

10/22/19

Study Session  
RTC 19-874

Julie Minot

From: sudsjain@zoho.com on behalf of Sudhanshu Jain <suds@sudsjain.com>  
Sent: Tuesday, October 22, 2019 10:49 AM  
To: Mayor and Council; Manager  
Subject: Comments on Room Rental Fees

Dear Mayor Gillmor and Councilmembers,

I'm very pleased that Parks and Rec and the Library are recommending substantially reduced the rental fees for meeting spaces. Thank you very much.

1. I think that reducing the fees to \$0.00 for Priority 1 and Priority 2 will lead to abuse. There should be a nominal fee of say \$15 for rooms under 40 people and say \$35 for rooms larger than 40 people. The numbers can change whenever there is an update to the municipal fee schedule
2. There should be an online calendar for people to see when rooms are available without having to call the CRC
3. The City should consider adding electronic locks to parks buildings so that the renter doesn't have to make so many trips to get and return keys.
4. I think that \$72/hour to use the A/V system at the library rooms is excessive. The projector and screen should just be part of the room rental. Perhaps there should be a small charge for use of the wireless microphones.
5. There should be clear rules for how an organization gets on the Priority 1 list of affiliated organizations. Is there an application form?  
Who approves? It could be the directors of Library and Parks.
6. What is the definition of a Priority 2 rental? Currently it seems that any resident who wants to rent is Priority 2 and there is no requirement that the organization be a registered non-profit (501(c) organization).
7. Is there any distinction between a meeting and an event besides the length of time (less than or greater than 3 hours)? Can an individual rent for either use? I recently tried to rent the Maywood Park building for a non-profit meeting. Since fewer than 51% of the attendees are City of Santa Clara residents, I had to rent it at the full rate of \$68/hour. But I couldn't rent it as a "meeting"  
I had to rent it as an "event"
8. Will there be any charges to setup and breakdown rooms? Security Deposits? The Old Quad Resident Association prefers to set up the rooms ourselves like we do at the Women's Adobe if that saves us money. The Redwood City Library has people set up tables and chairs themselves.
9. What are the fees to use the Agnews Mansion rooms and the Police Community Room. I called Oracle but they wouldn't give me the rental rates.

Also having to rent the rooms with more than 30 days advanced notice and fewer than 3 months notice doesn't make sense.

10. How far in advance can someone reserve a room? Perhaps there could be a higher charge to reserve really far in advance (> 6 months)

I like Cupertino's policy where each councilmember gets 4 tickets which they can give to any organization to allow them to use a room in the Quinlan center for free.

Thank you,

-- Suds Jain

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**City of Santa Clara  
Study Session**

**Item 19-874: Discussion  
and Review of User Fees  
for Cost of Services –  
Phase II**

**October 22, 2019**



**City of  
Santa Clara**  
The Center of What's Possible

## **Agenda**

- User Fee Timeline
- User Fee Study Overview
- Methodology
- Development User / Non-Development Fire Fees
- Sample Project Impact
- Outreach Summary

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## **User Fee Timeline**

- **May 21** – First Study Session establishing multi-phase workplan for all city-wide User Fees
- **July 16** – City Council adopted recommended changes as part of Phase I of the User Fee Study
- **September 24 and 30** – Community outreach meetings held to discuss proposed development and non-development Fire fees

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## **User Fee Timeline**

- **October 15** – Parks and Recreation Commission and Board of Library Trustees discussion on community room rentals
- **October 22** – City Council Study Session on Phase II of the User Fee Study
- **November 19** – Adoption of Municipal Fee Schedule for Phase II of the User Fee Study for City Council approval

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## User Fee Timeline

- **To Be Scheduled** – Community room rentals will be brought forward separately at a later date
- **Phase III** – To be brought forward for City Council separate and individually based on specific fee workplan

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## User Fee Study

### Legal Framework

- User fees charged by local agencies "...may not exceed the estimated reasonable cost of providing the service for which the fee is charged"
- A user fee can be no more than necessary to cover the reasonable cost

### Overview

- Identifies the full cost (direct and indirect) for staff and overhead associated with fee-supported services and associated revenue gaps
- Ensures compliance with State and local laws (e.g., Prop 218 and 26)
- Informs staffing levels and service delivery model
- Streamlines fee schedules to eliminate outdated fees or ranges
- Incorporates new fees and services

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## Methodology

- A “bottom up” approach was employed, where time spent per unit of fee activity is determined for each position within a Department or program.
  - Widely accepted
  - Most defensible
- Update fee schedules and structures
- Calculate fully burdened hourly rates for each position
- Establish time estimates by position for each service provided
- Collect volume statistics to project workload and revenue impacts
- Analyze the gaps between cost and revenue.

