. The smallest under-recovery relates to Electric Reconnection Fee – Normal Reconnection and Electric Disconnection Fee, which show a subsidy of \$7 each.

There are eight fees for which the Utility is showing an over-recovery. The largest surplus relates to Service Wire Relocation from Mid-Span at \$98, while the small surplus relates to Engineering Plan Check – Electric – 4<sup>th</sup> and subsequent review at \$8. The updated cost per unit information reflects changes in processes implemented by the Department to help reduce the cost associated with services, as well as updated material costs.

Overall, the average per unit cost recovery for Electric Utility is 98%.

### 3 ANNUAL REVENUE IMPACTS

The Electric Utility Department is currently slightly over-recovering its fee-related costs associated with its services by approximately \$36,000. The following table shows the annual workload volume for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual deficit.

**Table 19: Annual Results – Electric Utility**

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
Temporary Connection to Pole	8	\$4,504	\$4,844	(\$340)
Service Wire Relocation from Mid-Span	4	\$9,456	\$9,011	\$445
Service Wire Relocation from Pole	2	\$1,040	\$976	\$64
Service Reconnection at the Pole/Weatherhead	7	\$980	\$1,060	(\$80)
Service Disconnection at the Pole/Weatherhead	7	\$980	\$1,060	(\$80)
Electric Reconnection Fee - Normal Reconnection	311	\$29,079	\$31,382	(\$2,304)
Electric Disconnection Fee	311	\$29,079	\$31,382	(\$2,304)
Electric replacement/reconnection fee due to meter tampering/illegal access	10	\$1,860	\$2,018	(\$158)
Engineering Plan Check - Electric	594	\$188,892	\$162,918	\$25,974
Engineering Plan Check - Electric - 4th and subsequent review	240	\$11,354	\$9,404	\$1,951
Field Marking-Fiber Up to 50 ft of excavation	103	\$14,420	\$11,878	\$2,542
Field Marking-Fiber Over 50 ft of excavation	622	\$58,157	\$47,819	\$10,338
<b>TOTAL</b>		<b>\$349,800</b>	<b>\$313,752</b>	<b>\$36,048</b>

Overall, the Electric Utility Department is recovering approximately 111% of its fee-related costs. The primary source of this over-recovery, \$25,974, is due to the Engineering Plan Check fee. While this fee only shows a per unit surplus of \$44, the Utility processed 594 of these in the last year.

#### 4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. However, the City is unique, in that it is one of a handful of cities in the state that run their own electric utility. In the Bay Area, only Palo Alto and Alameda provide electricity to their communities. Other jurisdictions, such as the City of San Francisco have Public Utilities Commissions which buy power from alternative sources (wind, solar, etc), and use existing power grids and lines from established companies such as PG&E, to offset costs associated with electricity rates.

The types of services offered by both Alameda Municipal Power and the City of Palo Alto vary widely. The following points provide some rate information for each utility.

- **Alameda Municipal Power:** Provides various services to the residents and businesses in the City of Alameda, including:

- Disconnect / Reconnect (overhead Services)	\$185
- Disconnect / Reconnect (underground services)	\$150
- Pole or Underground Disconnections	\$185
- Temporary Service Installation & Removal	\$270
- Meter Check / Testing	\$75

Alameda Municipal Power does not charge stand-alone fees for Plan Check or field marking services.

- **Palo Alto:** Provides various services to the residents and businesses in the City of Palo Alto, including:

- Temporary Services	\$970
- Service Connection (Underground)	\$850 - \$1,160
- Service Connection (Overhead)	\$840 - \$1,180
- Advance Engineering Services	\$800 - \$1,800

The City of Palo Alto does not charge fees for field marking or meter reading or checking services.

## 11. Finance

The Finance Department has five primary divisions: Admin Services, Budget and Treasury, Accounting, Municipal Services, and Purchasing. All fees on the Finance Fee Schedule relate to services provided by Municipal Services staff, including utility billing and business certificates. The focus of this study was to review service or time based activities, and as such, fees associated with taxes (i.e. Transient Occupancy Tax) or Business Tax Certificates were not reviewed.

### 1 FEE SCHEDULE MODIFICATIONS

The project team reviewed the current fee structure with Municipal Services staff, and determined that only one modification needed to be made. The current fee schedule has two separate fees for Meter Reading More Than Once Per Month: 1<sup>st</sup> meter per location and For each additional meter reading at same location.

In discussions with staff it was determined that there was no longer a need for the each additional meter reading at same location fee item, as this is a rare occurrence and does not require significant additional time by staff in the field. Therefore, this fee was removed from the fee schedule, and not assessed as part of this study.

### 2 DETAILED RESULTS

The Finance Department collects fees for business tax certificates, utility billing services, and meter reading services. The total cost calculated for each service includes direct staff costs, direct materials costs (where applicable), Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each Finance Department fee.

**Table 20: Total Cost Per Unit Results – Finance**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Business Tax Certificate</b>			
Change of name, address or business type as shown on current certificate	\$9	\$11	(\$2)
<b>Business Certificate Info</b>			
Duplicate business certificate	\$9	\$11	(\$2)
<b>Miscellaneous</b>			
Amplified Music Permit	\$60	\$66	(\$6)
Block Party Request	\$0	\$66	(\$66)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Service turn-on fee (for each service)</b>			
Electric	\$40	\$41	(\$1)
Water	\$40	\$41	(\$1)
Billing service charge for late payment - residential, commercial and industrial	\$10	\$14	(\$4)
Delinquent Service Letter (48 hour notice)	\$36	\$47	(\$11)
<b>Fees for the verification of electric meter address (aka "ring out")</b>			
Per Address Visit	\$121	\$119	\$2
Per Meter	\$2	\$10	(\$8)
Utility Billing Splitting or Combining Accounts	\$90	\$141	(\$51)
10-day letter for house meter for up to 10 units	\$106	\$121	(\$15)
For each full or partial increment of 10 thereafter	\$12	\$24	(\$12)
<b>Meter reading more than once per month</b>			
1st meter per location	\$63	\$81	(\$18)
Delinquent Reconnect Fee	\$79	\$72	\$7
<b>*CITYWIDE FEES</b>			
Payment Default Fee	\$34	\$37	(\$3)

The majority of fees associated with Municipal Services show an under-recovery. The largest subsidy is \$66 for Block Party Requests, however the City has chosen not to charge a fee for this service. The next largest subsidy relates to Utility Billing Splitting or Combining Accounts, which shows an under-recovery of \$51. The remaining subsidies are small in nature, and range from between \$1 and \$18.

The verification of electric meter address visit shows a surplus of \$2, and will need to be lowered in order to be in legal compliance.

This study looked at two fees which are considered penalties: Delinquent Service Letter (48 hour notice) and Delinquent Reconnect Fee. The former shows a subsidy of \$11, while the later shows a surplus of \$7. In contrast to the per address visit noted above, the City can continue to charge its current fee of \$79 for the Delinquent Reconnect Fee, as it is not subject to the same legal standards.

Overall, the average per unit cost recovery associated with services provided by Municipal Services is 80%.

### 3 ANNUAL REVENUE IMPACTS

The Finance Department is currently under-recovering its fee-related costs associated with its services by approximately \$430,000. The following table shows the annual workload for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual deficit.

