



ADMINISTRATIVE SERVICES DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: February 16, 2021

Subject

Consider Resolution No. 21-xxx approving correction to Building Fee Schedule D – Standard Comm. Foundation with Podium.

Recommended Action

Adopt Resolution No. 21-xxx approving correction to Building Fee Schedule D – Standard Comm. Foundation with Podium.

Discussion

In March of 2016, Matrix Consulting Group completed a “Cost of Services (User Fee) Study” for the City. The report analyzed the City’s cost to review applications for building permits, planning approval, public works permits, general services permits, and parks and recreation permits, and building inspections (“Services”). The results of the study served as a tool for understanding current service levels, the cost and demand for those services, and what fees for services the City could charge that would allow the City to recover its costs to provide the services without exceeding that cost.

The findings of the report indicated that the City was under-recovering its costs by approximately \$7.25 million per year for Building, Planning, Engineering, and Parks and Recreation for a total cost recovery percentage of 58%. The display of various cost recovery figures was meant to provide a basis for policy development discussions among Council members and City staff.

In the User Fee Study, Matrix recommended fee levels designed generally to recover the City’s costs to provide the Services and an annual fee update or increase mechanism tied to increases in the City’s cost of labor to maintain the same level of cost-recovery.

The Community Development Department’s Building Division charges fees for standard commercial foundations, either with or without a podium. In podium construction, the podium is a platform that separates the basement level and the superstructure where the basement is constructed of steel or concrete and the superstructure is constructed of wood. Plans for buildings with basement levels are often split into two permit applications: one for the foundation only and one for the building above

(superstructure). Podium designs are beneficial for a number of reasons including life safety, economics, and structural strength. Notable projects that required this fee include Rosebowl, loft apartments at Main Street, and Apple Campus 2. Vallco will also be subject to this fee.

In Resolution No. 16-031, the City Council adopted the fee schedules for fiscal year 2016-17 based on Matrix's User Fee Study report. "Schedule D – Plan Check Fees Only" of the fee schedule included a "Standard Comm. Foundation without Podium" fee ranging from \$2,985 to \$4,710 depending on the project size and construction type.

"Schedule D – Plan Check Fees Only" also included a fee for "Standard Comm. Foundation with Podium" fee ranging from \$217 to \$684 depending on the project size and construction type.

Matrix did not include a range of plan check fees for "Standard Comm. Foundation with Podium" in its 2016 study; however, Matrix Consulting Group affirmed in the January 14, 2021 memorandum (Attachment F) that although Matrix inadvertently did not state its recommendations for the plan check fees for "Standard Comm. Foundation with Podium" in the 2016 study, Matrix had conducted an analysis of the City's costs for "Standard Comm. Foundation with Podium" and provided those costs to the City, which costs the City included in the fee schedule adopted by Resolution No. 16-031.

The January 14, 2021 Matrix memorandum confirms that the "Standard Comm. Foundation with Podium" fees provided to the City in 2016 represented the additional costs for permit application review for a project with a podium that were to be added to the "base" fees for a project of the same size and type without a podium. Accordingly, the fee for a project with a podium should be the sum of the fee "without Podium" and "with Podium." For example, in the table below from the fee schedule adopted by the City in Resolution 16-031, the total fee for plan check for a project with "Standard Comm. Foundation with Podium" would be the sum of \$2,985 (base fee without podium) and \$217 (additional cost for with podium project), for a total of \$3,202.

