

# Report on the Cost of Services (User Fee) Study

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CITY OF SANTA CLARA, CALIFORNIA



**November 2019**

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# 1. Introduction and Executive Summary

The report, which follows, presents the results 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 in the following departments: City Clerk, City Manager, Building, Housing, Planning, Electric Utility, Finance, Fire, Library, Parks and Recreation, Cemetery, Police, Engineering, Streets, and Water and Sewer Utility. 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 the City is under-recovering its costs by approximately \$22 million and recovering about 52% 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%
Planning	\$1,220,544	\$3,038,661	(\$1,818,117)	40%
Electric Utility	\$349,800	\$313,752	\$36,048	111%
Finance	\$2,195,923	\$2,624,117	(\$428,194)	84%
Fire	\$6,347,885	\$7,842,776	(\$1,494,891)	81%
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%
Engineering	\$2,595,287	\$3,319,262	(\$723,975)	78%
Streets	\$301,602	\$729,461	(\$427,859)	41%
Water	\$7,512,306	\$11,257,239	(\$3,744,933)	67%
Sewer	\$1,108,497	\$2,018,617	(\$910,120)	55%
<b>TOTAL</b>	<b>\$24,670,048</b>	<b>\$47,022,891</b>	<b>(\$22,352,843)</b>	<b>52%</b>

As the table indicates, approximately \$12.5 million of the \$22 million subsidy is related to Recreation services. Water has the next largest subsidies of about \$3.7 million, with Planning and Fire at about between \$1.4 and \$1.8 million. While Building services were reviewed as part of this study, they were not included in the above table, as a comparison

of current revenue to total cost was not able to be conducted due to the proposed changes in the fee structure and the division's transition to a new permitting system.

While the detailed documentation of the Study will show an over-collection for few 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.

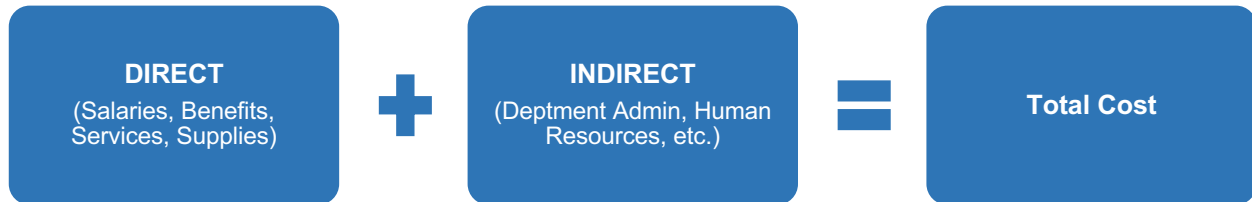
- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole. Examples include Recreation programs, Planning Design Review, historical dedications and certain types of special events.

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**

Jurisdiction	2017 Census
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 Budget**

Jurisdiction	FY 18/19 Budget
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 Workforce Size**

Jurisdiction	FY 18 / 19 FTE
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.

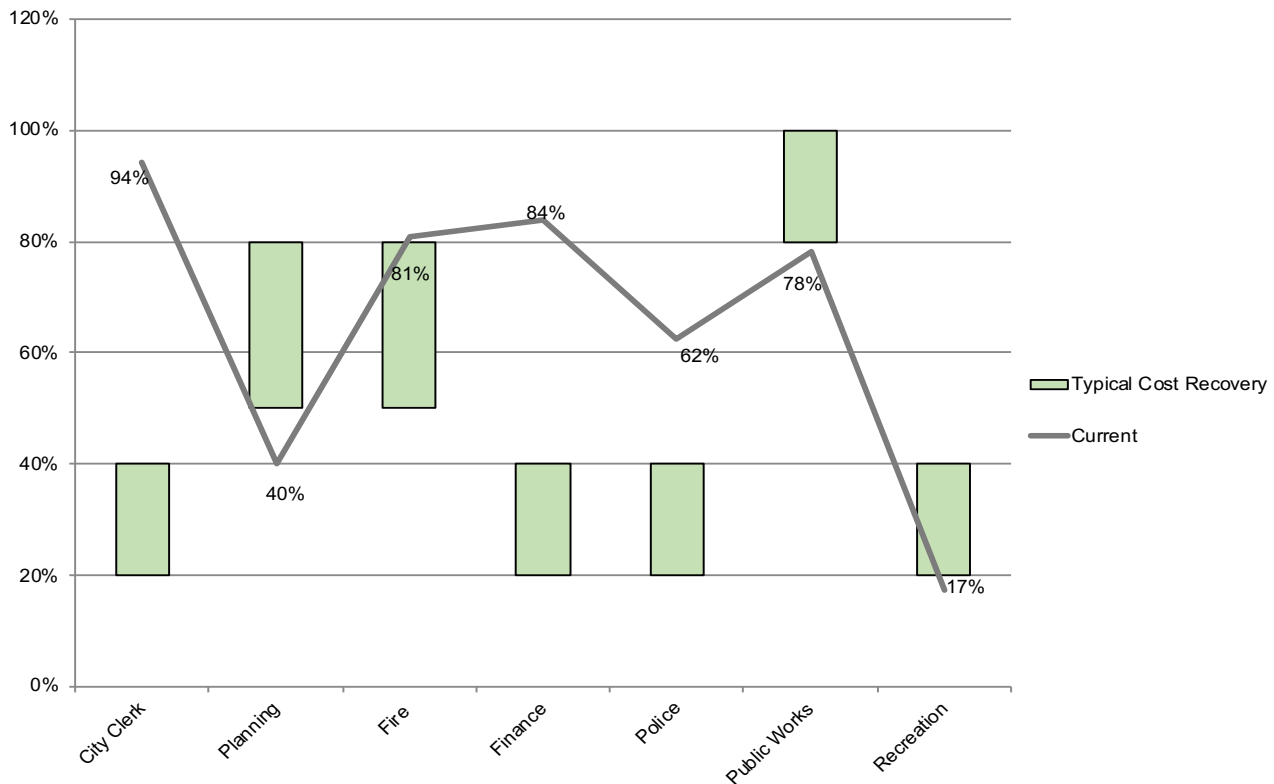
#### 1 Typical Cost Recovery

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%
Building	80 – 100%
Planning	50 – 80%
Fire	50 – 80%
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 and Police, and within the typical cost recovery range for Fire and Public Works. The City is below the typical cost recovery for Planning, and 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

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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.

# PHASE I

## 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
- NCIP Non-Conformance
- BMP / FTHB Non-Conformance
- 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	
NCIP Non-Conformance		\$965	
BMP / FTHB Non-Conformance		\$1,132	

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, fee recalculations, and non-conformance. 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.

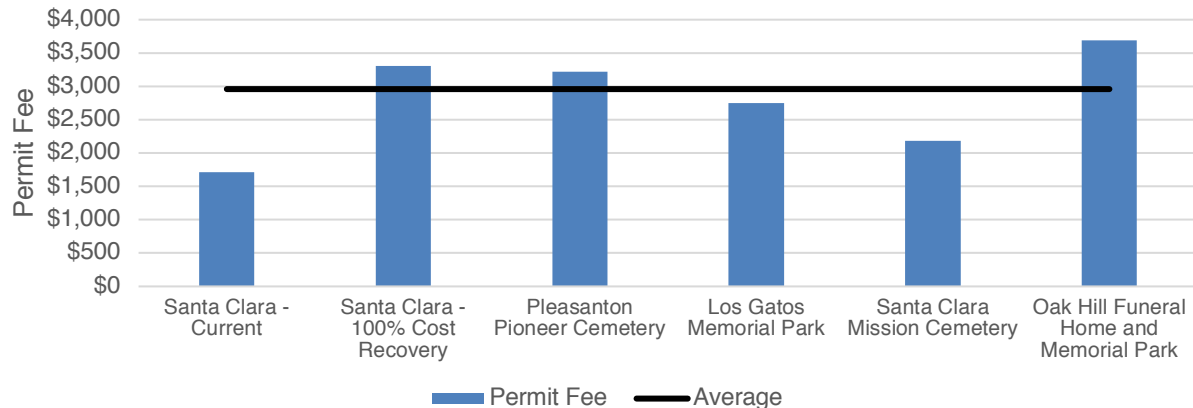
## 5 JURISDICTIONAL COMPARISON

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

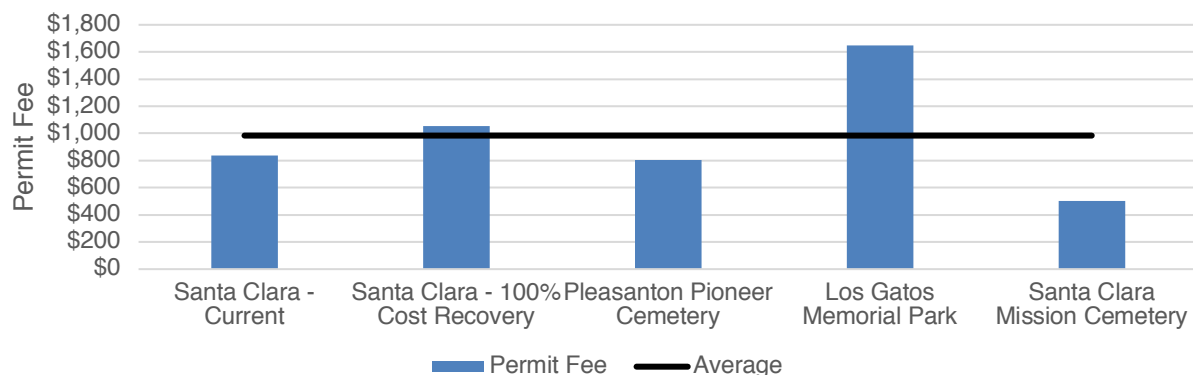


The current fee for single depth grave site preparation is less than surveyed locations, while the full cost is slightly higher than the average fee of \$2,959. The closest cemetery is Santa Clara Mission, which charges a fee of \$2,180, which is above the current fee and below the total cost calculated. 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.

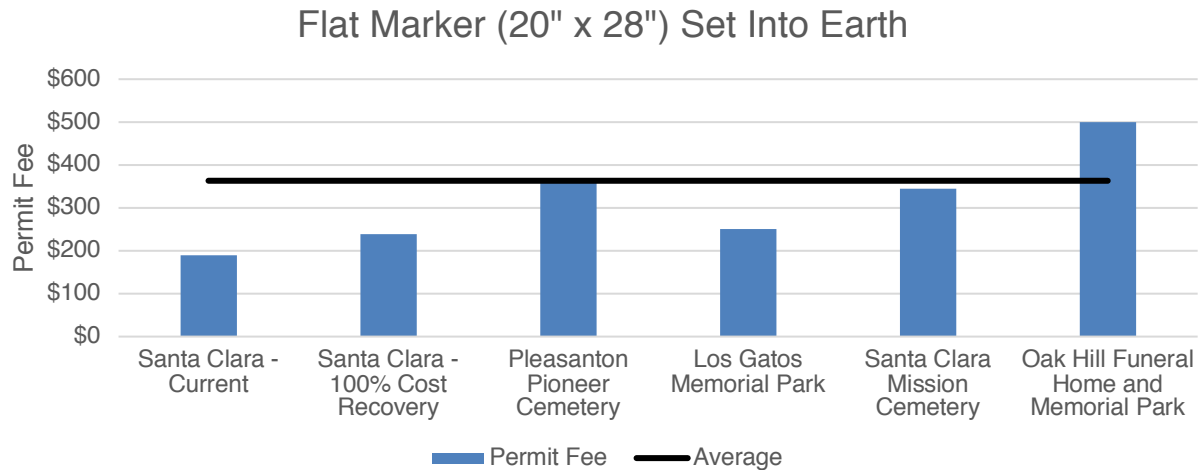
### Cremation in Niche - Site Preparation



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 makers 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	\$321	(\$210)
Fourth false alarm	\$136	\$321	(\$185)
Fifth & subsequent false alarms	\$161	\$321	(\$160)
Dispatch for a Holdup Alarm	\$121	\$111	\$10
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 Dispatch for a Holdup False Alarm. 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 Dispatch for a Holdup False Alarm shows a surplus of \$10.

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>

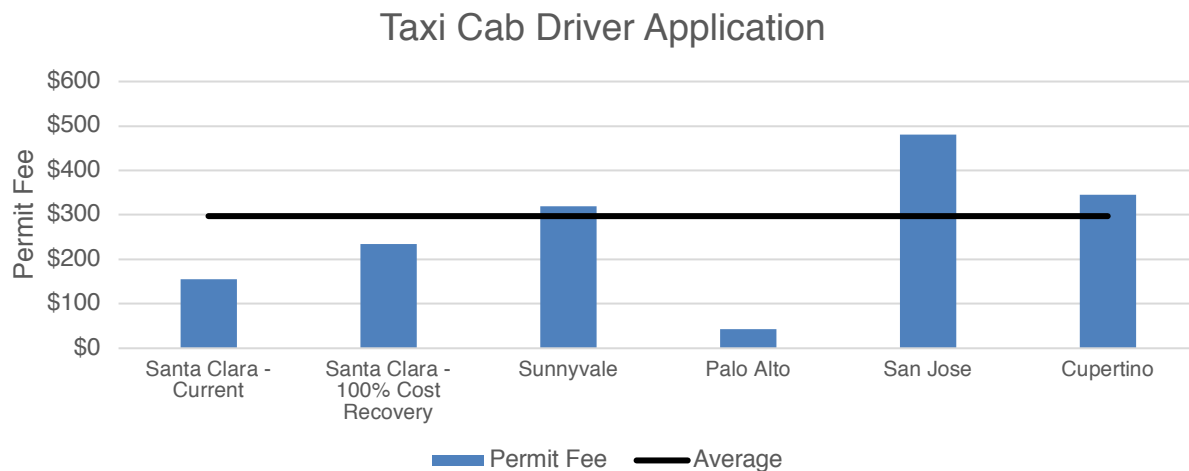
Overall, the Police Department is recovering approximately 73% of its fee-related costs. No singular permit item above has a subsidy greater than \$4,000. The largest subsidy relates to Taxicab / Pedicab Safety Inspections, which shows an annual subsidy of \$3,940. While the per unit subsidy is only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

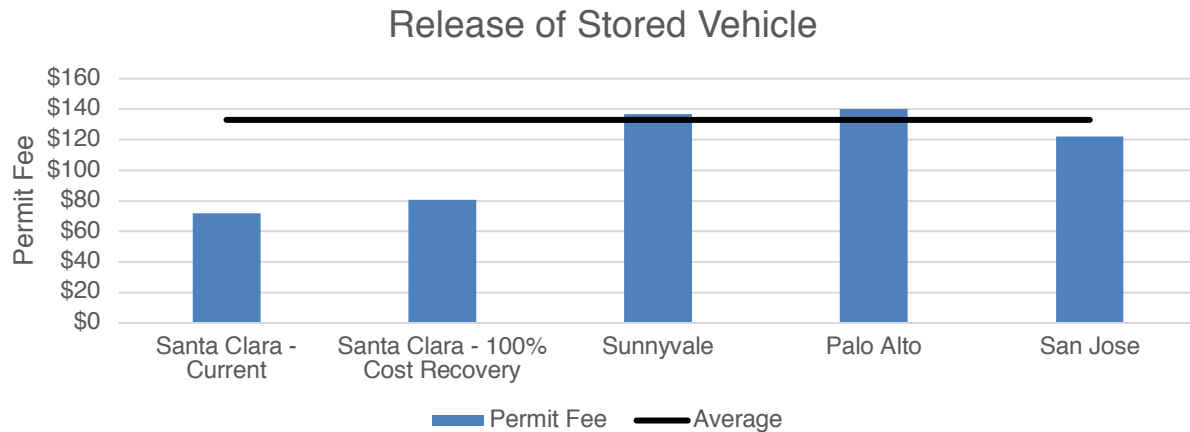
The Police Department currently charges a flat fee of \$156 for a Taxi Cab Driver Application. As part of this study, the project team calculated the full cost of this service to be \$235. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



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

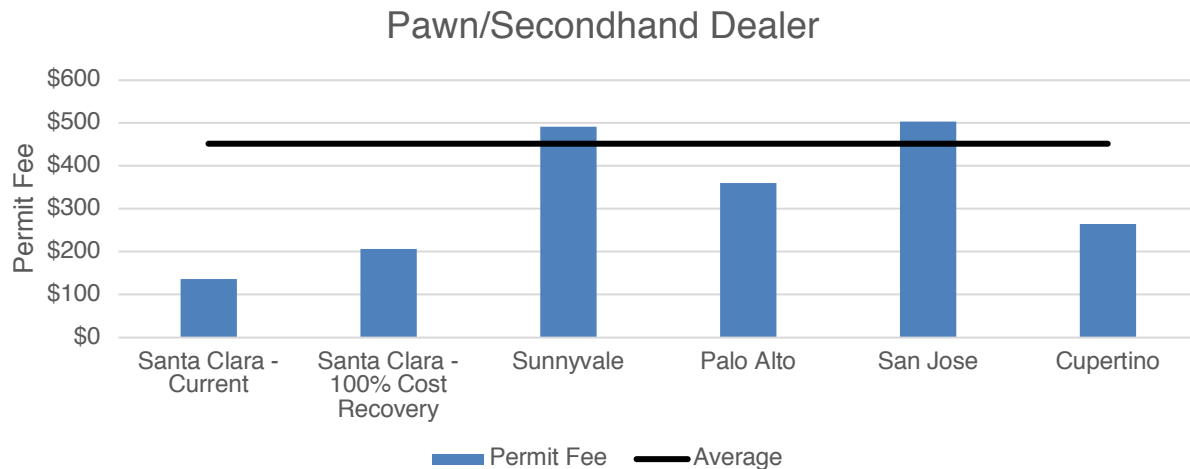
The Police Department currently charges a fee of \$72 for release sign-off of a stored vehicle. As part of this study, the project team calculated the full cost of this service to be \$81. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



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

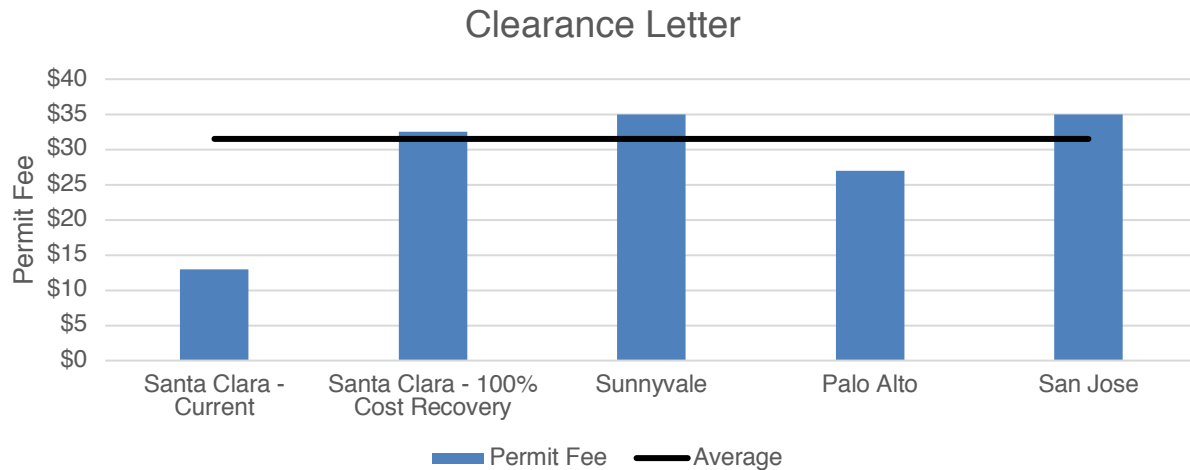
The current fee for Pawn / Secondhand Dealers is \$137, whereas, as part of this study, the project team calculated the full cost of this service to be \$207. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



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.

# PHASE II

## 16. Building

The Building Division is responsible for conducting inspections of development projects to ensure compliance with local and state building codes. Additionally, the Division oversees the plan check and permit issuance process for all development projects within the City and coordinates with any other City Departments involved in the process. The fees examined within this study relate to Building Plan Check, Inspection, Mechanical, Electrical, Plumbing, and other Miscellaneous Building Permit Fees.

### 1 FEE SCHEDULE MODIFICATIONS

The Building Division's fees have not been updated on a regular basis like the rest of the City's fees, and as such had several modifications made to the fee structure and schedule. The following points summarize the major changes being proposed to the Building fee schedule:

- **Elimination of Redundant Items:** The current fee schedule includes a category for Other Inspections and Fees which appears in each trade (Electrical, Plumbing, Mechanical) section. These fees relate to stand alone inspections, and plan reviews above and beyond permitted services, as well as outside of normal business hours. These line items were eliminated from individual sections, and moved to their own section.
- **Conversion of Single-Family / Duplex Items:** Currently the City determines plan check and inspection fees for Single-Family / Duplex / Additional Dwelling Units – New, Remodeled, or Alterations – based on the value of the project. Through discussions with staff, it was determined that the strongest nexus between services provided and City costs would be the size of project. Therefore, the project team developed a fee structure based on square footage to be used for Single-Family, Duplex, or Additional Dwelling Units.
- **Expansion of Commercial / Multi-Family / Industrial Items:** Currently the City determines plan check and inspection fees for Commercial, Multi-Family, and Industrial projects – New or Tenant Improvement – based on the value of the project. The project team worked with City staff to revise the valuation structure to better reflect the services being provided, including modifying current ranges, and expanding the categories from a high of \$1 million to a high of \$10 million.
- **Addition of Items:** Through discussions with City staff it was determined that flat fees could be developed for Residential Re-Roofs, Application Extensions, Replacement Permits, and Plan Review Outside of Normal Business Hours. Furthermore, fees for Photovoltaic (Solar) were also developed in alignment with state structures.

