



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 21-0615, Version: 1

REPORT TO COUNCIL

SUBJECT

Annual Review of Proposed Fees and Charges for Fiscal Year 2021/22

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 4% 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 2016 to December 2020, 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 an average of 3% year-over-year for the last three years.

The Recommended FY 2021/22 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 8, 2021 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 15, 2021.

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, garbage, and sewer) are being adopted on June 29, 2021 by separate Council action when the utility rates are set (RTC No. 21-0090). Fees for recreation services are established administratively by the Director of Library and Recreation 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 2021/22 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 City's proposed annual inflation rate of 4% is an average derived from the City's year-over-year changes of citywide compensation 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 2016 to December 2020, as reported by Engineering News-Record. For the CPI-U SF, the United States Bureau of Labor Statistics has shown a 3% year-over-year increase from 2018 to 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 Safety

4.04 Fire Protection Engineering Fees - After Hours Inspections

Staff recommends creating an after-hours inspection fee that may be charged for each after hours inspection as requested by the customer in order to avoid business interruption and/or to complete delivery dates and meet project deadlines associated with development projects. The recommended fee is actual cost to ensure cost recovery.

7.08 Fire Prevention Services - Emergency Responder Radio Coverage Systems - Annual Acceptance Test - After Hours Test

Staff recommends creating a fee to cover annual radio cover testing when requested by customer to be scheduled outside of normal business hours to limit business interruption. The recommended fee is actual cost to ensure cost recovery.

Department of Environmental Services

9.09 Administrative Citation Fine Schedule for Sewer Use Violations

9.10 Administrative Citation Fine Schedule for Stormwater Management Violations

9.11 Administrative Citation Fine Schedule for Stormwater Management Violations Late Payment Penalty Fee

Staff proposes to add a 1% late payment penalty fee for violations under sections 9.09, 9.10, and 9.11 as allowable under Sunnyvale Municipal Code section 1.05.100 and to be consistent with Council action under RTC No. 20-0842.

9.13 SMarT Station Public Haul Gate Rates - Hauling Fee for Uncovered Load

Staff recommends adding a \$15 fee to be assessed to any operator of an uncovered, open bed truck hauling waste and recyclables for disposal at the SMarT Station. While the Director of Environmental Services is generally authorized to administratively set Public Haul Gate rates, Section 8.16.180 of the Sunnyvale Municipal Code states that the uncovered open bed truck fee will be set by the City Council.

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

8.06 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 (Attachment 2)

and proposes to align fees with neighboring courses with the below recommended fee increases:

- Weekday
 - Sunnyvale - Resident (18 Holes) - \$37 to \$39
 - Sunnyvale - Non-Resident (18 holes) - \$41 to \$43
 - Sunnyvale - Senior 60+ (18 Holes) - \$30 to \$32
 - Sunnyvale - Junior (18 Holes) - \$12 to \$14
 - Sunnyvale - Morning Back 9 Holes - \$30 to \$32
 - Sunken Gardens - Resident (9 Holes) - \$18 to \$20
 - Sunken Gardens - Non-Resident (9 Holes) - \$20 to \$22
 - Sunken Gardens - Junior (9 Holes) - \$12 to \$14
- Weekday Twilight/Replay
 - Sunnyvale (18 Holes) - \$30 to \$32
 - Sunnyvale - Super (18 Holes) - \$20 to \$22
 - Sunnyvale - Replay (18 Holes) - \$19 to \$2
 - Sunnyvale - Junior (18 Holes) - \$12 to \$14
 - Sunken Gardens Replay (9 Holes) - \$12 to \$14
- Weekend/Holiday
 - Sunnyvale - Resident (18 Holes) - \$49 to \$51
 - Sunnyvale - Non-Resident (18 holes) - \$55 to \$57
 - Sunnyvale - Junior (18 Holes) - \$20 to \$22
 - Sunnyvale - Morning Back 9 Holes - \$32 to \$34
 - Sunken Gardens - Resident (9 Holes) - \$21 to \$23
 - Sunken Gardens - Non-Resident (9 Holes) - \$24 to \$26
 - Sunken Gardens - Junior (9 Holes) - \$12 to \$14
- Weekend/Holiday - Twilight/Replay
 - Sunnyvale - Resident (18 Holes) - \$30 to \$32
 - Sunnyvale - Non-Resident (18 Holes) - \$35 to \$37
 - Sunnyvale - Super (18 Holes) - \$25 to \$27
 - Sunnyvale - Replay (18 Holes) - \$19 to \$21
 - Sunnyvale - Junior (18 Holes) - \$20 to \$22
 - Sunken Gardens - Resident Replay (9 Holes) - \$12 to \$14
 - Sunken Gardens - Non-Resident Replay (9 Holes) - \$14 to \$16
 - Sunken Gardens - Junior (9 Holes) - \$12 to \$14

