


4/28/20


Item #6



Item 6

**Public Hearing: Action
on the Adoption of the
Fiscal Year 2020/21
Municipal Fee Schedule**

April 28, 2020



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

Agenda

- Background
- Fee Setting Methodology
- Summary of Fee Schedule
- Fee Details
- Recommendation

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FY 2020/21 Municipal Fee Schedule Background

- The Proposed Municipal Fee Schedule is a compilation of fees for City services provided to the public
- Separately published fee schedules are not included in this document
 - Electric Rates
 - Water & Sewer Utility Rates
 - Santa Clara Recreation Activity Charges

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FY 2020/21 Municipal Fee Schedule Background (cont.)

- Prop 218 & Calif. Gov't Code 66014 enable local agencies to set fees at rates that obtain fair and reasonable recovery of costs without exceeding full cost recovery
- Council adopted Budget Principle provides guidance for adjustments to Fees:
 - *With limited exceptions, establish fees based on full cost recovery where individuals/businesses rather than the community at-large are benefiting from City services. This preserve limited unrestricted resources for providing services that benefit the community as a whole.*

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Fee Setting Methodology

- Matrix Consulting Group, a third-party consultant, conducted a comprehensive Cost of Service Study for FY 2019/20
 - Citywide, all departments, implemented in two phases
 - Phase I adopted on July 16, 2019
 - Phase II adopted on November 19, 2019
 - All programs evaluated had total subsidy of **\$22.4 million (All funds)**
- Proposed FY 2020/21 – Inflation Rate of **4.94%** is used for fee increases
 - City's recurring operational costs change between FY 2019/20 and FY 2020/21
 - These increases are needed to maintain cost recovery and not widen the subsidy, otherwise subsidies from existing funds will need to be increased

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FY 2020/21 Municipal Fee Schedule Summary

- Four (4) new fees
- One (1) deleted fee
- One (1) major fee category restructured
- Technology Fee unchanged
- Six (6) unchanged fees/fee categories
- Several fees continue to phase in

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FY 2020/21 Municipal Fee Schedule Summary (cont.)

- All fees increased by 4.94% except for
 - Non-standard adjustments
 - Other escalation factors pursuant to City resolutions or cost structure
- Fees to be brought forward at later dates
 - Community Room Rental fees
 - Park land valuation
 - Sewer Wastewater Treatment Plant Capacity fees

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New Fees

- Four (4) new fees for one new service proposed to be added to the fee schedule
- Parks and Recreation Department, Cemetery Division's new service provides single perpetual care, a cost-effective option
 - One Cremation Above Ground Indoor Community Mausoleum for Resident and Non-Resident
 - Related Interment Right for Resident and Non-Resident

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Deleted Fee

- One (1) fee proposed to be deleted from the fee schedule
- Parks and Recreation Department, Recreation Division encourages further safety precaution at City swimming pools
 - Pools Lifejacket Rental fee

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Major Restructure of Fees

- Police Department Massage Fees restructured based on type of business ownerships with new categories and adjusted to full cost recovery
 - Two (2) fees deleted and replaced by new fees, listed below
 - Two (2) new fees added for sole proprietor application and renewal
 - Two (2) new fees added for establishment inspections and permit amendments
 - Two (2) fees renamed to distinguish applicant business ownership structure

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Unchanged Fees

- Citywide Technology Fee
- No-Fee Parade Permit
- Alarm Permit and False Alarm Calls
- Silicon Valley Animal Control Authority
- Sanitary Sewer Outlet Conveyance
- Sanitary Sewer Capacity Model Run
- Oversize, Overweight Vehicles

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Stepped-In Fees

- Park In-Lieu Fees, park improvement costs, step in over four (4) years as previously approved by Council
- Matrix Study recommended many previously highly subsidized fees to increase in phases to achieve full cost recovery over time
- Various Fire Department fees, mainly Construction Permit and CUPA fees, step in over two (2), three (3), or four (4) years as initiated in FY 2019/20
- Public Works Department, Streets Division: certain street maintenance fees relating to Curb and Sidewalk Concrete Removal and Replacements step in over four (4) years as initiated in FY 2019/20

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Key Non-Standard Changes

- Community Development Department, Housing Division: incorporates Development Impact Fees into fee schedule – fees effective February 22, 2018
- Library: the outsourced Collection Agency Fee on overdue fines set at full cost of \$27 to encourage library materials return
- Parks and Recreation Department, Cemetery Division: corrects several perpetual care fees for residents, reflecting a 25% discount to full cost
- Parks and Recreation Department, Recreation Division: increase of \$0.50 to \$1.00 per hour for tennis courts due to rising costs of the operating vendor
- Water and Sewer Department, Sewer Division: increase Sewer Lateral Cleanout fees by 10%, but remains below cost recovery so that residents are not discouraged from having cleanouts performed

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Other Escalation Factors

- Other factors used are based on fee cost structure or City ordinances and resolution for certain Public Works Department's Engineering fees and Community Development Department's impact and planning fees
- Engineering News-Record (ENR) published San Francisco area indices
 - Construction Cost Index (CCI) – 5.7% January 2020
 - Building Construction Index (BCI) – 6.8% February 2020
- U.S. Bureau of Labor Statistics published San Francisco-Oakland-Hayward Consumer Price Index (CPI-U) – 2.5% December 2019

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Recommendation

- Adopt a resolution for the "City of Santa Clara 2020/21 Municipal Fee Schedule" which (1) sets new fees, rates and charges (collectively "fees"); (2) amends existing fees; (3) deletes certain fees; and (4) retains unchanged fees for various City departments effective on July 1, 2020.

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