The proposed modifications to the Building fee structure will allow greater transparency regarding the services being provided by the City, as well as provide a stronger nexus between the services being provided and the fee being charged.

## 2 DETAILED RESULTS

The following sections provide the detailed results for Building services, including Single Family / Duplex / Additional Dwelling Unit, Commercial / Multi-Family / Industrial, and Electrical, Mechanical, Plumbing, and Miscellaneous.

### 1 Single Family / Duplex / Additional Dwelling Unit

As discussed in the previous section, the City currently determines Plan Check and Inspection fees associated with new construction or remodel of Single Family, Duplex, or Additional Dwelling Units based on the projects valuation. Through this study, the project team worked with Building staff to develop a fee structure that is based on project size. The following table outlines the proposed fee structure, along with the full cost calculated for Plan Check and Inspection services for new construction or remodel of Single Family, Duplex, or Additional Dwelling Units.

**Table 38: Total Cost Per Unit Results – Building – Single Family / Duplex / Additional Dwelling Unit**

Project Size Sliding Scale Category	Plan Check	Inspection
<b>Project Size: 1 to 250 sqft</b>	\$615	\$691
<b>Project Size: 251 to 1,000 sqft</b>		
First 250 sqft	\$615	\$691
Each Additional 100 sqft or fraction thereof	\$246	\$212
<b>Project Size: 1,001 to 3,000 sqft</b>		
First 1,000 sqft	\$2,460	\$2,279
Each Additional 100 sqft or fraction thereof	\$123	\$180
<b>Project Size: 3,001+ sqft</b>		
First 3,000 sqft	\$4,920	\$5,869
Each Additional 100 sqft or fraction thereof	\$62	\$90

As the table above outlines, the project team, along with City staff developed a square footage based methodology for calculating the costs associated with plan review and inspection of new or remodel construction of Single Family, Duplex, and Additional Dwelling Units. The methodology breaks projects down into categories up to 250 square feet, between 251 and 1,000 square feet, 1,001 and 3,000 square feet, and above 3,000 square feet.

The above structure will allow applicants to more easily understand the fees associated with residential projects, and ensure a stronger nexus between the cost of service, and the fees being paid.

## 2 Commercial / Multi-Family / Industrial

The City's current practice is to charge all development projects – New Construction, Tenant Improvement, and Remodels – based on the value of the project. The following table provides the current fee structure for valuation based permits.

**Table 39: Current Valuation Permit Structure**

<b>Project Valuation Sliding Scale Category</b>	<b>Permit Fee</b>
<b>Project Valuation: \$1 to \$800</b>	\$50
<b>Project Valuation: \$801 to \$2,000</b>	
First \$800	\$50
Each Additional \$100 or fraction thereof	\$3.05
<b>Project Valuation: \$2,001 to \$25,000</b>	
First \$2,001	\$86.60
Each Additional \$1,000 or fraction thereof	\$14.00
<b>Project Valuation: \$25,001 to \$50,000</b>	
First \$25,001	\$408.60
Each Additional \$1,000 or fraction thereof	\$10.10
<b>Project Valuation: \$50,001 to \$100,000</b>	
First \$50,001	\$661.10
Each Additional \$1,000 or fraction thereof	\$7.00
<b>Project Valuation: \$100,001 to \$500,000</b>	
First \$100,001	\$1011.10
Each Additional \$1,000 or fraction thereof	\$5.60
<b>Project Valuation: \$500,001 to \$1,000,000</b>	
First \$500,001	\$3,251.10
Each Additional \$1,000 or fraction thereof	\$4.75
<b>Project Valuation: \$1,000,001 and up</b>	
First \$1,000,001	\$5,621.10
Each Additional \$1,000 or fraction thereof	\$3.65

The current fee structure outlined above only accounts for permitting (inspection) services. Plan review services are calculated by taking 75% of calculated permit fee, and Title 24 Energy Conservation plan review is calculated at 20% of the permit fee.

Through discussions with Building staff it was determined that valuation should continue to be the basis for assessing permit and plan review services for Commercial, Multi-Family, and Industrial construction, both new construction and tenant improvements. However, the project team worked with staff to adjust the valuation ranges to better reflect the services being provided, as well as the cost of construction seen in the City. The following table details the proposed valuation structure, current fee, total cost, and surplus or deficit for permitting Commercial, Multi-Family, and Industrial construction.

**Table 40: Proposed Structure – Commercial, Multi-Family, and Industrial Permit**

Project Valuation Sliding Scale Category	Current Permit Fee <sup>2</sup>	Total Cost Permit Fee	Surplus / (Deficit)
<b>Project Valuation: \$1 to \$1,000</b>	\$56.10	\$86.31	(\$30.21)
<b>Project Valuation: \$1,001 to \$10,000</b>			
First \$1,000	\$56.10	\$86.31	(\$30.21)
Each Additional \$1,000 or fraction thereof	\$15.83	\$36.44	(\$20.61)
<b>Project Valuation: \$10,001 to \$75,000</b>			
First \$10,001	\$198.60	\$414.30	(\$215.70)
Each Additional \$1,000 or fraction thereof	\$9.81	\$17.00	(\$7.19)
<b>Project Valuation: \$75,001 to \$150,000</b>			
First \$75,001	\$836.10	\$1,519.11	(\$683.01)
Each Additional \$1,000 or fraction thereof	\$6.07	\$21.64	(\$15.57)
<b>Project Valuation: \$150,001 to \$750,000</b>			
First \$150,001	\$1,291.10	\$3,141.81	(\$1,850.71)
Each Additional \$1,000 or fraction thereof	\$5.25	\$9.44	(\$4.19)
<b>Project Valuation: \$750,001 to \$3,000,000</b>			
First \$750,001	\$4,438.60	\$8,803.96	(\$4,365.36)
Each Additional \$1,000 or fraction thereof	\$3.77	\$3.76	\$0.01
<b>Project Valuation: \$3,000,001 to \$10,000,000</b>			
First \$3,000,001	\$12,921.10	\$17,262.67	(\$4,341.57)
Each Additional \$1,000 or fraction thereof	\$3.65	\$3.49	\$0.16
<b>Project Valuation: \$10,000,001 and up</b>			
First \$10,000,001	\$38,471.10	\$41,689.35	(\$3,218.25)
Each Additional \$1,000 or fraction thereof	\$3.65	\$1.74	\$1.91

The proposed permit structure still has eight ranges, however the lowest range increases from \$800 to \$1,000 and the last range increases from \$1,000,000 to \$10,000,000. The first two categories show minimal subsidies, with the \$750,000 to \$10,000,000 categories showing subsidies around \$4,300. Projects greater than \$10,000,000 show a subsidy of about \$3,200. On average, the current fee structure is recovering approximately 61%.

As noted earlier, the City currently assesses Plan Review fees based on a percentage of the building permit. When reviewing this methodology, it was determined that mirroring the permit schedule, rather than using a percentage would provide a stronger nexus between the services being provided, and the fee being charged. As such, the following table details the proposed valuation structure, current fee, total cost, and surplus or deficit for plan review of Commercial, Multi-family, and Industrial construction.

<sup>2</sup> Current fee was cross-walked from current fee structure to proposed fee structure.

**Table 41: Proposed Structure – Commercial, Multi-Family, and Industrial Plan Check**

Project Valuation Sliding Scale Category	Current Plan Check Fee <sup>3</sup>	Total Cost Plan Check Fee <sup>4</sup>	Surplus / (Deficit)
<b>Project Valuation: \$1 to \$1,000</b>	\$53.30	\$102.51	(\$49.21)
<b>Project Valuation: \$1,001 to \$10,000</b>			
First \$1,000	\$53.30	\$102.51	(\$49.21)
Each Additional \$1,000 or fraction thereof	\$15.04	\$17.08	(\$2.04)
<b>Project Valuation: \$10,001 to \$75,000</b>			
First \$10,001	\$188.67	\$256.27	(\$67.60)
Each Additional \$1,000 or fraction thereof	\$9.32	\$14.98	(\$5.66)
<b>Project Valuation: \$75,001 to \$150,000</b>			
First \$75,001	\$794.30	\$1,230.12	(\$435.82)
Each Additional \$1,000 or fraction thereof	\$5.76	\$19.14	(\$13.37)
<b>Project Valuation: \$150,001 to \$750,000</b>			
First \$150,001	\$1,226.55	\$2,665.25	(\$1,438.70)
Each Additional \$1,000 or fraction thereof	\$4.98	\$6.66	(\$1.68)
<b>Project Valuation: \$750,001 to \$3,000,000</b>			
First \$750,001	\$4,216.67	\$6,663.12	(\$2,446.45)
Each Additional \$1,000 or fraction thereof	\$3.58	\$4.69	(\$1.11)
<b>Project Valuation: \$3,000,001 to \$10,000,000</b>			
First \$3,000,001	\$12,275.05	\$17,221.61	(\$4,946.57)
Each Additional \$1,000 or fraction thereof	\$3.47	\$2.75	\$0.71
<b>Project Valuation: \$10,000,001 and up</b>			
First \$10,000,001	\$36,547.55	\$36,493.42	\$54.13
Each Additional \$1,000 or fraction thereof	\$3.47	\$1.38	\$2.09

Overall, the City's current fees for plan review are recovering approximately 65% of the City's costs associated with providing these services. Similar to the permit results, the first two categories show minor subsidies of \$49.21 and \$67.60, while the \$3,000,000 to \$10,000,000 range shows a subsidy of \$4,946.57. Projects valued at over \$10,000,000 show a surplus of \$54.13.

### 3 Electrical, Mechanical, Plumbing, and Miscellaneous

The Building Division currently assesses a variety of standalone fees for mechanical, electrical, plumbing, and grading permit. 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 Mechanical, Electrical, Plumbing, and Grading permit.

<sup>3</sup> Current fee accounts for 70% of the permit fee for plan review, and 20% of the permit fee for Title 24 Energy Conservation plan review.

<sup>4</sup> Total cost includes Title 24 Energy Conservation plan review where applicable.

**Table 42: Total Cost Per Unit Results – Mechanical, Electrical, Plumbing, Grading**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Minimum Permit Fee	\$50	\$196	(\$146)
Permit Issuance	\$7	\$55	(\$48)
<b>3-B ELECTRICAL PERMIT FEES</b>			
<b>New Buildings</b>			
<b>1. New Buildings or Alterations</b>			
Commercial Buildings per sq ft	\$0.08	\$0.29	(\$0.21)
Residential Buildings per sq ft	\$0.06	\$0.21	(\$0.15)
Garages, carports and accessory buildings per sq ft	\$0.02	\$0.08	(\$0.06)
<b>Unit Fee Schedule</b>			
<b>2. Private Swimming Pools</b>			
Private, in-ground swimming pools	\$50	\$310	(\$260)
<b>3. Outdoor Events</b>			
For electric generators and electrically driven rides	\$24	\$310	(\$286)
For mechanically driven rides and walk-through attractions or displays having electric lighting	\$7	\$310	(\$302)
For a system of area and booth lighting	\$7	\$310	(\$302)
<b>4. Temporary Power Service</b>			
For a temporary service power pole or pedestal-mounted receptacle outlets and appurtenances	\$24	\$310	(\$286)
For a temporary distribution system and temp lighting and receptacle outlets for construction sites, decorative lights, Christmas tree sales lots, fireworks stands, etc	\$12	\$310	(\$297)
<b>5. Receptacle, Switch and Lighting Outlets</b>			
First 20, each	\$1	\$3	(\$2)
Additional fixtures, each	\$1	\$3	(\$2)
<b>6. Lighting Fixtures</b>			
First 20 fixtures, each	\$1	\$3	(\$2)
Additional fixtures, each	\$1	\$3	(\$2)
For pole or platform-mounted lighting fixtures, each	\$1	\$7	(\$6)
For theatrical-type lighting fixtures or assemblies, each	\$1	\$7	(\$6)
<b>7. Residential Appliances</b>			
For fixed residential appliances or receptacle outlets, each	\$5	\$21	(\$16)
<b>8. Power Apparatus</b>			
Up to and including 1, each	\$5	\$34	(\$30)
Over 1 and not over 10, each	\$12	\$52	(\$39)
Over 10 and not over 50, each	\$25	\$86	(\$61)
Over 50 and not over 100, each	\$50	\$103	(\$54)
Over 100, each	\$75	\$138	(\$63)
<b>9. Busways</b>			
For trolley and plug-in-type busways, each 100 feet	\$7	\$86	(\$79)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>10. Signs, Outline Lighting and Marquees</b>			
For signs, outline lighting systems or marquees supplies from one branch circuit	\$25	\$86	(\$61)
For additional branch circuits with the same sign, outline lighting system or marquee	\$5	\$69	(\$64)
<b>11. Services</b>			
For services of 600 volts or less and not over 200 amperes in rating, each	\$31	\$138	(\$107)
For services of 600 volts or less and over 200 amperes to 1,000 amperes in rating, each	\$62	\$241	(\$179)
For services over 600 volts or over 1,000 amperes in rating, each	\$124	\$362	(\$238)
<b>12. Miscellaneous Apparatus, Conduits, and Conductors</b>			
For electrical apparatus, conduits, and conductors for which a permit is required but for which no fee is herein set forth	\$18	\$86	(\$68)
<b>3-C MECHANICAL PERMIT</b>			
<b>New Buildings</b>			
New Commercial buildings, per sq ft	\$0.08	\$0.25	(\$0.17)
New Residential buildings, per sq ft	\$0.05	\$0.08	(\$0.03)
<b>Unit Fee Schedule</b>			
<b>1. Furnaces</b>			
For installation or relocation of forced-air or gravity-type furnace, up to and including 100,000 Btu/h	\$15	\$258	(\$244)
For installation or relocation or forced-air or gravity-type furnace, over 100,000 Btu/h	\$18	\$258	(\$240)
For installation or relocation of each floor furnace	\$15	\$258	(\$244)
For installation or relocation of each suspended heater, recessed wall heater or floor-mounted unit	\$15	\$258	(\$244)
<b>2. Appliance Vents</b>			
For the installation, relocation or replacement of each appliance vent not included in an appliance permit	\$7	\$413	(\$406)
<b>3. Repairs or Additions</b>			
For the repair or, alteration of, or additional to each	\$14	\$413	(\$400)
<b>4. Boilers, Compressors and Absorption Systems</b>			
Up to and including 3 horsepower or up to and including 100,000 Btu/h	\$15	\$362	(\$347)
Over 3 horsepower to and including 15 horsepower or Over 100,000 Btu/h to and including 500,000 Btu/h	\$27	\$413	(\$386)
Over 15 to and including 30 horsepower or Over 500,000 to and including 1,000,000 Btu/h	\$37	\$448	(\$410)
Over 30 to and including 50 horsepower or Over 1,000,000 to and including 1,750,000 Btu/h	\$55	\$499	(\$444)
Over 50 horsepower or Over 1,750,000 Btu/h	\$93	\$551	(\$458)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>5. Air Handlers</b>			
Each unit up to and including 10,000 cubic feet per minute	\$11	\$275	(\$265)
Each unit Over 10,000 cfm	\$18	\$413	(\$395)
<b>6. Evaporative Coolers</b>			
For each evaporative cooler other than portable type	\$11	\$413	(\$403)
<b>7. Ventilation and Exhaust</b>			
For each ventilation fan connected to a single duct	\$7	\$86	(\$79)
For each ventilation system which is not a portion of any heating or air-conditioning system authorized by a permit	\$11	\$155	(\$144)
For the installation of each hood which is served by mechanical exhaust	\$11	\$413	(\$403)
<b>8. Incinerators</b>			
For the installation or relocation of each domestic-type incinerator	\$18	\$207	(\$188)
For the installation or relocation of each commercial or industrial-type incinerator	\$15	\$413	(\$399)
<b>9. Miscellaneous</b>			
For each appliance or piece of equipment regulated by the Mechanical Code but not classified in other appliance categories	\$11	\$413	(\$403)
<b>3-D PLUMBING PERMIT FEES</b>			
<b>New Buildings</b>			
New Commercial buildings, per sq ft	\$0.08	\$0.19	(\$0.11)
New Residential buildings, per sq ft	\$0.05	\$0.08	(\$0.03)
<b>Unit Fee Schedule</b>			
<b>1. Fixtures and Vents</b>			
For each plumbing fixture or trap or set of fixtures on one trap	\$10	\$207	(\$197)
For repair or alteration of drainage or vent piping, each fixture	\$5	\$207	(\$202)
<b>2. Sewers, Disposal Systems and Interceptors</b>			
For each building sewer and each trailer park sewer	\$25	\$207	(\$182)
For each cesspool	\$37	\$86	(\$49)
For each private sewage disposal system	\$75	\$86	(\$11)
For each industrial waste pretreatment interceptor	\$20	\$207	(\$187)
Rainwater systems - per drain	\$10	\$51	(\$41)
<b>3. Water Piping and Water Heaters</b>			
For installation, alteration, or repair of water piping and/or water-treating equipment	\$5	\$207	(\$202)
For each water heater including vent	\$12	\$207	(\$194)
<b>4. Gas Piping Systems</b>			
For each gas piping system of one to five outlets	\$6	\$138	(\$132)
For each additional outlet over five	\$1	\$5	(\$4)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>5. Lawn Sprinklers, Vacuum Breakers and Backflow Protection Devices</b>			
For each lawn sprinkler system on any one meter	\$15	\$207	(\$192)
For atmospheric-type vacuum breakers or backflow protection 1 to 5 devices	\$12	\$86	(\$74)
Over 5 devices, each	\$2	\$17	(\$15)
For each backflow protective device other than atmospheric-type vacuum breakers 2 in and smaller	\$12	\$207	(\$194)
Over 2 in	\$25	\$207	(\$182)
<b>6. Swimming Pools</b>			
Public pool	\$91	\$618	(\$527)
Public spa	\$61	\$516	(\$455)
Private pool	\$61	\$516	(\$455)
Private spa	\$30	\$413	(\$382)
<b>7. Miscellaneous</b>			
For each appliance or piece of equipment regulated by the Plumbing Code but not classified in other appliance categories	\$10	\$207	(\$197)
<b>3-G GRADING PLAN REVIEW FEES</b>			
50 cubic yards or less	\$0	\$0	\$0
51 to 100 cubic yards	\$30	\$308	(\$278)
101 to 1,000 cubic yards	\$37	\$820	(\$783)
1,001 to 10,000 cubic yards	\$50	\$1,230	(\$1,180)
10,001 to 100,000 cubic yards - base	\$50	\$2,050	(\$2,000)
Each additional 10,000 cubic yards	\$25	\$91	(\$67)
100,001 to 200,000 cubic yards - base	\$270	\$2,870	(\$2,601)
Each additional 10,000 cubic yards	\$13	\$205	(\$192)
200,001 cubic yards or more - base	\$402	\$4,920	(\$4,518)
Each additional 10,000 cubic yards	\$7	\$103	(\$95)
<b>3-H GRADING PERMIT FEES</b>			
100 cubic yards or less	\$37	\$414	(\$377)
101 to 1,000 cubic yards - base	\$37	\$414	(\$377)
Each additional 100 cubic yards	\$18	\$69	(\$52)
1,001 to 10,000 cubic yards - base	\$195	\$1,036	(\$841)
Each additional 1,000 cubic yards	\$15	\$46	(\$32)
10,001 to 100,000 cubic yards - base	\$325	\$1,450	(\$1,125)
Each additional 10,000 cubic yards	\$66	\$184	(\$118)
100,001 cubic yards or more - base	\$920	\$3,107	(\$2,188)
Each additional 10,000 cubic yards	\$37	\$92	(\$56)
<b>3-I OTHER INSPECTIONS AND FEES</b>			
Inspections outside of normal business hours (per hour) (Min of 2 hours)	\$150	\$255	(\$105)
Re-inspection fees assessed under provisions of Section 305.8 (per hour)	\$80	\$207	(\$127)
Inspections for which no fee is specifically indicated (per hour)	\$80	\$207	(\$127)
Additional plan review required by changes, additions or revisions to approved plans (per hour)	\$100	\$205	(\$105)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>NEW FEES</b>			
Replacement of Job Card		\$41	
Residential Re-Roof		\$599	
Application Extension		\$82	
Permit Extension		\$82	
Replacement Permit		\$82	
Addressing (per hour - two hour minimum)		\$164	
Plan Duplication of lost plan set (up to 20 pages)		\$82	
Review and stamp transfer of lost plan set		\$82	
<b>Photovoltaic</b>			
<u>Residential</u>			
15KW or less		\$500	
Per KW above 15		\$15	
<u>Commercial</u>			
50KW or less		\$1,000	
Between 50KW and 250 KW (base)		\$1,000	
Between 50KW and 250 KW (per KW)		\$7	
Greater than 250 KW (base)		\$2,400	
Greater than 250 KW (per KW)		\$5	
<u>Solar Thermal</u>			
10kwth or less		\$450	
10kwth or more (base)		\$450	
10kwth or more (per kwth)		\$15	

As the table above indicates, all Building permit fees related to Mechanical, Electrical, Plumbing, and Grading are under-recovering. The largest per unit under-recovery relates to Grading Plan Review fees with subsidies greater than \$1,000 for several categories. Approximately one-third of the stand-alone permits show a minimal subsidy of less than \$100 per unit, however, nearly half show a subsidy between \$100 and \$1,000. The average per unit recovery for the Division is 19%.

### 3 PHASED AND REPEAT PLAN REVIEW

The construction projects seen by the Building department vary widely, and include residential, commercial, and special events. Often the Department sees repeat plans for residential housing, as well as special events which occur multiple times within a year. For these types of projects a plan review fee is assessed on the “master” plan, and repeat plans are charged a discounted fee. Additionally, the Department is also provided plans for projects whose construction will be phased. These projects are charged a normal plan review fee, and assessed an additional fee for each phase. The following points outline the review of the current fees associated with each of these project types:

- **Repeat Plans (with approval of master plan):** As noted above, often times residential housing projects will develop multiple layouts for a housing

development. The City charges the applicant the full plan review fee for each set of plans deemed to be the master. For each copy, or repeat, set of plans, the applicant is charged 25% of the plan review fee associated with the master plan. This fee accounts for the plan reviewers time to ensure no changes or modifications have been made from the master, and that all necessary codes have been adhered to.