Table 21: Annual Results - Finance

Fee Name	Annual Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
<b>Business Tax Certificate</b>				
Change of name, address or business type as shown on current certificate	65	\$585	\$720	(\$135)
<b>Business Certificate Info</b>				
Duplicate business certificate	67	\$603	\$742	(\$139)
<b>Miscellaneous</b>				
Amplified Music Permit	60	\$3,600	\$3,989	(\$389)
Block Party Request	17	\$0	\$1,130	(\$1,130)
<b>Service turn-on fee (for each service)</b>				
Electric	18,453	\$738,120	\$758,364	(\$20,244)
Water	3,112	\$124,480	\$127,894	(\$3,414)
Billing service charge for late payment - residential, commercial and industrial	54,337	\$543,370	\$734,356	(\$190,986)
Delinquent Service Letter (48 hour notice)	14,769	\$531,684	\$701,459	(\$169,775)
<b>Fees for the verification of electric meter address (aka "ring out")</b>				
Per Address Visit	19	\$2,299	\$2,256	\$43
Per Meter	19	\$38	\$183	(\$145)
Utility Billing Splitting or Combining Accounts	19	\$1,710	\$2,681	(\$971)
10-day letter for house meter for up to 10 units	5	\$530	\$605	(\$75)
<b>Meter reading more than once per month</b>				
1st meter per location	1,854	\$116,802	\$150,523	(\$33,721)
Delinquent Reconnect Fee	372	\$29,388	\$26,750	\$2,638
<b>*CITYWIDE FEES</b>				
Payment Default Fee	3,021	\$102,714	\$112,466	(\$9,752)
<b>TOTAL</b>		<b>\$2,195,923</b>	<b>\$2,624,117</b>	<b>(\$428,194)</b>

Overall, the Finance Department is recovering approximately 84% of its fee-related costs. The largest sources of the Department's subsidy relates to billing service charge for late payment and delinquent service letter, which comprise approximately three-quarters of the deficit. It should be noted that while the subsidies for these fees on a per unit basis are \$4 and \$11 respectively, the annual volume associated with each is significant.

The billing service charge for late payment and delinquent service letter are penalties assessed to account holders. The costs for these services represent extra staff time associated with updating account information, as well as outreach to account holders regarding their account status. The fees associated with these services are meant to encourage account holders to provide payments in a timely manner, thus reducing the need to added staff time.

If the City were to look only at non-penalty services, cost recovery would increase from 84% to 94%, when excluding billing service charge for late payment and delinquent service letter costs.



## 4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. Of the jurisdictions surveyed, only Palo Alto operates an electric utility, while Sunnyvale and Milpitas provide water utilities. The following points highlight comparative information for Palo Alto's electric services, as well as fees charged by Sunnyvale and Milpitas for water services:

- **City of Palo Alto:** charges a fee of \$294 for disconnection of electric services, or \$147 if payment is made in the field prior to disconnection. The city does not charge for delinquent service letters (48 hour notice), however, late payments are assessed a fee of 5% of the overdue amount.
- **City of Sunnyvale:** while not offering Electric services, does offer Water services to its residents. Regularly scheduled water turn-ons are not assessed a fee, however, if a resident wants same day services, a fee of \$45 is assessed. Restoration of services after an account has become delinquent are charged a fee of \$50.
- **City of Milpitas:** does not offer Electric services to its residents, but does provide Water services. Currently the City does not assess any fees for services outside of published water rates.

While not included as a comparative jurisdiction, the project team did look for other municipal run electric utilities in the Bay Area. The City of Alameda was the only jurisdiction that provides Electric services similar to Santa Clara's operations. Alameda Municipal Power (AMP) assesses fees for similar services to Santa Clara, including: 1.5% of delinquent balance for late payments, \$75 for meter check / testing, and \$5 for disconnect notice. Disconnect / Reconnect fees, for failure to pay a bill range from \$45 to \$175 depending on the service type, and if the service reconnection is done during business hours, after business hours, or on holidays.

## 12. Library

The Library is responsible for managing and providing access to information, literacy, and educational programs to the Santa Clara community. Through Library services the Department provides information, resources, and staff to assist the community. The fees examined within this study relate to replacement materials, interlibrary loans, asset recovery, and room rentals. Overdue fines were not assessed as part of this study.

### 1 FEE SCHEDULE MODIFICATIONS

During discussions with staff, there were only minor modifications to the fee schedule. Fee titles were adjusted in order to better reflect the services being provided. Through discussions with department staff, it was determined that the Food and Beverage Usage Fee was no longer needed, and should be removed from the fee schedule.

### 2 DETAILED RESULTS

The Library collects fees for replacement materials, interlibrary loans, asset recovery, and room rentals. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each Library fee.

**Table 22: Total Cost Per Unit Results – Library**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Replacement for library materials</b>			
Processing Fee - Paperbacks	\$5	\$15	(\$10)
Processing Fee - All other items	\$15	\$46	(\$31)
Replacement fee for lost or damaged library card	\$2	\$5	(\$3)
Fee for borrowing materials from other libraries - interlibrary loan (per item)	\$10	\$107	(\$97)
Collection Agency Fee Library Asset Recovery	\$15	\$26	(\$11)
Room Rental Processing and Set Up and Clean Up Fee	\$50	\$134	(\$84)
Library Technology Staff Support - per hour	\$30	\$72	(\$42)

All fees relating to Library services show an under-recovery. Identified subsidies range from a low of \$3 for Replacement of Lost or Damaged Library Card, to a high of \$97 for Inter-Library loans. The current cost calculated for the Room Rental Processing, Set Up and Clean Up accounts for staff time only to facilitate rental of Library facilities. Overall, the average per unit cost recovery for the Library is 36%.

### 3 ANNUAL REVENUE IMPACTS

The Library is currently under-recovering its fee-related costs associated with its services by approximately \$218,000. The following table shows the annual workload volume for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual deficit.

**Table 23: Annual Results – Library**

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
<b>Replacement for library materials</b>				
Processing Fee - Paperbacks	2675	\$13,375	\$40,946	(\$27,571)
Processing Fee - All other items	5739	\$86,085	\$263,539	(\$177,454)
Replacement fee for lost or damaged library card	1822	\$3,644	\$8,624	(\$4,980)
Fee for borrowing materials from other libraries -interlibrary loan (per item)	6	\$60	\$641	(\$581)
Collection Agency Fee Library Asset Recovery	667	\$9,672	\$17,142	(\$7,471)
<b>TOTAL</b>		<b>\$112,836</b>	<b>\$330,892</b>	<b>(\$218,056)</b>

Overall, the Library is recovering approximately 34% of its service related costs. The largest source of the Library's deficit relates to the Processing Fee for replacing Library materials other than paperback books, which cost the Library approximately \$177,000 in the last fiscal year.

It should be noted that the deficit show above only accounts for staff time to process lost items, and determine if and how they should be replaced. Actual replacement costs of materials have not been calculated, as they can vary widely depending on the item lost. Furthermore, on occasion lost items are returned to the library, and put back into circulation.

### 4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. The following points provide a comparison between Santa Clara and the Surveyed jurisdictions:

- **Processing Fees:** Currently the City charges \$5 for Paperback replacement, and \$15 for all other items. The full cost calculated through this study was \$15 for paperbacks, and \$46 for all other items. The following table details the fees charged by the comparison jurisdictions.

**Table 24: Library Comparison – Processing Fees**

	Santa Clara - Current	Santa Clara - Total Cost	Sunnyvale	Palo Alto	Milpitas	San Jose	Cupertino
Paperback	\$5	\$15	\$5	Actual Cost	\$10	\$10	\$10
Other	\$15	\$46	\$12	Actual Cost	\$10	\$10	\$10

As shown in the table above, Milpitas, San Jose, and Cupertino charge a singular fee of \$10 for replacement of materials, regardless of type. Palo Alto charges for the replacement of the item, rather than a processing fee, and Sunnyvale charges \$5 for paperback replacement, and \$12 for other materials.

- **Replacement of Library Card:** Currently the City charges a fee of \$2 to replace a lost or stolen library card, whereas through this study the full cost was calculated at \$5. Only the City of Palo Alto charges to replace a library card, with the current fee being \$1.
- **Inter-library loan:** The library currently charges a per item fee of \$10 to facilitate inter-library loans of materials. Through this study, the full cost associated with this service was calculated at \$107. Only Milpitas and Cupertino charge a fee for this service, with both cities charging \$4.
- **Collection Agency:** The library currently charges \$15 for Library Asset Recovery which requires a collection agency. This study calculated the full cost of providing these services to be \$26. Only the City of Palo Alto assess a fee for this service, with the current fee at \$10.
- **Room Rental:** The City currently charges a \$50 Processing fee for room rentals, whereas this study calculated the full cost of providing this service at \$134. In addition to the processing fee, renters are required to pay \$50 per hour, with a two-hour minimum for use of the facility. Only the cities of Palo Alto and San Jose offer rental space in their libraries. Palo Alto charges between \$84 and \$194 depending on the room. San Jose charges \$37 for up to four hours of room rental, and \$70 for over four hours of rental.

