

RESOLUTION NO. 2011-357

Adopted by the Sacramento City Council

June 14, 2011

APPROVING NEW CITYWIDE FEES AND FEE ADJUSTMENTS

BACKGROUND:

- A. On February 7, 2006, the City Council adopted the Citywide Fees and Charges policy (Resolution No. 2006-106).
- B. Implementation of the policy requires a necessary mechanism to ensure that the City's fees and charges reflect the City's current costs and that those fees and charges are reviewed on an annual basis by City Council. Staff has conducted the required annual review and recommends certain new fees and fee adjustments.
- C. At the June 14, 2011, Fees and Charges Report hearing the City Council requested future Fees and Charges Reports include a broader outreach to businesses and include a discussion on the impacts to small businesses.
- D. Proposed new fees and fee adjustments are set forth in Exhibit A.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The proposed new fees and fee adjustments as set forth in Exhibit A are hereby approved.

Section 2. Exhibit A is part of this resolution.

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Exhibit A - New Fees and Fee Adjustments

Adopted by the City of Sacramento City Council on June 14, 2011 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

Noes: None.

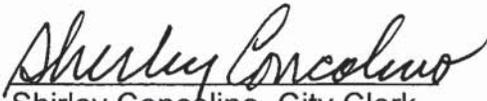
Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:



Shirley Concolino, City Clerk

NEW FEES AND FEE ADJUSTMENTS

COMMUNITY DEVELOPMENT DEPARTMENT

Fee Name: Streamlined Permit for Residential Solar PV and SWHS Permit Fee

Current Fee: \$724 based on an average cost of construction valuation

Proposed Fee: \$280 flat fee for a PV System, including, and up to, 4kW or a standard 50 gallon Solar Water Heating Systems (SWHS); this flat fee applies to each system separately.

Justification: Recover 100% of estimated costs for a streamlined permit process, including plan review and inspection of new residential solar photovoltaic (PV) panels and solar water heating systems (SWHS), based on staff estimate of one hour for processing/plan review combined and one hour for inspection, at the department's hourly rate of 140 \$/hr. This flat fee rate only applies for pre-approved standard plans and specifications that are prescribed by the City. Additional inspections beyond the first inspection shall incur a re-inspection fee.

A flat fee based on actual inspection and review costs was widely supported by round table discussions in the green building task force and Clean Tech CEO stakeholder meetings, rather than a project valuation-based fee, because solar equipment costs are much higher than with other projects of similar scope such as HVAC equipment. Therefore, solar permit fees based on project valuation often result in higher fees than typically required for the similar scope of work. The higher cost and uncertainty of fees and permit requirements represents a barrier to advancing local adoption of solar PV and water heating systems.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. The proposed fee of \$140/hour x 2 hours recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Entertainment Permit – Special Event

Current Fee: \$702.00 (plus annual CPI adjustments for future years)

Proposed Fee: \$1,405.00 (plus annual CPI adjustments for future years)

Justification: Recover cost to issue a special event entertainment permit. Review and coordination is necessary before issuing a permit to ensure the health and safety of the public at a special event. The actual cost to issue a special entertainment permit has been calculated at \$2,809.00.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 3, a regulatory fee. The proposed fee of \$1,405.00 recovers 50% of the Department's actual cost of administering this regulatory program. No fee waivers are provided, and costs are allocated equally to anyone receiving a permit.

Fee Name: Entertainment Permit (2 year) – New

Current Fee: \$1,428.00 (plus annual CPI adjustments for future years)

Proposed Fee: \$1,722.00 (plus annual CPI adjustments for future years)

Justification: Recover cost to issue a new two-year entertainment permit. Review and coordination is necessary before issuing a permit to ensure the health and safety of the public at an establishment. The actual cost to issue a new entertainment permit has been calculated at \$3,445.00.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 3, a regulatory fee. The proposed fee of \$1,722.00 recovers 50% of the Department's actual cost of administering this regulatory program. No fee waivers are provided, and costs are allocated equally to anyone receiving a permit.