- **Special Event – Successive Event (with approval of master plan):** Similar to housing, the City often sees recurring special events, which require building plan review for booth or stage set-up. The City's current practice is to charge plan review for each of these events as they occur. Through this study, Building staff wanted to explore the option of master plan approval for recurring events, which would be assessed the full plan review fee, and successive events having the same set-up discounted fees. Based on discussions with staff, it was determined that plan review support for these projects is similar to what is done for repeat plans, and therefore should be set at 25% of the master plan. However, in contrast to repeat plans, the Building staff believe that the master plan should only be good for a single year.
- **Phased Plans:** The current development climate has developers wishing to submit structural plans for commercial, multi-family residential, or mixed use projects prior to finalization of internal layouts. This allows applicants the ability to phase in interior layouts to commercial or residential spaces, which have no impact on the size or structure of a building as a whole. The City currently charges an applicant 25% of the original plan review fee for each proposed phase. In discussions with staff it was determined that the 25% additional fee accounts for additional plan review services required to ensure any proposed internal changes do not affect the project structurally, and do not conflict with existing codes or trigger additional comments or requirements.

The above amount are only applicable to plan review not inspection, and allow the City to ensure that fees associated with services provided are in line with the actual cost to provide these services. The following table summarizes the fees for phased and repeat plan review.

**Table 43: Phased and Repeat Plan Review**

Fee Name	% of Plan Review
Repeat Plans (with approval of Master Plan)	25%
Special Event – Successive Event (with approval of Master Plan)	25%
Phased Plan Review	25%

The City should update their fee schedule to include these services, as this will provide applicants with a greater understanding of the services and options provided.

## 4 ANNUAL REVENUE IMPACTS

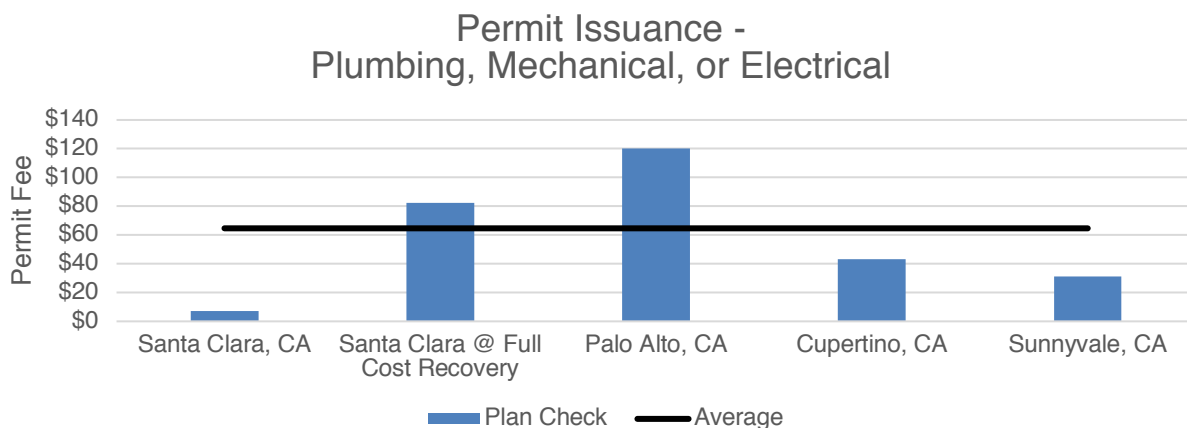
Due to the significant structural changes being proposed to the Building fee schedule, along with the limitations of the Department's permitting system, the project team was not able to calculate an annual comparison of workload revenue and full cost.

## 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. Due to the varied nature in how building fees are calculated (flat fees, valuation, occupancy and square footage, or other tiered ranges), the project team looked to develop specific project scenarios to provide a like for like comparison. For New Construction and Tenant Improvement scenarios, only Permit and Plan Check fees were compared, as the tabulation of how Mechanical, Electrical, and Plumbing fixtures are accounted for can vary widely from jurisdiction to jurisdiction. The following subsections compare the flat fees and building type / project-based scenarios for Building services to other surrounding jurisdictions.

### 1 Permit Issuance Fee

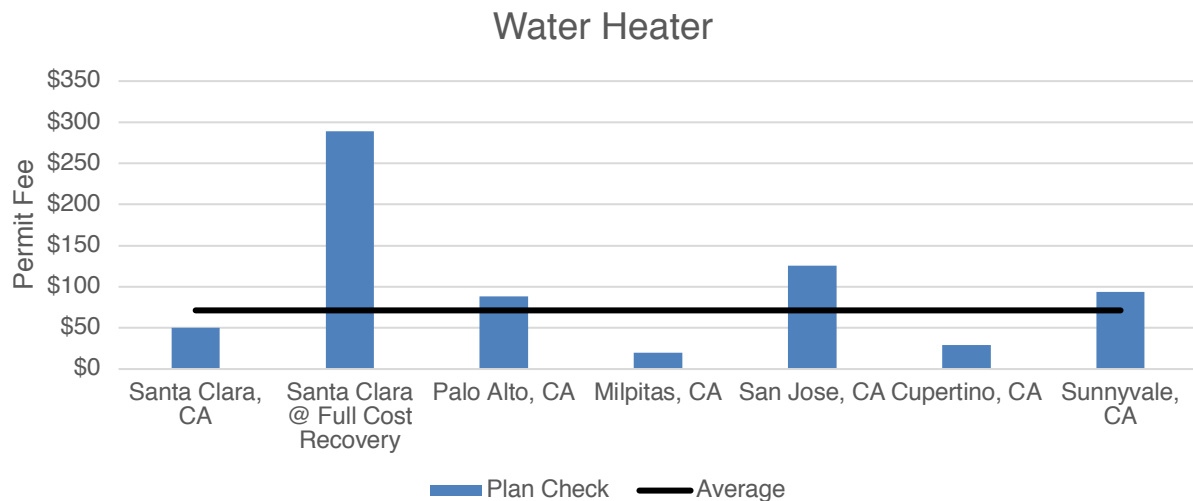
One of the most common types of fees is a permit issuance fee. The City of Santa Clara currently charges a permit issuance fee of \$7 and the project team calculated the fully burdened cost to be \$82. The following graph shows how the department's current fee and total cost compare to other local jurisdictions for Permit Issuance.



As the graph indicates, the City's current fee is not only well below the average, it is also the lowest of surveyed jurisdictions. The full cost fee is above the average, and greater than Cupertino and Sunnyvale, but lower than Palo Alto. It should be noted that both San Jose and Milpitas incorporate permit issuance into standalone and construction permit fees.

## 2 Water Heater

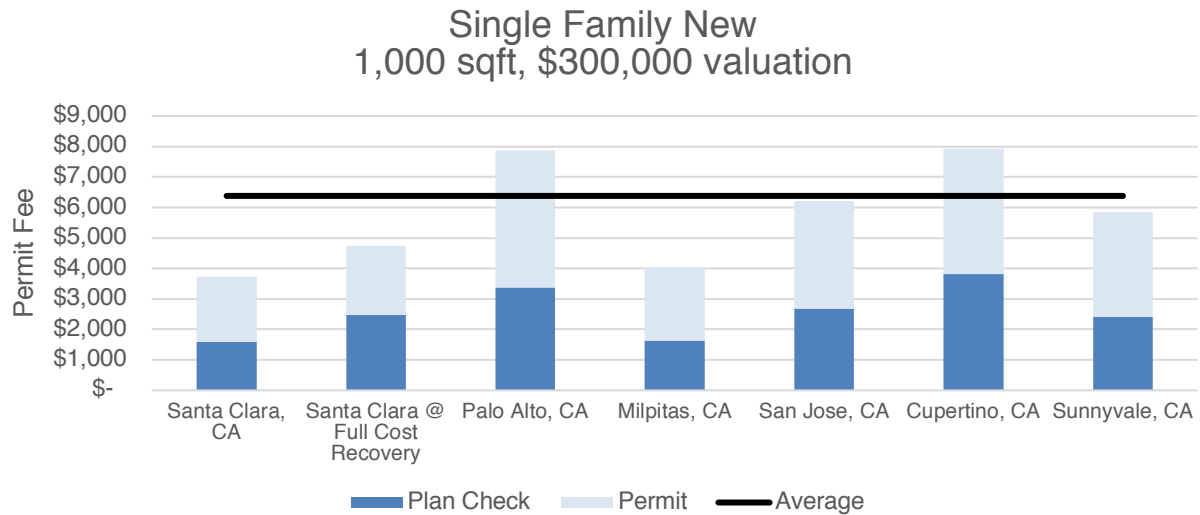
Another common flat fee permit is Water Heater. In order to pull a water heater permit, most jurisdictions require a water heater permit fee and a permit issuance fee. The City of Santa Clara currently charges a flat fee of \$12 for a Water Heater Permit and \$7 for Permit Issuance, however, the minimum permit fee is \$50. The full cost was calculated at \$207 for the Water Heater and \$82 for the Permit Issuance Fee. The following graph shows how the department's current fee and total cost compare to other local jurisdictions for Water Heater Permits (including permit issuance fee).



The City's current fee of \$50 is below the average charged by other jurisdictions, with the full cost of \$289 well above the jurisdictional average. San Jose, Sunnyvale, and Palo Alto are above the average, while Milpitas and Cupertino are below the City's current fee. It should be noted that Water Heater permits are most commonly subsidized by jurisdictions, which would explain the minimal fees being charged by Milpitas and Cupertino.

## 3 Single Family – New – 1,000 sq. ft. (\$300,000 Valuation)

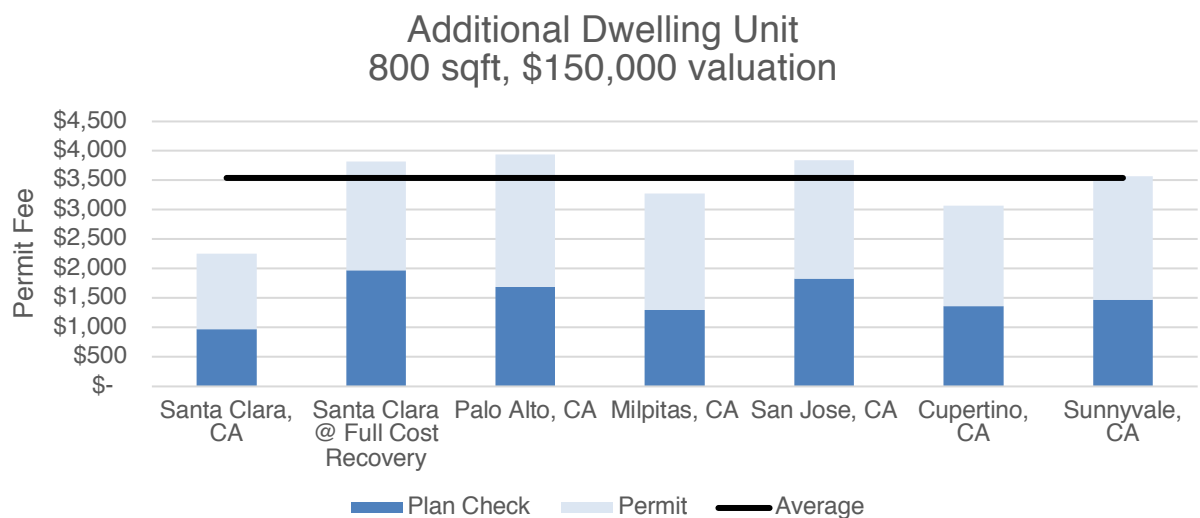
The City of Santa Clara currently assesses fees for New Single-Family homes based upon the project valuation. The City currently charges a fee of \$3,729 for plan check and inspection of a 1,000 sq. ft. Single Family New Home, and the project team calculated the cost at \$4,739 for plan check and inspection. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As shown in the above graph, both the current fee and total cost for Santa Clara is below the jurisdictional average. The City of Palo Alto and Cupertino are above the average, and the City of Milpitas has the lowest fee. Both Cupertino and Milpitas use occupancy type and square footage to determine service costs, and San Jose tracks time for each project, billing applicants for any hours above and beyond what is covered in the initial fee.

#### 4 Additional Dwelling Unit – 800 sq. ft. (\$150,000 valuation)

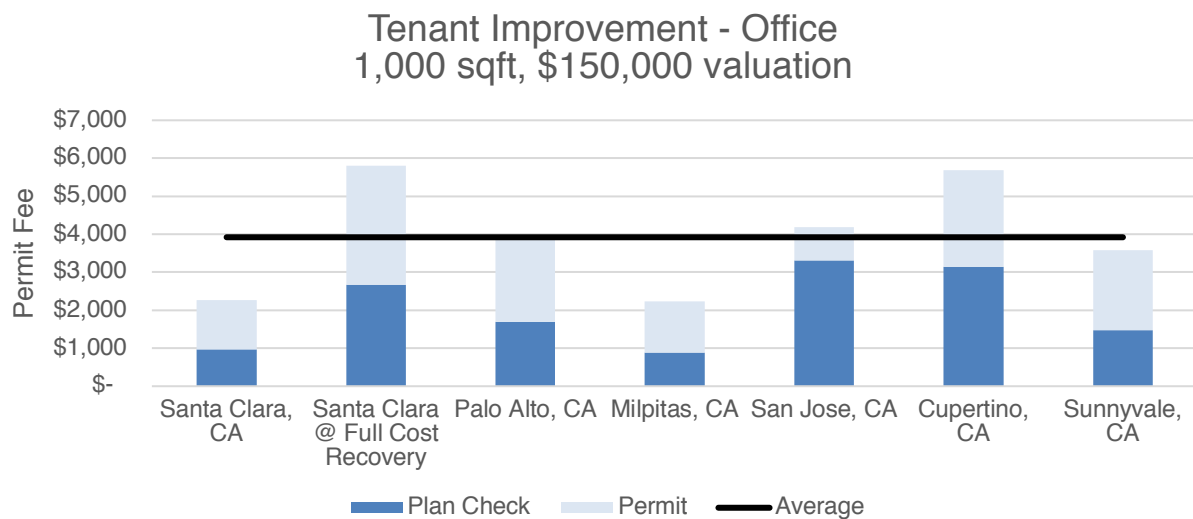
The City of Santa Clara currently charges \$2,259 for plan check and inspection of an 800 sq. ft. Additional Dwelling Unit and the project team calculated the full cost to be slightly higher at \$3,823. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



The current fee for Santa Clara is not only below the average, but also the lowest fee charged by surrounding jurisdictions. The full cost is just below Palo Alto, and in-line with San Jose, however, as stated above San Jose tracks time and bills for any additional hours worked.

## 5 Tenant Improvement – Business – 1,000 sq. ft. (\$150,000 Valuation)

The City of Santa Clara currently charges \$2,259 to plan review and permit a 1,000 sq. ft. Tenant Improvement to a Business valued at \$150,000. The project team calculated the full cost of plan checking and permitting to be \$5,807. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



The current fee for Santa Clara is among the lowest, and on par with the City of Milpitas, while the full cost is above the jurisdictional average, and on par with the City of Cupertino.

## 17. Planning

The Planning Division is responsible for reviewing development projects to ensure compliance. The Division is responsible for four primary functions: Development Review, Advanced Planning, Historical Preservation, and Code Enforcement. Development Review is responsible for the development review process and environmental and land use reviews. The fees examined within this study relate to Development Review functions only, including: Rezoning, Minor Modifications, Maps, Use Permits, Architectural Review, Environmental Review, Signs, Historical and Landmarks. 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 the Planning Division to streamline the current fee schedule to ensure greater transparency between the services being provided, and the associated fees. The following points outline the changes made to the Planning fee schedule and structure:

- **Re-Wording:** the project team worked with City staff to alter the names of certain permits to better reflect the services being provided.
- **New Fees:** the project team worked with City staff to expand the General Plan Amendment section from two categories (Up to One Acre and Over One Acre) to four categories: Single Family, Up to One Acre, One to Five Acres, and Over Five Acres. This change allows the fee structure to better reflect how services are provided.
- **Eliminated Fees:** Planning staff are proposing the elimination of the House Move Permit, as these services are no longer provided by the City.

The above changes will provide a clearer fee structure and schedule that best reflects the services being provided by Planning staff.

### 2 DETAILED RESULTS

The Planning Division collects flat fees as it relates to Rezoning, Minor Modifications, Use Permits, Maps, Appeals, Public Notification, Architectural Review, Environmental Review, Signs, Pre-Application, Historical and Landmarks, and Significant Property Alteration. 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 Planning permit.

Table 44: Total Cost Per Unit Results - Planning

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Rezoning</b>			
Rezone single lot to R1	\$7,439	\$10,158	(\$2,719)
Non Planned Development (PD)	\$14,187	\$19,046	(\$4,859)
Planned Development (PD)	\$31,212	\$50,788	(\$19,576)
Planned Development Master Community (PD-MC)	\$68,076	\$60,946	\$7,130
Development Area Plan Related to a PD-MC Rezoning	\$34,038	\$33,012	\$1,026
Zoning Code Text Amendment	\$20,000	\$22,855	(\$2,855)
Variance - Single Family	\$2,844	\$15,236	(\$12,392)
Variance - All Others	\$7,100	\$15,236	(\$8,136)
<b>Minor Modifications</b>			
Single Family	\$532	\$508	\$24
All Others	\$1,419	\$1,270	\$149
Off-Site Parking Permit (Citywide)	\$2,270	\$1,270	\$1,000
Off-Site Parking Permit (Events North of 101)	\$1,135	\$1,270	(\$135)
<b>Use Permits</b>			
Use Permit - Standard	\$9,931	\$20,315	(\$10,384)
Use Permit - Minor	\$5,108	\$10,158	(\$5,050)
Special Permit - Council Approval	\$2,269	\$2,539	(\$270)
Special Permit - Non Profit	\$228	\$2,539	(\$2,311)
Special Permit - Admin. Approval	\$1,135	\$1,270	(\$135)
<b>Maps</b>			
4 or Fewer Lots	\$11,350	\$15,236	(\$3,886)
5 or More Lots	\$17,024	\$20,315	(\$3,291)
Lot Line Adjustment	\$3,689	\$5,079	(\$1,390)
<b>Appeals</b>			
From Non-Applicant Resident	\$426	\$20,315	(\$19,889)
All Others (Including Applicant)	\$8,513	\$20,315	(\$11,802)
<b>Reposting of Public Notification</b>			
Single Family	\$107	\$1,016	(\$909)
Non-Single Family	\$1,703	\$1,016	\$687
Annexation of territory to City of Santa Clara	\$42,547	\$35,552	\$6,995
<b>Architectural Review</b>			
Over the Counter	\$0	\$127	(\$127)
Single Family	\$797	\$10,158	(\$9,361)
New development - Non-SFR	\$12,768	\$30,473	(\$17,705)
<b>Environmental Review</b>			
City review of Draft EIR and preparation of Final EIR	\$34,049	\$30,473	\$3,576
City review of Supplemental EIR/Final EIR	\$15,941	\$15,236	\$705
City review or preparation of Initial Study/MND and Negative Declaration	\$19,862	\$20,315	(\$453)
Exemption	\$851	\$762	\$89
Exemption (SFR or Paperless)	\$0	\$127	(\$127)
Recordation of Exemption	\$567	\$508	\$59
Re-Use of Prior Environmental Determination	\$851	\$1,524	(\$673)
Addendum to Prior Environmental Determination	\$5,675	\$4,063	\$1,612
General plan amendment Single Family	\$0	\$10,158	(\$10,158)
General plan amendment Up to one acre	\$20,997	\$20,315	\$682
General plan amendment One to Five acres	\$0	\$30,473	(\$30,473)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
General plan amendment Over Five acre Development Agreement	\$28,375	\$35,552	(\$7,177)
Amendment or Cancellation of Development Agreement	\$22,699	\$30,473	(\$7,774)
Certificate of Compliance	\$11,350	\$10,158	\$1,192
<b>Signs</b>	\$3,189	\$2,032	\$1,157
Sign Permit Fees (attached or ground) for first sign	\$284	\$508	(\$224)
Temporary Sign Permit/Street Banner or each additional sign under a Sign Permit application	\$70	\$127	(\$57)
Temporary Sign Removal Fees	\$1,135	\$127	\$1,008
Master Sign Program	\$4,540	\$3,809	\$731
Mills Act Application	\$5,766	\$10,158	(\$4,392)
<b>Pre-Application</b>			
Single Family	\$425	\$2,032	(\$1,607)
Planning Review	\$2,836	\$4,063	(\$1,227)
Project Clearance Committee	\$5,107	\$5,079	\$28
Flood Zone Verification	\$186	\$254	(\$68)
Zoning Verification	\$413	\$762	(\$349)
<b>Historical &amp; Landmarks</b>			
Single Family	\$797	\$10,158	(\$9,361)
All Others	\$8,512	\$10,158	(\$1,646)
Stormwater Management Plan Review	\$1,135	\$762	\$373
Minor Amendment to Approved Projects	\$709	\$762	(\$53)
ABC Review/Verification	\$0	\$508	(\$508)
Heritage Tree Removal	\$568	\$2,032	(\$1,464)
Non-Historical Referral to Historical and Landmarks Commission - Standard	\$426	\$5,079	(\$4,653)
Non-Historical Referral to Historical and Landmarks Commission - Comprehensive	\$797	\$10,158	(\$9,361)
<b>Significant Property Alteration</b>			
Major - Single Family	\$797	\$10,158	(\$9,361)
Major - Other	\$8,512	\$10,158	(\$1,646)
Minor - Single Family	\$532	\$7,618	(\$7,086)
Minor - Other	\$1,419	\$7,618	(\$6,199)

As the table above indicates, the majority of Planning fees show an under-recovery. The current subsidies range from a low of \$53 for a Minor Amendment to Approved Projects, to a high of \$19,889 for an Appeal from a Non-Applicant Resident. The bulk of permits with an under-recovery show a subsidy of \$1,000 or greater.