CITY OF CUPERTINO, CA
Resolution 16 - 031
Fees Effective July 1, 2016
SCHEDULE D - PLAN CHECK FEES ONLY

IBC Class	IBC Occupancy Type	Project Size Threshold	Construction Type IA, IB		Construction Type IIA, IIB, IIIA, IIIB, IV		Construction Type VA, VB	
			Base Cost @ Threshold Size	Cost for Each Additional 100 sf *	Base Cost @ Threshold Size	Cost for Each Additional 100 sf *	Base Cost @ Threshold Size	Cost for Each Additional 100 sf *
S	S Occupancy Tenant Improvements	600	\$3,398	\$37.25	\$2,831	\$31.0406	\$2,265	\$24.83
		3,000	\$4,292	\$41.75	\$3,576	\$34.7875	\$2,861	\$27.83
		6,000	\$5,544	\$32.79	\$4,620	\$27.3250	\$3,696	\$21.86
		12,000	\$7,511	\$6.95	\$6,260	\$5.7875	\$5,008	\$4.63
		30,000	\$8,762	\$7.16	\$7,301	\$5.9625	\$5,841	\$4.77
		60,000	\$10,908	\$18.18	\$9,090	\$15.1500	\$7,272	\$12.12
U	Accessory—Private Garage / Agricultural Building	40	\$928	\$152.62	\$773	\$127.1844	\$619	\$101.75
		200	\$1,172	\$170.94	\$977	\$142.4500	\$781	\$113.96
		400	\$1,514	\$134.31	\$1,262	\$111.9250	\$1,009	\$89.54
		800	\$2,051	\$28.49	\$1,709	\$23.7375	\$1,368	\$18.99
		2,000	\$2,393	\$29.30	\$1,994	\$24.4125	\$1,595	\$19.53
		4,000	\$2,979	\$74.48	\$2,483	\$62.0625	\$1,986	\$49.65
	Deferred Submittal - All Except R-3	1,000	\$725	\$4.77	\$604	\$3.9750	\$483	\$3.18
		5,000	\$916	\$5.36	\$763	\$4.4625	\$611	\$3.57
		10,000	\$1,184	\$4.19	\$986	\$3.4875	\$789	\$2.79
		20,000	\$1,602	\$0.88	\$1,335	\$0.7375	\$1,068	\$0.59
	Deferred Submittal - R-3	50,000	\$1,868	\$0.92	\$1,556	\$0.7625	\$1,245	\$0.61
		100,000	\$2,325	\$2.33	\$1,938	\$1.9375	\$1,550	\$1.55
		1,000	\$725	\$12.72	\$604	\$10.6000	\$483	\$8.48
		2,500	\$916	\$17.79	\$763	\$14.8250	\$611	\$11.86
	Standard Comm. Foundation w/o Podium	4,000	\$1,183	\$21.02	\$986	\$17.5125	\$788	\$14.01
		6,000	\$1,603	\$13.34	\$1,336	\$11.1125	\$1,069	\$8.89
		8,000	\$1,870	\$22.92	\$1,558	\$19.1000	\$1,246	\$15.28
		10,000	\$2,328	\$23.28	\$1,940	\$19.4000	\$1,552	\$15.52
		500	\$2,985	\$7.85	\$2,487	\$6.5406	\$1,990	\$5.23
		2,500	\$3,142	\$25.14	\$2,618	\$20.9500	\$2,095	\$16.76
	Standard Comm. Foundation with Podium	5,000	\$3,770	\$3.13	\$3,142	\$2.6125	\$2,514	\$2.09
		10,000	\$3,927	\$4.20	\$3,273	\$3.4958	\$2,618	\$2.80
		25,000	\$4,556	\$0.62	\$3,797	\$0.5125	\$3,038	\$0.41
		50,000	\$4,710	\$9.42	\$3,925	\$7.8500	\$3,140	\$6.28
		3,000	\$217	\$0.48	\$181	\$0.4025	\$145	\$0.32
		15,000	\$275	\$0.54	\$230	\$0.4500	\$184	\$0.36
		30,000	\$356	\$0.42	\$297	\$0.3500	\$238	\$0.28
		60,000	\$482	\$0.08	\$402	\$0.0700	\$322	\$0.06
		150,000	\$558	\$0.08	\$465	\$0.0700	\$372	\$0.06
		300,000	\$684	\$0.23	\$570	\$0.1900	\$456	\$0.15

[From page 26 of Attachment E. CC Resolution No. 16-031]

