



RECREATION AND COMMUNITY SERVICES DEPARTMENT

QUINLAN COMMUNITY CENTER

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CITY COUNCIL STAFF REPORT

Meeting: December 6, 2016

Subject

Fiscal Year 2016-2017 Fee Schedule amendment.

Recommended Action

Adopt a Draft Resolution approving an amended Fiscal Year 2016-2017 Fee Schedule, effective February 6, 2017.

Description

The Community Development Department also recommends changes to their legal noticing deposit as well as making minor administrative corrections and clarifications to the Planning Fee Schedule

The Recreation & Community Services Department recommends revisions to facility rental fees to clarify and expand the criteria to qualify as a Cupertino Non-Profit User Group for room rentals. The recommended changes will allow non-profit and government agencies that serve Cupertino to receive discounted room rental rates. Additionally, the Department recommends revising insurance coverage from a requirement for all rental groups to coverage based on the type of rental activity.

Discussion

Fee Resolution 16-031 became effective July 1, 2016 and later amended by Resolution 16-050, which updated Schedule C – Planning effective August 1, 2016. Through the implementation of the new fee schedule, staff became aware of issues with the methodology of some fees in the Planning and Recreation schedules as described below.

Schedule C– Planning Fees

Currently, Planning requires a \$200 deposit for legal noticing materials and administrative fee (15%) for planned development. Staff is required to reconcile to actual costs and often refund customers. Staff estimates that under the current deposit fee method actual costs are \$477 or \$65 materials and two hours of staff time at a rate of \$203/hour, one of which is spent reconciling the deposit against actual costs. However, the average fee recovered is only \$20 or 4% of actual costs. Staff believes that changing the fee method from a deposit to a flat fee would save staff time and allow the City to fully recover costs. The proposed \$268 legal noticing fee would cover the average cost of materials (\$65) and one hour of staff time (\$203).

As seen in Attachment B, other minor administrative edits to Schedule C are also requested for clarification.

Schedule E – Recreation Fees

Fee Resolution 16-031 included amended facility rental User Groups and fee tiers for room rental fees. User Groups for room rentals were collapsed from six to four. The new Groups are:

- Group 1 - Cupertino Non-Profits
- Group 2 – Non-Resident Non-Profits
- Group 3 - Cupertino Residents/Businesses
- Group 4 – Non-Residents/Businesses.

The criteria to qualify as Group 1 - Cupertino Non-Profit was also revised from 51% Cupertino resident membership/participation to 1/3 Cupertino resident membership/participation.

The Recreation & Community Services Department implemented the new fee schedule and notified active nonprofit customers of the lowered 33% resident membership/participation threshold to qualify as a Group 1 - Cupertino Non-Profit for room rentals. Staff requested updated documentation to verify all existing non-profit customers. However, several long-standing Cupertino-serving non-profit organizations and clubs were not able to produce the required documentation. While some may have qualified in the past, they no longer qualify due to members moving out of City limits and membership turnover.

Staff recommends a fee schedule amendment, which revises the criteria to qualify as a Group 1 - Cupertino Non-Profit for room rentals. The expanded criteria will ensure that non-profits and government agencies providing services that benefit Cupertino residents receive the discounted rate. Under the new policy, an organization must meet at least one of the below criteria to qualify for the Group 1 - Cupertino Non-Profit room rental rate:

- Non-profit organizations with 1/3 Cupertino resident membership/participation, or
- Non-profit organizations with a Cupertino business address, or
- Non-profit organizations that demonstrate service to the Cupertino community, or
- Government agencies including public schools, or
- A function held by a nonprofit organization that is free and open to the Cupertino public

To verify the criteria is met, non-profit organizations are required to submit an IRS letter of non-profit 501(c) status with the facility rental application and an official letter on the organization's letterhead signed by an officer or staff member listing under which criteria the organization and/or function qualifies for Cupertino Non-Profit status. Staff reserves the right to require additional clarifying documentation to certify that an organization or a specific room rental qualifies for the Group 1 - Cupertino Non-Profit rate, and the Recreation Manager will make a determination when necessary if the documentation

provided is incomplete or unclear.

The Group 1 – Cupertino Non-Profit or Group 2 – Non-Resident Non-Profit rates may be granted for one fundraiser per organization per fiscal year. Additional room rentals for the purpose of a fundraiser would fall into the Group 3 – Resident or Group 4 – Non-Resident rates. All Groups, including Cupertino Non-profits, are subject to all terms of the adopted Facility Rental Policy including security/damage deposits, cancellations, insurance, and overage charges if rental times are exceeded.

The current requirement of \$1.0 million general liability insurance for all groups and rentals has not been feasible. Securing insurance was found to be a complicated process and cost prohibitive for the majority of renters. Requiring this level of insurance for every rental would have seriously impacted the ability of individuals and small organizations to rent rooms. Staff recommends revising the insurance requirements to be based on the type of activity, as outlined in the Department's Facility Use Insurance Requirement Policy. This policy will focus insurance coverage on larger groups and activities deemed more risky as advised by risk management consultants. Additionally, the Department will assist customers in securing insurance if they do not already have coverage. This approach will adhere to risk management best practices while being customer-friendly.

Fiscal Impact

The recommended changes to Planning fees and insurance requirements for room rentals are not estimated to have a fiscal impact. Based on room rental history, staff estimates the recommended non-profit fee schedule amendment could result in lower revenue receipts of approximately \$10,000 per fiscal year. Staff will evaluate the revised policy once implemented and may bring forward recommended fee increases in future budget cycles for Council consideration to minimize the impact on cost recovery levels. A preliminary assessment found that Cupertino Non-Profit room rental fees are among the lowest of area cities. This information will be further analyzed and taken into consideration as part of future recommended fee changes.

Prepared by: Christine Hanel, Acting Director of Recreation and Community Services
and Jaqui Guzmán, Deputy City Manager

Approved for Submission by: David Brandt, City Manager

Attachments:

A – Draft Resolution

B – Proposed Amendment to Schedule C – Planning Fees (redlined)

C – Proposed Schedule C – Planning Fees

D – Proposed Amendment to Schedule E – Recreation Fees (redlined)

E – Proposed Schedule E – Recreation Fees