Permits showing an over-recovery range from a low of \$24 for Single Family Minor Modifications, to a high of \$7,130 for Rezoning a Planned Development Master Community. The primary reason for the reduction in cost of service is due to process improvements implemented by the Planning Department.

The average per unit cost recovery for the Division is 86%.

### 3 GENERAL PLAN / ADVANCE PLANNING SURCHARGE

The Planning Division currently applies a General Plan/Advance Planning Surcharge of 15% to all Planning and Building permits except Single Family permits. This surcharge is meant to account for updates to the General Plan, Zoning Ordinance, Specific Plan, and other long-range planning activities.

While a General Plan surcharge is common among other jurisdictions, it is typically only applied to Building Permits. The concept behind charging it on building permits is that any development project requiring a building permit makes enough of an impact on the community to require the need for an update to the general plan or zoning code. While projects subject to Planning review and approval can impact the general plan or zoning code, this impact is not felt until a project is slated for development in the building phase.

Through this study the project team worked with Planning staff to review the annual costs associated with updating various components of the City's long-range planning activities, and calculated a surcharge of 12% to be applied to building permits only. The following table outlines this calculation.

**Table 45: General Plan / Advance Surcharge Calculation**

Annual Advanced Planning Costs	\$1,473,582	<b>12.39%</b>
FY16-17 Building Permit Revenue	\$11,892,536	

The annual costs associated with Advanced Planning include both contractual services provided to the City for updating its various elements, as well as City staff time to review and update planning elements. As the recommendation is to only apply this surcharge to building permits, the annual costs are divided by FY 16/17 building permit revenue to derive the General Plan / Advance Planning Surcharge of 12.39%. It is important to note that this surcharge would be applied to all building permits including single-family permits, as there is no way to distinguish in the calculation of the permit fees – single family compared to non-single family permits. Additionally, there is a clear correlation between single-family housing development and updates to various elements of the General Plan (Housing Element, Land Use Element, etc.).

Therefore, in order for the City to accurately annually recover the costs associated with Advanced Planning the 12.39% fee should be applied to all building permits.

### 4 TIME EXTENSIONS

Planning currently allows for time extensions on applications, and recovers these costs through two fees: Entitlement Extension and Processing Time Extension. The fees for each of these services are calculated based on a percentage of the original application

fee, with an Entitlement Extension being assessed as 50% of the original application, and Processing Time Extension being assessed as 25% of the original application.

The project team worked with Planning staff to review the support provided by Planning to review an application, and process time extension requests. Based on this review, the project team believes that the current percentages are reflective of the level of effort from Planning, and therefore sees no need to alter the fees.

## 5 ANNUAL REVENUE IMPACTS

The Planning Division is currently under-recovering its fee-related costs by approximately \$1,800,000. 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 46: Annual Results - Planning**

Fee Name	Annual Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
<b>Rezoning</b>				
Rezone single lot to R1	1	\$7,439	\$10,158	(\$2,719)
Planned Development (PD)	3	\$93,636	\$152,365	(\$58,729)
Zoning Code Text Amendment	1	\$20,000	\$22,855	(\$2,855)
Variance - Single Family	9	\$25,596	\$137,128	(\$111,532)
Variance - All Others	1	\$7,100	\$15,236	(\$8,136)
<b>Minor Modifications</b>				
Single Family	34	\$18,088	\$17,268	\$820
All Others	8	\$11,352	\$10,158	\$1,194
Off-Site Parking Permit (Events North of 101)	20	\$22,700	\$25,394	(\$2,694)
<b>Use Permits</b>				
Use Permit - Standard	12	\$119,172	\$243,784	(\$124,612)
Use Permit - Minor	8	\$40,864	\$81,261	(\$40,397)
Special Permit - Council Approval	10	\$22,690	\$25,394	(\$2,704)
Special Permit - Non Profit	8	\$1,824	\$20,315	(\$18,491)
Special Permit - Admin. Approval	10	\$11,350	\$12,697	(\$1,347)
<b>Maps</b>				
4 or Fewer Lots	3	\$34,050	\$45,709	(\$11,659)
5 or More Lots	3	\$51,072	\$60,946	(\$9,874)
Lot Line Adjustment	3	\$11,067	\$15,236	(\$4,169)
<b>Appeals</b>				
From Non-Applicant Resident	9	\$3,834	\$182,838	(\$179,004)
<b>Reposting of Public Notification</b>				
Single Family	2	\$214	\$2,032	(\$1,818)
<b>Architectural Review</b>				
Single Family	82	\$65,354	\$832,927	(\$767,573)

Fee Name	Annual Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
New development - Non-SFR	15	\$191,520	\$457,094	(\$265,574)
<b>Environmental Review</b>				
City review of Draft EIR and preparation of Final EIR	1	\$34,049	\$30,473	\$3,576
City review or preparation of Initial Study/MND and Negative Declaration	7	\$139,034	\$142,207	(\$3,173)
Re-Use of Prior Environmental Determination	1	\$851	\$1,524	(\$673)
Addendum to Prior Environmental Determination	3	\$17,025	\$12,189	\$4,836
General plan amendment Up to one acre	1	\$20,997	\$20,315	\$682
General plan amendment Over Five acre	2	\$56,750	\$71,104	(\$14,354)
Amendment or Cancellation of Development Agreement	1	\$11,350	\$10,158	\$1,192
<b>Signs</b>				
Sign Permit Fees (attached or ground) for first sign	93	\$26,412	\$47,233	(\$20,821)
Temporary Sign Permit/Street Banner or each additional sign under a Sign Permit application	130	\$9,100	\$16,506	(\$7,406)
Master Sign Program	1	\$4,540	\$3,809	\$731
Mills Act Application	5	\$28,830	\$50,788	(\$21,958)
<b>Pre- Application</b>				
Single Family	1	\$425	\$2,032	(\$1,607)
Planning Review	4	\$11,344	\$16,252	(\$4,908)
Project Clearance Committee	3	\$15,321	\$15,236	\$85
Flood Zone Verification	1	\$186	\$254	(\$68)
Zoning Verification	43	\$17,759	\$32,758	(\$14,999)
<b>Historical &amp; Landmarks</b>				
Single Family	13	\$10,361	\$132,049	(\$121,688)
Minor Amendment to Approved Projects	80	\$56,720	\$60,946	(\$4,226)
Heritage Tree Removal	1	\$568	\$2,032	(\$1,464)
<b>TOTAL</b>		<b>\$1,220,544</b>	<b>\$3,038,661</b>	<b>(\$1,818,117)</b>

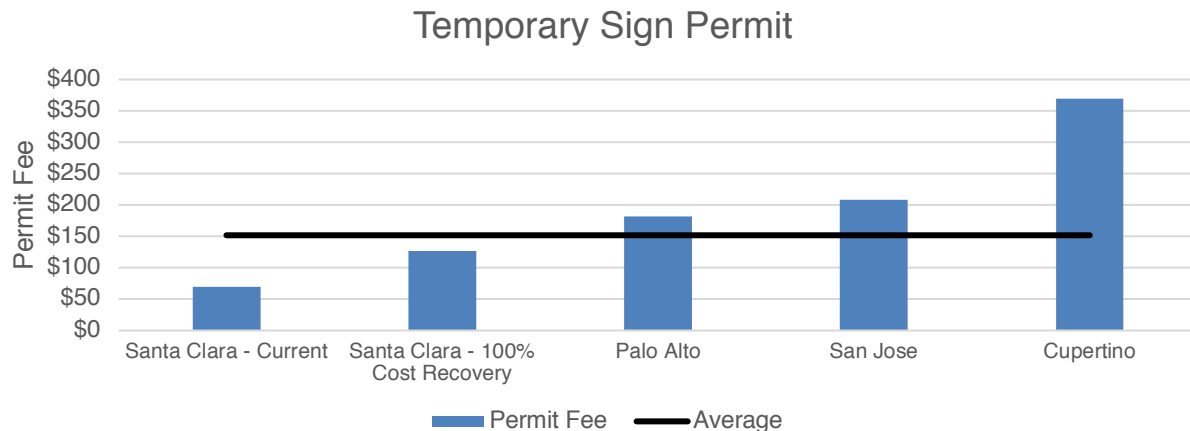
Overall, the Planning Division is recovering approximately 40% of its fee related costs. The largest source of the deficit is on Single Family Architectural Reviews, which comprises approximately \$767,000 of the \$1,800,000 deficit. The City processed 82 of these applications in FY 17/18, and the per unit deficit was calculated at \$9,361. This is contrasted by the 130 Temporary Sign Permit / Street Banner applications which show an annual subsidy of \$7,406, with a per unit deficit calculated at \$57.

## 6 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 three common Planning permits.

### 1 Temporary Sign Permit

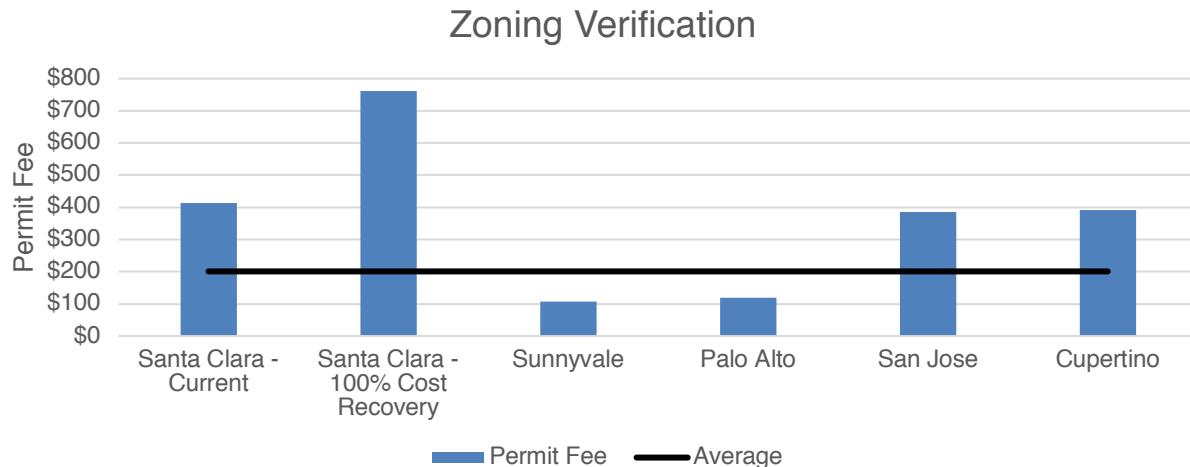
The Planning Department currently charges a flat fee of \$70 for Temporary Sign Permits. As part of this study, the project team calculated the full cost of this service to be \$127. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Santa Clara's current and full cost fee are below the average fee of \$152 for jurisdictions who charge a fee for Temporary Sign permits. Both Sunnyvale and Milpitas are not shown in the above graph, as they do not charge for Temporary Signs.

### 2 Zoning Verification

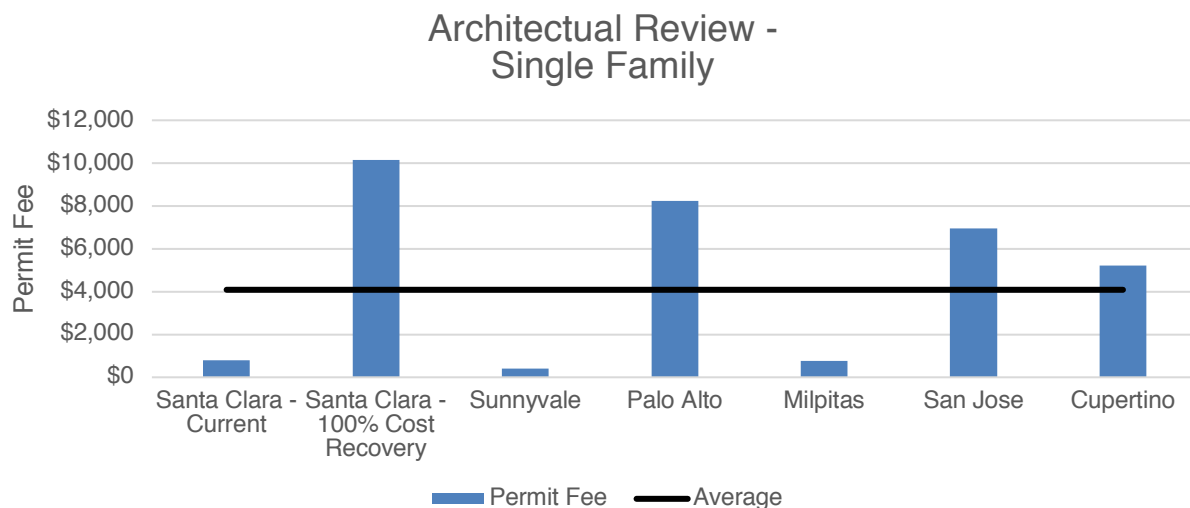
The Planning Department currently charges a flat fee of \$413 for Zoning Verification. As part of this study, the project team calculated the full cost of this service to be \$762. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Santa Clara's current and full cost fee are above the average fee of \$201 for jurisdictions who charge a fee for Zoning Verification. Milpitas is not shown in the above graph, as they charge \$161 per hour for these types of services.

### 3 Architectural Review – Single Family

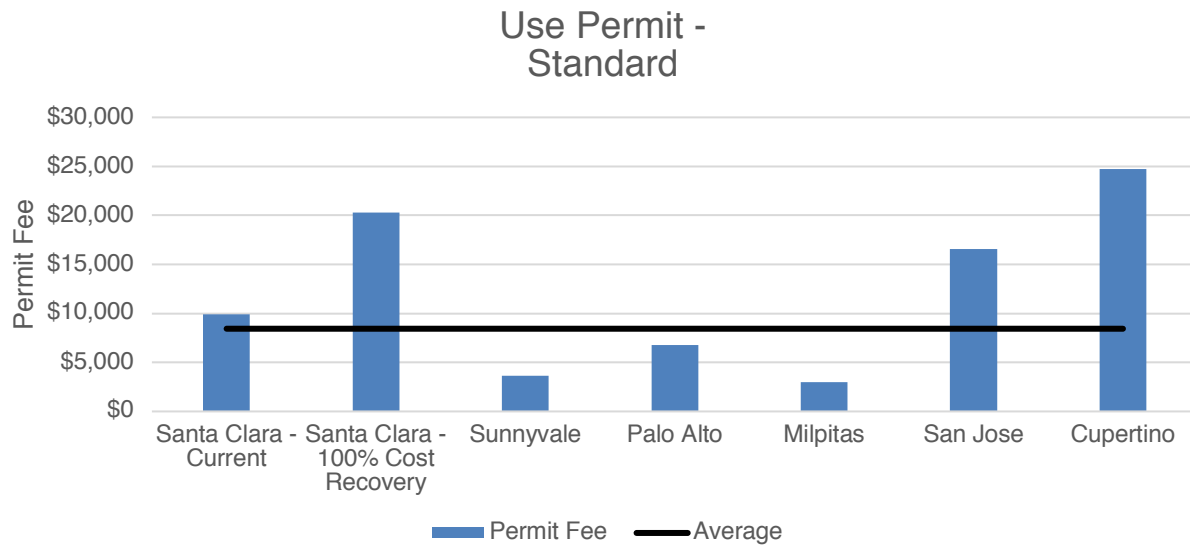
The Planning Department currently charges a flat fee of \$797 for Single Family Architectural Review. As part of this study, the project team calculated the full cost of this service to be \$10,158. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Santa Clara's current fee is in line with the fees being charged by Sunnyvale and Milpitas. The full cost calculated is higher than the fees charged by Palo Alto, San Jose, and Cupertino. The average fee being charged by surrounding jurisdictions is approximately \$4,000. It should be noted that the fee charged by Milpitas of \$750 is a deposit, whereby services that exceed that amount are billed at cost.

#### 4 Use Permit - Standard

The Planning Department currently charges a flat fee of \$9,931 for a Standard Use Permit. As part of this study, the project team calculated the full cost of this service to be \$20,315. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Santa Clara's current fee is slightly above the jurisdictional average of \$8,437. The full cost calculated is higher than most, but below the City of Cupertino at \$24,698. It should be noted that the fee charged by Milpitas of \$3,000 is a deposit, whereby services that exceed that amount are billed at cost.

## 18. Fire

The Fire Department is responsible for preventing or minimizing risk of fire and medical emergencies. There are four division: protection, prevention/hazardous materials, training, and incremental EMS. The prevention/hazardous materials division is responsible for inspecting facilities for safety and fire risk, providing educational programs, and preventing fire and medical emergencies. The fees examined within this study include Training Fees, Rental Fees, Construction Permits, Operational Permits, Inspection Fees, and CUPA Fees.

### 1 FEE SCHEDULE MODIFICATIONS

The project team worked with staff in the Fire Department to go through the current fee schedule and ensure that all services are reflected on the fee schedule. The project team worked with staff to make several modifications to the fee schedule. These modifications included the removal of several fees and the addition of new fees.

The following fees were removed from the fee schedule as these are services are no longer provided by the department and / or they are incorporated into other fees and permits.

- General Fire and Rescue Training
- Hose & Nozzle Training
- Haz Mat First Responder Awareness Training
- Self-Contained Breathing Apparatus
- Training Center Apparatus Sump
- Equipment Rental Fees from Facility Rental
- Change of Address
- Christmas Tree Lots
- Demolition of Fire Protection System
- Explosives and Blasting Agents
- Radioactive Materials form Haz-Mat Operational Permits

- Extra Hazard Occupancy fees under Inspection fees.

Along with the removal of these fees, the Department worked with the project team to identify new areas of service, which should be reflected on the fee schedule. The following points identify the new fees for service being proposed to be added to the fee schedule:

- DUI Fire Response
- On-Demand Mobile Fueling Site Permit
- 2-Way Elevator Permit
- Photovoltaic Systems
- Phase Occupancy Plan
- Access Controlled Egress
- Fire Safety Construction Plan
- Hazardous Materials / Tool Equipment Modification
- Energy Storage Systems (Fuel Cell, Capacitator, or similar)
- Plant Extraction Systems
- Special Events – Structure
- Mobile Food Preparation Vehicles
- Liquid-or Gas Vehicles or Equipment in Assembly Buildings
- Motor Fuel Dispensing Facilities
- Outdoor Assembly Event
- Pyrotechnics Special Effects Material
- Indoor Growing Operations
- Emergency Responder Radio Coverage System
- Combustible and Flammable Materials – On Demand Mobile Fueling

- Overtime Inspection and Plan Review Services

Adding these new fees and removing outdated fees will enable the Department to more accurately and transparently account for all of its services being provided on the fee schedule.

## 2 DETAILED RESULTS

The Fire Department collects fees for Trainings, Facility Rentals, Resources, Construction Permits, Operational Permits, State Mandated, Inspections, and CUPA fees. 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 Fire permit.

