



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Annual Review of Proposed Fees and Charges for Fiscal Year 2020/21

REPORT IN BRIEF

The fees and charges of the City are reviewed and adjusted each year in accordance with Council Policy 7.1.1 Fiscal -Long Range Goals and Financial Policies. This annual evaluation ensures that all fees and charges of the City are aligned with the cost to provide fee-related services, except for those fees that are legally limited, market based, or subsidized per Council direction.

After a detailed staff review of fees, necessary adjustments have been made to the proposed Fee Schedule. Fees that are legally limited remain unchanged. Periodically, staff reviews various fees in detail and adjusts them for cost of service, usually once every three to five years. In the intervening periods, fees are adjusted by a general inflation factor. Those fees that did not receive a detailed cost of service review are proposed to be increased 3% based on changes in the City's labor rates. Fees related to construction price changes are proposed to increase 3% in accordance with the five-year Construction Cost Index (CCI) average year-over-year change for the period of December 2015 to December 2019, as reported by Engineering News-Record. Another benchmark used to assess the change in certain impact fees for commercial or residential real estate development is the Consumer Price Index for Urban Consumers for the San Francisco-Oakland-Hayward Area (CPI-U SF), which increased by 2.9% from the prior fiscal year.

The Recommended FY 2020/21 Fee Schedule (Attachment 1) details all proposed fees. Most fees become effective at the start of the new fiscal year, with exception of development processing and mitigation fees, which become effective 60 days after adoption pursuant to Government Code section 66017.

Each year, the City Council reviews recommended changes to the City's fees and charges. The June 9, 2020 public hearing is to allow public input and comment on proposed fees and charges. This hearing on the proposed fees will be followed by Council consideration to adopt updated and new fees on June 23, 2020.

BACKGROUND

The attached Fee Schedule references all City fees, except the proposed utility rates, SMaRT Station Public Haul Gate rates, and fees for recreation services. Fees related to utility services (i.e., water, refuse, and sewer) are being adopted on June 23, 2020 by a separate Council action when the utility rates are set (RTC No. 20-0503). Fees for recreation services are established administratively by the Director of Library and Community Services. Those fees are established based upon market conditions and Council adopted policies to ensure fairness and accessibility. SMaRT Station Public Haul Gate Rates are established administratively by the Director of Environmental Services based

upon disposition costs for recyclables and residues; allowing the flexibility to adjust rates as market conditions change as is the normal practice for transfer stations and disposal facilities.

EXISTING POLICY

Council Policy 7.1.1 *Fiscal -Long Range Goals and Financial Policies:*

7.1B.5.2 - User charges and fees should be adjusted at least annually to avoid sharp changes.

7.1B.5.4 - User fees should be established at levels which reflect the full cost of providing those services.

7.1B.5.5 - Council may determine for any service whether a subsidy from the General Fund is in the public interest.

California Government Code Section 66016(a): Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Further, pursuant to Government Code section 66018, a published notice for this public hearing has been printed in the Sunnyvale Sun.

ENVIRONMENTAL REVIEW

The annual review of the City's fees and charges does not require environmental review under the California Environmental Quality Act (CEQA) because it is a fiscal activity that does not commit the City to a specific project that will have a significant effect on the environment. (CEQA Guidelines, Section 15378(b)(4).)

DISCUSSION

Council Fiscal Policy guides staff to set fees for services to recover cost where possible and legally allowed. Staff continues to ensure that all fees not legally limited, market based, or subsidized, provide for full cost recovery. The results of these efforts have been incorporated into the Recommended FY 2020/21 Fee Schedule (Attachment 1); the proposed Schedule details all recommended fees. For ease of administration, many fees have been rounded to the nearest logical unit.

The proposed rates have been moderated to balance recent economic volatility as a result of the COVID-19 pandemic while striving to maintain full cost recovery. The City's proposed annual inflation rate of 3% is an average derived from the City's year-over-year changes of citywide salaries and benefits costs. Fees related to construction price changes are proposed to increase 3% in accordance with the five-year CCI average year-over-year change for the period of December 2015 to December 2019, as reported by Engineering News-Record. For the CPI-U SF, the United States Bureau of Labor Statistics has shown a 2.9% increase from February 2019 to February 2020. New fees or fees that are proposed to be adjusted by an amount greater than the factors discussed above are detailed below.

New Fees

The following proposed new fees would either be charged for a new service, recover the cost resulting from a significant increase in service level for a service that the City already provides, or assess a fee for a service that has been provided at no cost but can be legally charged from the user of the service. Each new fee has been carefully evaluated to ensure it covers the cost of providing each service.

Department of Public Works

8.01 Right of Way Encroachment - Reinspection Fee

Staff recommends creating a reinspection fee that may be charged for each re-inspection when inspections are canceled with less than 2 working-hours' notice or the work is not ready for the inspection. The recommended fee is \$212, which is consistent with the Refund for Permit Cancellation fee.