Fee Name: Entertainment Permit (2 Year) – Renewal

Current Fee: \$743.00 (plus annual CPI adjustments for future years)

Proposed Fee: \$1,331.00 (plus annual CPI adjustments for future years)

Justification: Recover cost to issue a renewal for a two-year entertainment permit. Review and coordination is necessary before issuing a permit to ensure the health and safety of the public at an establishment. The actual cost to issue a renewal for a two-year entertainment permit has been calculated at \$2,662.00.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 3, a regulatory fee. The proposed fee of \$1,331.00 recovers 50% of the Department's actual cost of administering this regulatory program. No fee waivers are provided, and costs are allocated equally to anyone receiving a permit.

FINANCE DEPARTMENT (Public Improvement Finance)

Fee Name: Special Districts Application Fee

Current Fee: \$7,500 for non-bonded Districts; \$12,500 for bond Districts

Proposed Fee: PBIDs and BIAs: \$7,500 for District Formations; \$7,500 for Reformations. All other district Formations and Reformations without bond authorizations: \$12,500. Districts with Bond authorizations: \$15,000. Fees are due three weeks prior to the adoption of Resolutions of Intention. Fees collected that exceed costs incurred will be credited to future year administrative costs of the respective district. Costs incurred in excess of fees collected will be charged to future year administrative fees of the respective district. These fees do not include districts where the unanimous consent process is authorized and used.

Justification: Actual costs typically exceed these fees.

Proposition 26: This charge is not a tax under Proposition 26, as it is a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the City of providing the service or product to the payor (Exception 2).

Fee Name: Unanimous Approval Annexation Application Fee

Current Fee: \$50 per single family residential lot or multi-family/condo/townhouse unit, not to exceed \$7,500 for each annexation application. The current fee is called "Neighborhood Park Maintenance Community Facilities District (CFD) No. 2002-02 Annexation Application Fee." The current name has been changed due to a change in the process of annexation.

Proposed Fee: \$1,275 for first two (2) family residential lots or multi-

family/condo/townhouse units, \$15 for each additional single family residential lot or multi-family/condo/townhouse unit.

Justification: One of the City's final map conditions requires all new residential projects to be annexed to the Neighborhood Park Maintenance CFD No. 2002-02. Since most of these new residential projects are typically small and the annexation process involves multiple projects, the annexation fee was updated in FY2008/09 to the current fee of \$50 per single family residential lot or multi-family/condo/townhouse unit, not to exceed \$7,500 for each annexation application. An annexation follows a process identical to an original District formation, with four Council meetings, one of which is a public hearing—a process that takes approximately three months. The lengthy timeframe would often hold up the final map process.

City of Sacramento Resolution Numbers 2010-679 and 2011-023 authorize a unanimous approval process per California Government Code sections 53311 to 53368.3 for annexation to the Neighborhood Park Maintenance Community Facilities District (CFD) No. 2002-02. The new process greatly shortens the annexation timeframe for each application from three months to less than one month after receipt of application and payment of fee. With the new process, a change in fee calculation is required to recover costs of providing the service.

Proposition 26: This charge is not a tax under Proposition 26, as it is a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the City of providing the service or product to the payor (Exception 2).

DEPARTMENT OF TRANSPORTATION

Fee Name: Right-of-Way Abandonments

Current Fee: Actual Cost Recovery, \$500 Deposit

Proposed Fee: Actual Cost Recovery, \$2,500 Deposit

Justification: The fee is based on actual cost recovery for each individual application. Processing of abandonments includes preparation for approval by City Council, resulting in \$2,500 in costs for 80% of project applications. Increasing the deposit to typical project costs will make fees more predictable to customers and reduce the need for follow up invoices.

Proposition 26: This charge is not a tax under Proposition 26 as it falls under Exception 2, a fee for government services. The fees collected constitute the Department's actual cost to provide the service, as tracked by individual project. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Substantial Conformance Review - Subdivisions

Current Fee: None

Proposed Fee: \$250

Justification: Payment for these reviews are currently collected under the authority of the current fee for "Miscellaneous activities, Private Development Review", based on a cost of \$140 an hour. Creating a separate item for this activity will make the costs more predictable for customers and allow for improved tracking of this activity. Based on experience, \$250 fee will cover the costs of providing this service.