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## Establishing Time Estimates

- Staff were asked to estimate the amount of time it takes to provide services at each step in the process



- Estimates are provided for each position involved
- Estimates take into account desired service levels
- Extraordinarily complex or simple projects are excluded from estimates

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## Determining Total Cost

- Once time spent for a fee activity is determined for each individual or position, applicable City costs are calculated



- Salary, benefit, and departmental costs are based on FY 2018/19 Adopted Budget
- Citywide overhead was calculated through the City's current Cost Allocation Plan



## Development User Fees / Non- Development Fire Fees





## Summary

### Existing and Proposed Levels of Cost Recovery

| Department       | Cost Recovery %<br>(Typical)* | Cost Recovery %<br>(Current)** | Cost Recovery %<br>(Proposed) |
|------------------|-------------------------------|--------------------------------|-------------------------------|
| CDD – Planning   | 50 – 80%                      | 40%                            | 45%                           |
| CDD – Building   | 80-100%***                    | 80-100%***                     | 80-100%***                    |
| Fire             | 50 – 80%                      | 81%                            | 85%                           |
| PW – Engineering | 80 - 100%                     | 78%                            | 97%                           |
| PW – Streets     | 80 - 100%                     | 41%                            | 59%                           |
| Water & Sewer    | 80-100%                       | 65%                            | 94%                           |

\* Based on local government operations across the U.S

\*\* Represents annual revenue vs. expenditure

\*\*\* Estimate; Building permit data not available to provide exact percentage

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## Current Subsidies – Phase II Fees

### Annual Program Cost Recovery Analysis

| Department       | Annual<br>Deficit | Cost Recovery %<br>(Current)* |
|------------------|-------------------|-------------------------------|
| CDD - Planning   | \$ 1.8 million    | 40%                           |
| Fire             | \$ 1.5 million    | 81%                           |
| PW - Engineering | \$ 0.7 million    | 78%                           |
| PW – Streets     | \$ 0.4 million    | 41%                           |
| Water & Sewer    | \$ 4.7 million    | 65%                           |
| Total**          | \$9.1 million     |                               |

Across programs  
evaluated in  
Phase I and II,  
the total subsidy  
is **\$22.4 million**

\* Represents annual revenue vs. expenditure

\*\* Excludes Building due to proposed changes in fee structure and new permitting system

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## Planning

- Current recovery at 40% - Annual subsidy at \$1.8 million
- Proposing to move to 45% - Not full cost recovery
  - Raise fees that affect developers to 100% cost recovery
    - Planned Development Rezoning current fee is \$31,212 to full cost recovery at \$50,788
    - New Development Architectural Review (Non-SFR) current fee is \$12,768 to full cost recovery at \$30,473
  - Single family homes that are currently highly subsidized only increase by 5%
    - Architectural Review full current fee is \$787, full cost recovery is \$10,158, recommended fee is \$837

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## Planning

- Use Permits are very subsidized but their current price was tracking at the average price for a Use Permit compared to our neighboring cities - No proposed increase
  - Current fee \$9,931, full cost recovery is \$20,315, recommended fee \$12,414
- Proposed Modifications
  - Reorganize fees to better reflect services provided
  - Expand General Plan Amendment from two categories (up to 1 acre / over 1 acre) to four categories (Single Family, up to 1 acre, 1 – 5 acres, over 5 acres)

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## **Building**

- Current Assessment - No City subsidy
  - Fees have not been updated for 15+ years
  - Due to significant limitations of the permit tracking system, could not calculate annual results and cost recovery percentages
  - New permit tracking system will support future fee studies
- Analysis Showed Two Key Items
  - Fees for large projects be reduced
  - Fees for smaller projects will increase
    - Smaller projects affect mostly single family homes and tenant improvements

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## **Building**

- Summary of Key Changes
  - Revised fee structure and decreased fees for high valuation projects
  - Increased fees for low valuation projects
  - Single-family fees assessed based on square footage, not valuation

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## Fire

- Recovering 81% of fee-related costs - Annual subsidy \$1.5 million
  - Almost \$302k related to overtime inspection and plan review services
  - Rest of subsidy mostly attributable to under-recovery of costs associated with the CUPA program (Hazardous Materials regulation)
- Proposed Modifications
  - Achieve 85% overall cost recovery for Fire Prevention & Hazardous Materials Division
  - Increase CUPA program fees to 100% cost recovery
    - Phased approach for significant fee increases (over 4 years)