While the nature of library services and fees are often heavily subsidized, the library's current fees are in line with those of surrounding jurisdictions.

## 13. Cemetery

The Cemetery Division provides planning, development, operation, and maintenance of the City of Santa Clara's two cemeteries: Mission City Memorial Park and Agnews Historic Cemetery. While the City is tasked with maintaining both cemeteries, burial services are only offered at Mission City Memorial Park. The fees examined within this study relate to Site Preparation, Perpetual Care, and Site Modifications for Mission City Memorial Park. Interment Rights were not reviewed, as these are not a service based fee, but rather an agreement providing the owner with rights to a specific plot or niche.

### 1 FEE SCHEDULE MODIFICATIONS

The Cemetery has a detailed fee schedule which outlines the various services provided for in ground burial, mausoleum placement, and in ground or niche placement of cremated remains. In discussions with division staff, it was decided that no changes or modifications were needed to the Cemetery Fee structure.

### 2 DETAILED RESULTS

The Cemetery Division collects fees for site preparation and other services. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each Cemetery fee.

**Table 25: Total Cost Per Unit Results - Cemetery**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>SITE PREPARATION</b>			
Casket Burial, Install Single Burial Vault, Single Depth Grave	\$1,708	\$3,304	(\$1,596)
Casket Burial, Install Single Burial Vault, Double Depth Grave	\$1,708	\$3,352	(\$1,644)
Casket Burial, Install Companion Vault, Double Depth Grave	\$1,708	\$4,022	(\$2,314)
Casket Burial, Pre-Installed Companion Double Depth Grave	\$1,708	\$3,064	(\$1,356)
Casket Burial, Install Small Burial Vault (infants / babies), Single Depth Grave	\$1,708	\$2,729	(\$1,021)
Casket Burial in a grave, with existing cremation(s)	\$1,708	\$3,256	(\$1,548)
Cremation burial in a Grave	\$1,504	\$1,341	\$163
Cremation Placement in a Niche	\$837	\$1,053	(\$216)
Casket Placement in a Crypt	\$1,708	\$2,107	(\$399)
Disinterment of Casket from a Grave	\$1,366	\$4,022	(\$2,656)
Disinterment of Casket from a Niche	\$1,366	\$1,915	(\$549)
Disinterment of Cremation from a Grave	\$608	\$958	(\$350)
Disinterment of Cremation from a Niche	\$152	\$527	(\$375)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Disinter and reinter casket into same grave to make grave extra depth (Vault not included)	\$3,855	\$4,851	(\$996)
Installation of a monobar, emblem, flower vase, or ring on a crypt (each)	\$457	\$575	(\$118)
Installation of a flower vase and ring on a niche	\$152	\$1,053	(\$901)
Inscribe shutters or grave markers (per letter charge)	\$19	\$32	(\$13)
Installation of a niche plaque	\$152	\$192	(\$40)
Flat marker (10"x18" or 12"x24") set into earth	\$152	\$192	(\$40)
Flat marker (20"x28") set into earth	\$190	\$239	(\$49)
Flat marker (10"x18" or 12"x24") set into concrete frame, with or w/o vase cups	\$457	\$575	(\$118)
Single (34"x12") or Double (46"x12") upright monument foundation	\$304	\$383	(\$79)
Remove and dispose of marker and frame	\$152	\$192	(\$40)
<b>OTHER SERVICES</b>			
Vault Disposal Casket	\$273	\$383	(\$110)
Vault Disposal Cremation	\$48	\$64	(\$16)
Sanitize Crypt	\$1,378	\$1,341	\$37
Remove plaque and vase and dispose, upon request (cremation Niche)	\$196	\$287	(\$91)
Transfer of interment rights	\$152	\$187	(\$35)
City to repurchase interment rights	\$152	\$187	(\$35)
Burial Permit Filing Fee	\$304	\$375	(\$71)
Dig single depth grave to double depth (grave, casket)	\$1,219	\$575	\$644
Disinter / Reinter casket to make grave extra depth (casket/grave)	\$3,855	\$4,851	(\$996)
Remove monobar and vase and dispose, upon request	\$197	\$383	(\$186)
Hourly Rate (Personnel)	\$152	\$192	(\$40)
<b>BURIAL MATERIALS</b>			
Burial Materials processing fee (All materials priced at actual cost)	\$304	\$375	(\$71)

All but three of the current service fees charged by the Cemetery are showing an under-recovery. The subsidy ranges from a low of \$13 to inscribe shutters or grave markers (per character charge) to a high of \$2,656 for disinterment of casket from a grave. Fees showing an over-recovery include: sanitize crypt (\$37), Cremation burial in a grave (\$163), and dig single depth grave to double depth (\$644).

The average per unit cost recovery for Cemetery service fees is 73%.

### 3 PERPETUAL CARE

Along with fees for burial and placement services, the City also charges a fee for perpetual care. This fee is meant to cover the lifetime costs associated with maintaining the proportional grounds and facilities associated with a burial or cremation, as the City is responsible for ensuring the maintenance and upkeep of the cemetery in perpetuity. The funds raised from these fees are kept separate from the division's general revenues and

are to fund upkeep and maintenance of the cemetery only once all plots and spaces have been sold.

Through this study the project team worked with Cemetery staff to review the annual costs associated with maintaining the Cemetery, as well as a reasonable projection for how long the City should account for maintenance. The following table outlines the annual costs associated with perpetual care.

**Table 26: Annual Perpetual Care – Cemetery**

Expense Type	FY19 Cost
Annual Maintenance Costs	\$1,290,977
Annual Depreciation Costs <sup>1</sup>	\$188,027
<b>TOTAL ANNUAL COST</b>	<b>\$1,479,004</b>

Overall, the project team calculated that perpetual care costs are approximately \$1.5 million annually. Annual maintenance costs include staff support to maintain turf, paved areas, as well as general cemetery maintenance. Annual depreciation costs account for replacement of cemetery buildings.

Through discussions with Cemetery staff it was determined that annual maintenance is not borne through perpetual care funds, as the cemetery is open to, and used by, the public at large, and has current maintenance needs. Annual costs were then split into two categories: General Benefit and Specific Benefit. General benefit accounts for the public's use of the cemetery, whereas specific benefit accounts for the care of burial site or mausoleum. The following table shows the breakdown of this calculation.

**Table 27: Annual Perpetual Care – General vs. Specific**

Expense Type	Percent of Benefit	FY19 Cost
General Benefit	15%	\$221,850
Specific Benefit	85%	\$1,257,154
<b>TOTAL ANNUAL COST</b>		<b>\$1,479,004</b>

The percent of annual cost associated with general benefit was determined to be 15% of the annual costs, or \$221,850. Specific benefits were determined to be the majority of costs (85%) resulting in \$1,257,154 annually.

The City's has a responsibility to maintain the cemetery in perpetuity as long as they own the facilities. While this is an unknown timeframe, the project team worked with Cemetery staff to establish a reasonable estimate of time for care, which was determined to be 100 years. Therefore, the perpetual cost associated with the Cemetery was determined to be

<sup>1</sup> The Facility Condition Assessment report identified a total of \$9,401,353 in replacement costs, which were annualized over 50 years.

\$125,715,387. This cost was then spread over the total number of graves (26,462) to calculate a per unit cost for perpetual care. The following table outlines the cost per site.

**Table 28: Annual Perpetual Care – Per Site**

Expense Type	FY19 Cost
Specific Benefit	\$1,257,154
Life of Perpetuity	100 years
<b>Total Perpetual Care Cost</b>	<b>\$125,715,387</b>
Number of Graves	26,462
<b>PERPETUAL CARE PER SITE</b>	<b>\$4,751</b>

This study calculated that the per unit cost associated with perpetual care was \$4,751. This amount accounts for annual maintenance and depreciation costs associated with the cemetery for 100 years. It should be noted that these costs do not account for any inflation in either building or staff costs over this time period. The following table details the type of perpetual care, current fee, total cost, and associated surplus or deficit.

