11/19/19

Item#2



Finance Department Memorandum

Date: November 18, 2019

To: Honorable Mayor and City Councilmembers

From: Kenn Lee, Director of Finance

Subject: November 19, 2019 Council Agenda Item #2: "Public Hearing: Action on the Adoption of Phase II of the Fiscal Year 2019/20 Municipal Fee Schedule" Replacement Page

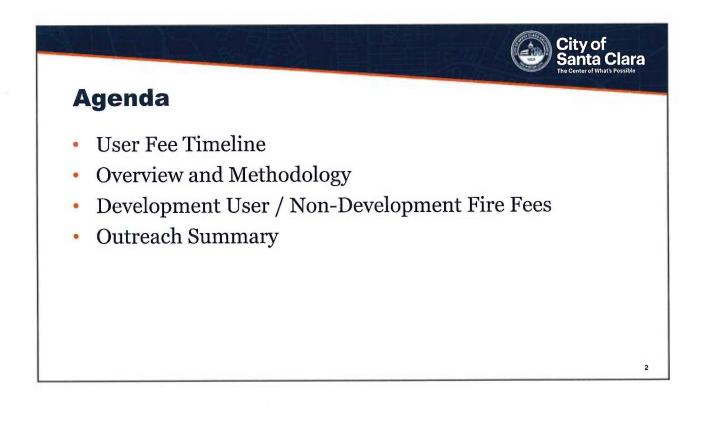
The purpose of this supplemental is to replace page 12 – 8 of the Attachment 2 – FY 2019/20 Municipal Fee Schedule, Phase II document with the attached page. The Water and Sewer Utilities Department Engineering Inspection Fees did not include the correct rates due to a clerical error. It should be noted that the correct rates were posted correctly on page 117 of the Attachment 1 - Report on the Cost of Services (User Fee) Study – Phase I and II. The attached page would correctly align the Municipal Fee Schedule with the proposed rates included in the User Fee Study Report.

#### CITY OF SANTA CLARA MUNICIPAL FEE SCHEDULE

#### SUBMITTED BY DEPARTMENT / DIVISION: .....

WATER & SEWER UTILITIES / WATER				RESOLUTION NUMBER:				AFT	APPROVED:			
DESCRIPTION OF FEE, RATE OR CHARGE	CURRENT FEE and PERIOD	TECHNOLOGY FEE (3.37%) APPLIES (Yes or No)	CHARGING DEPT / DIV COLLECTING DEPT / DIV		E FEE HANGED NANCE R & DATE licable)	FEE D OBJE( PROP 26 E (SEE READ) FULL COST	CTIVE XCEPTION ER'S GUIDE)		COMMENTS	ORR	POSED NEW REVISED FEE 20 (PHASE II)	Percei Chang
Engineering Plan Review	0.070	DO NO	Charged By: Water	Date: O. No.:	5/8/2018	Objective: Prop 26 Exception:	Recove	r Cost		s	608.00	118.7
Engineering Plan Check for Projects up to \$25K (per plan set) - includes 3 checks	\$ 278.0	U NO	Collected By: Engineering	O. No.: O. Date:		Full Cost:	\$	/aries		ľ		
Engineering Plan Check for Projects over \$25K (per sheet) - includes 3 checks	\$ 973.(	00 No								\$	1,732.00	78.0
Engineering Plan Check (per plan set for Projects up to \$25K and per sheet for Projects over \$25K) - 4th and subsequent review	\$ 92.0	00 No								\$	397.00	331.5
Engineering Inspection \$0-\$15K \$15,001-\$25K-base + 10.17% of cost above \$15K \$25,001-\$50K-base + 8.13% of cost above \$25K \$50,001-\$100K-base + 4.52% of cost above \$50K \$101K-\$200K-base + 3.39% of cost above \$100K \$201K-\$500K-base + 3.39% of cost above \$200K \$501K-\$1M-base + 3.84% of cost above \$500K >\$1M; base + plus \$12,427 for each additional \$500K or fraction thereof	<ul> <li>\$ 278.</li> <li>\$ 1,112.</li> <li>\$ 2,782.</li> <li>\$ 4,637.</li> <li>\$ 7,421.</li> <li>\$ 15,768.</li> <li>\$ 31,539.</li> <li>\$ 10,203.</li> </ul>	00 No 00 No 00 No 00 No 00 No 00 No								\$ \$ \$ \$ \$ \$	339.00 339.00 1,356.00 3,389.00 5,646.00 9,038.00 19,205.00 38,410.00	REVIS REVIS REVIS REVIS REVIS REVIS