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## Fire

- Proposed Modifications (Examples)
  - Overtime Plan Review & Inspections – Annual subsidy \$302k
    - By request only (outside of regular business hours)
    - Current fee of \$666 increased to \$867 (100% cost recovery)
  - Hazardous Materials Business Plans – Annual subsidy \$245k
    - Average current fee of \$211 increased to \$318 (over 4 years)
  - Fire Protection System (1-49 sprinkler heads) – Annual subsidy \$78k
    - Current fee of \$896 increased to \$1,013 (over 4 years)
  - Multifamily Building Inspections (Apartment, Hotel) – Annual surplus \$308k
    - Eliminate current over-recovery by reducing fee from \$37/unit to \$24/unit

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## Public Works

- Engineering
  - Recently updated in 2016
  - Current recovery at 78%
  - Proposed 97% cost recovery
  - Adjustments to fees based on updated hourly rates/minor changes
  - New fees related to entitlement
- Streets
  - Fees mostly affect other City Departments – example paving trenchwork completed by Water and Sewer or SVP

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## Public Works

- Proposed Modifications
  - New fees:
    - Preliminary application/Re-Zoning (\$807)
    - Tentative maps (\$1,426 – \$2,270)
    - CEQA reviews (\$2,505 – \$4,179)
    - Cost Analysis for Development Fees (\$390 - \$948)
    - Revisions to Approved Engineering Plans (\$434)
  - Other methodology changes

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## Water & Sewer

- Last Updated in 2016
- Other methodology changes
- Does not affect all developments
- Recovering 67% in water and 55% in sewer - Typical 80% - 100%
  - Annual subsidy to program projected at approx. \$4.7 million
  - Majority of subsidy relates to field marking and engineering inspections and plan check fees

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## Water & Sewer

- Proposed Modifications:
  - Utilities moving towards full cost recovery at 94%
  - Increasing fees: engineering plan check review, engineering inspections and field marking to full cost recovery
    - Field Marking Water/RCW from \$171 to \$242 and Sewer from \$111 to \$193
    - Plan Check Reviews  $\leq$  \$25k from \$278 to \$608 and  $\geq$  \$25k \$973 to \$1,732
  - Decreasing fees:  $\leq$  2" water tap from \$2,411 to \$737 and  $\geq$  3" water tap from \$3,709 to \$862
  - New fees: Hydraulic modeling (\$1,426), Hold Harmless Agreement (\$952), Project Clearance Committee Plan review (\$564) and Water Service Upgrade

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## What Does It Mean for Projects

### Four Example Projects

- Accessory Dwelling Unit (500 sf)
- Tenant Improvement to existing Office (20,000 sf)
- Five-story Office Building (275,000 sf)
- Mixed Use (350 units / 25,000 sf commercial)

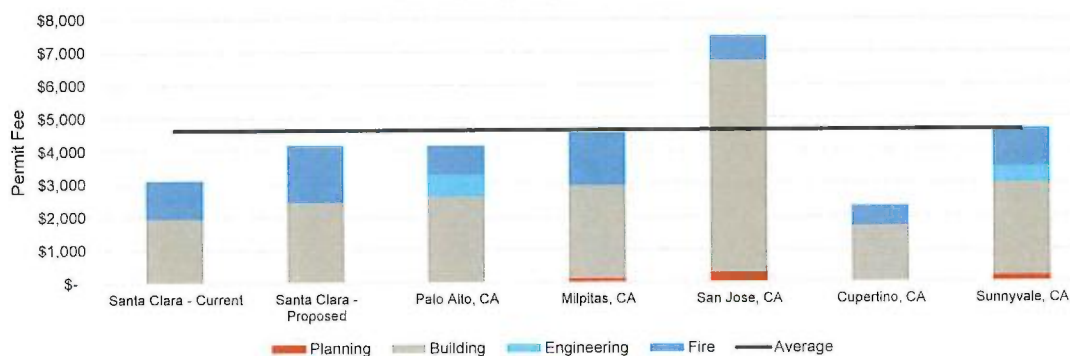
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## User Fee Study