Proposition 26: This charge is not a tax under Proposition 26 as it falls under

Exception 2, a fee for government services. The fee of \$250 recoups 90% of the Department's actual cost of providing this service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

UTILITIES – DRAINAGE FUND

Fee Name: Planning Pre-Application

Current Fee: None

Proposed Fee: \$280

Justification: This fee covers cost of services. This fee is for research and preliminary feasibility review of projects that have not yet been formally submitted for planning entitlements.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 6, a charge imposed as a condition of property development.

Fee Name: Other Development Related Services

Current Fee: None

Proposed Fee: Full cost recovery (initial deposit of \$700 up to 50% of estimated service cost)

Justification: This fee is for development related services such as pre-project infrastructure planning, studies and infrastructure modeling for large projects by developers or other agencies, processing request for water services outside of City Limits. This fee covers cost of services.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 6, a charge imposed as a condition of property development.

Fee Name: Review of Building Permit Applications for Flood Zone Regulation

Current Fee: None

Proposed Fee: \$140/hour

Justification: This fee is to recover costs of providing oversight of FEMA regulation related to building permit applications for new construction and substantial improvement.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 6, a charge imposed as a condition of property development.

Fee Name: Hourly Rate for Building Plan Review and Miscellaneous Development Review

Current Fee: Varies by individual staff rate

Proposed Fee: \$140/hour

Justification: The proposed fee reflects fees currently charged and also reflects the current average hourly rate of staff. The rate will be adjusted annually.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. Our fee of \$140/hour recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Review of Special Permits and all other Miscellaneous Planning

Entitlements

Current Fee: Full cost recovery (no deposit)

Proposed Fee: Full cost recovery (\$280 deposit)

Justification: The proposal is to require an initial deposit. This fee is based on actual cost recovery. Requiring an initial deposit to typical project costs will make the fees more predictable to customers and reduce the need for follow-up invoices.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 6, a charge imposed as a condition of property development.

UTILITIES – SOLID WASTE FUND

Fee Name: Garbage and Recycling Vacancy Fee (currently Dormant Service (one-time))

Current Fee: \$69.72

Proposed Fee: \$69.00

Justification: Full cost recovery based on recent cost analysis; this is a reclassification from rate schedule to fee schedule

Proposition 26: Proposition 26 does not apply to this fee change because this is a fee decrease. This service fee of \$69 recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

UTILITIES – SEWER FUND

Fee Name: Sewer Vacancy Fee: Residential Water Metered Service

Current Fee: \$0

Proposed Fee: \$24.00

Justification: Full cost recovery based on recent cost analysis

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. Our fee of \$24 recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

UTILITIES – WATER FUND

Fee Name: Water Supply Test

Current Fee: \$753

Proposed Fee: \$953

Justification: Full cost recovery based on recent cost analysis. This fee is to recover cost of service associated with providing water supply test.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. Our fee of \$953 recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Tap and Meter Sale

Current Fee: None

Proposed Fee: \$140/hour

Justification: This fee is to recover cost of service associated with tap and meter sale activity.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. Our fee of \$140/hour recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Monthly Metered Water Use in section IV(A) of the Water Service Fees and Charges schedule as specified in Resolution No. 2009-445: Per 100 Cubic Feet for irrigation of landscaping on parks and medians which are owned and operated by the City of Sacramento and are open to the general public, provided that a turf audit is submitted to the Department of Utilities once every three (3) years, or at such time sooner as may be required by any individual user's case by the Department of Utilities.

Current Fee: \$0.1521 per 100 cubic feet

Proposed Fee: \$0.2994 per 100 cubic feet

Proposed Adjustment: Amend water service rate schedule specified in Resolution No. 2009-445 to eliminate the reference to medians

Justification: The June 23, 2010 Settlement Agreement in *Howard Jarvis Taxpayers Association, et al. v. City of Sacramento* requires this increase of the volumetric metered water service rate in FY11/12 for parks owned and operated by the City, as part of a phased schedule that will increase the volumetric metered water service rate for City parks to the City's standard volumetric rate over a three year period. The proposed rate is 40% of the current standard volumetric metered water service rate specified in City Council Resolution No. 2009-445. This Settlement Agreement also requires all City medians be charged the standard volumetric metered water service rate specified in City Council Resolution No. 2009-445 and no longer pay a lower rate.

Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 7, Proposition 218 fees.