**Table 47: Total Cost Per Unit Results – Fire Department**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Training Fees</b>			
CPR - Adult Heart Saver (4 hours)	\$844	\$1,252	(\$408)
CPR - Adult/Pediatric Heart Saver (6 hours)	\$1,128	\$1,753	(\$625)
First Aid (4 hours)	\$844	\$1,252	(\$408)
PALS/ACLS Recognition (2 days)	\$2,830	\$2,504	\$326
PALS/ACLS Re-Recognition (1 day)	\$1,554	\$1,336	\$218
Fire Extinguisher Training (2 hours)	\$335	\$343	(\$8)
Fire Safety and Evacuation Training	\$335	\$366	(\$31)
<b>RENTAL FEES</b>			
<b>Facility Rental Fees</b>			
Headquarters' Conference Room Rental	\$52	\$169	(\$117)
Training Center: Classroom (Limit 80 persons)	\$130	\$169	(\$39)
Training Center: Classroom (Limit 30 persons)	\$60	\$169	(\$109)
Training Center: Classroom (Limit 20 persons)	\$32	\$169	(\$137)
Training Center: Drill Grounds/Tower	\$52	\$254	(\$202)
<b>Resource Fees</b>			
Stand-by (One Engine for Permitted Activity)	\$449	\$438	\$11
Fire Watch (Per Person Per Hour)	\$148	\$219	(\$71)
Water Clean-up - Industrial and Commercial (1 Engine)	\$449	\$455	(\$6)
Water Clean-up - Industrial and Commercial (1 Truck)	\$449	\$586	(\$137)
Water Clean-up - Industrial and Commercial (1 Haz-Mat)	\$148	\$164	(\$16)
Water Clean-up - Industrial and Commercial (1 Battalion Chief)	\$148	\$185	(\$37)
DUI Fire Response		\$455	
<b>Construction Permits</b>			
Alternate Materials and Methods Review	\$915	\$1,216	(\$301)
Automatic Fire Extinguishing Systems: Special Hazard Systems	\$1,048	\$1,418	(\$370)
Automatic Fire Extinguishing Systems: Hood & Duct	\$559	\$811	(\$252)
<b>Automatic Fire Sprinkler Systems - New:</b>			
1-49 heads	\$896	\$1,013	(\$117)
50-100 heads	\$1,496	\$1,621	(\$125)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
101-200 heads	\$2,557	\$2,634	(\$77)
Each additional 100 heads (>200 heads)	\$599	\$608	(\$9)
<u>Automatic Fire Sprinkler Systems - Existing:</u>			
1-49 heads, no calculations	\$599	\$608	(\$9)
50-100 heads, no calculations	\$896	\$811	\$85
1-49 heads, with calculations	\$1,496	\$1,317	\$179
50-100 heads, with calculations	\$1,647	\$1,520	\$127
101-200 heads, with calculations	\$2,245	\$2,432	(\$187)
Each additional 100 heads (>200 heads)	\$297	\$304	(\$7)
Battery Systems	\$896	\$1,013	(\$117)
Building Plans - % of Building Permit Fee	\$261	\$0	\$261
Carnivals and Fairs	\$896	\$608	\$288
<u>Closure of an Onsite Hazardous Waste Treatment System:</u>			
Conditionally Authorized and Conditionally Exempt	\$573	\$811	(\$238)
Permit by Rule	\$673	\$1,013	(\$340)
Compressed Gas Installation	\$1,048	\$1,418	(\$370)
Cooking Oil Storage Tanks	\$896	\$1,013	(\$117)
Demolition of Building	\$449	\$608	(\$159)
Emergency Responder Radio Coverage System	\$2,245	\$3,648	(\$1,403)
<u>Emergency Alarm Systems:</u>			
New System or Modification - No Gas Detection	\$1,496	\$1,621	(\$125)
New System or Modification including Gas Detection	\$2,094	\$2,026	\$68
Engineering Referrals (Parcel maps, public roads, public fire hydrants)	\$449	\$405	\$44
Environmental Study Initial Review (includes 6 hours of review)	\$896	\$1,621	(\$725)
Environmental Study – Subsequent Review	\$148	\$203	(\$55)
Exhibit and Trade Shows	\$896	\$811	\$85
<u>Fire Alarm Systems (Non-high rise and R-2 Occupancies):</u>			
1-20 Devices	\$896	\$811	\$85
21-40 Devices	\$1,496	\$1,216	\$280
41-100 Devices	\$2,245	\$2,026	\$219
101-200 Devices	\$2,994	\$2,634	\$360
Each additional 50 devices (>200 devices)	\$297	\$405	(\$108)
<u>Fire Alarm Systems with pre-wire inspection required (High Rise and R-2 occupancies):</u>			
1-20 Devices	\$1,197	\$1,013	\$184
21-40 Devices	\$1,797	\$1,621	\$176
41-100 Devices	\$2,544	\$2,432	\$112
101-200 Devices	\$3,293	\$3,040	\$253
Each additional 50 devices (>200 devices)	\$449	\$608	(\$159)
Fire Pump Installation	\$2,994	\$2,432	\$562
High-Rise Fire Protection Water Storage Tank (1st Tank)	\$1,048	\$1,115	(\$67)
High-Rise Fire Protection Water Storage Tank (each additional tank)	\$297	\$405	(\$108)
<u>Hazardous Materials Closure Plan:</u>			
Facility/Site	\$2,994	\$4,053	(\$1,059)
Equipment	\$1,496	\$2,026	(\$530)
Hazardous Material Tool/Equipment Installation	\$1,797	\$2,026	(\$229)
High-Piled Storage	\$2,094	\$1,621	\$473

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Liquefied Petroleum Gases Installation Per Tank	\$1,048	\$811	\$237
Methane Venting and Detection Systems	\$2,994	\$2,837	\$157
Open Burnings (open flames, torches, candles)	\$599	\$608	(\$9)
Ovens: Industrial Baking and/or Drying per oven	\$1,048	\$811	\$237
Community Development (Planning) Department Referrals	\$449	\$811	(\$362)
Pyrotechnic / Special Effects Display	\$1,048	\$1,418	(\$370)
Pyrotechnics Special Effects Proximal to Audience	\$1,797	\$2,432	(\$635)
Refrigeration System	\$747	\$811	(\$64)
Access Control and Traffic Calming Devices	\$599	\$405	\$194
Smoke Control System	\$3,743	\$4,053	(\$310)
Standpipe Systems: Wet, Combination and Horizontal	\$1,048	\$1,013	\$35
Storage Tanks - Hazardous Materials: Underground and Above Ground Tank Installations (1st tank)	\$1,346	\$1,824	(\$478)
Underground and Above Ground Tank Installations (each additional tank after the 1st)	\$599	\$811	(\$212)
Storage Tanks - Hazardous Materials: Underground and Above Ground Tank Removals (1st tank)	\$1,346	\$1,824	(\$478)
Underground and Above Ground Tank Removals (each additional tank after the 1st)	\$599	\$811	(\$212)
Underground and Above Ground Tank Modifications	\$747	\$1,013	(\$266)
First Tent, Canopy or Air Supported Structure	\$741	\$811	(\$70)
Each additional temporary membrane structure and tent	\$297	\$304	(\$7)
<u>Underground Fire Service Systems:</u>			
Fire Sprinkler System (no hydrants)	\$1,496	\$1,418	\$78
Fire Sprinkler System with hydrants	\$2,094	\$2,026	\$68
Repairs	\$747	\$811	(\$64)
<u>Automatic Fire Sprinkler Systems: Residential 13D</u>			
Initial Submittal Plan Review Required All Systems	\$896	\$1,216	(\$320)
Secondary Submittal - No Plan Review Required of same layout and design	\$449	\$608	(\$159)
Automatic Fire Protection System for Spray Booths	\$1,197	\$1,216	(\$19)
<b>NEW FEES</b>			
On-Demand Mobile Fueling Site Permit		\$1,621	
2-Way Elevator Permit		\$811	
Photovoltaic Systems		\$811	
Phase Occupancy Plan		\$2,432	
Access Controlled Egress		\$811	
Fire Safety Demolition/Construction Plan		\$608	
Hazardous Materials Tool/Equipment Modification		\$1,216	
Energy Storage Systems (fuel cell, capacitor, or similar)		\$811	
Plant Extraction Systems		\$1,621	
Special Events Structure		\$405	
Plan Revision / Resubmittal Fee: Each Subsequent submittal after initial		\$405	
<b>Operational Permits</b>			
Aerosol products	\$297	\$263	\$34
Amusement Park Buildings	\$297	\$263	\$34
Covered and Open Mall Buildings	\$297	\$811	(\$514)
Exhibit and Trade Shows	\$297	\$263	\$34
Explosives	\$297	\$263	\$34

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Cutting and Welding	\$297	\$263	\$34
Cellulose Nitrate Storage	\$148	\$203	(\$55)
Combustible Dust Producing Operations	\$231	\$405	(\$174)
Combustible Fire Fiber Storage	\$148	\$203	(\$55)
Combustible Storage - Including tires in excess of 2,500 cubic feet	\$296	\$507	(\$211)
Dry Cleaning Plants	\$297	\$304	(\$7)
Fruit Ripening	\$402	\$203	\$199
High Piled Storage	\$297	\$405	(\$108)
Hot Work Operations	\$148	\$203	(\$55)
Lumber Yard - More than 100,000 board feet	\$148	\$203	(\$55)
Magnesium Working - more than 10 lbs. per work day	\$148	\$203	(\$55)
Miscellaneous combustible storage	\$297	\$263	\$34
Organic Coatings	\$190	\$304	(\$114)
Industrial Ovens (Industrial baking or drying)	\$95	\$101	(\$6)
Places of Assembly	\$144	\$152	(\$8)
Private Fire Hydrants	\$599	\$405	\$194
Pyroxylin Plastics	\$297	\$405	(\$108)
Refrigeration Equipment	\$297	\$263	\$34
Repair Garages	\$176	\$203	(\$27)
Rooftop Heliports	\$297	\$405	(\$108)
Spray or Dipping Operations	\$176	\$304	(\$128)
Tire Rebuilding Plants	\$268	\$304	(\$36)
Waste Handling Facilities	\$449	\$405	\$44
Wood Products - Storage in excess of 200 cubic feet	\$277	\$405	(\$128)
<b>NEW FEES</b>			
Mobile Food Preparation Vehicles		\$101	
Liquid-or-gas Vehicles or Equipment in Assembly Buildings		\$101	
Motor Fuel-Dispensing Facilities		\$203	
Outdoor Assembly Event		\$811	
Pyrotechnics Special Effects Materials Storage		\$203	
Plant Extraction Systems		\$304	
Indoor Growing Operations		\$304	
Emergency Responder Radio Coverage System		\$203	
Firefighter Air Replenishment System		\$1,256	
Carbon Dioxide Beverage Dispensing System		\$847	
Operational Permit Re-Inspection (per hour)		\$203	
Design Review / Consultation (per hour)		\$203	
<b>Operational Permits - Haz-Mat</b>			
Combustible and Flammable Materials (any amount)	\$224	\$203	\$21
Combustible and Flammable Materials - On Demand Mobile Fueling		\$1,216	
Compressed Gases (any amount)	\$224	\$203	\$21
Corrosives: Gases - more than 200 cu ft, Liquids - more than 55 gal, Solids - more than 500 lbs	\$224	\$263	(\$39)
Cryogenics: Corrosive, Flammable or toxic - any amount, Non-flammable - more than 60 gal, Oxidizer - more than 60 gal	\$224	\$263	(\$39)
Highly Toxic Materials	\$449	\$405	\$44
Liquefied Petroleum Gas (LPG): Any Amount	\$297	\$263	\$34
Organic Peroxides: Liquids and Solids - any amount	\$224	\$304	(\$80)
Oxidizing Materials: Gasses - more than 504 cubic feet, Liquids and Solids - any amount	\$224	\$263	(\$39)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Pyrophoric Materials: Gases, Liquids and Solids - any amount	\$224	\$304	(\$80)
Toxic Materials: Gases, Liquids and Solids - any amount	\$224	\$304	(\$80)
Unstable (Reactive) Materials: Gases, Liquids and Solids - any amount	\$224	\$304	(\$80)
Water Reactive Materials: Gases, Liquids and Solids - any amount	\$224	\$304	(\$80)
<b>State Mandated</b>			
High-Rise Structures: Building 75 feet in height or greater (per floor)	\$650	\$811	(\$161)
<b>R-1/R-2 Occupancies:</b>			
Multi-Family occupancies, 3 of more units; hotels, motels, etc.			
Apartments, hotel, motels, etc. (3 of more units)	\$37	\$24	\$13
High-Rise R1/R2 (Per Floor)	\$297	\$811	(\$514)
Licensed Care Facility (Pre-Inspection)	\$345	\$405	(\$60)
<b>Commercial Day Care (E3) Adult Day Care (I4)</b>			
7-49 persons	\$297	\$203	\$94
50-149 persons	\$449	\$304	\$145
150+ persons	\$599	\$608	(\$9)
<b>School</b>			
1-250 students	\$449	\$405	\$44
251-500 students	\$747	\$811	(\$64)
>500 students	\$1,496	\$1,621	(\$125)
Jails	\$599	\$405	\$194
Hospitals	\$1,797	\$2,026	(\$229)
<b>Inspection Fees</b>			
<b>Single Story Structures:</b>			
0 to 20,000 square feet	\$110	\$203	(\$93)
20,001 square feet or greater	\$297	\$304	(\$7)
Multi-Story Structures: Buildings 2 or more stories in height and not classified as a high-rise	\$224	\$304	(\$80)
Miscellaneous Inspections or Plan Reviews per hour	\$148	\$203	(\$55)
Overtime Inspection (Min 3 hrs)	\$666	\$867	(\$201)
Overtime Plan Review	\$666	\$867	(\$201)
<b>CUPA Fees</b>			
<b>Hazardous Waste Generator Fees:</b>			
Used Oil Only	\$297	\$426	(\$129)
Less than 100 Kg per year	\$297	\$426	(\$129)
100 Kg up to 5 tons per year	\$400	\$639	(\$239)
5 tons up to 25 tons per year	\$522	\$745	(\$223)
25 tons and greater per year	\$599	\$852	(\$253)
<b>California Accidental Release Program (CALARP) Fees:</b>			
CalARP Facility Operating Permit Program 1	\$1,496	\$2,130	(\$634)
CalARP Facility Operating Permit Program 2	\$1,797	\$2,556	(\$759)
CalARP Facility Operating Permit Program 3	\$1,797	\$2,556	(\$759)
RMP Review Fee (per hour)	\$180	\$213	(\$33)
<b>Onsite treatment of Hazardous Waste Annual Fee - Highest Tier:</b>			
Permit by Rule	\$1,048	\$1,491	(\$443)
Conditionally Authorized	\$747	\$1,065	(\$318)
Conditionally Exempt	\$297	\$426	(\$129)
<b>Aboveground Petroleum Storage Tank Program</b>			
<1,320 gallon capacity	\$373	\$532	(\$159)
1,320-10,000 gallon capacity	\$435	\$639	(\$204)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
More than 10,000 gallon capacity	\$585	\$852	(\$267)
<b>Underground Hazardous Materials Tank:</b>			
First Tank	\$760	\$1,544	(\$784)
Each additional tank	\$230	\$426	(\$196)
<b>Hazardous Materials Business Plan</b>			
1-3 chemicals	\$211	\$639	(\$428)
4-6 chemicals	\$281	\$852	(\$571)
7-9 chemicals	\$422	\$1,278	(\$856)
10-15 chemicals	\$562	\$1,704	(\$1,142)
16-21 chemicals	\$703	\$2,130	(\$1,427)
Each additional chemical >21 chemicals	\$37	\$53	(\$16)

As the table above indicates, the majority of the Fire Department's fees are currently under-recovering, the largest under-recovery is related to the Emergency Responder Radio Coverage System at \$1,403 per unit. The lowest subsidy of \$7 is related to the miscellaneous annual fire permit associated with dry cleaning plants.

There are some fees for which the department is showing an over-recovery. The largest surplus is \$473 associated with High-Piled Combustible Storage. The smallest surplus is \$13 associated with multi-family occupancy inspections. The updated cost per unit information reflects changes in processes and efficiencies implemented by the Department to help reduce the cost associated with these services.

The average per unit cost recovery for the Department is 86%.

### 3 ANNUAL REVENUE IMPACTS

The Fire Department is currently under-recovering its fee-related costs by approximately \$1.5 million. 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 48: Annual Results – Fire Department**

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
<b>Construction Permits</b>				
Alternate Materials and Methods Review	83	\$75,945	\$100,915	(\$24,970)
Automatic Fire Extinguishing Systems:				
Special Hazard Systems	70	\$73,360	\$99,294	(\$25,934)
Automatic Fire Extinguishing Systems: Hood & Duct	10	\$5,590	\$8,106	(\$2,516)

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
<u>Automatic Fire Sprinkler Systems - New:</u>	-	\$0	\$0	\$0
1-49 heads	668	\$598,528	\$676,819	(\$78,291)
Battery Systems	59	\$52,864	\$59,779	(\$6,915)
Carnivals and Fairs	72	\$64,512	\$43,770	\$20,742
<u>Closure of an Onsite Hazardous Waste Treatment System:</u>	-	\$0	\$0	\$0
Conditionally Authorized and Conditionally Exempt	6	\$3,438	\$4,863	(\$1,425)
Compressed Gas Installation	2	\$2,096	\$2,837	(\$741)
Cooking Oil Storage Tanks	10	\$8,960	\$10,132	(\$1,172)
Demolition of Building	22	\$9,878	\$13,374	(\$3,496)
Emergency Responder Radio Coverage System	55	\$123,475	\$200,614	(\$77,139)
<u>Emergency Alarm Systems:</u>	-	\$0	\$0	\$0
New System or Modification - No Gas Detection	10	\$14,960	\$16,211	(\$1,251)
New System or Modification including Gas Detection	14	\$29,316	\$28,370	\$946
Engineering Referrals (Parcel maps, public roads, public fire hydrants)	19	\$8,531	\$7,700	\$831
Exhibit and Trade Shows	14	\$12,544	\$11,348	\$1,196
Fire Alarm Systems (Non-high rise and R-2 Occupancies):	-	\$0	\$0	\$0
1-20 Devices	790	\$707,840	\$640,344	\$67,496
Fire Pump Installation	20	\$59,880	\$48,634	\$11,246
High-Rise Fire Protection Water Storage Tank (1st Tank)	10	\$10,480	\$11,145	(\$665)
High-Rise Fire Protection Water Storage Tank (each additional tank)	2	\$594	\$811	(\$217)
<u>Hazardous Materials Closure Plan:</u>	-	\$0	\$0	\$0
Facility/Site	14	\$41,916	\$56,739	(\$14,823)
Equipment	30	\$44,880	\$60,792	(\$15,912)
Hazardous Material Tool/Equipment Installation	178	\$319,866	\$360,700	(\$40,834)

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
High-Piled Storage	17	\$35,598	\$27,559	\$8,039
Open Burnings (open flames, torches, candles)	2	\$1,198	\$1,216	(\$18)
Ovens: Industrial Baking and/or Drying per oven	12	\$12,576	\$9,727	\$2,849
Community Development (Planning) Department Referrals	84	\$37,716	\$68,087	(\$30,371)
Pyrotechnics Special Effects Proximal to Audience	43	\$77,271	\$104,563	(\$27,292)
Refrigeration System	11	\$8,217	\$8,916	(\$699)
Smoke Control System	4	\$14,972	\$16,211	(\$1,239)
Standpipe Systems: Wet, Combination and Horizontal	1	\$1,048	\$1,013	\$35
Storage Tanks - Hazardous Materials: Underground and Above Ground Tank Installations (1st tank)	76	\$102,296	\$138,606	(\$36,310)
Underground and Above Ground Tank Installations (each additional tank after the 1st)	4	\$2,396	\$3,242	(\$846)
Storage Tanks - Hazardous Materials: Underground and Above Ground Tank Removals (1st tank)	19	\$25,574	\$34,652	(\$9,078)
First Tent, Canopy or Air Supported Structure	117	\$86,697	\$94,836	(\$8,139)
<u>Underground Fire Service Systems:</u>	-	\$0	\$0	\$0
Fire Sprinkler System (no hydrants)	246	\$368,016	\$348,947	\$19,069
Repairs	2	\$1,494	\$1,621	(\$127)
Automatic Fire Protection System for Spray Booths	4	\$4,788	\$4,863	(\$75)
<b>NEW FEES</b>				
On-Demand Mobile Fueling Site Permit	36	\$0	\$58,360	(\$58,360)
2-Way Elevator Permit	24	\$0	\$19,453	(\$19,453)
Phase Occupancy Plan	12	\$0	\$29,180	(\$29,180)
Access Controlled Egress	7	\$0	\$5,674	(\$5,674)
Fire Safety Demolition/Construction Plan	24	\$0	\$14,590	(\$14,590)
Hazardous Materials Tool/Equipment Modification	36	\$0	\$43,770	(\$43,770)
Energy Storage Systems (fuel cell, capacitor, or similar)	12	\$0	\$9,727	(\$9,727)
<b>Operational Permits</b>				
Covered and Open Mall Buildings	1	\$297	\$811	(\$514)
Cutting and Welding	2	\$594	\$527	\$67
Cellulose Nitrate Storage	1	\$148	\$203	(\$55)

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Combustible Dust Producing Operations	6	\$1,386	\$2,432	(\$1,046)
Combustible Fire Fiber Storage	1	\$148	\$203	(\$55)
Dry Cleaning Plants	6	\$1,782	\$1,824	(\$42)
High Piled Storage	38	\$11,286	\$15,401	(\$4,115)
Hot Work Operations	199	\$29,452	\$40,325	(\$10,873)
Organic Coatings	2	\$380	\$608	(\$228)
Industrial Ovens (Industrial baking or drying)	47	\$4,465	\$4,762	(\$297)
Places of Assembly	286	\$41,184	\$43,466	(\$2,282)
Private Fire Hydrants	11	\$6,589	\$4,458	\$2,131
Refrigeration Equipment	17	\$5,049	\$4,478	\$571
Repair Garages	192	\$33,792	\$38,907	(\$5,115)
Spray or Dipping Operations	71	\$12,496	\$21,581	(\$9,085)
<b>Operational Permits - Haz-Mat</b>				
Combustible and Flammable Materials (any amount)	378	\$84,672	\$76,598	\$8,074
Compressed Gases (any amount)	40	\$8,960	\$8,106	\$854
Corrosives: Gases - more than 200 cu ft, Liquids - more than 55 gal, Solids - more than 500 lbs.	148	\$33,152	\$38,988	(\$5,836)
Cryogens: Corrosive, Flammable or toxic - any amount, Non-flammable - more than 60 gal, Oxidizer - more than 60 gal	80	\$17,920	\$21,075	(\$3,155)
Liquefied Petroleum Gas (LPG): Any Amount	188	\$55,836	\$49,525	\$6,311
Organic Peroxides: Liquids and Solids - any amount	2	\$448	\$608	(\$160)
Oxidizing Materials: Gasses - more than 504 cubic feet, Liquids and Solids - any amount	144	\$32,256	\$37,934	(\$5,678)
Pyrophoric Materials: Gases, Liquids and Solids - any amount	10	\$2,240	\$3,040	(\$800)
Toxic Materials: Gases, Liquids and Solids - any amount	71	\$15,904	\$21,581	(\$5,677)
Unstable (Reactive) Materials: Gases, Liquids and Solids - any amount	5	\$1,120	\$1,520	(\$400)
Water Reactive Materials: Gases, Liquids and Solids - any amount	14	\$3,136	\$4,255	(\$1,119)
<b>State Mandated</b>				
High-Rise Structures: Building 75 feet in height or greater per floor	19	\$12,350	\$15,401	(\$3,051)
<b>R-1/R-2 Occupancies:</b>				
Multi-Family occupancies, 3 of more units; hotels, motels, etc Apartments, hotel, motels, etc. (3 of more units)	24,324	\$899,988	\$591,483	\$308,505
High-Rise R1/R2 (Per Floor)	1	\$297	\$811	(\$514)
Licensed Care Facility (Pre-Inspection)	78	\$26,910	\$31,612	(\$4,702)
School				
1-250 students	2	\$898	\$811	\$87
<b>Inspection Fees</b>				
Home Business				
0 to 20,000 square feet	1,283	\$141,130	\$259,988	(\$118,858)