**Table 29: Total Cost Per Unit Results – Cemetery – Perpetual Care**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>PERPETUAL CARE (ENDOWMENT)</b>			
<u>Casket - Burial</u>			
Non-Resident	\$1,366	\$4,751	(\$3,385)
Resident	\$1,093	\$4,751	(\$3,658)
<u>Casket – Above Ground Burial</u>			
Non-Resident	\$1,366	\$4,751	(\$3,385)
Resident	\$1,093	\$4,751	(\$3,658)
<u>Cremation - Burial</u>			
Non-Resident	\$1,366	\$4,751	(\$3,385)
Resident	\$1,093	\$4,751	(\$3,658)
<u>Cremation – Above Ground Burial</u>			
Non-Resident	\$1,366	\$4,751	(\$3,385)
Resident	\$1,093	\$4,751	(\$3,658)
<u>Babyland, South Babyland, Children's Garden</u>			
Non-Resident	\$69	\$4,751	(\$4,682)
Resident	\$69	\$4,751	(\$4,682)

The City currently assesses perpetual care fees based on five main categories: Casket – Burial, Casket – Above Ground Burial, Cremation – Burial, Cremation – Above Ground Burial, and Babyland, South Babyland, Children's Garden. Non-Residents are assessed the full cost of perpetual care, residents are charged 80%, and Babies are at 6%. It should be noted that any subsidy associated with perpetual care impacts future fiscal years, as these costs are meant to account for 100 years' of cost.



The City is currently recovering 29% of its perpetual care costs on a per unit basis.

#### 4 ANNUAL REVENUE IMPACTS

The Cemetery is currently under-recovering its fee-related costs associated with its services by approximately \$140,000. The following table shows the annual workload volume for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual deficit.

**Table 30: Annual Results – Cemetery**

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
<b>Replacement for library materials</b>				
Casket Burial, Install Single Burial Vault, Single Depth Grave	86	\$146,888	\$284,118	(\$137,230)
Cremation burial in a Grave	31	\$46,624	\$41,560	\$5,064
Cremation Placement in a Niche	18	\$15,066	\$18,960	(\$3,894)
Casket Placement in a Crypt	2	\$3,416	\$4,213	(\$797)
<b>TOTAL</b>		<b>\$222,026</b>	<b>\$361,224</b>	<b>(\$139,198)</b>

Overall, the Cemetery is recovering approximately 61% of its service related costs. The largest source of deficit relates to casket burial, install single burial vault, single depth grave, which cost the Cemetery approximately \$137,000 in the last fiscal year.

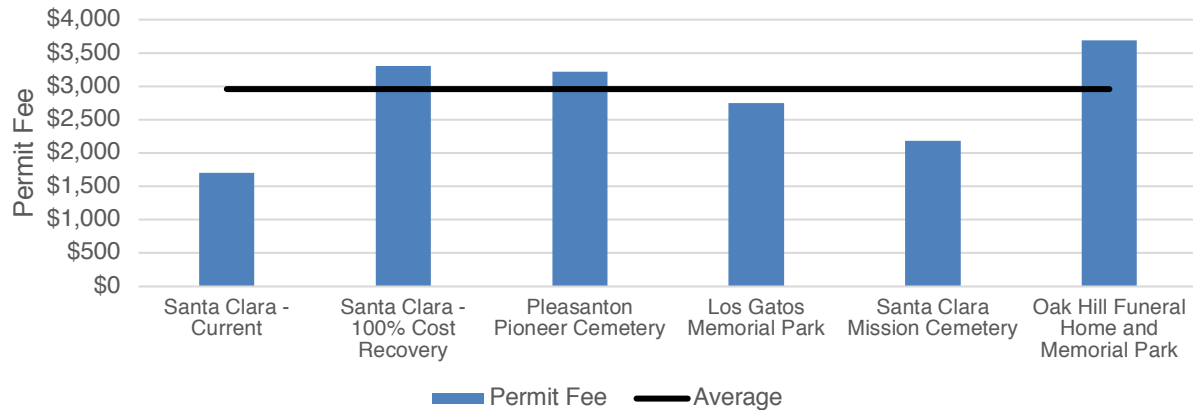
#### 5 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. As not all jurisdictions own and operate a cemetery, the project team also included privately run cemeteries in order to complete the market survey. The following subsections provide a comparative look at three common cemetery services.

##### 1 Single Depth Grave – Site Preparation

The City is currently charging \$1,708 for site preparation of a single depth grave. Through this study, the total cost associated with these services was calculated at \$3,304. The following graph shows how the department's current fee and total cost compare to other cemetery service providers.

### Single Depth Grave - Site Preparation

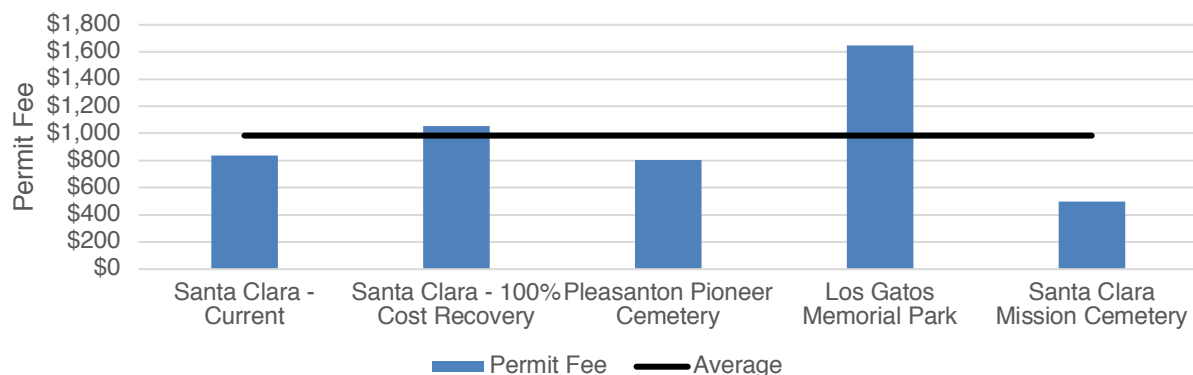


The current fee for single depth grave site preparation is less than surveyed locations, while the full cost is slightly higher than the average fee of \$2,959. The closest cemetery is Santa Clara Mission, which charges a fee of \$2,180, which is above the current fee and below the total cost calculated. Oak Hill has the highest fee of \$3,690, and Pleasanton Pioneer is in line with the total cost calculated.

## 2 Cremation in Niche – Site Preparation

The City currently charges \$837 for cremation in niche site preparation services. This study calculated the total cost associated with these services to be \$1,053. The following graph shows how the department's current fee and total cost compare to other cemetery service providers.

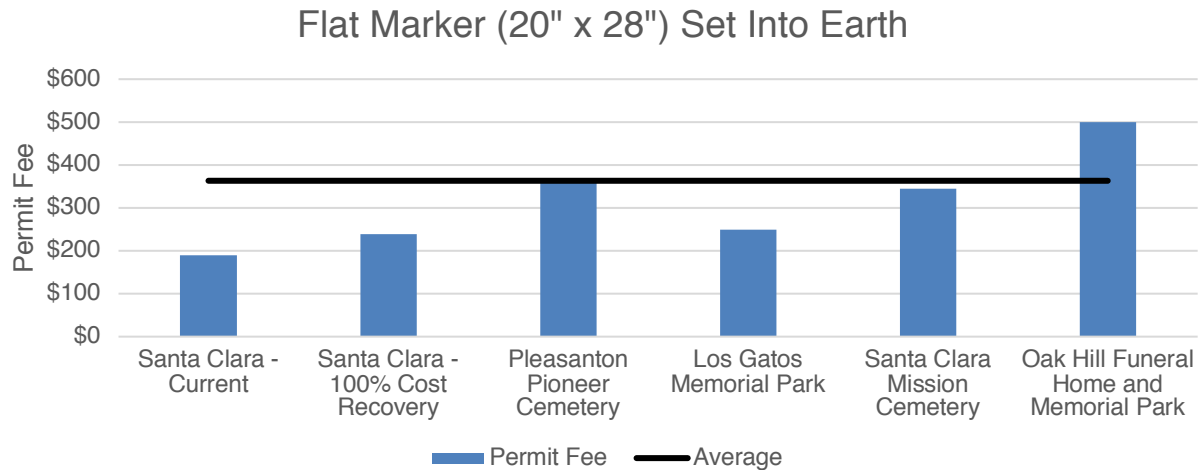
### Cremation in Niche - Site Preparation



The current fee for cremation in niche site preparation is on par with Pleasanton Pioneer, and above Santa Clara Mission. Los Gatos has the highest fee at \$1,650. The full cost of \$1,053 is just above the average.