### Example Project #1 – Accessory Dwelling Unit (500 sf)

Additional Dwelling Unit (ADU)  
500 sq ft / \$100,000 valuation

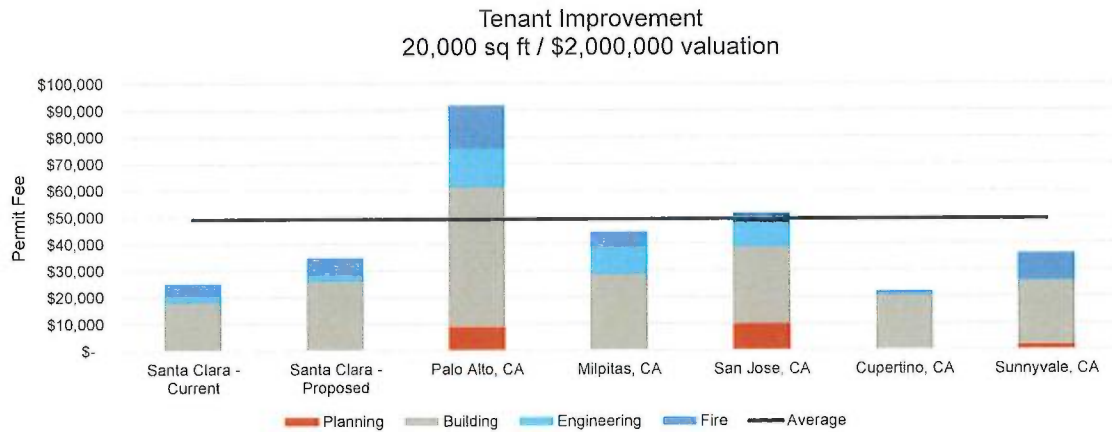


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## User Fee Study

### Example Project #2 – Office Tenant Improvement

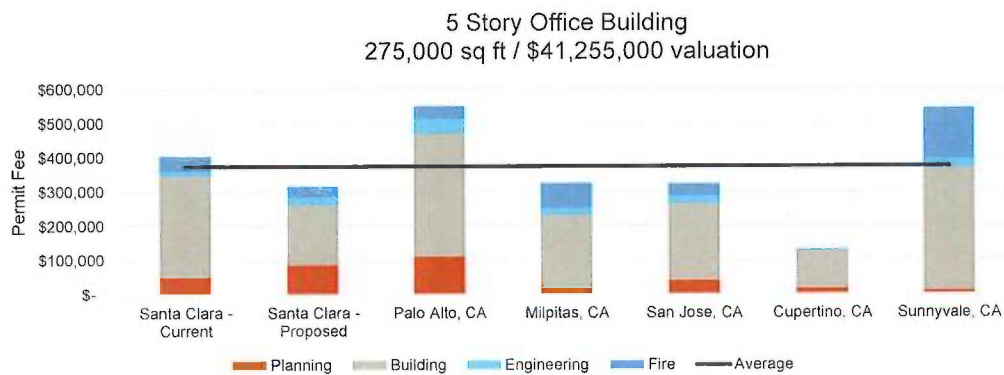


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## User Fee Study

### Example Project #3 – Five-story Office Building (275 ksf)

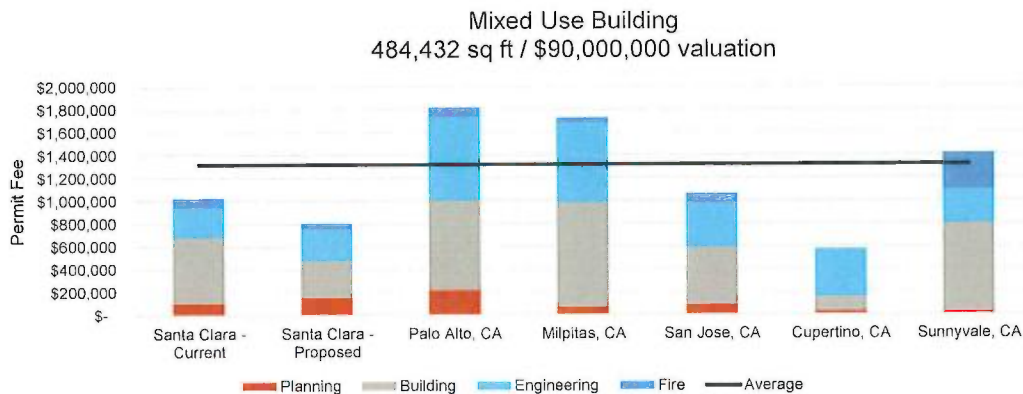


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## User Fee Study

### Example Project #4 – Mixed Use (350 units / 25 ksf commercial)



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## Outreach Summary

- Notices were sent to approximately 100 developer contacts, over 1,000 Fire contacts for hazardous materials fees
- Approximately 12-15 attendees at each session
- Discussion with developers at specific plan meetings
- Consultant report released as part of this Study Session
- Municipal Fee Schedule to be released at least 10 days prior to November 19<sup>th</sup> Council consideration of fees

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## **Questions and Feedback**

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