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Multi-Story Structures: Buildings 2 or more stories in height and not classified as a high-rise	44	\$9,856	\$13,374	(\$3,518)
Overtime Inspection (Min 3 hrs)	590	\$392,940	\$511,729	(\$118,789)
Overtime Plan Review	911	\$606,726	\$790,144	(\$183,418)
<b>Hazardous Waste Generator Fees:</b>				
Used Oil Only	120	\$35,640	\$51,115	(\$15,475)
Less than 100 Kg per year	96	\$28,512	\$40,892	(\$12,380)
100 Kg up to 5 tons per year	234	\$93,600	\$149,512	(\$55,912)
5 tons up to 25 tons per year	60	\$31,320	\$44,726	(\$13,406)
25 tons and greater per year	12	\$7,188	\$10,223	(\$3,035)
<b>California Accidental Release Program (CALARP) Fees:</b>				
CalARP Facility Operating Permit Program 1	5	\$7,480	\$10,649	(\$3,169)
<b>Onsite treatment of Hazardous Waste Annual Fee - Highest Tier:</b>				
Permit by Rule	29	\$30,392	\$43,235	(\$12,843)
Conditionally Authorized	11	\$8,217	\$11,714	(\$3,497)
Conditionally Exempt	1	\$297	\$426	(\$129)
<b>Aboveground Petroleum Storage Tank Program</b>				
<1,320 gallon capacity	64	\$23,872	\$34,077	(\$10,205)
1,320-10,000 gallon capacity	40	\$17,400	\$25,558	(\$8,158)
More than 10,000 gallon capacity	13	\$7,605	\$11,075	(\$3,470)
<b>Underground Hazardous Materials Tank:</b>				
First Tank	61	\$46,360	\$94,190	(\$47,830)
<b>Hazardous Materials Business Plan</b>				
1-3 chemicals	572	\$120,692	\$365,473	(\$244,781)
4-6 chemicals	244	\$68,564	\$207,868	(\$139,304)
7-9 chemicals	104	\$43,888	\$132,899	(\$89,011)
10-15 chemicals	73	\$41,026	\$124,380	(\$83,354)
16-21 chemicals	39	\$27,417	\$83,062	(\$55,645)
Each additional chemical >21 chemicals	4,414	\$163,318	\$235,023	(\$71,705)
<b>TOTAL</b>		<b>\$6,347,885</b>	<b>\$7,842,776</b>	<b>(\$1,494,891)</b>

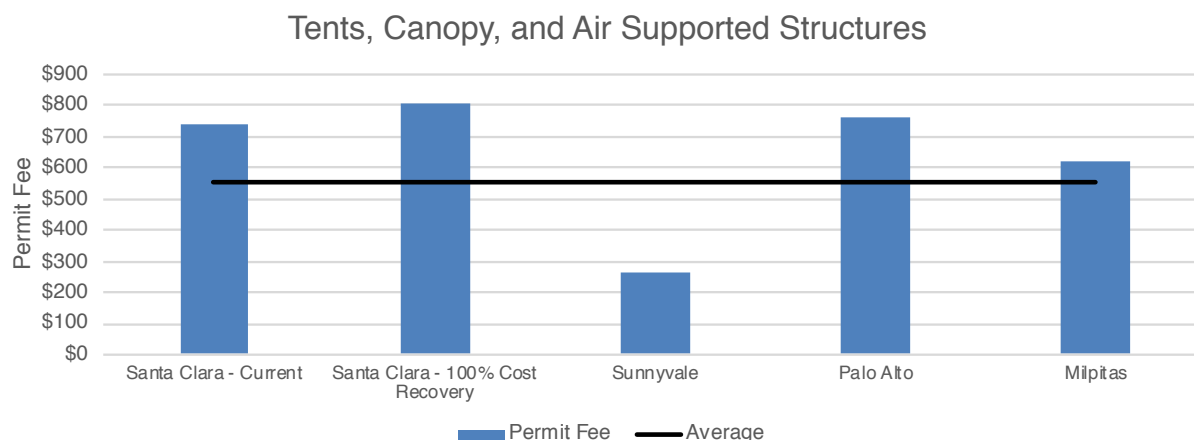
Overall, the Fire Department is recovering approximately 81% of its fee-related costs. Approximately \$873,000 of the \$1.5 million deficit is related to CUPA services, with nearly all of the subsidy relating to Hazardous Materials business Plans. Overtime Plan Review and Inspection account for nearly \$302,000 of the subsidy.

#### 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 Fire permits.

## 1 Tent, Canopy, or Air Supported Structure Construction Permit

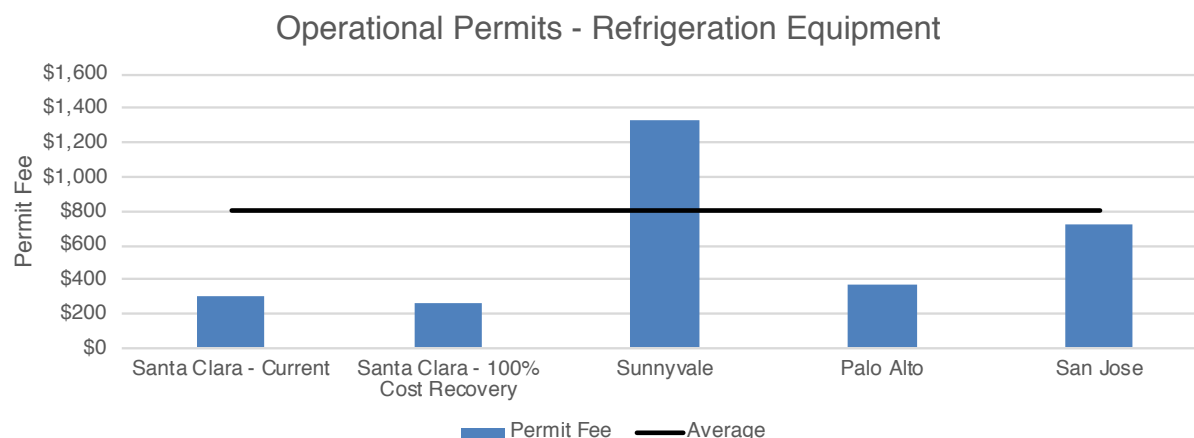
The Fire Department currently charges a flat fee of \$741 for the First Tent, Canopy, or Air Supported Structure. As part of this study, the project team calculated the full cost of this service to be \$811. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Santa Clara's current and full cost fee are above the average fee of \$551 for jurisdictions who charge a fee for Temporary Membranes/Air Support Structures. Cupertino is not shown in the above graph, as their Fire services are through Santa Clara County Fire.

## 2 Refrigeration Equipment Operational Permit

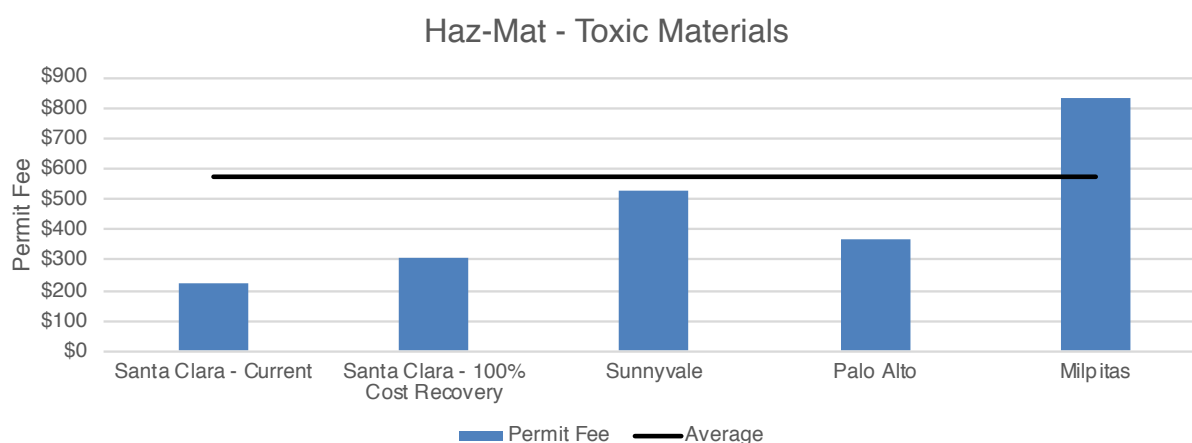
The Fire Department currently charges a flat fee of \$297 for Refrigeration Equipment Operational Permits. As part of this study, the project team calculated the full cost of this service to be \$263. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Santa Clara's current and full cost fee are below the average fee of \$807 for jurisdictions who charge a fee for Refrigeration Equipment. Milpitas is not shown in the above graph, as they do not charge for Refrigeration Equipment Operational Permits.

### 3 Toxic Materials

The Fire Department currently charges a flat fee of \$224 for a Haz Mat Operational Permit for Toxic Materials including gases, liquids, and solids. As part of this study, the project team calculated the full cost of this service to be \$304. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Santa Clara's current and full cost fee are below the average fee of \$574. Both the current and full cost fee are below what other local jurisdictions charge.

### 4 Underground Hazardous Materials Tank

The Fire Department currently charges a flat fee of \$760 for an Underground Hazardous Materials Storage Tank. As part of this study, the project team calculated the full cost of this service to be \$1,544. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.

## 19. Engineering

The Department of Public Works is responsible for conducting engineering reviews related to public and private improvements in the public right-of-way and City easements by private development and governmental agencies. Public Works is also a key City partner and actively participates in the City's Project Clearance Committee and Subdivision Committee meetings in which the City interacts with private developers to create conditions of approval for development projects.

Additionally, Public Works manages the City's Encroachment Permit Program, prepares Encroachment Agreements for work in the public right-of-way and City easements, reviews, coordinates and approves Public Improvement Plans, reviews and approves Subdivision Maps, reviews and/or prepares Title Documents, including lot line adjustments and public easements, and determines, defines and administers Public Works requirements (i.e. such as development fee collections) prior to Building Permit issuance.

All Engineering fees identified within the City's Municipal Fee schedule have been examined within this study and examples include: Subdivision Maps, Lot Line Adjustments, Encroachment Permits, Engineering Inspections, Underground Service Alert Field Markings, Title Documents, Project Clearance and Site Clearance.

### 1 FEE SCHEDULE MODIFICATIONS

In discussions with staff in the Department of Public Works, there were modifications that were proposed to the current fee schedule which include: 1) updating hourly rates consistent with the overall User Fee study effort, 2) minor updates to proposed hours per task, and 3) updates to the fee calculation methodology for fee items with costs based on construction valuation. Additionally, the Department of Public Works has proposed the addition of new fees which include the following:

- **Project Clearance Committee / Subdivision Committee Review** – these fees were added to account for Public Works staff time spent on Planning applications and the entitlement phase of a development project. As this time spent is necessary to ensure that environmental reviews (i.e. Traffic reports) and engineering reviews of planning applications are completed with timeliness, quality, and customer service in mind, it was determined that time spent by Public Works staff during the entitlement phase should be accounted for on their fee schedule.
- **Cost Analysis for Development (CAD)** – these fees were added to account for Public Work's preparation of CAD due to new development activity. The CAD provides developers a calculation and listing of certain development fees (i.e.

Sewer Connection Fees) due prior to issuance of Building Permits. Two categories, Minor and Major, are proposed.

- **Engineering Plan Check for Projects over \$25,000 per plan sheet for Revisions after Encroachment Permit is issued** – these fees were added to account for the time spent on conducting plan reviews for revisions to plans after an Encroachment Permit has already been issued.

Along with these new fees, a fee methodology change was proposed to align the Engineering Inspection fee structure to the Plan Check fee structure. Currently, the Engineering Inspection fee structure is a flat fee within specific construction cost dollar ranges. There is no tiered or scaling in between the dollar ranges within a range. For example, currently a \$26,000 project and \$49,000 project are charged the same fee. In discussions with staff it was determined that it made sense to provide a tiered approach so that for each dollar value range there would be a base fee and a percentage of the construction cost estimate. This type of fee structure allows there to be greater equity in the fees charged for projects and is consistent with other existing fees where fees will vary based on construction valuation.

## 2 DETAILED RESULTS

The Department of Public Works collects engineering fees related to Encroachment Permits, Subdivision Maps, Lot Line Adjustment, Engineering Inspections, Underground Service Alert Field Markings, and Title Documents. 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 Engineering application.

**Table 49: Detailed Per Unit Results – Public Works - Engineering**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Parcel Map and Record of Survey Checking Fee	\$9,202	\$9,889	(\$687)
Final Map Checking Fee – First 5 lots	\$11,440	\$13,061	(\$1,621)
Final Map Checking Fee – Ea Add lot beyond 5 lots	\$497	\$728	(\$231)
Amended Parcel Map and Record of Survey Checking Fee	\$3,855	\$3,568	\$287
Amended Final Map Checking Fee	\$4,724	\$4,607	\$117
Processing Certificate of Correction (for final / parcel maps)	\$3,232	\$3,648	(\$416)
Assessment District Reapportionment Fee - Assemblage / Parcel Split - 1st 2 parcels	\$7,460	\$8,094	(\$634)
Assessment District Reapportionment Fee - Assemblage / Parcel Split - each subsequent parcel	\$1,865	\$2,080	(\$215)
Processing Certificate of Compliance	\$992	\$1,026	(\$34)
Lot Line Adjustment	\$7,212	\$6,687	\$525

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Encroachment Permits:</b>			
Processing Fee for Project up to \$25k	\$373	\$352	\$21
Processing Fee for Projects over \$25k	\$497	\$704	(\$207)
Plan Check For Projects up to \$25k (per set, includes 3 checks)	\$373	\$644	(\$271)
Plan Check For Projects over \$25k (per sheet, includes 3 checks)	\$1,306	\$1,579	(\$273)
Plan Check For Project up to \$25k - 4th and subsequent review - per review	\$124	\$157	(\$33)
Plan Check For Projects over \$25k - 4th and subsequent review - per sheet	\$124	\$393	(\$269)
<b>Field Marking Storm Drain:</b>			
Up to 50 ft. of excavation	\$110	\$163	(\$53)
Over 50 ft. of excavation (ea add 50' or fraction thereof)	\$72	\$109	(\$37)
<b>Field Marking - Traffic Signal</b>			
Up to 50 ft. of excavation	\$140	\$115	\$25
Over 50 ft. of excavation (ea add 50' or fraction thereof)	\$94	\$77	\$17
Record Drawings Archiving Fee (per sheet)	\$70	\$75	(\$5)
Encroachment Agreement Application - Easement	\$4,726	\$4,607	\$119
Encroachment Agreement Application - Rights-of-way	\$4,726	\$5,002	(\$276)
Agreements, Grant Deeds and Easement Dedications - Preparation	\$5,720	\$5,666	\$54
Minor Agreements, Grant Deeds and Easement Dedications - Preparation	\$2,860	\$3,892	(\$1,032)
Combination Agreement / Grant Deed for the Same Lot	\$8,580	\$7,734	\$846
Agreements, Easement Dedications, and Easement Vacations - Review	\$4,228	\$4,208	\$20
Minor Agreements and Easement Dedications - Review	\$2,114	\$2,558	(\$444)
<b>Oversize, Overweight Vehicle Fee</b>			
Single	\$16	\$117	(\$101)
Annual	\$90	\$117	(\$27)
Traffic Flow Map - Mailed	\$36	\$36	(\$0)
Traffic Flow Map - Not Mailed	\$13	\$18	(\$5)
Storage or Refuse Bins on City Street	\$248	\$235	\$13
<b>NEW</b>			
<b>Project Clearance Committee/Subdivision Committee Review</b>			
Tentative Map (4 or fewer lots)		\$1,426	
Tentative Map (5 or more lots)		\$2,270	
Lot Line Adjustment		\$646	
Preliminary application/Re-Zoning/Architect Review		\$807	
Use Permit/Variance		\$392	
CEQA - Initial Study Review		\$2,505	
CEQA - EIR Review		\$4,179	
Traffic Study Report Review (Without EIR)		\$2,512	
Cost Analysis for Development - CAD – Minor (ADU, SFH, and up to 4 residential units)		\$390	
Cost Analysis for Development - CAD - Major		\$948	

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Engineering Plan Check (for Project over \$25K per plan sheet for Revisions after EP issued)		\$434	

As the table indicates, the City is generally under-recovering for its fee-related services for engineering services for the Department of Public Works. The subsidies range from a low of \$5 for Traffic Flow Map, which is not mailed to a high of \$1,621 for Final Map Checking – first 5 lots. There are also several fees for which an over-recovery is shown, these surpluses range from a low of \$13 for the Storage or Refuse Bins on City Streets to a high of \$846 for the Combination Agreement / Grant Deed for the same lot.

It is important to note that for the Oversize, Overweight Vehicle Fees, the project team did cost those out at \$117 per unit, but these fees are set by the State and cannot be adjusted to reflect full cost recovery.

On average, the per unit cost recovery for the Public Works - Engineering is 87%.

### 3 ENGINEERING INSPECTION FEES

As discussed in the fee modifications section, the Department of Public Works currently utilizes a flat fee structure for Engineering Inspections depending upon the construction cost of the project. The following table shows the current fee structure:

**Table 50: Engineering Inspections – Current Fee Structure**

Engineering Inspections:	Current Fee
\$0-\$15k	\$373
\$15,001-\$25K	\$1,493
\$25,001-\$50K	\$3,731
\$50,001-\$100k	\$6,218
\$100,001-\$200K	\$9,948
\$200,001-\$500K	\$21,139
\$500,001-\$1M	\$42,278
\$1M + each additional \$500k or fraction thereof	\$13,678

As the table indicates for projects valued at \$15,001 the Engineering Inspection fee goes from \$373 to \$1,493. This is a significant increase even though there has only been a \$1 change in the valuation of the construction cost of the project. Therefore, in order to provide a more scaled approach, as well as to be consistent with surrounding jurisdictions, the project team worked with the Department to develop a tiered structure for Engineering Inspections. The following table shows the proposed fee structure:

**Table 51: Engineering Inspections – Proposed Fee Structure**

<b>Engineering Inspections:</b>	<b>Total Cost</b>
\$0-\$15k	\$436
\$15,001-\$25K – base + % of Cost above \$15k	\$436 + 13.45%
\$25,001-\$50K – base + % of Cost above \$25k	\$1,781 + 12.468%
\$50,001-\$100k – base + % of Cost above \$50k	\$4,898 + 2.672%
\$100,001-\$200K – base + % of Cost above \$100k	\$6,234 + 5.344%
\$200,001-\$500K – base + % of Cost above \$200k	\$11,578 + 4.898%
\$500,001-\$1M – base + % of Cost above \$500k	\$26,273 + 4.631%
\$1M+ – base + each addl \$500k or fraction thereof	\$49,428 + \$12,729 per \$500k or fraction thereof

As the table indicates the proposed fee structure allows for a more scaled approach to charging fees to projects. The proposed fee structure would allow projects that are valued up to \$15,000 to be charged \$436 – a flat fee, and if a project is valued at \$15,001 the proposed fee would be \$436 + 13.45% x \$1.00 or \$436.13 so only \$0.13 more compared to current fee structure which would result in a fee which is \$1,120 higher.

Therefore, this proposed fee structure would be more equitable and defensible.

#### 4 ANNUAL REVENUE IMPACTS

The Department of Public Works is under-recovering for its fee-related engineering costs by approximately \$724,000 as shown below. 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 52: Annual Results – Public Works - Engineering Division**

<b>Fee Name</b>	<b>Annual Volume</b>	<b>Annual Revenue</b>	<b>Total Cost - Annual</b>	<b>Surplus / (Deficit) - Annual</b>
Parcel Map and Record of Survey Checking Fee	5	\$46,010	\$49,446	(\$3,436)
Final Map Checking Fee - First 5 lots	3	\$34,320	\$39,182	(\$4,862)
Processing Certificate of Correction (for final / parcel maps)	3	\$9,696	\$10,943	(\$1,247)
Lot Line Adjustment	2	\$14,424	\$13,373	\$1,051
<b>Encroachment Permits:</b>				
Processing Fee for Project up to \$25k	324	\$120,852	\$114,106	\$6,746
Processing Fee for Projects over \$25k	106	\$52,682	\$74,662	(\$21,980)
Plan Check For Projects up to \$25k (per set, includes 3 checks)	324	\$120,852	\$208,700	(\$87,848)
Plan Check For Projects over \$25k (per sheet, includes 3 checks)	786	\$1,026,516	\$1,240,934	(\$214,418)

Fee Name	Annual Volume	Annual Revenue	Total Cost - Annual	Surplus / (Deficit) - Annual
Plan Check For Project up to \$25k - 4th and subsequent review - per review	32	\$3,968	\$5,026	(\$1,058)
Plan Check For Projects over \$25k - 4th and subsequent review - per sheet	475	\$58,900	\$186,784	(\$127,884)
<b>Engineering Inspections:<sup>5</sup></b>				
\$0-\$15K	309	\$115,257	\$134,724	(\$19,467)
\$15,001-\$25K	15	\$22,395	\$16,628	\$5,768
\$25,001-\$50K	20	\$74,620	\$66,790	\$7,830
\$50,001-\$100k	18	\$111,924	\$100,188	\$11,736
\$101k-\$200K	16	\$159,168	\$142,496	\$16,672
\$201k-\$500K	7	\$147,973	\$132,479	\$15,495
\$501k-\$1M	2	\$84,556	\$75,701	\$8,855
\$1M + each additional \$500k or fraction thereof	3	\$41,034	\$38,187	\$2,847
Encroachment Agreement Application - Easement	8	\$37,808	\$36,856	\$952
Encroachment Agreement Application - Rights-of-way	7	\$33,082	\$35,017	(\$1,935)
Preparation of Agreement / Easement / Grant Deed	4	\$22,880	\$22,665	\$215
Preparation of Minor Agreement Easement / Grant Deed	8	\$22,880	\$31,139	(\$8,259)
Review of Agreements & Easements	37	\$156,436	\$155,713	\$723
Review of Minor Agreements & Easements	12	\$25,368	\$30,694	(\$5,326)
<b>Oversize, Overweight Vehicle Fee</b>				
Single	148	\$2,368	\$17,374	(\$15,006)
Annual	435	\$39,150	\$51,066	(\$11,916)
Storage or Refuse Bins on City Street	41	\$10,168	\$9,626	\$542
<b>NEW</b>				
<b>Project Clearance Committee/Subdivision Committee Review:</b>				
Tentative Map (4 or fewer lots)	3		\$4,277	(\$4,277)
Tentative Map (5 or more lots)	18		\$40,860	(\$40,860)
Lot Line Adjustment	9		\$5,816	(\$5,816)
Preliminary application/Re-Zoning/Architectural Review	72		\$58,128	(\$58,128)
Use Permit/Variance	36		\$14,102	(\$14,102)
CEQA - Initial Study Review	5		\$12,527	(\$12,527)
CEQA - EIR Review	1		\$4,179	(\$4,179)
Traffic Study Report Review (Without EIR)	15		\$37,674	(\$37,674)

<sup>5</sup> Due to the restructuring of the Engineering inspections fee schedule, the project team had to make some assumptions regarding project value within each range. The assumption utilized to calculate the full cost or annual cost was based on using the midpoint valuation of the project in the range.