Non-Standard Fee and Charge Adjustments

The following fees are adjusted by an amount greater than the City's labor rate increase, CCI inflation increase, or CPI-U SF inflation increase:

Department of Public Works

8.01 Right of Way Encroachment Fees

Staff recommends increasing the following fees to include the cost of additional review by a Civil Engineer that is required.

- Construction in Public Right of Way:
 - A construction of 50 feet in length or less - \$348 to \$441
 - A construction of over 50 feet in length plus
 - (for the first 50 feet) - \$348 to \$441
 - (for each additional 100 feet or fraction thereof) - \$209 to \$265
- Refund for Permit Cancellation - \$167 to \$212
- Permit Extension (3-month increments) - \$61 to \$79
- Permit Revision (after approval) - \$143 to \$181
- Right-of-way Usage Fee (for private fiber optic/network facilities) - \$18.50 to \$22

8.02 Development Projects

Staff recommends increasing the following fees to include the cost of additional review by a Civil Engineer that is required and to better reflect the costs of city engineering staff review time.

- Public Improvement Engineering Plan Check and Inspection Fees
 - Public Improvement construction costs up to \$10,000 - \$4,656 to \$5,586
 - Public Improvement construction costs from \$10,001 to \$50,000 - \$4,656 to \$5,586
 - Public Improvement construction costs from \$50,001 to \$1,000,000 - \$18,656 to \$19,586; plus 5% (1% increase) of cost > \$50,000
 - Public Improvement construction costs \$1,000,001 and up; plus 2% (1% increase) of cost > \$1,000,000

8.03 Transportation/Traffic Fees

Staff recommends decreasing these fees to be consistent with the fee set by the State.

- For each single Transportation Permit issued by the Department of Public Works authorizing the operation on certain City streets of vehicles of a size, load weight or vehicle weight

exceeding the maximum specified in the Vehicle Code of the State of California. - \$67.50 to \$16

- For each annual/repetitive permit, paid in its entirety with no provisions for transfer, proration and/or refund. - \$101 to \$90

8.06 Municipal Golf Course Green Fees

Golf customers play at Sunnyvale based on cost, location, and quality of the course. If fees are raised beyond what other courses are charging - rounds and revenue will decrease. The two courses will charge fees to remain competitive in the local market as reflected in the Fee Survey. Raising fees beyond what is proposed potentially affects total revenue if fewer golfers use the course due to high rates.

Golf fees are market-based, and staff has completed the annual Golf Market Survey and proposes to align fees with neighboring courses with the below recommended fee increases:

- Weekday
 - Sunnyvale - Resident (18 Holes) - \$35 to \$37
 - Sunnyvale - Non-Resident (18 holes) - \$39 to \$41
 - Sunnyvale - Senior 60+ (18 Holes) - \$28 to \$30
 - Sunnyvale - Junior (18 Holes) - \$16 to \$18
 - Sunnyvale - Morning Back 9 Holes - \$28 to \$30
 - Sunken Gardens - Resident (9 Holes) - \$16 to \$18
 - Sunken Gardens - Non-Resident (9 Holes) - \$18 to \$20
 - Sunken Gardens - Junior (9 Holes) - \$10 to \$12
- Weekday Twilight/Replay
 - Sunnyvale (18 Holes) - \$28 to \$30
 - Sunnyvale - Super (18 Holes) - \$18 to \$20
 - Sunnyvale - Replay (18 Holes) - \$17 to \$19
 - Sunnyvale - Junior (18 Holes) - \$10 to \$12
 - Sunken Gardens Replay (9 Holes) - \$10 to \$12
- Weekend/Holiday
 - Sunnyvale - Resident (18 Holes) - \$47 to \$49
 - Sunnyvale - Non-Resident (18 holes) - \$53 to \$55
 - Sunnyvale - Junior (18 Holes) - \$18 to \$20
 - Sunnyvale - Morning Back 9 Holes - \$30 to \$32
 - Sunken Gardens - Resident (9 Holes) - \$19 to \$21
 - Sunken Gardens - Non-Resident (9 Holes) - \$22 to \$24
 - Sunken Gardens - Junior (9 Holes) - \$10 to \$12
- Weekend/Holiday - Twilight/Replay
 - Sunnyvale - Resident (18 Holes) - \$28 to \$30

- Sunnyvale - Non-Resident (18 Holes) - \$33 to \$35
- Sunnyvale - Super (18 Holes) - \$23 to \$25
- Sunnyvale - Replay (18 Holes) - \$17 to \$19
- Sunnyvale - Junior (18 Holes) - \$18 to \$20
- Sunken Gardens - Resident Replay (9 Holes) - \$10 to \$12
- Sunken Gardens - Non-Resident Replay (9 Holes) - \$12 to \$14
- Sunken Gardens - Junior (9 Holes) - \$10 to \$12