### 3 Flat Marker (20" X 28") Set Into Earth

The City currently charges \$190 to set flat markers into the earth. Through this study, the total cost was calculated at \$239. The following graph shows how the department's current fee and total cost compare to other cemetery service providers.



Both the current fee and total cost of setting flat markers into the earth are below the average of surveyed locations. Oak Hill Funeral Home and Memorial Park has the highest fee at \$500, while Pleasanton Pioneer and Santa Clara Mission are around \$350. Los Gatos Memorial Park is the lowest of the surveyed jurisdictions at \$250 for these services.

## 14. Recreation

The Parks and Recreation Department is responsible for managing and promoting the use of city parks, recreation facilities, and surrounding areas, as well as providing access to community services, cultural programs, sports and aquatic opportunities. The Department is broken down into three divisions:

- **Administration:** Provides leadership, resource development and administrative support to Parks, Recreation, and Cemetery divisions.
- **Parks:** Maintains and rehabilitates the cities many parks and opens spaces, community centers, joint use facilities, neighborhood park buildings, playgrounds, and athletic fields.
- **Recreation:** Oversees recreation opportunities at the Community Recreation Center, Youth Activity Center, Senior Center, Teen Center, Youth Soccer Park, and City parks, athletic facilities, and pools.

The majority of the programs and services offered by the City are dependent upon the preferences of the community, and can change from season to season. Due to the number and variety of programs and classes offered, as well as the use of contract service providers, this study primarily looked at determining programmatic cost recovery, and only conducted a fee analysis for services associated with field and picnic area rentals, and special events.

### 1 FEE SCHEDULE MODIFICATIONS

The Parks and Recreation department issues seasonal activity guides which outline the programs, classes, and services being offered for each season. As noted above, the project team did not review the programs and classes being offered, and therefore, no discussions relating to modifications were had.

The fees associated with rentals and special events are already streamlined, and as such, no recommendations were made for modifications.

### 2 DETAILED RESULTS

As aforementioned, this study only evaluated detailed results for Special Events, and rentals Picnic Areas and Fields. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), Departmental and Citywide overhead. The following subsections look at the detailed results for special events and field and picnic area rentals.

## 1 Special Events

The City currently charges a fee of \$300 for processing Special Event Applications which are required for events expecting 50 or more people. This fee only covers the application process, which includes review of the event, as well as coordination with other departments, such as Police, Fire, and Public Works. Actual costs associated with various City departments to facilitate the event, or to provide public safety measures are calculated and billed at cost after the event.

The Department also wanted to look at developing a permit for Special Events held outside of parks as well as Parades. The following table details the current fee, total cost, and surplus or deficit associated with the Special Event and Parade Applications.

**Table 31: Total Cost Per Unit Results – Special Event Applications**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Special Events Application - 50 or more groups of people	\$300	\$466	(\$166)
Special Events - Not in Parks	\$0	\$1,974	
Parade Permit	\$0	\$1,974	

The full cost calculated through this study for special event application processing was \$466. As noted earlier, this accounts for staff time associated with review of the event applications, as well as coordination with other City departments to determine if the event can be held, as well as comments or conditions needed for event approval.

Currently, the City is recovering around 64% of the costs associated with application processing, which results in a subsidy of \$166.

The full cost calculated for application processing of Special Events – Not in Parks and Parades is \$1,974. These costs only reflect staff time to review applications, and determine if an event is allowable. Additional City staff time and material costs could apply.

## 2 Picnic Area Rentals

The City currently has picnic areas available for rental at its Central Park and Lexington and Main locations. The Central Park location has two sites – Arbor and Pavilion – which each have three areas available for rental, including the use of tables, seating, sinks, and restrooms. The Lexington and Main location has a gazebo, which is primarily used for small weddings. Each site has a capacity ranging between 32 and 87 guests, and the gazebo can accommodate approximately 50 guests. The following table details the total cost calculated through this study for Picnic Rentals.

**Table 32: Total Cost Per Unit Results – Picnic Area Rental**

Fee Name	Total Cost Per Unit
Picnic Area Rentals	\$608
Picnic Area (less than 12 people)	\$247
Gazebo	\$399
Jump House	\$83

The costs associated with picnic area rentals was calculated at \$608, however if an area is rented for less than 12 people the cost is \$247. Gazebo daily rentals were costed out at \$399. The costs included in these calculation account for staff time associated with scheduling, facility oversight, site clean-up, and onsite supervision. They do not account for market rental rates of space.

The Department is looking to add a fee for review and permit of the use of a Jump House at City parks. This accounts for staff time to review insurance documents, and ensure that the applicant understands park rules and regulations regarding the use of jump houses at city parks.

A comparison of current fees was not conducted, as the City charges varying rates depending on the applicant. The following dot points outline the current fees charged by the City for picnic area rentals:

- **Priority 9:** Private parties or social activities not open to the general public. Renters who fall into this category are charged \$151 per day for individual areas, or \$453 a day for three areas.
- **Priority 1,2 & 4:** City of Santa Clara sponsored activities, Santa Clara Unified School District and other schools with reciprocal agreements with the City, and Youth Organizations. Renters who fall into this category are not charged a fee for picnic area rentals.
- **Priority 3,5,6,7 & 8:** West Valley / Mission College, semi-public agencies, political organizations, non-profit community service groups, civic associations, churches, and special interest groups. Renters who fall into these categories can rent facilities under Priority 9.

Cost recovery associated with renters who fall into priority 9 is approximately 24%, and the subsidy is about \$470. The City does not recover any of its costs associated with renters who fall into priority 1, 2, or 4.

### 3 Field Rentals

The City of Santa Clara has field rentals at the following six locations: Central Park, Elmer Johnson Field, Larry J. Marsalli Park, Mission College Field, Washington Park, and

Townsend Field. Each location offers at least two of the following field types for rental: baseball, football, soccer, softball, cricket, and multi-use. The following table details the total cost calculated through this study for Field Rentals.

**Table 33: Total Cost Per Unit Results – Field Rentals**

Fee Name	Total Cost Per Unit
<b>Field Preparation</b>	
Soccer	\$632
Football	\$921
Baseball	\$921
Softball	\$632
<b>Field Preparation - Synthetic</b>	
Soccer	\$344
Football	\$344
Baseball	\$272
Softball	\$344
<b>Field Rental (Scheduling &amp; Support)</b>	
Soccer	\$263
Football	\$263
Baseball / Softball	\$263

The costs associated with field preparation was calculated based on the field type (regular or synthetic) and varies based on the field usage. The costs range from a low of \$272 for preparation of a synthetic baseball field, to a high of \$921 for preparation of Football and Baseball fields. The costs included in this calculation account for staff time associated with mowing, dragging, and lining fields.

Field rental costs were calculated based on the field usage (soccer, football, baseball / softball) at \$263. The costs included in this calculation account for staff time associated with scheduling, field open and close, field set-up, and communication with user groups. They do not account for market rental rates of land use. The following dot points outline the current fees charged by the City for field rentals:

- **Priority 1 & 2:** City of Santa Clara sponsored activities, Santa Clara Unified School District, and other schools with reciprocal agreements with the City. Renters who fall into this category are not charged a field rental fee, but are charged \$32 hourly per field attendant.
- **Priority 3:** West Valley / Mission College, other governmental units, and public agencies. Renters who fall into this category are charged the following rates:

**Table 34: Priority 3 Field Rental Rates**

Field Rental Type	Fee
Ballfield & Turf Area – Day Use	\$81 per hour
Ballfield & Turf Area – Evening Use	\$116 per hour
Baseball & Softball Field Preparation	\$163
Football Field Preparation	\$667

As outlined in the table above, day and evening use are assessed different hourly rates, while field preparation fees are dependent upon the type of field and use. As with priority 1 & 2, priority 3 renters are also assessed a \$32 hourly rate for field attendants.