Fee Name	Annual Volume	Annual Revenue	Total Cost - Annual	Surplus / (Deficit) - Annual
Cost Analysis for Development - CAD – Minor (ADU, SFH, and up to 4 residential units)	31		\$12,079	(\$12,079)
Cost Analysis for Development - CAD - Major	51		\$48,326	(\$48,326)
Engineering Plan Check (for Project over \$25K per plan sheet for Revisions after EP issued)	94		\$40,796	(\$40,796)
<b>TOTAL</b>		<b>\$2,595,287</b>	<b>\$3,319,262</b>	<b>(\$723,975)</b>

As the table indicates, the Department of Public Works is recovering approximately 78% of its fee-related costs for engineering related services annually. Approximately \$279,000 of the \$724,000 deficit is associated with new fees, of which the largest component is related to Preliminary Application / Re-Zoning / Architectural Review for Planning fees (\$58,000) and Cost Analysis for Major development (\$48,000).

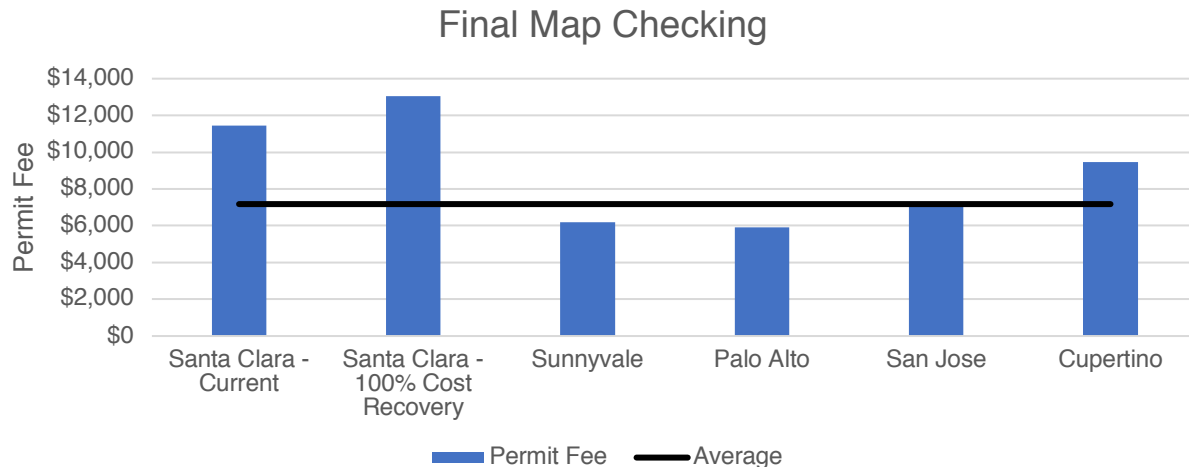
The Department is proposing to revise engineering fees to achieve a 97% cost recovery rate. Of the fees and costs listed in Table 49 and Table 51, three fee categories are proposed to be phased in over two years. Those fees are (1) Final Map Checking Fee – Each additional lot beyond 5 lots, (2) Encroachment Permits Plan Check for Projects up to \$25k – 4th and subsequent review – per review, and (3) Encroachment Permits Plan Check for Projects over \$25k – 4th and subsequent review – per sheet. All other fees are being recommended by the Department for full cost recovery with this user fee study.

## 6 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 Engineering permits.

### 1 Final Map Checking

The Engineering Division currently charges a flat fee of \$11,440 for Final Map (up to 5 parcels); and this study calculated the full cost slightly higher at \$13,061. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



The average fee charged by surrounding jurisdictions at \$7,177, is below the current and full cost fee proposed by Santa Clara. The difference in fees could be due to other jurisdictions requesting additional fees; for example, the City of Palo Alto charges a fee of \$5,923, but it also includes language stating that there could be additional charges associated with legal or environmental reviews. The City of Santa Clara encompasses all of the costs in a singular fee, which includes the use of computer programs to thoroughly check the accuracy of the Final Map's closure calculations for the distinctive border, each parcel, and each easement to ensure that the Final Map is technically correct. The City of Milpitas was excluded from this chart as it does not charge flat fees for Final Map Checking, it is a deposit-based fee collected by the Planning Department at an initial deposit of \$5,000.

## 2 Encroachment Permits

The largest source of activity for the Engineering Division is Encroachment Permits. However, unlike some of these other flat fee permits, the way Encroachment Permits are processed in other jurisdictions varies dramatically. The following points provide further information regarding how encroachment permit plan check and inspection fees are structured in surrounding jurisdictions:

- **Milpitas:** The City of Milpitas currently has a three tiered structure for encroachment permits. Minor encroachment permits are charged a flat fee of \$450. For all other encroachment permits, the City collects a deposit of either \$4,000 (if project is less than \$40,000) or 10% of construction cost for any project greater than \$40,000.
- **San Jose:** The City of San Jose charges for encroachment permits based upon the type of encroachment permit, as well as if it's a utility or a revocable encroachment permit. The utilities are charged based on whether if it's arterial, local, or street and the lineal footage; and for revocable encroachment permits it is charged based upon the type of encroachment (i.e. trench, signs, temporary,

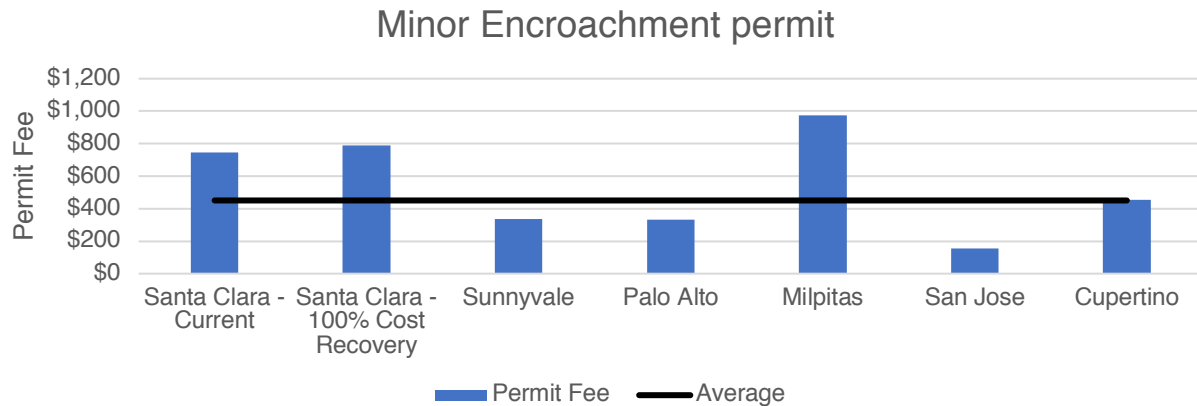
water, etc.). For certain types of encroachment, it is based on the number of the projects and for others it is based on an initial deposit of \$1,078. All engineering inspections related to encroachments are done based upon the dollar value and are structured similar to Santa Clara's proposed structure of a base fee and a percentage above the valuation for which the base fee is calculated.

- **Cupertino:** The City of Cupertino assesses fees for encroachment permits based upon whether it is a local street, utility, or arterial / collector street. For each of those categories it is a flat fee that ranges from a low of \$315 for utilities to a high of \$785 for arterials.
- **Sunnyvale:** The City of Sunnyvale charges encroachment fees based upon the size of the encroachment; up to 50 ft the encroachment is \$325 and if its greater than 50 ft. it is charged a fee of \$196 for each additional 100 ft.
- **Palo Alto:** The City of Palo Alto charges an encroachment permit based upon the type of the encroachment permit; if it's a fence its \$1,626; if it's a residential encroachment it is \$783 and if its VTA bus shelter its \$403. There are no specific fees identified for encroachment inspections other than potential charges on an hourly rate basis.

As the points indicate the City of Santa Clara's structure is difficult to compare as other jurisdictions do not typically charge on a per sheet basis for plan review. However, as it relates to inspection fees, the only other jurisdiction with a similar structure to City of Santa Clara's proposed structure is San Jose. In order to provide a comparison, the project team developed two scenarios: Minor Encroachment Permit / Dumpster Permit and Utility Encroachment on an Arterial Street. The following subsections provide additional information regarding this comparative:

## 2.1 Minor Encroachment / Dumpster Permit

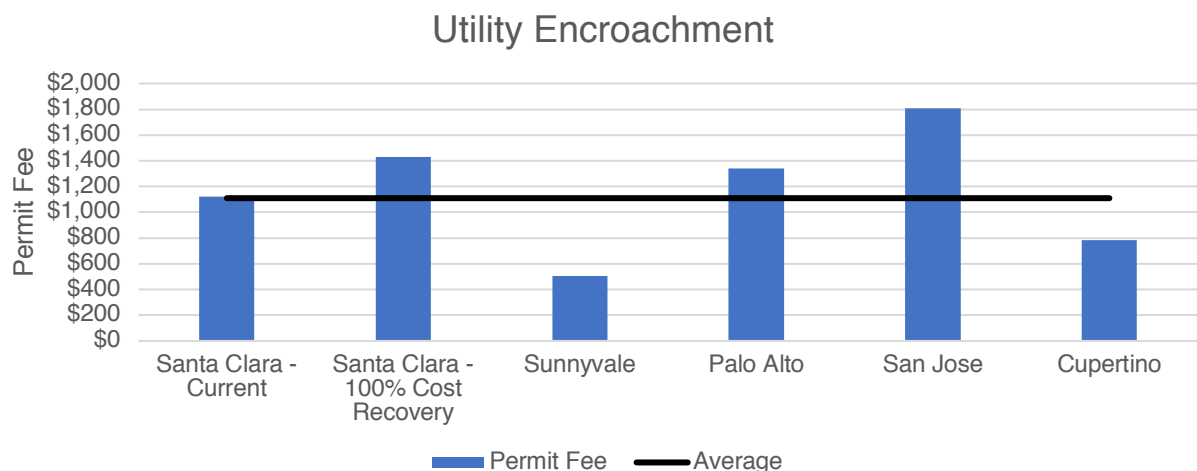
The City currently does not have a separate fee category for minor encroachment permit or dumpster permit; therefore, for purposes of this calculation, the project team utilized the lowest fee category for encroachment processing, plan check, and inspection. The City currently charges \$746 and the full cost calculated was \$788. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



The average fee charged by surrounding jurisdictions is \$450. The only jurisdiction with a higher minor encroachment permit fee is Milpitas, which recently increased its fee from \$400 to \$974.

## 2.2 Utility Encroachment up to 40 linear feet in an Arterial

As the city does not have separate categories for utility encroachments and due to the minimal nature of this project, the project team assumed minimal project cost of less than \$15,000. The current fee for this permit would be \$1,119 and through the full cost calculated it would be \$1,432. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



The average fee charged by surrounding jurisdictions is \$1,109, which is only slightly below the current fee charged by the City. The city of San Jose, is the only jurisdiction with a higher fee at \$1,809; whereas the City of Palo Alto at \$1,339 is closer to the City's full cost of \$1,432.

### 3 Engineering Support to Planning Applications

The City of Santa Clara is proposing the creation of fees for engineering staff support to planning applications as a separate line item on the fee schedule. Therefore, the City was interested in reviewing types of support provided by engineering staff in relation to planning applications in other jurisdictions. The following points discuss the findings of this comparison:

- **Sunnyvale:** The City of Sunnyvale on its Public Works / Engineering fee sheet only identifies two fees that are specific to providing support to Planning staff it is the per lot fee associated with Lot Line Adjustments and a parcel map check fee.
- **Cupertino:** For the City of Cupertino any time spent in support of planning applications is already built in and calculated into the planning application fee. There are only two additional fees charged for Parcel and Tract Map in addition to the planning fees, due to the significant level of effort spent by staff.
- **Palo Alto:** There are only two specific fees identified under Public Works and Engineering that are in support of planning review and those in relation to Architectural Review for Minor projects related to trees that either are staff level review (flat fee) or Architectural Review Board (per hour fee).
- **Milpitas:** For all deposit-based planning fees, Engineering staff just charge their time directly to the project. For all flat fees associated with planning services, Engineering costs have already been calculated and rolled into the flat fee.
- **San Jose:** The City of San Jose does identify support provided specifically in relation to planning as it relates to accessory structures and existing structures, as well as charging separate fees for processes on the planning fee schedule.

As the points demonstrate, depending upon the jurisdiction, the support for Engineering is either captured within the planning fee or itemized as a separate line item. In either manner, it is critical for this support to be captured and represented.

## 20. Streets

The Streets Division is responsible for maintenance of streets, sidewalks, storm drains, trees and other landscape in the City of Santa Clara. The fees examined in this study related to Storm Drain, Street Maintenance, Parkways and Boulevards, and Solid Waste.

### 1 FEE SCHEDULE MODIFICATIONS

During discussions with the Streets Division of the Public Works Department, there were only minor modifications made to the current fee schedule, including minor fee title changes, removing the fee for Illegal removal of a street tree, and the addition of a new fee for Traffic Sign Fabrication. These changes further strengthen the transparency of the Division's current fee structure and schedule.

### 2 DETAILED RESULTS

The Streets Division collects flat fees for Storm Drain, Street Maintenance, Parkways and Boulevards, and Solid Waste 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 Streets permit.

**Table 53: Total Cost Per Unit Results – Streets**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>STORM DRAIN DIVISION</b>			
1. Active construction site inspections of projects over one (1) acre in size and high priority sites during wet season (Oct - Apr) as required by Provision C.6 or MRP	\$146	\$190	(\$44)
2. Industrial/commercial facility stormwater inspections as required by Provision C.4 of MRP (Tier 1)	\$438	\$515	(\$77)
3. Industrial/commercial facility stormwater inspections as required by Provision C.4 of MRP (Tier 2)	\$146	\$190	(\$44)
4. Operation & maintenance inspection of stormwater treatment systems installed on projects as required by Provision C.3 of MRP	\$146	\$190	(\$44)
<b>STREET MAINTENANCE DIVISION</b>			
<b>Pavement Restoration Charge 6 to 8" Thick Asphalt</b>			
1. First 80 cubic ft.	\$1,848	\$3,774	(\$1,926)
2. Each additional cubic ft.	\$20	\$47	(\$27)
<b>Engineering Plan Review per sheet (Streets)</b>			
1. First three (3) reviews	\$122	\$150	(\$28)
2. Fourth and subsequent review	\$25	\$33	(\$8)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Concrete Removal/Replace Charge - Curb/Gutter - Base	\$116	\$560	(\$444)
Per l.f.	\$0	\$68.75	(\$69)
Concrete Removal/Replace Charge - Sidewalk - Base	\$77	\$560	(\$483)
Per sq.ft.	\$0	\$18.50	(\$19)
<b>PARKWAYS &amp; BOULEVARDS</b>			
Street tree removal	\$146	\$211	(\$65)
Street tree planting			
Property development	\$492	\$561	(\$69)
Engineering Plan Review per sheet - Initial Review			
1. First three (3) reviews	\$122	\$158	(\$36)
2. Fourth and subsequent review	\$25	\$35	(\$10)
<b>SOLID WASTE</b>			
Non-exclusive franchise hauler application fee	\$730	\$1,237	(\$507)
<b>NEW</b>			
Traffic Sign Fabrication	\$0	\$820	(\$820)

Currently all the services listed in the above table show an under-recovery. The subsidies calculated range from a low of \$8 for Engineering Plan Review - Fourth and Subsequent Reviews, to a high of \$1,926 for Pavement Restoration of 6" – 8" Thick Asphalt – first 80 cubic ft.

Currently the City is averaging 64% cost recovery on a per unit basis for Streets services.

### 3 ANNUAL REVENUE IMPACTS

The Streets Division is currently under-recovering its fee-related costs by approximately \$427,859. 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 54: Annual Results – Streets**

Fee Name	Annual Recoverable Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
<b>STORM DRAIN DIVISION</b>				
1. Active construction site inspections of projects over one (1) acre in size and high priority sites during wet season (Oct - Apr) as required by Provision C.6 or MRP	170	\$24,820	\$32,232	(\$7,412)
2. Industrial/commercial facility stormwater inspections as required by Provision C.4 of MRP (Tier 1)	71	\$31,098	\$36,539	(\$5,441)
3. Industrial/commercial facility stormwater inspections as required by Provision C.4 of MRP (Tier 2)	80	\$11,680	\$15,168	(\$3,488)

Fee Name	Annual Recoverable Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
4. Operation & maintenance inspection of stormwater treatment systems installed on projects as required by Provision C.3 of MRP	6	\$876	\$1,138	(\$262)
<b>STREET MAINTENANCE DIVISION</b>				
<u>Pavement Restoration Charge 6" to 8" Thick Asphalt</u>				
1. First 80 cubic ft.	87	\$160,776	\$328,306	(\$167,530)
<u>Engineering Plan Review per sheet (Streets)</u>				
1. First three (3) reviews	100	\$12,200	\$14,951	(\$2,751)
2. Fourth and subsequent review	50	\$1,250	\$1,661	(\$411)
Concrete Removal/Replace Charge - Curb/Gutter - Base	132	\$15,312	\$73,891	(\$58,579)
Concrete Removal/Replace Charge - Sidewalk - Base	350	\$26,950	\$195,923	(\$168,973)
<b>PARKWAYS &amp; BOULEVARDS</b>				
Street tree removal	5	\$730	\$1,055	(\$325)
<u>Street tree planting</u>				
Property development	5	\$2,460	\$2,805	(\$345)
<u>Engineering Plan Review per sheet - Initial Review</u>				
1. First three (3) reviews	100	\$12,200	\$15,829	(\$3,629)
2. Fourth and subsequent review	50	\$1,250	\$1,759	(\$509)
<b>NEW</b>				
Traffic Sign Fabrication	10	\$0	\$8,203	(\$8,203)
<b>TOTAL</b>		<b>\$301,602</b>	<b>\$729,461</b>	<b>(\$427,859)</b>

Overall, the Streets Division is recovering approximately 41% of its fee-related costs. The largest single subsidy relates to Concrete Removal / Replace Charge – Sidewalk - Base, which has an annual subsidy of \$168,973. The next highest subsidy relates to Pavement Restoration Charge 6" to 8" Thick Asphalt – First 80 cubic ft, with a subsidy of \$167,530. Together, these two fee items account for nearly 80% of the Department's annual subsidy.

## 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 Santa Clara Streets Department is unique in that it charges specific user fees; many other jurisdictions incorporate these costs as part of general Engineering fees, or do not identify these as separate fees. Jurisdictions which charged for similar services have completely different fee structures. The following subsections provide available comparative information:

### 1 Storm Drain

The City of Santa Clara charges fees for its Stormwater program based upon the size, the season, and the tier. The following points outline how other surrounding jurisdictions charge for storm drain services:

- **San Jose:** The City of San Jose charges for NPDES (C3 requirements) based upon a per treatment measure basis, the size of the grading plan, the number of reviews, and the number of pumps. For On-site storm drain plans, the fee is charged based upon the number of connections, inlets and drains. For example, for a C3 treatment measure the fee is \$446 and for 1-25 connections for Storm Connection, the plan review fee is \$29.76 per connection and the inspection fee is \$47.60 per connection.
- **Cupertino:** The City of Cupertino charges storm drain impact fees and as it relates to stormwater permits and inspections it charges a penalty for violation and a flat one time Storm Management Plan Fee of \$1,382.
- **Milpitas:** The City of Milpitas utilizes a deposit-based system to account for any storm drain inspections or plan review services. A deposit is collected by the Engineering department, and staff from the Utilities department bill for their actual time spent plan reviewing and inspecting.
- **Sunnyvale:** The City of Sunnyvale does not assess separate fees for Stormwater or Storm Drain reviews and inspections. The Storm Drain review is conducted as part of the planning / entitlement phase and is accounted for in the Planning fees, and as part of the building phase, the off-site improvement inspections are accounted for as part of Engineering Improvement inspection fees.
- **Palo Alto:** The City of Palo Alto charges a per inspection (up to 4 hours) of \$602 for Stormwater Treatment Feature Operations and maintenance Inspection. Any inspection that lasts beyond 4 hours is billed at \$94 per hour.

