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RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUNNYVALE AMENDING RESOLUTION NO. 879-18, THE CITY'S FEES, RATES AND CHARGES RESOLUTION, TO MODIFY WATER AND SEWER CONNECTION FEES FOR HOTEL PROPERTIES IN SUNNYVALE

WHEREAS, the City Council of the City of Sunnyvale ("City") adopted Resolution No. 879-18, the Master Fee Schedule, on June 26, 2018; and

WHEREAS, the Master Fee Schedule includes connection fees for both water and wastewater utilities; and

WHEREAS, connection fees are assessed to property developers to cover the incremental demands placed on the water and sewer system by new developments; and

WHEREAS, in late 2015, City's consultant Bartle Wells Associates completed a Water and Sewer Capacity Fee Study, and based on the recommendations of the study, City staff recommended an average cost approach under which new or expanded connections would fund the proportionate share of costs for capacity needed in existing and planned water and wastewater system facilities and assets; and

WHEREAS, on the basis of the 2015 study, the hotel connection fees were set at the same rate as multi-family residential uses; and

WHEREAS, subsequently, the City directed Bartle Wells Associates to conduct a further study on hotels which determined that hotel units on average consume approximately 75% of the water and therefore place less demand on the water and sewer system than multi-family residential units; and

WHEREAS, based on this analysis, City staff proposes that a new classification for hotels be added to the Water and Sewer Connection Fees section 9.02 of the City's fee schedule; and

WHEREAS, the City Council is empowered to impose reasonable fees, rates, and charges to offset the costs for municipal services; and

WHEREAS, the City is not required to comply with the special noticing and protest procedures in Proposition 218 order to reduce an existing fee; and

WHEREAS, the City desires to implement a new classification for hotels for both water and wastewater connection fees as set forth in Exhibit "A."

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE AS FOLLOWS:

1. Section 9.02, "Water and Sewer Connection fees" of the Master Fee Schedule, is hereby adopted as set forth in Exhibit "A", attached hereto and incorporated herein.

2. The establishment of fees herein is exempt from the requirements of the California Environmental Quality Act pursuant to Public Resources Code 15378(b)(4) because it is related to the creation of government funding mechanisms or other fiscal activities which do not involve any commitment to any specific project.

3. All other provisions of Resolution No. 879-18 shall remain in effect.

Adopted by the City Council at a regular meeting held on _____, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:
RECUSAL:

ATTEST:

APPROVED:

City Clerk
(SEAL)

Mayor

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

CITY OF SUNNYVALE FISCAL YEAR 2018/19 FEE SCHEDULE

	Fiscal Year <u>2018/19</u>	Charge <u>Code</u>	Object Level <u>3 & 4</u>	Title <u>(Obj. Lvl. 3)</u>	Title <u>(Obj. Lvl. 4)</u>
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SECTION 9.02 WATER AND SEWER CONNECTION FEES

Pursuant to Section 66001 of the Government Code, the City Council hereby determines:

- (1) The purpose of the water and sewer connection charges is to assure payment by developers of their pro rata share of the escalated cost of the City's water and sanitary sewer system.
- (2) The charge will be used to reimburse the City for the owner or developer's fair share of the use of the water system and sanitary sewer systems.
- (3) There is a reasonable relationship between the use of the fees, the need for a water system, a wastewater treatment plant, and the types of development projects upon which the fee is imposed. All development projects create varying needs for the consumption of water which cannot be fulfilled unless the project is connected to the municipal water system to assure an adequate supply of water to each project. Plus, each project creates a need for sewage conveyance, disposal and treatment. The degree to which each project is charged is based upon factors related to the degree of potential usage, such as: type and size of projects, number of units, and calculations of the escalated cost of the City's sanitary sewer system; the current system capacity; the cost of conveyance, treatment and disposal per equivalent single-family dwelling unit; and the estimated daily discharge for each facility to be connected to the sanitary sewer system, taking into account proportionate average daily discharge of sewage, total organic carbon, sewage, suspended solids, and ammonia nitrogen. The fees or charges shall be collected from the owner or developer of property either (1) prior to approval of the original connection of the property to the water or sanitary sewer system, or a redevelopment with incremental impact, or (2) in the event the uses being made of the property presently connected to the system are enlarged, added to, or further structures are constructed on the property.

