

CC 2-6-2024

#11

Cessation Hybrid
Commission & Committee
Meetings

Presentation

Cessation Hybrid Commission & Committee Meetings

Innovation & Technology



Introduction

- Background
- Evaluation Criteria
- Recommendation



Background

- COVID-19
- Prioritize Health
- Uninterrupted City Governance



Background *(cont'd)*

- Rescind Emergency Order
- Reevaluate
- Phased Transition
- Current Status

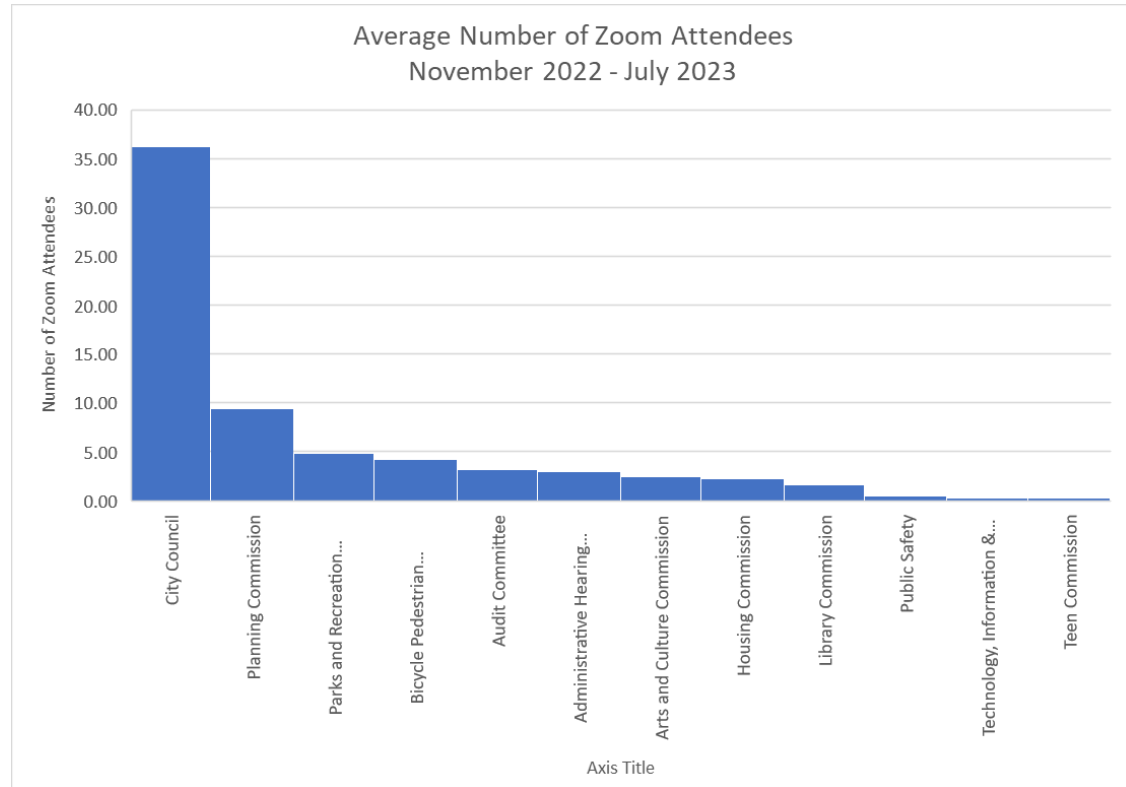


Evaluation Criteria

- Resources
- Overtime Implications
- Operational Challenge
- Low Public Engagement



Evaluation Criteria *(cont'd)*



Recommendation

Conduct City Council and Planning Commission meetings in a hybrid format while continuing to utilize in-person only meetings for all other commissions and committee meetings.

Questions?