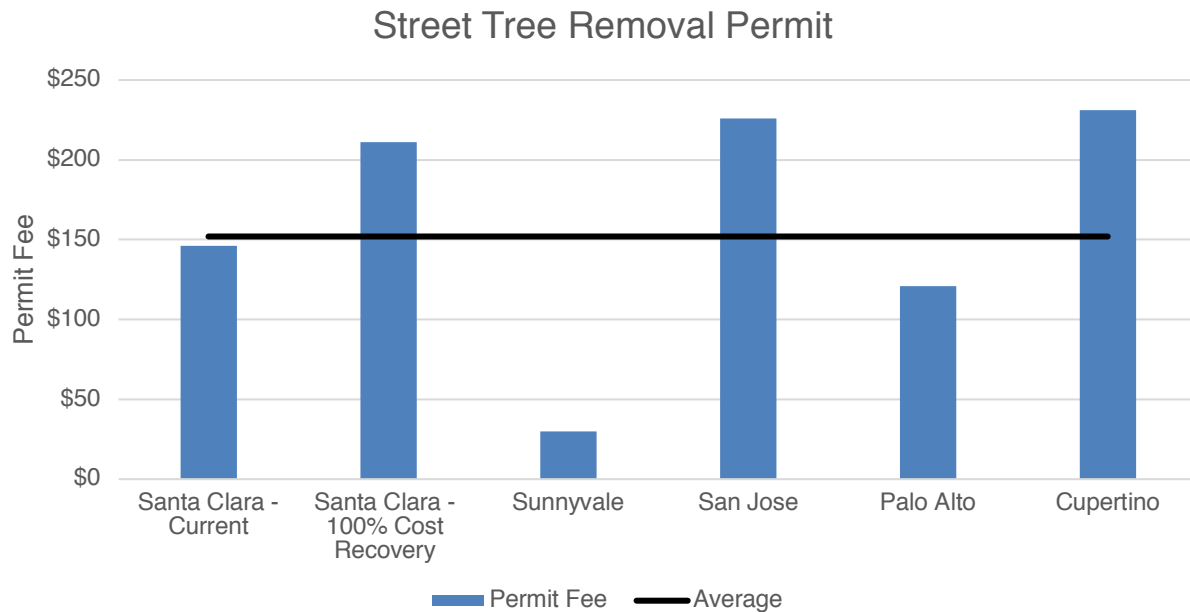
As the points illustrate there are a variety of mechanisms by which to recover the costs associated with storm drain and stormwater management programs. The city's current and full cost fees vary from a low of \$146 to a high of \$438 and full cost fees vary from \$190 to \$515. These dollar values are generally lower than most of the flat fees being assessed by surrounding jurisdictions (where a comparison is possible).

## **2 Street Maintenance Plan Review and Parkways / Boulevards Plan Review Fees**

The City of Santa Clara is unique in that it charges separate fees for Street Maintenance Plan Review and Parkways / Boulevards Engineering Plan Review fees. All of the surrounding jurisdictions account for these plan review support services through the General Engineering Plan Review fees.

### 3 Street Tree Removal

Streets Division currently charges a flat fee of \$146 for Street Tree Removal. As part of this study, the project team calculated the full cost of this service to be \$211. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, the City's current fee of \$146 is below the average fee of \$152 charged by surrounding jurisdictions. This average is being skewed due to Sunnyvale's extremely low fee of \$30. If Sunnyvale was excluded the average fee would be \$193, which is much closer to the City's full cost of \$211.

## 21. Water and Sewer

The Water and Sewer Utilities Department oversees planning, design, construction, maintenance, and operations of potable and recycled water for the City of Santa Clara. The fees examined in this study relate to water services, backflow prevention, Engineering plan review, inspections, solar heating, and sewer lateral cleanouts.

### 1 FEE SCHEDULE MODIFICATIONS

Based upon discussions with staff in the Water and Sewer Department, there were several modifications made to the Water and Sewer Fee Schedule. These modifications are summarized as follows:

- Elimination of 10" water service and water meter backflow and preventer, as those services were eliminated.
- Addition of new fees such as Hold Harmless Agreement, Temporary Sewer Discharge and Water Service Upgrade.
- Restructure of Engineering Inspection categories to align with modifications made by the Engineering division.

Identifying and implementing these changes enable the Water and Sewer Department to better reflect all services being provided on the current fee schedule.

### 2 DETAILED RESULTS - WATER

The following subsections provide the detailed results for Water related services, including the revised structure for Engineering Inspection. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), Departmental and Citywide overhead.

#### 1 Water Services

The Water department provides various services including meter, backflow, and preventer installation, as well as fire line water services. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each Water service.

Table 55: Total Cost Per Unit Results – Water

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Water Service Installation</b>			
5/8" x 3/4" water service (Installation of water service line)	\$13,912	\$18,291	(\$4,379)
1" water service (Installation of water service line)	\$13,912	\$18,291	(\$4,379)
1 - 1/2" water service (Installation of water service line)	\$13,912	\$18,291	(\$4,379)
2" water service (Installation of water service line)	\$13,912	\$18,291	(\$4,379)
3" water service (Installation of water service line)	\$30,422	\$39,813	(\$9,391)
4" water service (Installation of water service line)	\$30,422	\$40,447	(\$10,025)
6" water service (Installation of water service line)	\$30,422	\$40,847	(\$10,425)
8" water service (Installation of water service line)	\$30,422	\$41,817	(\$11,395)
<b>Water Service - Meter Device Cost Only</b>			
5/8" x 3/4" water meter	\$343	\$107	\$236
1" water meter and backflow preventer	\$458	\$600	(\$142)
1 - 1/2" water meter backflow and preventer	\$1,030	\$1,111	(\$81)
2" water meter backflow and preventer	\$1,192	\$1,359	(\$167)
3" water meter and backflow preventer	\$1,192	\$1,975	(\$783)
4" water meter and backflow preventer	\$2,603	\$2,361	\$242
6" water meter and backflow preventer	\$3,463	\$4,817	(\$1,354)
8" water meter and backflow preventer	\$6,623	\$19,716	(\$13,093)
Fire hydrant	\$22,464	\$35,493	(\$13,029)
<b>Fire Service (Installation of fire service line)</b>			
2" fire service	\$14,096	\$19,816	(\$5,720)
4" fire service	\$30,422	\$42,188	(\$11,766)
6" fire service	\$30,422	\$44,138	(\$13,716)
8" fire service	\$30,422	\$50,085	(\$19,663)
10" fire service	\$30,422	\$57,515	(\$27,093)
<b>Fire Service Upgrade (Upgrade device to DCDA or RPDA)</b>			
4" fire service	\$12,429	\$17,478	(\$5,049)
6" fire service	\$12,429	\$19,428	(\$6,999)
8" fire service	\$12,429	\$21,637	(\$9,208)
10" fire service	\$12,429	\$29,067	(\$16,638)
<b>Fire Service - Cost of Backflow Preventer - device cost only</b>			
4" DCDA	\$2,338	\$2,570	(\$232)
6" DCDA	\$3,418	\$3,824	(\$406)
8" DCDA	\$6,149	\$7,337	(\$1,188)
10" DCDA	\$8,656	\$11,300	(\$2,644)
4" RPDA	\$3,188	\$3,264	(\$76)
6" RPDA	\$4,175	\$4,670	(\$495)
8" RPDA	\$7,452	\$8,892	(\$1,440)
10" RPDA	\$9,703	\$12,368	(\$2,665)
Fire Hydrant Flow Test	\$1,296	\$1,785	(\$489)
Portable hydrant meter and Deposit (Includes cost of RP backflow)	\$1,603	\$2,047	(\$444)
Recycled hydrant meter and Deposit (Includes cost of RP backflow)	\$1,603	\$2,047	(\$444)
Water meter test	\$275	\$888	(\$613)

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Engineering Plan Review</b>			
Engineering Plan Check for Projects up to \$25K (per plan set) - includes 3 checks	\$278	\$608	(\$330)
Engineering Plan Check for Projects over \$25K (per sheet) - includes 3 checks	\$973	\$1,732	(\$759)
Engineering Plan Check for Projects up to \$25K (per plan set) - 4th and subsequent review per review	\$92	\$397	(\$305)
Engineering Plan Check for Projects over \$25K (per sheet) - 4th and subsequent review	\$0	\$568	(\$568)
Water Supply Assessment Preparation	\$9,275	\$12,916	(\$3,641)
Supplemental Assessment Preparation	\$5,936	\$8,266	(\$2,330)
Small water service (2" and smaller) abandonment	\$7,403	\$9,766	(\$2,363)
Large water service (3" and larger) abandonment	\$16,949	\$14,322	\$2,627
<b>Valve Installation</b>			
2"		\$2,922	
3"		\$3,028	
4"		\$4,685	
6"		\$4,998	
8"		\$5,282	
10"		\$7,411	
12"		\$8,222	
<b>Field Marking - Water</b>			
Up to 50 ft. of excavation	\$171	\$242	(\$71)
Over 50 ft. - each additional 50 ft. or fraction thereof of excavation	\$3.42	\$4.83	(\$1.41)
<b>Field Marking - Recycled Water</b>			
Up to 50 ft. of excavation	\$171	\$242	(\$71)
Over 50 ft. - each additional 50 ft. or fraction thereof of excavation	\$3.42	\$4.83	(\$1.41)
Small water and fire services - 2" and smaller (Tap for Construction Installation Services)	\$2,411	\$737	\$1,674
Large water and fire services - 3" and larger (Tap for Construction Installation Services)	\$3,709	\$862	\$2,847
Fire Hydrant (Inspection & Tap for Construction Installation Services)	\$3,709	\$6,506	(\$2,797)
<b>NEW</b>			
Project Clearance Committee / Subdivision Committee Review		\$564	
Hold Harmless Agreement		\$952	
Hydraulic Model - Single Family Homes		\$630	
Hydraulic Model - Others excluding Single Family Homes		\$1,426	
<b>Water Service Upgrade excluding Device Cost</b>			
5/8" x 3/4" water services and backflow preventer		\$9,803	
1" water service and backflow preventer		\$9,811	
1 - 1/2" water service and backflow preventer		\$10,290	
2" water service and backflow preventer		\$10,290	
3" water service and backflow preventer		\$10,946	

The majority of Water services reviewed in this study show an under-recovery. With subsidies ranging from a low of \$1.41 for Field Marking over 50 feet, to a high of \$27,093 for 10" Fire Service. The study shows surpluses for two device only categories, which are due to changes in material costs, as these fees do not include staff time.

Overall, Water services are recovering an average of 84% of their per unit costs.

## 2 Water Service Devices

The Water division currently assesses Water Service fees for devices assuming that both a water meter and backflow preventer are needed / required. However, through discussions with Division staff, it was determined that water meter and backflow preventer costs should be broken out separately, as more often these services can be independent of each other. The following table shows the Water Division's current fee structure:

**Table 56: Water Service Meter and Backflow Preventer – Current Fee Structure**

<b>Water Service – Meter and Backflow Preventer Device Cost Only: Current Fee</b>	
5/8" x 3/4" water meter and backflow preventer	\$343
1" water meter and backflow preventer	\$458
1 - 1/2" water meter backflow and preventer	\$1,030
2" water meter backflow and preventer	\$1,192
3" water meter and backflow preventer	\$1,192
4" water meter and backflow preventer	\$2,603
6" water meter and backflow preventer	\$3,463
8" water meter and backflow preventer	\$6,623
10" water meter backflow and preventer	Actual Cost

As noted above, the City's current fee structure includes costs for both the water meter as well as the backflow preventer. In order to ensure that applicants are only being charged for the device they need, a new fee structure was developed that breaks out the cost for water meter and backflow preventer separately. The following table shows the proposed fee structure:

**Table 57: Water Service Meter and Backflow Preventer – Proposed Fee Structure**

<b>Water Service – Meter and Backflow Preventer Device Cost Only: Current Fee</b>	
<b>Water Meter Device Cost</b>	
5/8" x 3/4" water meter	\$107
1" water meter	\$200
1 - 1/2" water meter	\$412
2" water meter	\$660
3" water meter	\$960
4" water meter	\$1,422
6" water meter	\$3,263
8" water meter	\$8,800

**Water Service – Meter and Backflow Preventer Device Cost Only: Current Fee****Backflow Preventer Device Cost**

5/8" x 3/4" backflow preventer	\$0
1" backflow preventer	\$400
1 - 1/2" backflow preventer	\$699
2" backflow preventer	\$699
3" backflow preventer	\$1,015
4" backflow preventer	\$939
6" backflow preventer	\$1,554
8" backflow preventer	\$10,916

As outlined in the table above, the device costs for the water meter and backflow preventer have been broken out separately. Applicants only need one device will therefore only be charged for the device needed, and if both devices are required, both fees will be assessed.

### 3 Water Engineering Inspections

As discussed above, the Water division currently assesses Engineering Inspection fees using the same structure as the Engineering division. In discussions with Engineering staff it was determined that a better structure existed in order to better reflect the services provided. As such, the project team restructured Water's Engineering Inspection fees to be consistent with the structure developed for Engineering. The following table shows the Water Division's current fee structure:

**Table 58: Water Engineering Inspections – Current Fee Structure**

<b>Engineering Inspections:</b>	<b>Current Fee</b>
\$0-\$15k	\$278
\$15,001-\$25K	\$1,112
\$25,001-\$50K	\$278
\$50,001-\$100k	\$4,637
\$101k-\$200K	\$7,421
\$201k-\$500K	\$15,768
\$501k-\$1M	\$31,539
\$1M + each additional \$500k or fraction thereof	\$10,203

As the table indicates, for projects valued at \$15,001 the Engineering inspection fee goes from \$278 to \$1,112. This is a significant increase even though there has only been a \$1 change in the valuation of the improvement or project. Therefore, in order to provide a more scaled approach, as well as to be consistent with the Engineering division, the project team developed a tiered structure for Engineering Inspections. The following table shows the proposed fee structure:

**Table 59: Water Engineering Inspections – Proposed Fee Structure**

Engineering Inspections:	Proposed Fee
\$0-\$15k	\$339
\$15,001-\$25K – base + % of Cost above \$15k	\$339 + 10.17%
\$25,001-\$50K – base + % of Cost above \$25k	\$1,356 + 8.13%
\$50,001-\$100k – base + % of Cost above \$50k	\$3,389 + 4.52%
\$101k-\$200K – base + % of Cost above \$100k	\$5,646 + 3.39%
\$201k-\$500K – base + % of Cost above \$200k	\$9,038 + 3.39%
\$501k-\$1M – base + % of Cost above \$500k	\$19,205 + 3.84%
\$1M – base + each addl \$500k or fraction thereof	\$38,410 + \$12,427 per \$500k or fraction thereof

As the table above indicates, the proposed fee structure allows for a more scaled approach to charging fees to projects. The proposed fee structure would allow projects that are valued up to \$15,000 to be charged a flat fee of \$339, and if a project is calculated at \$15,001 the proposed fee would be \$339 + 10.17% x \$1.00 or \$339.10.

### 3 DETAILED RESULTS - SEWER

The Sewer department provides various services including sewer lateral installation and cleanout, as well as field marking 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 Sewer service.

**Table 60: Total Cost Per Unit Results – Sewer**

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Sewer lateral cleanout 4 inch lateral	\$1,326	\$11,761	(\$10,435)
Sewer lateral cleanout 6 inch or larger	\$6,565	\$11,761	(\$5,196)
Cleanout box only	\$207	\$800	(\$593)
4" sewer lateral installation	\$31,583	\$35,289	(\$3,706)
6" sewer lateral installation	\$31,583	\$35,289	(\$3,706)
8" sewer lateral installation	\$31,326	\$35,289	(\$3,963)
Sewer lateral video inspection	\$278	\$801	(\$523)
<b>Encroachment Permit: Field Marking-Sanitary Sewer</b>			
Up to 50 ft. of excavation	\$111	\$193	(\$82)
Over 50 ft. - each additional 50 ft. or fraction thereof of excavation	\$1	\$4	(\$2)

Similar to Water, all of the services reviewed for Sewer show an under-recovery. The identified subsidies range from a low of \$82 for Up to 50 ft. of Excavation (\$2 for the each additional ft.), to a high of \$10,435 for Sewer lateral cleanout 4 inch lateral.

Sewer is recovering an average of 54% of its service costs on a per unit basis.

## 4 ANNUAL REVENUE IMPACTS

The project team calculated annual revenue impacts for both Water and Sewer services, which are outlined in the following subsections.

### 1 Annual Revenue Impacts – Water

The Water Department is under-recovering for its fee-related costs by approximately \$3,745,000. 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 61: Annual Results – Water**

Fee Name	Annual Recoverable Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
<b>Water Service Installation</b>				
1" water service	17	\$236,504	\$310,948	(\$74,444)
1 - 1/2" water service	1	\$13,912	\$18,291	(\$4,379)
2" water service	1	\$13,912	\$18,291	(\$4,379)
4" water service	1	\$30,422	\$40,447	(\$10,025)
<b>Water Service - Meter Device Cost Only</b>				
1 - 1/2" water meter backflow and preventer	1	\$1,030	\$1,111	(\$81)
2" water meter backflow and preventer	1	\$1,192	\$1,359	(\$167)
4" water meter and backflow preventer	1	\$2,603	\$2,361	\$242
<b>Fire Service (Installation of fire service line)</b>				
2" fire service	1	\$14,096	\$19,816	(\$5,720)
6" fire service	7	\$212,954	\$308,964	(\$96,010)
8" fire service	4	\$121,688	\$200,339	(\$78,651)
10" fire service	1	\$30,422	\$57,515	(\$27,093)
<b>Fire Service - Cost of Backflow Preventer - device cost only</b>				
6" RPDA	7	\$29,225	\$32,690	(\$3,465)
8" RPDA	4	\$29,808	\$35,568	(\$5,760)
10" RPDA	1	\$9,703	\$12,368	(\$2,665)
Fire Hydrant Flow Test	104	\$134,784	\$185,688	(\$50,904)
<b>Portable hydrant meter and Deposit (Includes cost of RP backflow)</b>	73	\$117,019	\$149,431	(\$32,412)
<b>Engineering Plan Review</b>				
Engineering Plan Check for Projects up to \$25K (per plan set) - includes 3 checks	324	\$90,072	\$196,836	(\$106,764)
Engineering Plan Check for Projects over \$25K (per sheet) - includes 3 checks	786	\$764,778	\$1,361,528	(\$596,750)

Fee Name	Annual Recoverable Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Engineering Plan Check for Projects up to \$25K (per plan set) - 4th and subsequent review per review	32	\$2,944	\$12,711	(\$9,767)
Engineering Plan Check for Projects over \$25K (per sheet) - 4th and subsequent review	475	\$0	\$269,860	(\$269,860)
<b>Engineering Inspection</b>				
\$15,001-\$25K	500	\$556,000	\$932,250	(\$376,250)
\$25,001-\$50K	458	\$1,274,156	\$2,017,719	(\$743,563)
\$201K-\$500K	3	\$47,304	\$72,866	(\$25,562)
Water Supply Assessment Preparation	2	\$18,550	\$25,833	(\$7,283)
Small water service (2" and smaller) abandonment	19	\$140,657	\$140,657	\$0
<b>Field Marking - Water</b>				
Up to 50 ft. of excavation	9,867	\$1,687,257	\$2,384,721	(\$697,464)
<b>Field Marking - Recycled Water</b>				
Up to 50 ft. of excavation	9,867	\$1,687,257	\$2,384,721	(\$697,464)
Small water and fire services - 2" and smaller (Tap for Construction Installation Services)	32	\$77,152	\$23,574	\$53,578
Large water and fire services - 3" and larger (Tap for Construction Installation Services)	45	\$166,905	\$38,776	\$128,129
<b>TOTAL</b>		<b>\$7,512,306</b>	<b>\$11,257,239</b>	<b>(\$3,744,933)</b>

There are four areas which account for nearly 90% of the subsidy outlined above. Approximately one-third of the subsidy relates to Engineering Inspection, which has a cumulative subsidy of approximately \$1.1 million. The next largest subsidy relates to Engineering Plan Review, which cumulatively shows a subsidy of nearly \$1 million.

Field Marking for Water and Recycled Water show subsidies of \$697,000 each. While the per unit subsidy is only \$71 for each of these services, as the City performs nearly 10,000 of these a year, the impact of the subsidy compounds quickly.

Overall the Water department is recovering approximately 67% of its costs annually.

## 2 Annual Revenue Impacts – Sewer

The Sewer Department is under-recovering for its fee-related costs by approximately \$910,000. 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 62: Annual Results – Sewer**

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Sewer lateral cleanout 4 inch lateral	10	\$3,260	\$117,613	\$(104,353)
<b>Encroachment Permit: Field Marking-Sanitary Sewer</b>				
Up to 50 ft. of excavation	9,867	\$1,095,237	\$1,901,003	\$(805,766)
<b>TOTAL</b>		<b>\$1,108,497</b>	<b>2,018,617</b>	<b>\$(910,120)</b>

The majority of the subsidy identified for fee-related Sewer services is associated with excavation at about \$806,000. While the per unit subsidy is \$82, due to the large number of permits issued, the subsidy is quickly compounded. The other area where Sewer shows an under-recovery relates to lateral cleanouts, which has a subsidy of \$104,000.

Overall, the Sewer department is recovering approximately 55% of its fee-related service costs annually.

## 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. However, the typical fees charged by Water and Sewer departments are the services and charges included in the Muni Services fee schedule (i.e. Water Turn On, Turn offs, Door hangers, etc.).

Fees associated with installation of meters and services, or sewer laterals are typically charged on a deposit or cost basis by many of the surrounding jurisdictions (i.e. Sunnyvale, Milpitas, and San Jose). Sunnyvale is the only jurisdiction, which does charge a Water Hydraulic Modeling Fee of \$1,428; which is significantly higher than the full cost of \$275 calculated by the project team for the City of Santa Clara. Fees associated with review and inspection of development applications are accounted for as part of the larger Engineering Plan Check and Inspection fees, which are also typically charged on a deposit or percentage basis by many of the surrounding jurisdictions.