This and all other fees included on Schedule D were increased annually by the cost of labor. As a result, the FY 2016-17 Building fees were increased by 11.16%, 4.1%, 4.0%, and 17.31% in FY 2017-18, FY 2018-19, FY 2019-20, and FY 2020-21, respectively. These increases were approved by City Council on June 6, 2017, April 17, 2018, April 16, 2019, and April 21, 2020, respectively. See table below. The cost of labor is estimated by calculating the increase in the City's costs for salaries and benefits from one year's estimated actual cost to the subsequent year's proposed salaries and benefits. Relatively higher fluctuations occur every third year due to the timing of the City's labor negotiations and the determination of cost of living adjustments and other negotiable components of compensation.

Cost of Labor Increase for FY 2017-2018	
FY 16-17 Estimated Base Year Expenses + Step Increases + Retirement	\$ 23,924,216.91
FY 17-18 Proposed Base Year Expenses + Step Increases + Retirement	\$ 26,594,594.10
Cost of Labor \$ Increase	\$ 2,670,377.19
Cost of Labor % Increase	11.16%
Cost of Labor Increase for FY 2018-19	
FY 17-18 Estimated Base Year Expenses + Step Increases + Retirement	\$ 27,854,747.00
FY 18-19 Proposed Base Year Expenses + Step Increases + Retirement	\$ 28,995,435.00
Cost of Labor \$ Increase	\$ 1,140,688.00
Cost of Labor % Increase	4.10%
Cost of Labor Increase for FY 2019-20	
FY 18-19 Estimated Base Year Expenses + Step Increases + Retirement	\$ 24,413,370.00
FY 19-20 Proposed Base Year Expenses + Step Increases + Retirement (no COLA)	\$ 25,388,961.00
Cost of Labor \$ Increase	\$ 975,591.00
Cost of Labor % Increase	4.00%
Cost of Labor Increase for FY 2020-21	
FY 18-19 Actual Base Year Expenses + Step Increases + Retirement	\$ 27,660,412.58
FY 20-21 Proposed Base Year Expenses + Step Increases + Retirement	\$ 32,724,876.00
Cost of Labor \$ Increase	\$ 5,064,463.42
Cost of Labor % Increase	18.31%
Adjustment due to Timing of Labor Negotiations in FY 2019-20	-1%
Adjusted Cost of Labor % Increase	17.31%

The chart below states the total plan check fees (“without Podium” base fee plus “with Podium” additional fee) for “Standard Comm. Foundation with Podium” beginning with the correct FY 2016-17 fee amount and increasing annually by the previously noted cost of labor inflators.