CC 2-6-2024

#12

Cost Allocation Plan, User
Fee Study, and Cost
Recovery Policy

Presentation

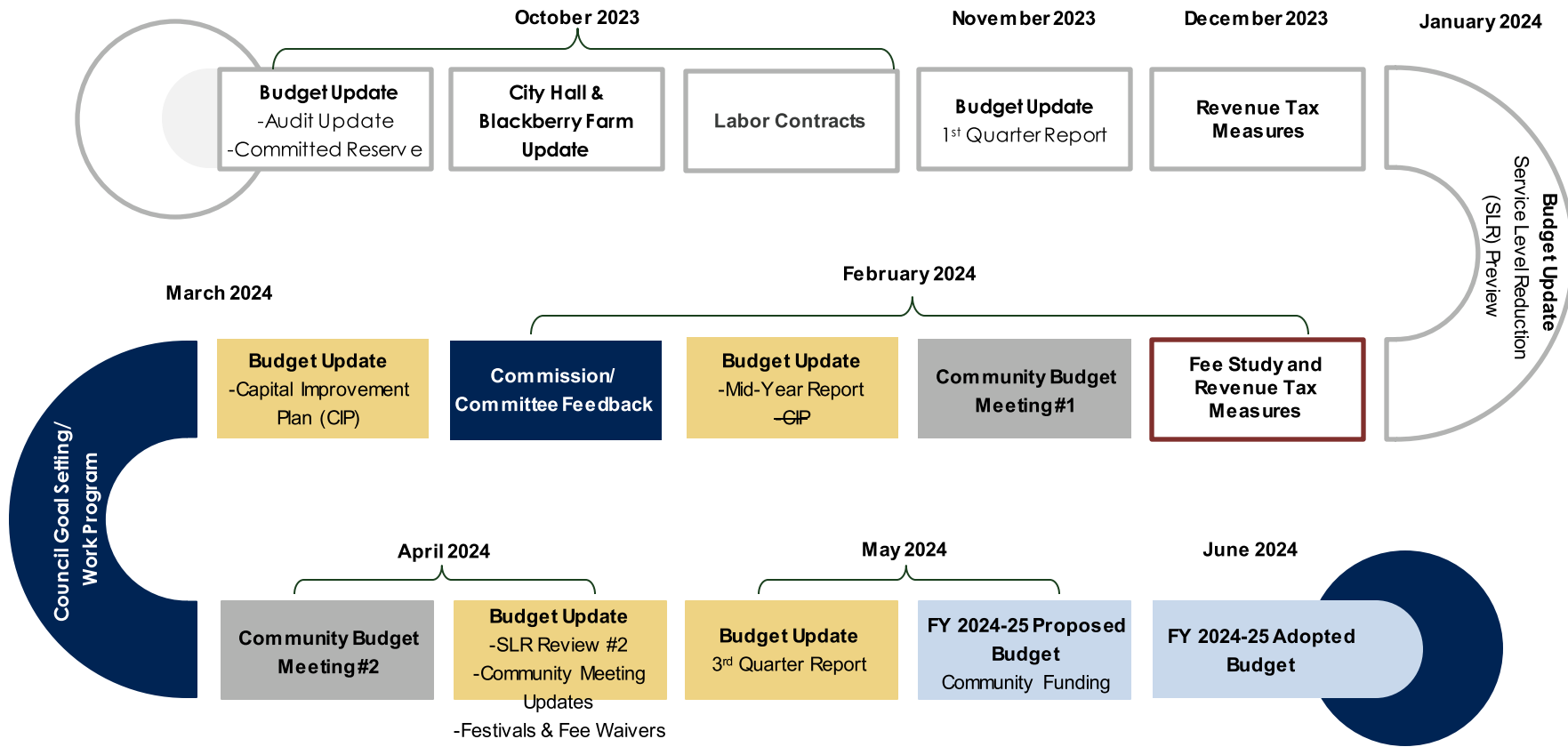
Cost Allocation and Fee Study Results

February 6, 2024



CUPERTINO

Roadmap to FY 2024-25 Budget Adoption and Balancing



Last Updated 2.5.2024

Background

- Cost Allocation Plan (CAP) and Fee Study began in 2023
- Last CAP and Fee Study Received by City Council in 2016
- City Council approved updated fees annually

Policy Components

Policy Component	Current Practice	Policy Recommendation												
1. Time Between Fee Studies	Every 7 Year	Same												
2. Cost Recovery Ranges	The City has attempted to maintain full cost recovery with the exception of services opted for subsidization by City Council	<table border="1"> <thead> <tr> <th>Service Area</th> <th>Cost Recovery Range</th> </tr> </thead> <tbody> <tr> <td>General</td> <td>100%</td> </tr> <tr> <td>Building</td> <td>80-100%</td> </tr> <tr> <td>Public Works</td> <td>75-100%</td> </tr> <tr> <td>Planning</td> <td>50-80%</td> </tr> <tr> <td>Recreation</td> <td>Market-driven</td> </tr> </tbody> </table>	Service Area	Cost Recovery Range	General	100%	Building	80-100%	Public Works	75-100%	Planning	50-80%	Recreation	Market-driven
Service Area	Cost Recovery Range													
General	100%													
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Recreation	Market-driven													
3. Fee increase methodologies between studies	CPI, Total Compensation Changes or State regulated limits	Same												
4. Phased in increases	None	Fees with greater differences between current and future costs would be phased in over multiple years												
5. Parks and Recreation Fees	Exempt, City Manager can approve administratively via resolution No. 04-350	Same												