- School Team Play
 - Sunnyvale - Sunnyvale Schools (18 Holes) - \$650 to \$700
 - Sunnyvale - Non-Sunnyvale Schools (18 Holes) - \$750 to \$750 (no change)
- Sunnyvale Advantage Card (Residents Only)*
 - Sunnyvale (18 Holes) - \$200 to \$230
 - Sunken Gardens (9 Holes) - \$125 to \$155
- Resident Golf Discount Card (Seniors, Juniors, Disabled Only)
 - Sunnyvale (18 Holes) - \$175 to \$205
 - Sunken Gardens (9 Holes) - \$110 to \$140
- Non-Resident Monthly Card
 - M-F Sunnyvale (18 Holes) - \$235 to \$265
- Tournament Fee
 - Sunnyvale - Cart Fee Per Person (18 Holes) - \$16 to \$16 (no change)
 - Sunken Gardens - (9 Holes) - \$2 to \$3

Department of Environmental Services

9.01 Storm Drainage Fees

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

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

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) to ensure cost recovery for these activities that occur outside of regular business hours and require the use of overtime.

(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 - \$100 to \$140

(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 - \$100 to \$140

Department of Community Development

4.02 (K) Other Planning Items - Park Dedication In-Lieu Fee - Average Fair Market Value per square foot

Staff recommends increasing the value of both Park Dedication in Lieu fees (for residential subdivisions and multi-family residential rental housing; SMC Chapters 18.10 and 19.74) from \$134/square foot to \$160/square foot based on consultant analysis of comparable land value in the area. This is the first of two adjustments that will be needed to bring this fee up to the full comparable land value of approximately \$185 per square foot.

4.03(d) Small Project/Fixed Permit Fees - Residential Plumbing, Mechanical, Electric cost per square foot

These fees are suggested to change from \$0.08 to \$0.10 per square foot to better align the square foot value with updates to the minimum fees as square foot updates have not been updated at the same rate as the minimum fee over the last several years.

4.03(d) Small Project/Fixed Permit Fees - Non-Residential Plumbing, Mechanical, Electric cost per square foot

These fees are suggested to change from \$0.13 to \$0.20 per square foot to better align the square foot value with updates to the minimum fees as square foot updates have not been updated at the same rate as the minimum fee over the last several years.

Technology Surcharge

Staff recommends that this fee be increased by 25% from \$22.25 to \$28. This fee will fund the ongoing costs of a new permitting system and will require several more years of adjustment to bring it to full cost recovery.

Department of Finance

5.02 Business Licenses - Auctioneers Permit

Staff proposes to increase this fee by 19.50% (\$205 to \$245) to better reflect the level of effort and resources required to process the permit.

Restructured/Replaced/Relocated Fees

No restructured fees are proposed.

Deletions

No deleted fees are recommended.

FISCAL IMPACT

Most new fees become effective at the start of the new fiscal year on July 1, 2021. 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 2021/22 Recommended Budget. Attachment 1 presents the Recommended FY 2021/22 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. In addition, the agenda and report are 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 21, May 28, and June 4. 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

Conduct a public hearing in order to solicit public input and provide direction to staff on any fee requiring further review prior to the June 15, 2021 Council meeting where the proposed schedule will be considered for adoption.

Prepared by: Felicia Silva, Budget Manager

Reviewed by: Tim Kirby, Director, Finance

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. FY 2021/22 Recommended Fee Schedule
2. 2021 Golf Fee Market Survey