The City's current attendant hourly rate of \$32 is only recovering 25% of the actual cost to provide onsite staff, which results in a subsidy of \$98 per hour. The total cost of \$1,278 is reflective of staff time associated with processing a field rental regardless of the number of hours for which the field was rented; therefore, cost recovery could not be determined, as field rentals are assessed hourly fees.

### 3 ANNUAL REVENUE IMPACTS

As noted at the beginning of this chapter, the primary focus of the analysis of Parks and Recreation cost of services was at the programmatic level, rather than a line item or fee level. In order to review cost recovery, the project team looked at direct costs associated with each program, and citywide and divisional support. Departmental overhead calculated through this study accounts for the following programs: Parks & Recreation Administration (1121), Parks – Operations (1135), Parks – Parks (1132), Parks – Pools (1133), Parks – Buildings (1134), and Recreation – Administration (1142).

The City only charges fees and collects revenues for services provided by Recreation division programs. The following table outlines the total cost calculated, FY 17/18 revenue collected, annual surplus / deficit, and cost recovery associated with each Recreation program.

**Table 35: Annual Results – Recreation Programs**

Fee Name	Total Cost	FY17/18 Revenue	Surplus / (Deficit)	Cost Recovery
Youth Activity Center & Programs	\$1,936,040	\$461,286	(\$1,474,754)	24%
Senior Center & Therapeutic Recreation Programs	\$2,267,926	\$133,972	(\$2,133,954)	6%
Community Rec Center and Programs	\$3,499,231	\$1,477,710	(\$2,021,521)	42%
Recreation Facilities	\$2,625,852	\$6,657	(\$2,619,195)	0%
Aquatics	\$1,866,724	\$282,656	(\$1,584,068)	15%
Sports and Athletics	\$855,294	\$50,524	(\$804,770)	6%
Teen Center Activities and Programs	\$835,817	\$62,328	(\$773,489)	7%
CW Special Events	\$1,166,966	\$129,534	(\$1,037,432)	11%
<b>TOTAL</b>	<b>\$15,053,849</b>	<b>\$2,604,667</b>	<b>(\$12,449,182)</b>	<b>17%</b>



As shown in the table above, Recreation programs are recovering 17% of their total costs, which results in an annual subsidy of approximately \$12,000,000. Community Rec Center and Programs has the highest cost recovery at 42%, while Recreation Facilities have the lowest cost recovery of less than 1%.

## 4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. The following sections provide a discussion regarding how comparative jurisdictions compare to the City in regards to fee structure and rates.

### 1 Special Events

Due to the variety of ways in which jurisdictions can charge special event fees the project team gathered information regarding the types of special event fees charged by other jurisdictions. The following points provide additional information regarding special event fees charged by surrounding jurisdictions:

- **Sunnyvale:** Classifies events into minor and major categories, with minor application permits assessed a fee of \$32.50, and major events \$128.
- **Palo Alto:** Charges application fees based on the number of attendees (less than 200, 200 – 400, 400 – 600, and each additional 200). The fees range from a low of \$230 to a high of \$270, and each additional 200 attendees are assessed at \$40 each.
- **Cupertino:** Charges a non-refundable fee of \$75 for event application processing.
- **Milpitas:** Special events are handled through the Planning department, with an application fee dependent upon whether the application is a minor event or major event. If it's a minor event it is charged a flat fee of \$350 and if it is a major event it is charged a flat fee of \$750.
- **San Jose:** If an application is submitted in a timely fashion, a \$40 application fee is assessed for either Non-Profit or For-Profit events. If applications are submitted late, a \$120 fee for small scale events or a \$330 fee for medium / large scale events is assessed.

As the points indicate, the surrounding cities are also charging minimal fees for Special Events Applications. The City's current fee of \$300 is in line with other jurisdictions.

## 2 Picnic Areas

Similar to facility rentals, the project team gathered information on the manner in which surrounding jurisdictions charge for picnic rentals. The following points provide this information:

- **Sunnyvale:** Sunnyvale corporations are charged \$2 per person, while Sunnyvale residents & non-profits are charged \$1 per person. Picnic facilities are not rented to non-Sunnyvale residents or corporations.
- **Palo Alto:** Charges based on resident and non-resident status, and sets rates per group size (1 – 50, 51 – 100, and 101 – 150). Resident rates range from \$80 per group to \$240 per group. Facilities are not reserved / rented to non-residents.
- **Cupertino:** Picnic areas are charged daily rates depending on the location and capacity, with Resident rates ranging from \$80 to \$300 per day, and non-resident rates ranging from \$109 to \$600 per day. Electricity is offered for \$25 per day. The gazebo is rented in two hour increments at \$55 for residents and Cupertino non-profits, and \$75 for non-residents.
- **Milpitas:** The City has small, medium, and large picnic sites, and charge fees based on Resident and Non-Resident. Resident fees range from \$60 to \$140 per day, and Non-Resident fees range from \$120 to \$200 per day.
- **San Jose:** The City has seven park locations where picnic areas are able to be reserved for a fee. Rental rates are dependent upon resident status, as well as day or site type rental (Fri – Sun, M – Thur, or Premium). Fees range from a low of \$60 per day to a high of \$1,220.

Santa Clara currently only charges a picnic rental fee for a very specific sub-set of picnic rentals. Its current rental fee is based on per day; which is similar to Milpitas and San Jose. The rates charged by San Jose are fairly high and close to the full cost calculated by the project team. The City also has the option to charge based upon the size of the party renting the area similar to Palo Alto and Sunnyvale.

## 3 Field Rentals

As it relates to Field Rentals, the charges assessed for field rentals can depend upon agreements with local sports organizations, the type of sports played in the community, and whether a jurisdiction owns or contracts with school districts to utilize its fields. The following points provide an overview of the types of field rental charges assessed by surrounding jurisdictions:

- **Sunnyvale:** Charges are assessed based on the use of lights, as well as Resident and Non-Resident. Resident rates for fields without lights are \$25 per hour or \$175 per day, and fields with lights are charged \$60 per hour. Non-Resident rates for

fields without lights are \$40 per hour or \$280 per day, and fields with lights are charged \$75 per hour.

- **Palo Alto:** Charges based on resident and non-resident status, and sets rates based on field type (grass or synthetic turf) and renting organization (non-profit Youth Sports Organization, Other). The Resident fees range from \$46 per hour to \$81 an hour for grass fields, and \$61 to \$162 per hour for synthetic fields. Non-Resident fees range from \$83 per hour to \$162 per hour for grass fields, and \$138 per hour to \$216 per hour for synthetic fields. Field light usage is a flat fee of \$27 per use regardless of resident or non-resident.
- **Cupertino:** Field rental rates are determined by the type of sport (youth or adult), organization type (volunteer non-profit or commercial non-profit), as well as resident and non-resident. Rates are assessed on a per participant basis and range from a low of \$11 to a high of \$66.
- **Milpitas:** The City offers softball, soccer, and football field facilities, and charges fees based on resident and non-resident. Resident rates range from \$20 per hour to \$40 per hour, and non-resident rates range from \$40 per hour to \$80 per hour, each with a two hour minimum. Facility attendants are charged at an hourly rate of \$30 per hour for residents, and \$60 per hour for non-residents.
- **San Jose:** The City has three field types (standard practice, high use competitive, and premiere synthetic turf), and determines fees based on three user types (youth / senior / disable, adult – resident, and non-resident). A non-refundable application fee is charged on all rentals, and ranges from \$40 to \$120. Hourly rates for each field type range from \$4 - \$40 per hour for standard practice fields, \$25 - \$80 for high use competitive fields, and \$60 to \$150 per hour for premiere synthetic turf fields.