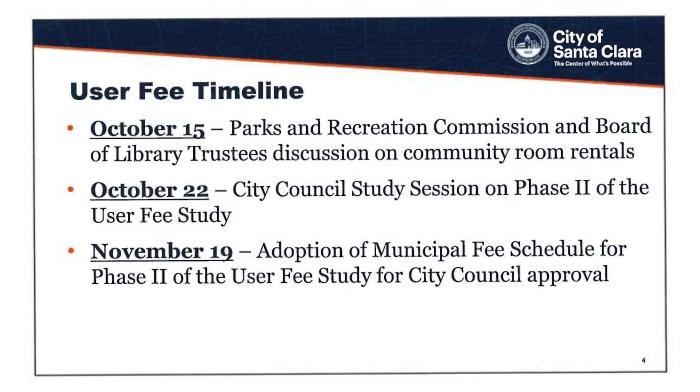


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## **User Fee Timeline**

- <u>May 21</u> 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
- <u>September 24 and 30</u> Community outreach meetings held to discuss proposed development and nondevelopment Fire fees



## **User Fee Timeline**

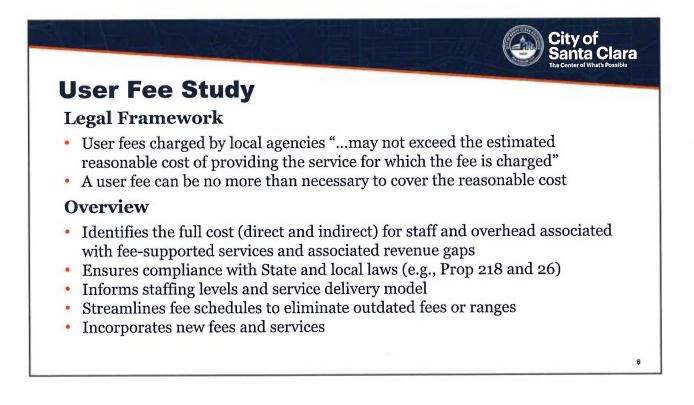
 <u>December 17</u> – City Council Study Session on Community room rental fees

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- <u>**Phase III**</u> To be brought forward for City Council separate and individually based on specific fee workplan
  - Electric bike/scooter fee
  - False alarm fee
  - Massage program fee
  - Off-site parking fee
  - Temporary street pole banner permit





## 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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# Summary

#### **Existing Levels of Cost Recovery**

Department	Cost Recovery % (Typical)*	Cost Recovery % (Current)**			
CDD – Planning	50 - 80%	40%			
CDD – Building	80-100%***	80-100%***			
Fire	50 - 80%	81%			
PW – Engineering	80 - 100%	78%			
PW – Streets	80 - 100%	41%			
Water & Sewer	80-100%	65%			
* Based on local aque	Based on local aggernment operations across the U.S.				

Based on local government operations across the U.S

Represents annual revenue vs. expenditure
 \*\*\* Estimate; Building permit data not available to provide exact percentage

		hase II Fees	
Annual Program	Annual Deficit	Cost Recovery % (Current)*	Across programs evaluated in
CDD - Planning	\$ 1.8 million	40%	Phase I and II, the total subsidy is <b>\$22.4 million</b>
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		



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#### **Proposed Fee Impacts** Annual Program Cost Recovery Analysis

Department	Change in Revenue	Cost Recovery %	Across program evaluated in
General Fund (Non- Development)	\$ 0.3 million	36%	Phase I and II, the total subsid of \$22.4 million
General Fund (Development)	\$ 1.6 million	82%	would be <u>reduc</u> by <b>\$5.9 million</b>
Non-General Fund	\$ 4.0 million	94%	
Total	\$ 5.9 million	65%	