A. Water Connection Fees.

The following definitions shall be used for the purpose

of determining the connection fee in this section:

- (a) A residential "unit" shall mean one or more rooms used for living purposes by one family.
- (b) A commercial, industrial, or institutional "unit" shall mean each one hundred (100) gallons of expected daily water demand. commercial, industrial, or institutional purposes.
- (c) "Institutional property" shall mean property used only for the erection and maintenance of church, school, hospital, or public buildings.
- (d) **A hotel "unit" shall mean a room in a hotel that is intended or designed for dwelling, lodging or sleeping purposes by transient occupants. Units in a hotel that contain facilities for cooking and washing dishes shall be classified as low occupancy residential units.**

The connection fee to be paid for each parcel or property served through the same water lateral by the owner or developer of residential, commercial, industrial, or industrial property shall be computed as follows:

Residential Units					
Standard Occupancy Unit (with 3 or more bedrooms)	\$6,180.00	799918	3050		Water Connection Fees
Low Occupancy Unit (with 1 or 2 bedrooms, 2 bedrooms and den)	\$3,502.00	799918	3050		Water Connection Fees
Hotel Occupancy Unit	\$2,060.00	799918	3050		Water Connection Fees
Commercial, Industrial and Institutional Units:					
Per Unit	\$2,060.00	799918	3050		Water Connection Fees

**CITY OF SUNNYVALE
FISCAL YEAR 2018/19
FEE SCHEDULE**

	<u>Fiscal Year 2018/19</u>	<u>Charge Code</u>	<u>Object Level 3 & 4</u>	<u>Title (Obj. Lvl. 3)</u>	<u>Title (Obj. Lvl. 4)</u>
WATER AND SEWER CONNECTION FEES (cont'd)					
G. <u>Water Main Construction Credits.</u>					
1.	Upon completion and acceptance of improvements installed in conjunction with a Subdivision Agreement or Development Permit, a construction credit per lineal foot of frontage shall be allowed to the owner or developer of property, who at no expense to the City has installed a sewer main in a subdivision boundary line street or in a street on the periphery of a subdivision which (a) will serve only one side of the street, namely, the side being developed by the installing owner or developer, or (b) will serve the property on the other side of the street which is owned by a different person.	\$49.50	799918	3050	Water Connection Fees
2.	A construction credit equal to the difference in the cost of water main pipe eight (8) inches in nominal diameter and the size of the pipe required to be installed shall be allowed to the owner or developer when such oversizing is required by the City to serve contiguous areas developed, or to be developed, by other developers.				
H. <u>Sewer Lateral Fee.</u> The sewer lateral fee to be paid by the owner or developer of property whenever it is necessary for the City to install a sewer lateral from main sewer to the property line shall be the costs of installation including labor, materials, equipment, and overhead as determined by the City.					
	Actual Cost	799921	3068	Sewer Connection Fees	
I. <u>Sewer Connection Charges.</u> The charges, payable in advance, for sewer connections shall be as follows:					
<u>Residential</u>					
1.	Standard Occupancy Unit (with 3 bedrooms and up)	\$8,124.00	799921	3068	Sewer Connection Fees
2.	Low Occupancy Unit (with 1 or 2 bedrooms, 2 bedrooms and den)	\$5,281.00	799921	3068	Sewer Connection Fees
3.	Hotel Occupancy Unit* *as defined in Section 9.02A(d) of this fee schedule.	\$4,276.00	799921	3068	Sewer Connection Fees