As the points demonstrate, there is a variety of ways in which field rental rates can be assessed. The City's current practice of assessing a fee per hour is consistent with most jurisdictions. The only other agency which charges a field attendant fee is Milpitas.

## 15. Police

The Police Department is responsible for law enforcement to ensure safety within the City of Santa Clara community. There are four divisions within the Police Department: Admin Services, Field Operations, Investigations, and Special Operations. The fees examined within this study relate to Administrative charges for permits, including copies of reports, Taxicab Permits, Massage Permits, and Fingerprinting.

### 1 FEE SCHEDULE MODIFICATIONS

During discussions with Police Department staff, minor modifications were made to the Department's fee schedule to help streamline the current structure. The modifications made are outlines below:

- **Removal of Fees:** The Tow Driver Renewal fee as well as the VIN Verification fee were removed, as these services are no longer provided by the department.
- **Addition of New Fees:** USB Drive for Reports and a Solicitor / Peddler Employee Only fees were added to the fee schedule to reflect services being provided for which a current fee doesn't exist.

Removing outdated fees and adding in the new fees enable the Department to most accurately and transparently reflect all of the services it provides.

### 2 DETAILED RESULTS

The Police Department collects fees for copies of reports, business licenses, and fingerprinting. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each Police permit.

**Table 36: Total Cost Per Unit Results – Police**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
CAD report for legal purposes	\$0.20	\$0.20	\$0
Dispatch service required for special events	\$140	\$209	(\$69)
Tow Driver Application	\$145	\$219	(\$74)
ID Card Renewal/Replacement (for multiple applicants)	\$54	\$94	(\$40)
Taxicab / Pedicab Company Application	\$4,422	\$6,676	(\$2,254)
Taxicab / Pedicab Company Renewal - Per Year	\$444	\$668	(\$223)
Taxicab Driver Application	\$156	\$235	(\$79)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Taxicab Driver Renewal, Retest or Reinspection	\$47	\$94	(\$47)
Taxicab / Pedicab Safety Inspection Fee	\$62	\$94	(\$32)
Fingerprinting LiveScan	\$32	\$49	(\$17)
Fingerprinting Hard Card	\$41	\$65	(\$24)
Police Reports	\$0.20	\$0.20	\$0
Photo CD's	\$3	\$3	\$0
Concealed Weapon Permit Investigation	\$137	\$218	(\$81)
Alarm Permit Application	\$37	\$94	(\$57)
<b>False Alarm Calls</b>			
Third false alarm	\$111	\$94	\$17
Fourth false alarm	\$136	\$94	\$42
Fifth & subsequent false alarms	\$161	\$94	\$67
Dispatch for a Holdup Alarm	\$121	\$94	\$27
Residential Parking Permit	\$21	\$31	(\$10)
Release of Stored Vehicles	\$72	\$81	(\$9)
Repo Fee	\$23	\$32	(\$9)
Crime Analysis Reports	\$0.20	\$0.20	\$0
State Certified Massage Initial Registration	\$124	\$188	(\$64)
State Certified Massage Annual Renewal	\$41	\$63	(\$22)
Massage Owner Fee	\$581	\$878	(\$297)
Massage Owner Fee (Renewal) Permit Renewal Fee	\$374	\$685	(\$311)
Closing Out Sale	\$104	\$204	(\$100)
Solicitor/Peddler Background Investigation	\$178	\$266	(\$88)
Solicitor/Peddler Renewal	\$47	\$94	(\$47)
Motor Funeral Escort - Initial	\$178	\$327	(\$149)
Motor Funeral Escort - Renewal	\$47	\$72	(\$25)
Private Security - Initial	\$178	\$188	(\$10)
Private Security - Renewal	\$47	\$72	(\$25)
Pedi-Cab - Application	\$178	\$266	(\$88)
Pedi-Cab - Renewal	\$47	\$94	(\$47)
Pawn/Secondhand Dealer	\$137	\$207	(\$70)
Pawn/Secondhand Dealer (Renewal) Renewal Fee	\$64	\$94	(\$30)
Bingo Organization	\$851	\$1,285	(\$434)
Public Entertainment General Background Investigation (Includes one rolling fee)	\$230	\$557	(\$327)
Public Entertainment General Rolling Fee (for additional employees)	\$30	\$75	(\$45)
CD for legal purposes	\$3	\$3	\$0
Clearance Letter	\$13	\$33	(\$20)
Citation Sign Off Non-Santa Clara Citations Only	\$10	\$31	(\$21)
<b>NEW</b>			
USB		\$8	
Solicitor/Peddler Employee Only		\$141	
Electric Scooter / eBike Removal and Storage		\$286	
Community Room Rental - Application		\$141	

Currently, all fees being charged by the Police department are showing an under-recovery, with the exception of False Alarms. Subsidies range from a low of \$9 for Repo and Release of Stored Vehicles, to a high of \$2,254 for Taxicab / Pedicab Company

Applications. The surpluses shown for False Alarms range from a low of \$17 for a third false alarm, to a high of \$67 for Fifth & Subsequent False Alarms. It should be noted that while False Alarms are showing a surplus, the City does not charge for the first, second, or third False Alarm.

Overall, the Police department is recovering an average of 75% of its per unit costs.

### 3 ANNUAL REVENUE IMPACTS

The Police Department is currently under-recovering its fee-related costs by approximately \$23,000. The following table shows the annual workload volume for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual surplus / deficit.

**Table 37: Annual Results – Police**

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Tow Driver Application	11	\$1,595	\$2,413	(\$818)
ID Card Renewal/Replacement (for multiple applicants)	1	\$54	\$94	(\$40)
Taxicab Driver Application	4	\$624	\$940	(\$316)
Taxicab Driver Renewal, Retest or Reinspection	75	\$3,525	\$7,052	(\$3,527)
Taxicab / Pedicab Safety Inspection Fee	123	\$7,626	\$11,566	(\$3,940)
State Certified Massage Initial Registration	50	\$6,200	\$9,403	(\$3,203)
State Certified Massage Annual Renewal	64	\$2,624	\$4,012	(\$1,388)
Massage Owner Fee	1	\$581	\$878	(\$297)
Massage Owner Fee (Renewal) Permit Renewal Fee	2	\$748	\$1,370	(\$622)
Solicitor/Peddler Background Investigation	35	\$6,230	\$9,325	(\$3,095)
Solicitor/Peddler Renewal	40	\$1,880	\$3,761	(\$1,881)
Motor Funeral Escort - Renewal	5	\$235	\$360	(\$125)
Private Security - Initial	3	\$534	\$564	(\$30)
Private Security - Renewal	14	\$658	\$1,009	(\$351)
Pedi-Cab - Application	15	\$2,670	\$3,996	(\$1,326)
Pedi-Cab - Renewal	40	\$1,880	\$3,761	(\$1,881)
Pawn/Secondhand Dealer	1	\$137	\$207	(\$70)
Pawn/Secondhand Dealer (Renewal) Renewal Fee	6	\$384	\$564	(\$180)
<b>TOTAL</b>		<b>\$38,185</b>	<b>\$61,278</b>	<b>(23,093)</b>

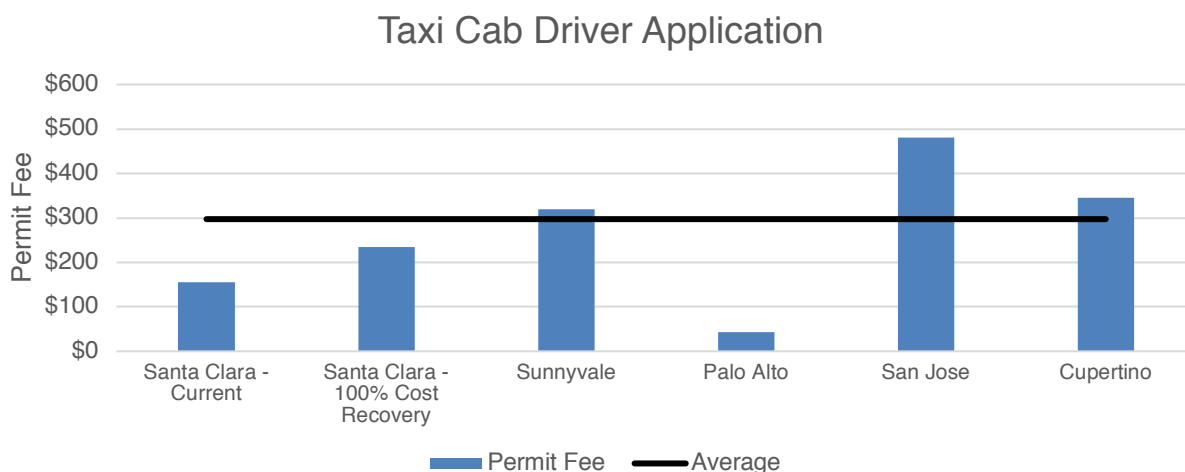
Overall, the Police Department is recovering approximately 73% of its fee-related costs. No singular permit item above has a subsidy greater than \$4,000. The largest subsidy relates to Taxicab / Pedicab Safety Inspections, which shows an annual subsidy of \$3,940. While the per unit subsidy is only \$32, the City performed 123 of these inspections in the last year.

