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

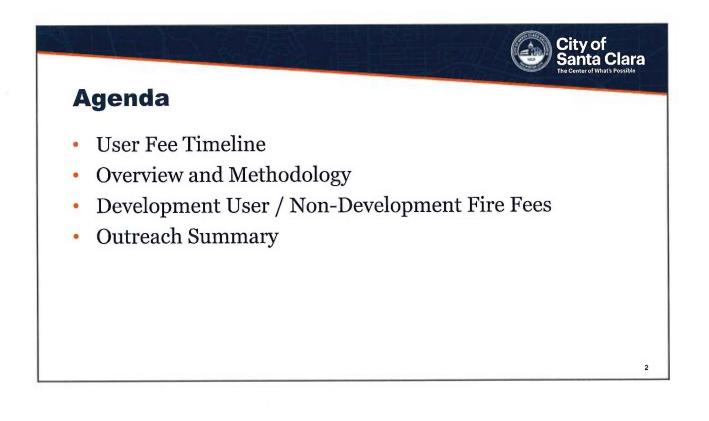
The purpose of this supplemental is to replace page 12 – 8 of the Attachment 2 – FY 2019/20 Municipal Fee Schedule, Phase II document with the attached page. The Water and Sewer Utilities Department Engineering Inspection Fees did not include the correct rates due to a clerical error. It should be noted 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	 \$ 278. \$ 1,112. \$ 2,782. \$ 4,637. \$ 7,421. \$ 15,768. \$ 31,539. \$ 10,203. 	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



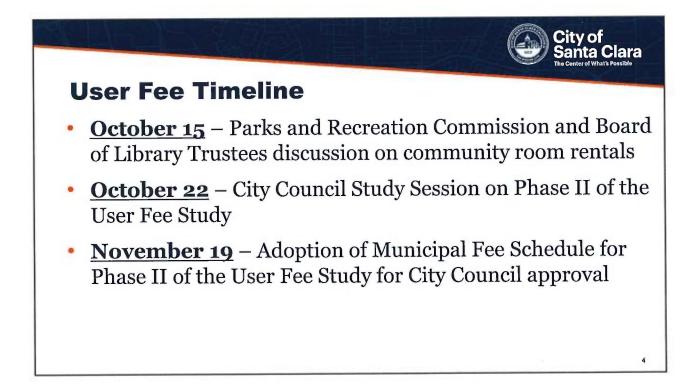


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User Fee Timeline

- <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

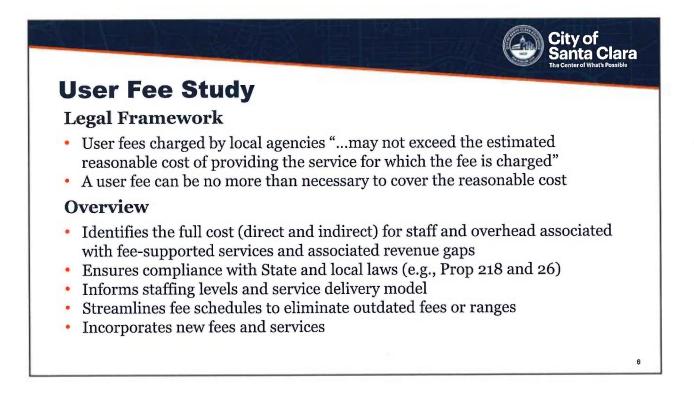
 <u>December 17</u> – City Council Study Session on Community room rental fees

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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 \$22.4 million
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 \$5.9 million
Non-General Fund	\$ 4.0 million	94%	
Total	\$ 5.9 million	65%	