Recommendation and Next Steps

Recommended Action

- Receive and File Cost Allocation Plan and User Fee Study and provide direction on the components of a Cost Recovery Policy

Next Steps

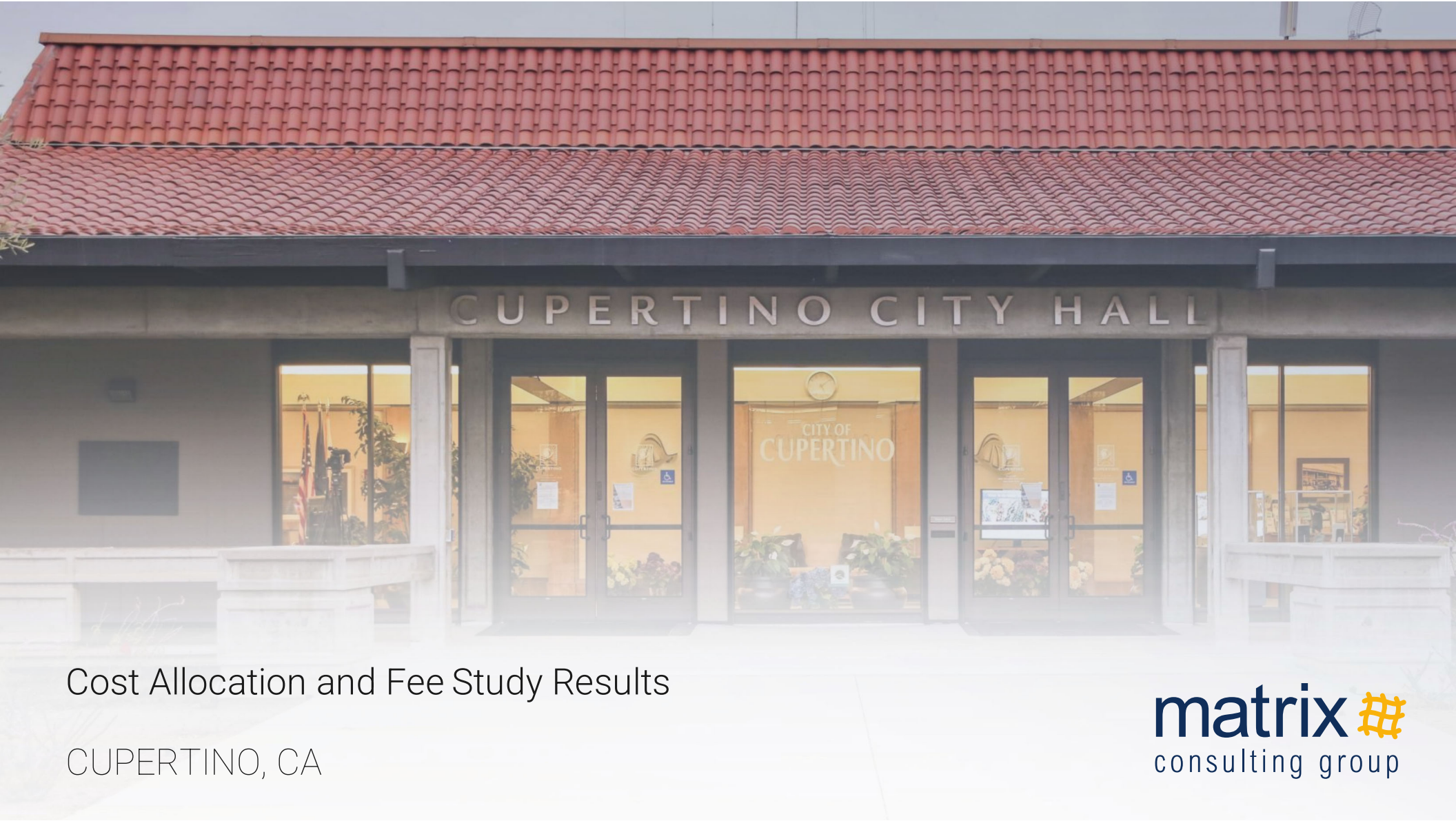
- Staff to return in April with Fee Schedule and Cost Recovery policy for adoption