## 4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. The following subsections provide a comparative look at four common Police permits.

### 1 Taxi Cab Driver Application

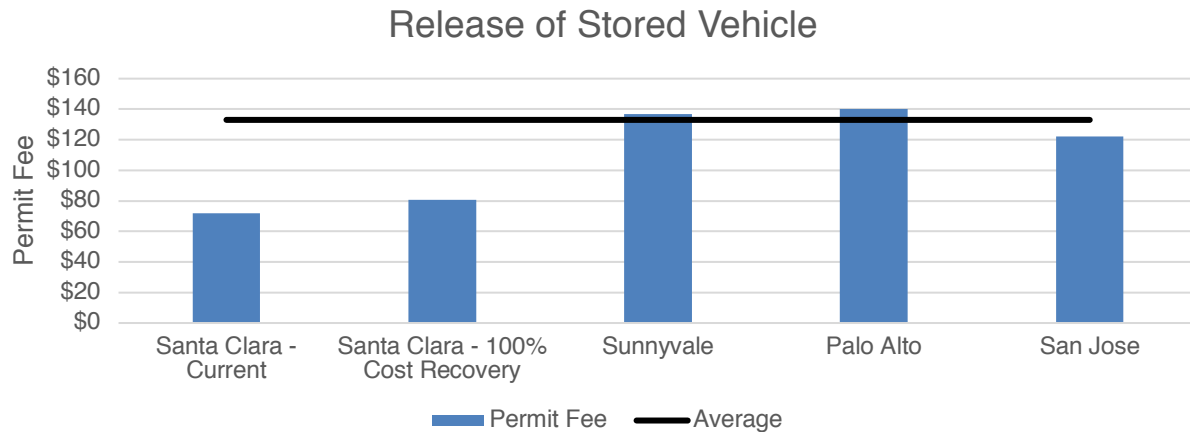
The Police Department currently charges a flat fee of \$156 for a Taxi Cab Driver Application. As part of this study, the project team calculated the full cost of this service to be \$235. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As shown in the graph above, both the City's current fee, as well as the total cost of processing Taxi Cab Driver Applications is below the average of surveyed jurisdictions. Sunnyvale, San Jose, and Cupertino charge fees of \$320 or above, while Palo Alto only charges a fee of \$43.

### 2 Release of Stored Vehicle

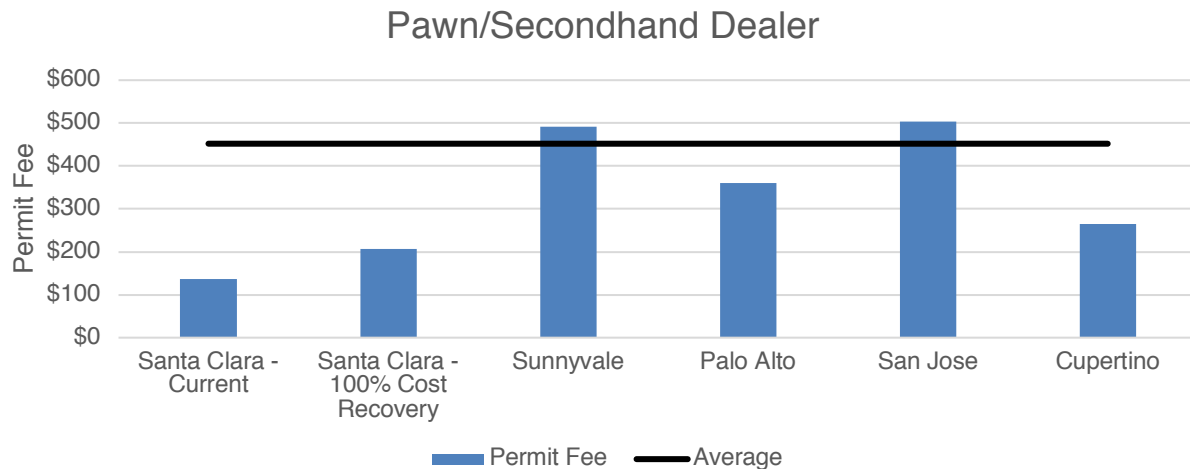
The Police Department currently charges a fee of \$72 for release sign-off of a stored vehicle. As part of this study, the project team calculated the full cost of this service to be \$81. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



Both the City's current fee, as well as the total cost of service for Release of Stored Vehicles is below that of surveyed jurisdictions. Palo Alto has the highest fee at \$140, while San Jose has the lowest fee at \$122.

### 3 Pawn / Secondhand Dealer

The current fee for Pawn / Secondhand Dealers is \$137, whereas, as part of this study, the project team calculated the full cost of this service to be \$207. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.

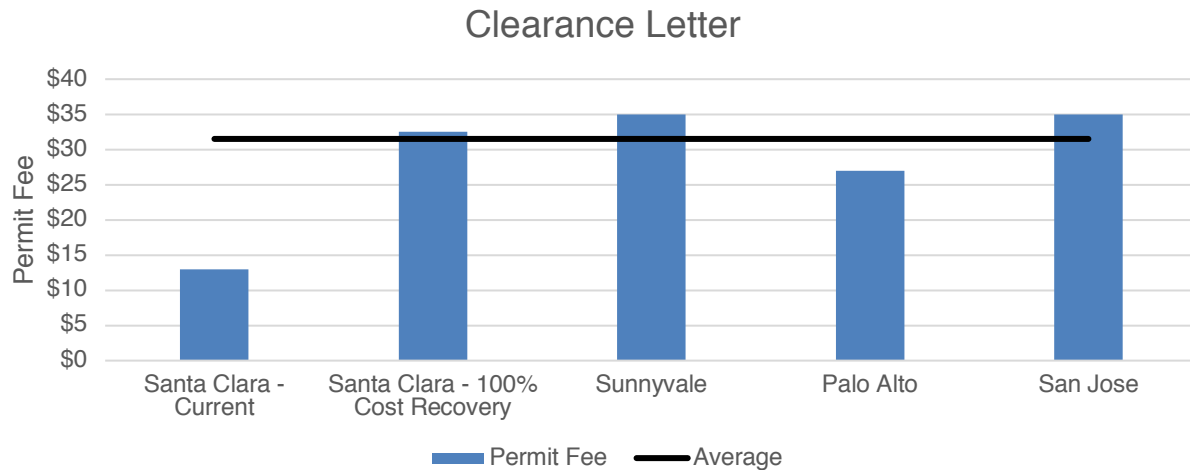


Similar to the previous comparisons, both the current and total cost for Pawn / Secondhand Dealers is below that of surveyed jurisdictions. Sunnyvale and San Jose have the highest fees at \$492 and \$504 respectively, while Cupertino has the lowest fee at \$265.



#### 4 Clearance Letter

The current fee for a Clearance Letter is \$13, whereas, this study calculated the full cost of this service to be \$33. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



The City's current fee of \$13 is the lowest compared to surround jurisdictions, however, the total cost is just above the average. Both Sunnyvale and San Jose charge \$35 for clearance letters, while Palo Alto charges \$27.