- School Team Play
 - Sunnyvale - Sunnyvale Schools (18 Holes) - \$600 to \$650
 - Sunnyvale - Non-Sunnyvale Schools (18 Holes) - \$700 to \$750

- Sunnyvale Advantage Card (Residents Only)*
 - Sunnyvale (18 Holes) - \$185 to \$200
 - Sunken Gardens (9 Holes) - \$110 to \$125

- Resident Golf Discount Card (Seniors, Juniors, Disabled Only)
 - Sunnyvale (18 Holes) - \$160 to \$175
 - Sunken Gardens (9 Holes) - \$99 to \$110

- Non-Resident Monthly Card
 - M-F Sunnyvale (18 Holes) - \$219 to \$235

- Tournament Fee
 - Sunnyvale - Cart Fee Per Person (18 Holes) - \$15 to \$16
 - Sunken Gardens - (9 Holes) - \$1.50 to \$2

- Delete Non-Resident Monthly Card
 - M-Su Sunnyvale (18 Holes)

Department of Public Safety

7.03 (H) Officer Contract Overtime and (I) K-9 Officer Deployment

Staff recommends increasing these fees by 4.76%, which is consistent with the anticipated year-over-year change for sworn personnel.

Department of Environmental Services

9.02 (I) Sewer Connection Charges and (J) Sewer Main Construction Credits

Staff proposes to increase these sewer fees by 4% to align fees with increases in labor and sewer infrastructure cost requirements.

9.03 (A) Backflow Testing Permit

Staff recommends increasing this fee from \$208 to \$220, a 6% increase, to better reflect the level of effort and resources required to process the permit.

9.06 Groundwater to Sewer Discharge (A) Annual Discharge Permit and (B) One-time Discharge Permit

Staff proposes to increase these sewer fees by 4% to align with the increase for wastewater charges for service.

9.08 Delinquency Processing Fees and Turning On and Restoring Water Service Fees

Staff proposes to increase (D) and (F) by 5.26% to ensure cost recovery for these activities.

(D) Restoring water service once all unpaid amounts of delinquent accounts have been paid, between 4:00 p.m. and 8:00 a.m. Monday through Friday, Saturdays, Sundays, and holidays - \$95 to \$100

(F) Turning on water service for new accounts between 4:00 p.m. and 8:00 a.m., Monday through Friday, Saturdays, Sundays, and holidays - \$95 to \$100

Restructured/Replaced/Relocated Fees

Department of Environmental Services

9.03(C) Backflow Field Inspection

Staff recommends changing this fee to “Backflow Installation Permit” and increase it from \$339 to \$450. The increase reflects the combination of Section 9.03(C) Field Inspection and Section 9.03(D) Fire Service Field Inspection fees into a single Backflow Installation Permit fee. Staff also recommends the deletion of the separate Section 9.03(D) Backflow Fire Service Field Inspection fee.

Deletions:

Department of Library and Community Services

6.01(A) Fines for Overdue Materials

Staff recommends deleting the fines imposed on overdue library materials per Council action in RTC No. 20-0112 on May 22, 2020.

Department of Environmental Services

9.03(D) Backflow Fire Service Field Inspection

Staff recommends deleting the fee since the cost is the same for field staff to perform fire service field inspections and a field inspection. The cost for the combined inspections will be reflected in the aforementioned “Backflow Installation Permit” fee.

FISCAL IMPACT

Most new fees become effective at the start of the new fiscal year on July 1, 2020. Exceptions are changes to Development Processing fees (i.e., filing, accepting, reviewing, approving, or issuing of an application or permit) and mitigation fees; these become effective 60 days after adoption (in accordance with California Government Code Section 66017). The impact of proposed adjustments to these fees has been incorporated in the FY 2020/21 Recommended Budget. Attachment 1 presents the Recommended FY 2020/21 Fee Schedule with proposed fees and charges.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, Sunnyvale Public Library and Department of Public Safety; and by making the agenda and report available at the Office of the City Clerk and on the City's website.

Notice of the public hearing on the proposed fees and charges was published in the Sunnyvale Sun on May 22, May 29, and June 5. Notice was sent to the Building Industry Association and the Tri-County Division of the California Apartment Association, which requested notice pursuant to the Government Code. Boards and commissions wishing to make comments, suggestions, or recommendations may testify at the public hearing.

STAFF RECOMMENDATION

Council is conducting a public hearing in order to solicit public input and provide direction to staff on any fee requiring further review prior to the June 23, 2020 Council meeting where the proposed schedule will be considered for adoption.

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Reviewed by: Tim Kirby, Director, Finance

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. FY 2020/21 Recommended Fee Schedule