Standard Comm. Foundation with Podium	Construction Type IIA, IIB, IIIA, IIIB, IV								
	Construction Type IA, IB				IIIB, IV				
	Base Cost @		Cost for Each		Base Cost @		Cost for Each		
	Project Size Threshold	Threshold Size	Additional 100 sf	Threshold Size	Additional 100 sf	Threshold Size	Additional 100 sf	Threshold Size	Additional 100 sf
FY 16-17	3,000	\$ 3,202	\$ 8.33	\$ 2,668	\$ 6.94	\$ 2,135	\$ 5.55		
	15,000	\$ 3,417	\$ 25.68	\$ 2,848	\$ 21.40	\$ 2,279	\$ 17.12		
	30,000	\$ 4,126	\$ 3.55	\$ 3,439	\$ 2.96	\$ 2,752	\$ 2.37		
	60,000	\$ 4,409	\$ 4.28	\$ 3,675	\$ 3.57	\$ 2,940	\$ 2.86		
	150,000	\$ 5,114	\$ 0.70	\$ 4,262	\$ 0.58	\$ 3,410	\$ 0.47		
	300,000	\$ 5,394	\$ 9.65	\$ 4,495	\$ 8.04	\$ 3,596	\$ 6.43		
FY 17-18	3,000	\$ 3,559	\$ 9.26	\$ 2,966	\$ 7.72	\$ 2,373	\$ 6.17		
	15,000	\$ 3,798	\$ 28.55	\$ 3,166	\$ 23.79	\$ 2,533	\$ 19.03		
	30,000	\$ 4,586	\$ 3.95	\$ 3,823	\$ 3.29	\$ 3,059	\$ 2.63		
	60,000	\$ 4,901	\$ 4.76	\$ 4,085	\$ 3.96	\$ 3,268	\$ 3.18		
	150,000	\$ 5,685	\$ 0.78	\$ 4,738	\$ 0.65	\$ 3,791	\$ 0.52		
	300,000	\$ 5,996	\$ 10.73	\$ 4,997	\$ 8.94	\$ 3,997	\$ 7.15		
FY 18-19	3,000	\$ 3,705	\$ 9.64	\$ 3,087	\$ 8.03	\$ 2,471	\$ 6.42		
	15,000	\$ 3,954	\$ 29.72	\$ 3,296	\$ 24.76	\$ 2,637	\$ 19.81		
	30,000	\$ 4,775	\$ 4.11	\$ 3,980	\$ 3.43	\$ 3,185	\$ 2.74		
	60,000	\$ 5,102	\$ 4.95	\$ 4,253	\$ 4.13	\$ 3,402	\$ 3.31		
	150,000	\$ 5,918	\$ 0.81	\$ 4,932	\$ 0.67	\$ 3,946	\$ 0.54		
	300,000	\$ 6,242	\$ 11.17	\$ 5,202	\$ 9.30	\$ 4,161	\$ 7.44		
FY 19-20	3,000	\$ 3,853	\$ 10.02	\$ 3,211	\$ 8.36	\$ 2,569	\$ 6.68		
	15,000	\$ 4,112	\$ 30.90	\$ 3,427	\$ 25.75	\$ 2,743	\$ 20.60		
	30,000	\$ 4,965	\$ 4.27	\$ 4,139	\$ 3.57	\$ 3,312	\$ 2.85		
	60,000	\$ 5,306	\$ 5.15	\$ 4,423	\$ 4.29	\$ 3,538	\$ 3.44		
	150,000	\$ 6,155	\$ 0.84	\$ 5,129	\$ 0.70	\$ 4,104	\$ 0.57		
	300,000	\$ 6,491	\$ 11.61	\$ 5,410	\$ 9.68	\$ 4,328	\$ 7.74		
FY 20-21	3,000	\$ 4,521	\$ 11.76	\$ 3,767	\$ 9.80	\$ 3,014	\$ 7.84		
	15,000	\$ 4,824	\$ 36.25	\$ 4,021	\$ 30.21	\$ 3,217	\$ 24.17		
	30,000	\$ 5,825	\$ 5.01	\$ 4,855	\$ 4.18	\$ 3,885	\$ 3.35		
	60,000	\$ 6,225	\$ 6.04	\$ 5,188	\$ 5.03	\$ 4,151	\$ 4.04		
	150,000	\$ 7,220	\$ 0.99	\$ 6,017	\$ 0.82	\$ 4,814	\$ 0.66		
	300,000	\$ 7,615	\$ 13.62	\$ 6,346	\$ 11.35	\$ 5,077	\$ 9.08		

Sustainability Impact

No sustainability impact.

Fiscal Impact

Adoption of this resolution would allow for the correction to the “Standard Comm. Foundation with Podium” fee based on the cost-recovery levels established in the 2016 fee study adjusted by the annual increase.

Prepared by: Zach Korach, Finance Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – Draft Resolution

B – Matrix Consulting Group Fee Study March 2016

C – FY2020-21 Fee Schedule D – Building Fees (redline)

D – FY2020-21 Fee Schedule D – Building Fees (clean)

E – CC Resolution No. 16-031 Rescinding Previous Fee Resolutions and Adopting User Fees

F – Matrix Consulting Group Memo 1-14-2021