CC 2-6-2024

#12

Cost Allocation Plan, User
Fee Study, and Cost
Recovery Policy

Consultant Presentation



Cost Allocation and Fee Study Results

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AGENDA

Cost Allocation and Fee Study Results

1. Project Goals and Objectives
2. Fee Study Background / Objectives
3. Fee Study Methodology
4. Fee Study Results
5. Fee Considerations
6. Fee Study Key Outcomes
7. Comparative Survey Results

Overall Project Goals and Objectives

Cost Allocation Plan

- Identify indirect costs associated with programs – incorporation into User Fee Study
- Calculation of administrative overhead rate.
- Compliance with GAAP and OMB Principles
- Justify transfers from non-general fund sources

Cost of Services (User Fee) Study

- Review and identify potential fees for service
- Streamline fee structure for cost recovery
- Ensure compliance with Props 218 and 26
- Determine the Full Cost (direct and indirect) of fee-related activities.

Fee Study Objectives

Streamline Fee Structures

Consolidate and expand fees where appropriate to better reflect existing services.

Average Time Assumptions

Identify the average level of effort associated with different permits and applications.

Fully Burdened Hourly Rates

Determine direct and indirect costs associated with staff time.

Comparative Survey

Benchmark against other jurisdictions.

Compliance with Prop 218 and 26

Ensure that the direct and indirect costs do not exceed current fees.

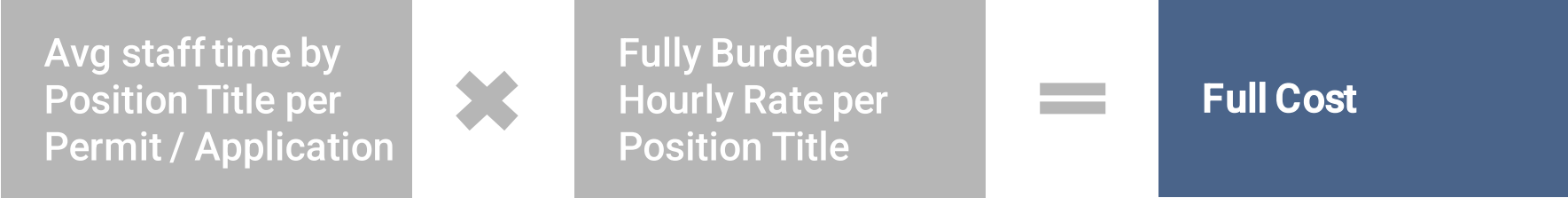
Updated Fee Schedule

Provide an updated fee schedule reflective of current costs.

Fee Study Background

- City last conducted a fee study in 2015.
- It is best practice to conduct a comprehensive update every 3-5 years.
- Current study reviewed all citywide fees for service.
- Comparative Survey was conducted of surrounding jurisdictions for sample of fees from each Department.

Fee Calculation Methodology



Represents the reasonable amount of time necessary to provide the services based upon City of Cupertino staff.

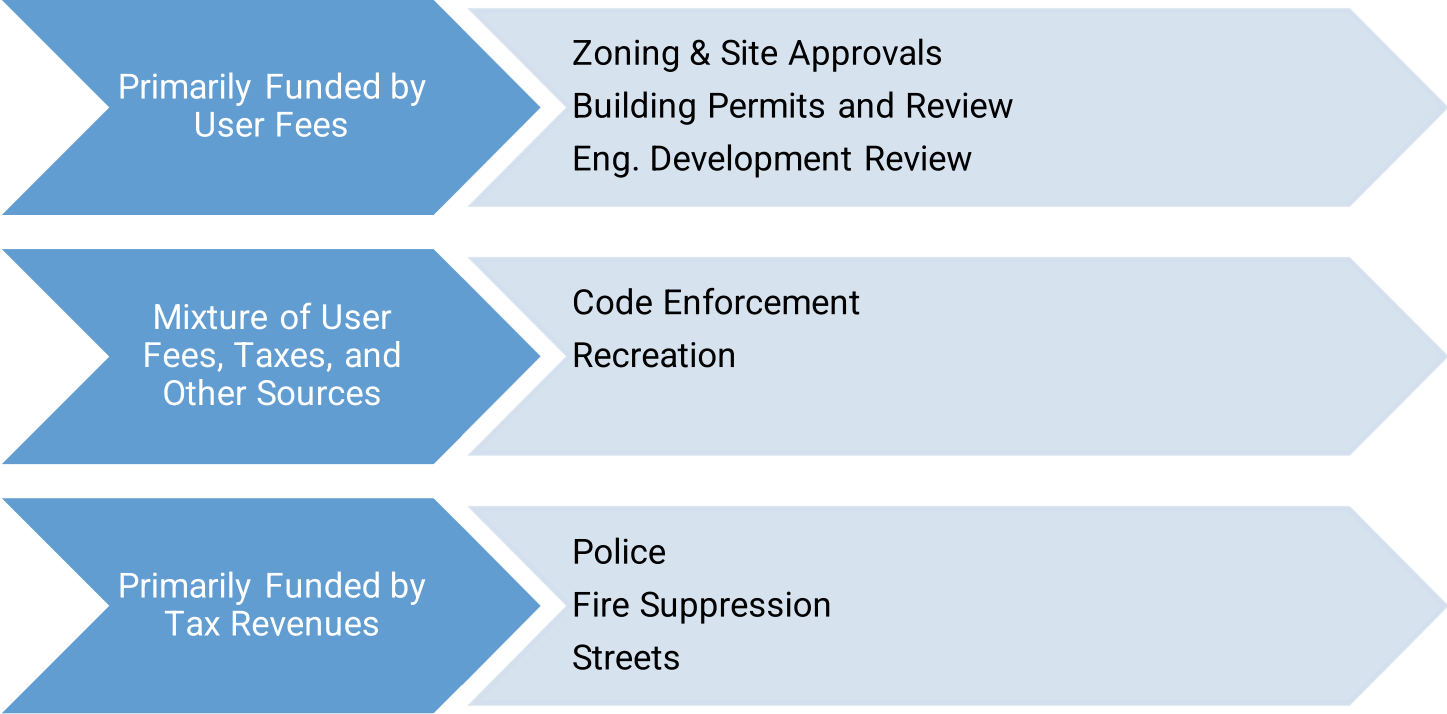
Includes salaries, benefits, productive working hours, services & supplies, departmental overhead, and citywide overhead based on City of Cupertino expenses.

Maximum Justifiable fee that can be assessed to projects and applications.

Fee Study Results

Category	Current Fee Revenue	Annual Cost	Difference	Cost Recovery %
Planning	\$716,696	\$886,158	(\$169,462)	81%
PW Engineering	\$1,122,328	\$1,182,734	(\$60,407)	95%
Building	\$3,800,581	\$4,337,761	(\$537,180)	88%
Total	\$5,639,605	\$6,406,653	(\$767,048)	88%

Fee Considerations (1)



Fee Considerations (2)

- No fee can be set at more than 100% cost recovery. Any fees showing over-recovery will need to be reduced.
- Any state or local / ordinance-based fees would remain unchanged.
- Setting fees at less than 100% cost recovery, means fees are subsidized through other funding sources AND funding is unavailable for other activities (i.e., public safety, streets, parks, etc.)
- Typical considerations for lower cost recovery is given to fees that:
 - Encourage compliance (i.e., water heaters, tree removals, etc.)
 - Don't serve as barrier to entry (i.e., appeals, etc.)

Fee Study Key Outcomes

- Consolidated of Building fees from three (3) construction types and IBC classes to one (1) – the most common construction type and IBC Class.
- Added and eliminated flat fees to better represent current and future city services.
 - Building – Miscellaneous and Mechanical / Electrical / Plumbing permit fees were added to better capture new services. Eliminated outdated fees in those categories as well.
 - Planning – New fees for sign permit, preliminary application reviews, etc.
 - PW Eng – New fees for Environmental Reviews and Traffic Reviews.
- Created surcharges for Credit Card and Technology. Reviewed and updated General Plan Maintenance Fee.

Comparative Survey Results

- Surrounding jurisdictions have recently updated their fees.
- Current fees are generally lower, but full cost is more in alignment with other jurisdictions.
- Technology Fee, General Plan Fee, and Credit Card Surcharges are consistent fees charged by other jurisdictions.



Questions / Discussion